

MUNICIPALITY OF CROWSNEST PASS

Financial Statements

For the year ended December 31, 2009

MUNICIPALITY OF CROWSNEST PASS
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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

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, 2009, the consolidated statement of operations, the consolidated statement of change in net financial debt and the consolidated statement of cash flow 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Crowsnest Pass as at December 31, 2009 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 30, 2010

Young Parkyn McNab LLP

Chartered Accountants

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Municipality of Crowsnest Pass.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Municipality's assets are properly accounted for and adequately safeguarded.

The elected Council of the Municipality of Crowsnest Pass is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration and General Services committees.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Municipality. Young Parkyn McNab LLP has full and free access to the Council.

Chief Administrative Officer

MUNICIPALITY OF CROWNEST PASS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	2009	2008 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 3,506,470	\$ 3,803,368
Taxes and grants in place of taxes receivable (note 3)	357,519	268,407
Trade and other receivables	1,809,232	2,507,364
Land held for resale	259,000	259,000
	\$ 5,932,221	\$ 6,838,139
Liabilities		
Accounts payable and accrued liabilities	\$ 3,015,934	\$ 2,909,595
Employee benefit obligations (note 4)	342,193	358,071
Deposits	14,020	15,916
Deferred revenue (note 5)	1,156,966	2,693,235
Long-term debt (note 6)	1,751,989	1,894,731
	6,281,102	7,871,548
Net financial debt	(348,881)	(1,033,409)
Non-financial assets		
Tangible capital assets (schedule 1)	95,360,723	91,529,661
Inventory for consumption	283,973	340,980
Prepaid expenses	53,051	186,907
	95,697,747	92,057,548
Accumulated surplus (note 9)	\$ 95,348,866	\$ 91,024,139

Commitments and contingencies (notes 16 and 17)

MUNICIPALITY OF CROWNEST PASS
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2009

	Budget (Unaudited)	2009	2008 (Restated)
Revenue			
Net municipal taxes (note 10)	\$ 6,360,015	\$ 6,359,661	\$ 6,115,266
User fees and sales of goods	3,502,037	4,195,220	4,205,213
Government transfers for operating (note 11)	881,041	786,969	1,131,581
Investment income	68,000	30,585	136,819
Penalties and costs of taxes	50,500	69,131	52,520
Licenses and permits	125,400	136,226	132,168
Franchise and concession contracts	394,500	392,669	271,112
Rental	258,647	203,608	197,941
Other	27,400	299,742	61,790
	11,667,540	12,473,811	12,304,410
Expenditures (note 12)			
Legislative	263,083	267,426	197,865
Administration	1,461,837	1,410,895	1,331,821
Police, fire, disaster, ambulance and bylaw enforcement	857,271	1,002,001	1,190,001
Roads, streets, walks, lighting	2,718,090	4,270,364	4,369,756
Water and wastewater	1,296,620	2,049,703	1,959,753
Waste management	690,815	626,011	670,288
Family and community support services	209,839	213,205	345,503
Cemeteries and crematoriums	26,579	22,404	31,400
Planning and development	308,505	242,830	357,613
Recreation boards	1,601,331	1,980,085	1,753,649
Culture - libraries, museums, halls	352,882	468,022	391,744
Crowsnest centre	26,970	402,776	452,891
Electrical distribution	752,989	802,527	607,555
Other	193,488	214,054	331,404
	10,760,299	13,972,303	13,991,243
Deficiency of revenues over expenditures before other	907,241	(1,498,492)	(1,686,833)
Other			
Government transfers for capital (note 11)	8,476,513	5,823,225	5,637,009
Excess of revenues over expenditures	9,383,754	4,324,733	3,950,176
Accumulated surplus, beginning of year			
As previously stated	70,881,464	70,881,464	64,056,601
Prior period adjustment (note 13)	-	20,142,669	23,017,362
As restated	70,881,464	91,024,133	87,073,963
Accumulated surplus, end of year	\$ 80,265,218	\$ 95,348,866	\$ 91,024,139

MUNICIPALITY OF CROWSNEST PASS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
For the year ended December 31, 2009

