

MUNICIPALITY OF CROWSNEST PASS

Financial Statements

For the year ended December 31, 2008

MUNICIPALITY OF CROWSNEST PASS

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For the year ended December 31, 2008

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AUDITORS' REPORT

To: The Mayor and Members of Council of
the Municipality of Crowsnest Pass

We have audited the consolidated statement of financial position of the Municipality of Crowsnest Pass as at December 31, 2008, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the municipal administration. 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.

As explained in note 1, these financial statements do not include the results of an organization that is controlled by the Municipality. Under Canadian generally accepted accounting principles, the reporting entity should include all of the organizations that are owned or controlled by the Municipality. Accordingly, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the organization had been consolidated, adjustments would have been made to assets, liabilities, revenue, expenditures, and excess of revenue over expenditures.

In our opinion, except for the effects of the failure to include the results of a controlled organization, as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Crowsnest Pass as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta

March 27, 2009

Young Parkyn McNab LLP

Chartered Accountants

MUNICIPALITY OF CROWSNEST PASS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 3,789,445	\$ 2,758,213
Taxes and grants in place of taxes receivables (note 3)	268,400	244,727
Accounts receivable	2,689,351	2,197,605
Land held for resale	259,000	259,000
Prepaid expenses	186,907	94,905
	7,193,103	5,554,450
Physical assets		
Inventory for consumption	340,980	328,985
Capital assets (note 4)	71,332,555	64,723,933
	71,673,535	65,052,918
	\$ 78,866,638	\$ 70,607,368

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 3,026,095	\$ 1,601,569
Deposits	15,916	15,206
Deferred revenue (note 5)	2,690,355	2,445,731
Employee benefit obligations (note 6)	358,071	320,789
Long-term debt (note 7)	1,894,731	2,167,472
	7,985,168	6,550,767
Municipal equity		
Fund balances		
Operating (schedule 1) (note 8)	116,889	(41,361)
Capital (schedule 2)	-	-
Reserves (schedule 3) (note 9)	1,326,757	1,541,501
	1,443,646	1,500,140
Equity in capital assets (note 10)	69,437,824	62,556,461
	70,881,470	64,056,601
	\$ 78,866,638	\$ 70,607,368

MUNICIPALITY OF CROWSNEST PASS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 6,125,173	\$ 6,115,267	\$ 5,465,057
User fees and sale of goods	3,227,858	3,843,602	4,006,999
Government transfers (note 12)	11,835,496	6,787,302	1,307,812
Investment income	48,500	136,819	138,691
Penalties and cost of taxes	48,000	52,520	42,327
Licenses and permits	134,775	132,168	116,666
Franchise and concession contracts	251,066	271,037	239,191
Rentals	214,919	197,941	207,603
Proceeds on disposal of capital assets	-	23,256	3,500
Other	6,091,670	55,559	31,875
	27,977,457	17,615,471	11,559,721
Expenditures (note 13)			
Legislative	170,410	197,864	159,799
Administration	1,251,693	1,660,606	1,289,341
Police, fire, disaster, ambulance and bylaw enforcement	1,522,042	1,226,830	934,253
Roads, streets, walks and lighting	8,207,035	6,847,467	3,033,479
Water and waste water	13,255,013	3,262,641	1,561,399
Waste management	683,645	669,288	777,406
Recreation board	2,142,840	1,743,607	2,127,189
Electrical distribution	562,655	517,527	480,198
Other	494,495	716,558	527,093
Crowsnest Centre	172,439	159,251	106,014
Cemeteries	34,234	31,400	40,213
Culture, halls and libraries	546,492	366,185	409,780
	29,042,993	17,399,224	11,446,164
Excess (deficiency) of revenue over expenditures	(1,065,536)	216,247	113,557
Capital financing transactions			
Proceeds of long-term debt	74,000	-	-
Repayment of long-term debt	(272,741)	(272,741)	(272,741)
Change in fund balances	(1,264,277)	(56,494)	(159,184)
Fund balances, beginning of year	1,500,140	1,500,140	1,659,324
Fund balances, end of year	\$ 235,863	\$ 1,443,646	\$ 1,500,140