	Budget	2009	2008
Excess of revenues over expenditures	\$ 9,383,754	\$ 4,324,733	\$ 3,950,176
Acquisition of tangible capital assets	(9,596,420)	(7,059,988)	(7,020,185)
Amortization of tangible capital assets	-	3,203,696	3,325,850
Loss on disposal of tangible capital assets (note 11)	-	25,230	-
	(9,596,420)	(3,831,062)	(3,694,335)
Net change in supplies inventory	-	57,001	(11,995)
Net change in prepaid expense	-	133,856	(92,002)
	-	190,857	(103,997)
Decrease in net financial debt	(212,666)	684,528	151,844
Net financial debt, beginning of year	(1,033,409)	(1,033,409)	(1,185,253)
Net financial debt, end of year	\$ (1,246,075)	\$ (348,881)	\$ (1,033,409)

MUNICIPALITY OF CROWNEST PASS
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2009

	2009	2008 (Restated)
Operating transactions		
Excess of revenues over expenditures	\$ 4,324,733	\$ 3,950,176
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	25,230	-
Amortization of tangible capital assets	3,203,696	3,325,850
	7,553,659	7,276,026
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(89,112)	(23,680)
Trade and other receivables	698,125	(287,398)
Inventory for consumption	57,007	(11,995)
Prepaid expenses	133,856	(92,002)
Accounts payable and accrued liabilities	106,339	1,214,709
Employee benefit obligations	(15,878)	37,282
Deposits	(1,896)	710
Deferred revenue	(1,536,269)	247,504
Cash provided by operating transactions	6,905,831	8,361,156
Capital transactions		
Acquisition of tangible capital assets	(7,059,988)	(7,020,185)
Financing transactions		
Proceeds of long-term debt	130,000	-
Repayment of long-term debt	(272,741)	(272,741)
Cash applied to financing transactions	(142,741)	(272,741)
(Decrease) increase in cash and temporary investments	(296,898)	1,068,230
Cash and temporary investments, beginning of year	3,803,368	2,735,138
Cash and temporary investments, end of year	\$ 3,506,470	\$ 3,803,368

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies

The consolidated financial statements of the Municipality of Crowsnest Pass are the representations of management prepared in accordance with generally accepted accounting principles for local government 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) 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 Society

The statements 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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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

MUNICIPALITY OF CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies, continued

(c) 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 \$330,117 (2008 - \$346,245) 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 need 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 (2008 - \$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.

(d) Investments

Investments are recorded at amortized 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.

(e) Inventories

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.

(f) 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.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies, continued

(g) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(h) 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.

(i) 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 189,000 people and about 411 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 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the Municipality to the Local Authorities Pension Plan in 2009 were \$255,316 (2008 - \$197,990). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2009 were \$226,997 (2008 - \$173,679).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$4,414 million.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

1. Significant accounting policies, continued

(j) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

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.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	5-65
Machinery and equipment	3-40
Vehicles	8-10

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

MUNICIPALITY OF CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

2. Cash and temporary investments

	2009	2008
Cash	\$ 1,246,587	\$ 2,211,764
Short-term investments	2,259,883	1,591,604
	<u>\$ 3,506,470</u>	<u>\$ 3,803,368</u>

Short-term investments consist of GICs and short term securities with original maturities of three months or less. The investments bear interest at 0.5% and mature in January and February 2010.

3. Taxes and grants in place of taxes receivables

	2009	2008
Current	\$ 235,328	\$ 172,272
Arrears	122,191	96,135
	<u>\$ 357,519</u>	<u>\$ 268,407</u>

4. Employee benefit obligations

	2009	2008
Sick time	\$ 330,117	\$ 346,245
Vacation	12,076	11,826
	<u>\$ 342,193</u>	<u>\$ 358,071</u>

Vacation and overtime

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 CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

5. Deferred revenue

	2009	2008 (Restated)
Municipal Sustainability Initiative	\$ 359,523	\$ 867,481
Other	289,741	556,666
New Deal for Cities and Communities	270,654	-
Alberta Municipal Infrastructure Program	114,068	1,031,761
Alberta Municipal Water Wastewater Partnership	111,855	-
Sentinel sewer development	8,821	234,447
Unamortized deferred capital contribution (Crowstest Centre)	2,304	2,880
	<u>\$ 1,156,966</u>	<u>\$ 2,693,235</u>

6. Long-term debt

	2009	2008
Tax supported debentures	\$ 1,751,989	\$ 1,894,731
Current portion	\$ 298,741	\$ 272,741

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2010	\$ 298,741	\$ 40,882	\$ 339,623
2011	298,741	33,771	332,512
2012	298,741	26,659	325,400
2013	298,741	19,547	318,288
2014	298,751	12,436	311,187
Thereafter	258,274	5,324	263,598
	<u>\$ 1,751,989</u>	<u>\$ 138,619</u>	<u>\$ 1,890,608</u>

Debenture debt is repayable to Community Savings and Credit Union Ltd. and matures in 2014 to 2015. Interest is payable at rates ranging from the prime rate to the prime rate plus 1.50%. 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, 2009.