MUNICIPALITY OF CROWSNEST PASS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2008

	2008	2007
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 216,247	\$ 113,557
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivables	(23,673)	(41,058)
Accounts receivable	(491,746)	(842,755)
Prepaid expenses	(92,002)	(12,817)
Inventory for consumption	(11,995)	(60,878)
Accounts payable and accrued liabilities	1,424,526	(74,499)
Deposits	710	2,346
Deferred revenue	244,624	804,228
Employee benefit obligations	37,282	46,184
	1,303,973	(65,692)
Cash flows from financing activities		
Repayment of long-term debt	(272,741)	(272,741)
Increase (decrease) in cash and temporary investments	1,031,232	(338,433)
Cash and temporary investments, beginning of year	2,758,213	3,096,646
Cash and temporary investments, end of year	\$ 3,789,445	\$ 2,758,213

MUNICIPALITY OF CROWSNEST PASS
SCHEDULE 1
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 6,125,173	\$ 6,115,267	\$ 5,465,057
User fees and sale of goods	3,227,858	3,843,602	4,006,999
Government transfers (note 12)	1,496,980	1,150,293	684,245
Investment income	48,500	136,819	138,691
Penalties and cost of taxes	48,000	52,520	42,327
Licenses and permits	134,775	132,168	116,666
Franchise and concession contracts	251,066	271,037	239,191
Rentals	214,919	197,941	207,603
Other	91,670	55,559	31,875
	11,638,941	11,955,206	10,932,654
Expenditures (note 13)			
Legislative	170,410	197,864	159,799
Administration	1,241,693	1,639,434	1,232,566
Police, fire, disaster, ambulance and bylaw enforcement	1,133,881	1,060,534	924,963
Roads, streets, walks and lighting	2,472,579	2,639,812	2,545,300
Water and waste water	1,157,293	1,134,435	1,093,776
Waste management	683,645	669,288	707,059
Recreation board	1,540,340	1,550,526	1,568,994
Electrical distribution	562,655	517,527	480,198
Other	433,495	675,908	519,539
Crowsnest Centre	172,439	159,251	106,014
Cemeteries	34,234	31,400	40,213
Culture, halls and libraries	496,992	362,744	406,012
	10,099,656	10,638,723	9,784,433
Excess of revenue over expenditures	1,539,285	1,316,483	1,148,221
Net interfund transfers			
Transfer to capital - repayment of long-term debt	(272,741)	(272,741)	(272,741)
Transfer to capital	(1,672,951)	(727,950)	(561,513)
Transfer (to) from reserves	648,491	(157,542)	(415,680)
Change in fund balance	242,084	158,250	(101,713)
Fund balance, beginning of year	(41,361)	(41,361)	60,352
Fund balance, end of year	\$ 200,723	\$ 116,889	\$ (41,361)

MUNICIPALITY OF CROWSNEST PASS
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Government transfers	\$ 10,338,516	\$ 5,637,009	\$ 623,567
Other	6,000,000	-	-
Proceeds on disposal of capital assets	-	23,256	3,500
	16,338,516	5,660,265	627,067
Expenditures (note 13)			
Administration	10,000	21,172	56,775
Police, fire, disaster, ambulance and bylaw enforcement	388,161	166,296	9,290
Roads, streets, walks and lighting	5,734,456	4,207,655	488,179
Water and waste water	12,097,720	2,128,206	467,623
Waste management	-	-	70,347
Recreation board	602,500	193,081	558,195
Other	61,000	40,650	7,554
Culture, halls and libraries	49,500	3,441	3,768
	18,943,337	6,760,501	1,661,731
Deficiency of revenue over expenditures	(2,604,821)	(1,100,236)	(1,034,664)
Capital financing transactions and net interfund transfers			
Proceeds of long-term debt	74,000	-	-
Repayment of long-term debt	(272,741)	(272,741)	(272,741)
Transfer from operating - repayment of long-term debt	272,741	272,741	272,741
Transfer from operating	1,672,951	727,950	561,513
Transfer from reserves	857,870	372,286	473,151
Change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

MUNICIPALITY OF CROWSNEST PASS
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Fund balance, beginning of year	\$ 1,541,501	\$ 1,541,501	\$ 1,598,972
Net interfund transfers			
Transfer from (to) operating	(648,491)	157,542	415,680
Transfer to capital	(857,870)	(372,286)	(473,151)
Fund balance, end of year (note 9)	\$ 35,140	\$ 1,326,757	\$ 1,541,501

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies

The consolidated financial statements of the Municipality of Crowsnest Pass are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Future change in accounting policy

Effective January 1, 2009, the Municipality will be required to adopt new Public Sector Accounting Board (PSAB) Handbook sections PS1000 "Financial statement concepts", PS1100 "Financial statement objectives", and PS1200 "Financial statement presentation"

PSAB Section 1200 introduces a new financial statement format which replaces the fund accounting presentation currently used. Major changes under the new format include the recognition of amortization, the combination of equity in physical assets, reserves, and the operating fund balance into one surplus amount, and the adoption of a "net asset/debt" reporting format whereby financial liabilities are deducted from financial assets to present the Municipality net assets or net debt. These changes will be applied prospectively but the prior year will be restated to provide meaningful comparative balances.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

Organizations that are controlled by the Municipality are the following:

Crowsnest Pass Municipal Library
Crowsnest Learning Centre

The Municipality has not consolidated the operations of the Crowsnest Learning Centre in these financial statements as the financial information is not yet available. The only amounts included in these statements that relate to the Crowsnest Learning Centre are amounts that were paid directly by the Municipality for Centre operations.

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

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(c) 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.

(d) Measurement uncertainty

Financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided based on management's best information available at the time. The effect on the financial statements of changes in such estimates in future periods could be significant.

Under the Municipality's benefit plan, sick time vests for those employees who meet certain experience criteria. The Municipality has accrued \$346,245 (2007 - \$304,358) reflecting management's best estimate of the amount of sick time earned to date that will eventually be paid to individuals upon death or retirement based on historic results. Actual results could vary. This liability is fully funded.

The Municipality maintains a number of gravel pits to service its needs relating to road construction and maintenance. In accordance with provincial legislation, the Municipality is responsible for reclaiming the sites where these pits are located. The Municipality has established reserves of \$25,000 (2007 - \$25,000) reflecting management's best estimate of the reclamation costs required based on usage of the pits to date. The estimated reserve is based on historic results and other relevant data available to management. Actual results could vary.

(e) Fund accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Gains or losses from land sales are recorded as operating fund revenue or expenditures.

(f) Investments

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.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(g) Inventories

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

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(h) Capital assets

Capital assets are reported as expenditures in the period that they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

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

Capital assets are not amortized.

(i) Tangible capital assets

Effective January 1, 2007, the Municipality adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Municipality continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Municipality had started compiling detailed listings of its land, buildings, engineering structures, machinery and equipment and vehicles but had not completed any of these listings. Complete listings are expected by December 31, 2009. The Municipal council has approved a tangible capital asset policy and directed management to oversee its implementation.

Currently, these assets are recorded as "capital assets" at cost in the period they are acquired and additions are recorded as an expenditure within the capital fund. Amortization is not recorded as an expenditure. Upon implementation of Section 3150 - Tangible Capital Assets, these same assets will be recorded as "tangible capital assets" and additions will no longer be recorded as an expenditure of the capital fund. Rather, amortization of the assets will be recorded as an expense.

Amortization of buildings, engineering structures, machinery, equipment and furnishings, and vehicles is expected to be presented in the 2009 financial statements on a retrospective basis (with comparative figures for the 2008 year restated to include amortization) in order to amortize the cost of the assets over their expected useful lives. The Municipal council has approved its amortization policy for these assets.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

- (j) Requisition over-levy and under-levy
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

- (k) Prepaid local improvements charges
Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Municipality

Where a taxpayer has elected to prepay the outstanding local improvement charge, 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 borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

- (l) Local Authorities Pension Plan
Employees of the Municipality 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 is required to make current service contributions to the Plan of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2008 were \$197,990 (2007 - \$191,736). Total current service contributions by the employees of the Municipality to the LAPP in 2008 were \$173,679 (2007 - \$168,127).

At December 31, 2007, the LAPP disclosed an actuarial deficiency of \$1,183.3 million.

- (m) 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).

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

- (n) Capital fund
Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.
- (o) 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.
- (p) Equity in capital assets
Equity in capital assets represents the Municipality's net investment in its total capital assets, after deducting work in progress, the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities which will be repaid by the municipality.

2. Cash and temporary investments

	2008	2007
Cash	\$ 2,197,841	\$ 1,428,773
Short-term investments	1,591,604	1,329,440
	\$ 3,789,445	\$ 2,758,213

Temporary investments are short-term deposits with original maturities of three months or less. The temporary investments are comprised of GICs and short term securities with an interest rate of 1.75%. The investments mature in 2009.

3. Taxes and grants in place of taxes receivables

	2008	2007
Current	\$ 172,265	\$ 137,191
Arrears	96,135	107,536
	\$ 268,400	\$ 244,727

4. Capital assets

	2008	2007
Land	\$ 2,395,259	\$ 2,196,864
Engineering structures	48,688,179	42,705,725
Buildings	8,806,905	8,684,626
Machinery, equipment and furnishings	9,178,051	8,860,914
Vehicles	2,264,161	2,275,804
	\$ 71,332,555	\$ 64,723,933

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

5. Deferred revenue

	2008	2007
Alberta Municipal Infrastructure Program	\$ 1,031,761	\$ 998,519
Street Improvement Program	1,011	401,501
Municipal Sustainability Initiative	867,481	467,291
Sentinel sewer development	234,447	334,222
Other	555,655	244,198
	<u>\$ 2,690,355</u>	<u>\$ 2,445,731</u>

6. Employee benefit obligations

	2008	2007
Sick time	\$ 346,245	\$ 304,358
Vacation	11,826	16,431
	<u>\$ 358,071</u>	<u>\$ 320,789</u>

Vacation and sick time

The vacation and sick time liability is comprised of the vacation and sick time that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

The employees accumulate two days of sick leave for each month of employment, up to a total accumulation of 120 working days. Upon death (after five years of services) or retirement (after ten years of service), 50% of the accumulated sick pay will be payable to the employee. The sick time liability was calculated using several assumptions based on the history of staff turnover, age, and years of service to determine reasonable percentages of the fifty percent to accrue.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

7. Long-term debt

	2008	2007
Tax supported debentures	\$ 1,894,731	\$ 2,167,472
Current portion	\$ 272,741	\$ 272,741

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2009	\$ 272,741	\$ 65,558	\$ 338,299
2010	272,741	56,012	328,753
2011	272,741	46,466	319,207
2012	272,741	36,920	309,661
2013	272,741	27,374	300,115
Thereafter	531,026	26,108	557,134
	\$ 1,894,731	\$ 258,438	\$ 2,153,169

Debenture debt is repayable to Community Savings and Credit Union Ltd. and matures in 2016. Interest is payable at the prime rate. Debenture debt is issued on the credit and security of the Municipality at large.

The Municipality has established a line of credit for the purposes of financing operating expenditures with an overdraft limit of \$1,000,000. Interest is payable monthly at the prime rate. The loan is secured by a general security agreement. The line of credit was undrawn at December 31, 2008.

Interest on long-term debt during the year amounted to \$101,071 (2007 - \$114,269).

The Municipality's total cash payments for interest in 2008 were \$101,071 (2007 - \$114,269).

8. Operating fund

	2008	2007
Crowsnest Pass Municipal Library	\$ 77,243	\$ 68,097
Other functions	39,646	(109,458)
	\$ 116,889	\$ (41,361)

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

9. Reserves

Reserves for operating and capital activities changed as follows:

	2007	Increase	Decrease	2008
Risk management	\$ 25,984	\$ 28,526	\$ 44,207	\$ 10,303
Police, fire, disaster, ambulance and bylaw enforcement	31,376	159,652	33,213	157,815
Roads, streets, walks and lighting	512,620	51,005	128,907	434,718
Sanitary sewer equipment	531	-	-	531
Family Community Support Services	5,641	9,350	-	14,991
Land/housing	493,164	257,366	256,513	494,017
Recreational facilities	142,583	20,704	60,507	102,780
Electrical distribution	2,210	25,083	-	27,293
Operating contingencies	327,392	-	243,083	84,309
	\$ 1,541,501	\$ 551,686	\$ 766,430	\$ 1,326,757

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

10. Equity in capital assets

	Budget (Unaudited)	2008	2007
Acquisition of capital assets			
Administration	\$ 10,000	\$ 21,172	\$ 56,775
Police, fire, disaster, ambulance and bylaw enforcement	388,161	166,296	9,290
Roads, streets, walks and lighting	5,734,456	4,207,655	488,179
Water and waste water	12,097,720	2,128,206	467,623
Waste management	-	-	70,347
Recreation board	602,500	193,081	558,195
Other	61,000	40,650	7,554
Culture, halls and libraries	49,500	3,441	3,768
	18,943,337	6,760,501	1,661,731
Disposal of capital assets (cost)			
Machinery, equipment and furnishings	-	(151,879)	-
Capital financing			
Repayment of long-term debt	272,741	272,741	272,741
Proceeds of long-term debt	(74,000)	-	-
	198,741	272,741	272,741
Change in equity balance	19,142,078	6,881,363	1,934,472
Equity balance, beginning of year	62,556,461	62,556,461	60,621,989
Equity balance, end of year	\$ 81,698,539	\$ 69,437,824	\$ 62,556,461
Balance consists of:			
Capital assets (note 4)		\$ 71,332,555	\$ 64,723,933
Long-term debt (note 7)		(1,894,731)	(2,167,472)
		\$ 69,437,824	\$ 62,556,461

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11. Net municipal property taxes

	Budget (Unaudited)	2008	2007
Taxation			
Real property taxes	\$ 7,343,817	\$ 7,336,096	\$ 6,714,833
Linear property taxes	875,000	874,604	799,437
Government grants in place of property taxes	180,000	178,210	173,449
Special assessments and local improvements	13,677	13,677	13,403
	<u>8,412,494</u>	<u>8,402,587</u>	<u>7,701,122</u>
Requisitions			
Alberta School Foundation Fund	2,134,806	2,134,805	2,097,455
Crowsnest Pass Senior Housing	152,515	152,515	138,610
	<u>2,287,321</u>	<u>2,287,320</u>	<u>2,236,065</u>
	<u>\$ 6,125,173</u>	<u>\$ 6,115,267</u>	<u>\$ 5,465,057</u>

12. Government transfers

	Budget (Unaudited)	2008	2007
Provincial transfers			
Shared cost agreements and grants	\$ 11,835,496	\$ 6,787,302	\$ 1,307,812

13. Expenditures by object

	Budget (Unaudited)	2008	2007
Operating			
Salaries, wages and benefits	\$ 4,203,650	\$ 4,339,523	\$ 3,948,805
Contracted and general services	2,822,265	2,934,831	2,849,231
Materials, goods, supplies, and utilities	2,362,596	2,426,998	2,371,075
Bank charges and short term interest	1,400	80,539	83,695
Interest on long term debt	133,390	101,071	144,269
Other expenditures	175,850	413,276	115,137
Transfers to organizations and others	400,505	342,485	272,221
	<u>10,099,656</u>	<u>10,638,723</u>	<u>9,784,433</u>
Capital			
Capital assets acquired	18,943,337	6,760,501	1,661,731
	<u>\$ 29,042,993</u>	<u>\$ 17,399,224</u>	<u>\$ 11,446,164</u>

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

14. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2008	2007
Council				
Mayor Irwin	\$ 12,299	\$ 6,141	\$ 18,440	\$ 18,405
Councillor Salus	12,133	6,057	18,190	3,490
Councillor Mitchell	9,351	4,669	14,020	2,960
Councillor Taje	9,118	4,552	13,670	14,265
Councillor Ward	9,098	4,542	13,640	12,145
Councillor Cole	8,678	4,332	13,010	2,890
Councillor Macleod	7,504	3,746	11,250	2,750
Councillor Stolarik	-	-	-	9,235
Councillor Chorney	-	-	-	8,990
Councillor Woodman	-	-	-	8,770
Councillor Sygutek	-	-	-	7,350
Chief Administrative Officer	103,221	17,700	120,921	116,380
Designated Officers (4)	\$ 220,203	\$ 19,790	\$ 239,993	\$ 92,268

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including 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.

(3) 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 CONSOLIDATED FINANCIAL STATEMENTS
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15. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipality be disclosed as follows:

	2008	2007
Total debt limit	\$ 17,967,692	\$ 16,404,231
Total debt	1,894,731	2,202,472
	<u>\$ 16,072,961</u>	<u>\$ 14,201,759</u>
Debt servicing limit	\$ 2,994,615	\$ 2,734,038
Debt servicing	338,299	401,490
	<u>\$ 2,656,316</u>	<u>\$ 2,332,548</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.

16. Contingency

The Municipality of Crowsnest Pass is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. Under the terms of membership, the Municipality 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 the losses are determined.

The Municipality has been named in a claim involving a motorcycle accident. As the likelihood of the claim succeeding can not be reasonably ascertained, no accrual has been recorded in the financial statements.

The Municipality has been named a secondary party in a claim involving a fire at Lost Creek. Neither the likelihood of the claim succeeding nor the amount of liability, if any, can be determined. Accordingly, no amount has been recorded in the financial statements for this claim.

17. Commitments

The Municipality has entered into various contracts with third party agencies to provide services on behalf of the Municipality. These contracts vary by length, terms and conditions:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17. Commitments, continued

(a) C.N.P Waste Disposal Ltd.

This agreement is for pick up, collection and removal of garbage and refuse within the Municipality and delivery to a landfill located near Cowley, Alberta. It is for period of 5 years and terminates in 2012. Annual payments are as follows:

2009	\$ 309,025
2010	309,025
2011	319,841
2012	331,035
	<hr/> <hr/>
	\$ 1,268,926

(b) Enmax Energy Corporation

Under the terms of this agreement, Enmax Energy will provide electricity and related services to utility customers in the Municipality. The contract expires in 2011.

(c) Fortis Alberta Inc.

Under the terms of this agreement, Fortis Alberta Inc. will provide distribution access services. The contract expires in 2015.

(d) Other commitments

The Municipality has leases with several clubs and citizens within the Municipal boundaries for the use of various facilities and properties. The Municipality also has a commitment to purchase a rescue vehicle in 2009. The remaining payment is \$121,000.

18. Financial instruments

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

19. Approval of financial statements

These financial statements were approved by Council and Management.

20. Budget amounts

The 2008 budget for the Municipality was approved by Council on April 24, 2008 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

21. Comparative figures

Where necessary the comparative figures for the 2007 year have been reclassified to conform with 2008 financial statement presentation.