Interest on long-term debt during the year amounted to \$46,380 (2008 - \$101,071).

The Municipality's total cash payments for interest in 2009 were \$46,380 (2008 - \$101,071).

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

7. Reserves

Reserves for operating and capital activities are as follows:

	2009	2008
Roads, streets, walks and lighting	\$ 504,806	\$ 434,718
Land/housing	425,496	494,017
Recreational facilities	142,847	102,780
Electrical distribution	105,118	27,293
Operating contingencies	93,972	84,309
Telecommunications and IT	49,000	-
Police, fire, disaster, ambulance and bylaw enforcement	18,205	157,815
Family Community Support Services	17,928	14,991
Risk management	13,281	10,303
Sanitary sewer equipment	531	531
	\$ 1,371,184	\$ 1,326,757

8. Equity in tangible capital assets

	2009	2008 (Restated)
Tangible capital assets (schedule 1)	\$207,120,177	\$200,179,695
Accumulated amortization (schedule 1)	(111,759,454)	(108,650,034)
Long-term debt (note 6)	(1,751,989)	(1,894,731)
Unamortized deferred capital contribution (note 5)	(2,304)	(2,880)
	\$93,606,430	\$89,632,050

9. Accumulated surplus

Accumulated surplus consists of internally restricted and unrestricted amount and equity in tangible capital assets as follows:

	2009	2008 (Restated)
Unrestricted surplus (deficit)		
Municipal	\$ 237,280	\$ 39,648
Crowsnest Pass Municipal Library	82,126	77,243
Crowsnest Learning Centre Society	(85,345)	(51,559)
	234,061	65,332
Internally restricted surplus (reserves) (note 7)	1,371,184	1,326,757
Equity in tangible capital assets (note 8)	93,606,430	89,632,050
	\$ 95,348,866	\$ 91,024,139

MUNICIPALITY OF CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

10. Net municipal property taxes

	Budget (Unaudited)	2009	2008
Taxation			
Real property taxes	\$ 7,942,487	\$ 7,942,133	\$ 7,336,096
Linear property taxes	632,296	632,296	874,604
Government grants in place of property taxes	134,624	134,624	178,210
Special assessments and local improvements	52,826	52,826	13,677
	<u>8,762,233</u>	<u>8,761,879</u>	<u>8,402,587</u>
Requisitions			
Alberta School Foundation Fund	2,234,452	2,234,452	2,134,806
Crowsnest Pass Senior Housing	167,766	167,766	152,515
	<u>2,402,218</u>	<u>2,402,218</u>	<u>2,287,321</u>
	<u>\$ 6,360,015</u>	<u>\$ 6,359,661</u>	<u>\$ 6,115,266</u>

11. Government transfers

	Budget (Unaudited)	2009	2008 (Restated)
Transfers for operating:			
Provincial government	\$ 881,041	\$ 786,969	\$ 1,131,581
Transfers for capital			
Provincial government	8,476,513	5,823,225	5,637,009
	<u>\$ 9,357,554</u>	<u>\$ 6,610,194</u>	<u>\$ 6,768,590</u>

12. Expenditures by object

	Budget (Unaudited)	2009	2008 (Restated)
Salaries, wages and benefits	\$ 4,580,267	\$ 4,572,803	\$ 4,339,524
Contracted and general services	3,247,387	3,154,950	3,314,247
Materials, goods, supplies and utilities	2,418,025	2,666,489	2,170,512
Bank charges and short term interest	33,000	14,888	80,539
Interest on long term debt	120,925	46,380	101,071
Other expenditures	93,000	89,019	413,276
Transfers to organizations and others	267,695	198,850	246,224
Loss on disposal of tangible capital assets	-	25,229	-
Amortization of tangible capital assets	-	3,203,695	3,325,850
	<u>\$ 10,760,299</u>	<u>\$ 13,972,303</u>	<u>\$ 13,991,243</u>

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

13. Prior period adjustments

The Municipality has restated its financial statements to comply with the provision of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. The prior period figures were also adjusted to included the assets, liabilities, net assets and results of operations of the Crowsnest Learning Centre Society for comparative purposes. These adjustments are as follows:

Adjustments to January 1, 2008 accumulated surplus:	
As previously reported	\$ 64,056,601
Adjustment to net book value of tangible capital assets	23,111,393
Adjustment for Crowsnest Learning Centre Society unrestricted net assets	(94,031)
As restated	\$ 87,073,963

Adjustments to deficiency of revenues over expenditures for the year ended December 31, 2008:	
As previously reported	\$ 216,247
Tangible capital assets recorded but previously expensed	6,760,501
Amortization	(3,325,850)
Expenses reallocated to tangible capital assets	256,486
Crowsnest Learning Centre Society net income, excluding amortization	42,792
As restated	\$ 3,950,176

Amortization expense of \$10,484 from the Crowsnest Learning Centre Society is included in the overall amortization expense of \$3,325,850.

Adjustments to tangible capital assets as at December 31, 2008:	
As previously reported	\$ 71,332,555
Adjustments to historical cost of tangible capital assets	128,847,140
Accumulated amortization recorded	(108,650,034)
As restated	\$ 91,529,661

MUNICIPALITY OF CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2009

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	2009	2008
Council				
Mayor Irwin	\$ 13,954	\$ 6,966	\$ 20,920	\$ 18,440
Councilor Salus	10,298	5,142	15,440	18,190
Councilor Mitchell	9,591	4,789	14,380	14,020
Councilor Taje	7,397	3,693	11,090	13,670
Councilor Ward	9,478	4,732	14,210	13,640
Councilor Cole	9,238	4,612	13,850	13,010
Councilor Macleod	8,217	4,103	12,320	11,250
Chief Administrative Officer	102,262	12,176	114,438	120,921
Designated Officers (3)	\$ 235,731	\$ 15,228	\$ 250,959	\$ 239,993

(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.

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.

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:

	2009	2008 (Restated)
Total debt limit	\$ 18,710,717	\$ 18,456,614
Total debt	1,751,989	1,894,731
	\$ 16,958,728	\$ 16,561,883
Debt servicing limit	\$ 3,118,453	\$ 3,076,102
Debt servicing	339,623	338,299
	\$ 2,778,830	\$ 2,737,803

MUNICIPALITY OF CROWNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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15. Debt limits, continued

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 Crownsnest 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 several lawsuits, but the Municipality has invested in insurance against any losses. No losses have been recorded in the financial statements for any 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:

(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 a period of 5 years and terminates in 2012. Annual payments are as follows:

2010	\$	223,659
2011		223,659
2012		223,659
		<hr/>
		\$ 670,977

(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.

MUNICIPALITY OF CROWSNEST PASS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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18. Financial instruments

The Municipality'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.

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables 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 fulfil 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.

19. Budget amounts

The 2009 budget for the Municipality was approved by Council on April 14, 2009 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

20. Approval of financial statements

These financial statements were approved by Council and Management.

21. Comparative figures

Where necessary the comparative figures for the 2008 year have been reclassified to conform with 2009 financial statement presentation.

MUNICIPALITY OF CROWSNEST PASS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Schedule of tangible capital assets	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Schedule 1	
							2009	2008 (restated)
Cost:								
Balance, beginning of year	\$ 2,596,101	\$ 1,804,987	\$ 6,825,353	\$ 180,491,265	\$ 6,588,898	\$ 1,873,091	\$ 200,179,695	\$ 193,159,508
Acquisitions	-	126,789	166,257	159,167	154,696	504,741	1,111,650	1,312,283
Construction-in-progress	-	-	-	5,948,338	-	-	5,948,338	5,707,904
Disposals	-	-	-	-	(119,506)	-	(119,506)	-
Balance, end of year	2,596,101	1,931,776	6,991,610	186,598,770	6,624,088	2,377,832	207,120,177	200,179,695
Accumulated amortization:								
Balance, beginning of year	-	520,202	2,493,970	101,043,238	3,498,789	1,093,835	108,650,034	105,324,184
Annual amortization	-	94,682	144,661	2,544,591	287,514	132,248	3,203,696	3,325,850
Disposals	-	-	-	-	(94,276)	-	(94,276)	-
Balance, end of year	-	614,884	2,638,631	103,587,829	3,692,027	1,226,083	111,759,454	108,650,034
Net book value	\$ 2,596,101	\$ 1,316,892	\$ 4,352,979	\$ 83,010,941	\$ 2,932,061	\$ 1,151,749	\$ 95,360,723	\$ 91,529,661
2008 net book value (restated)	\$ 2,596,101	\$ 1,284,785	\$ 4,331,383	\$ 79,448,027	\$ 3,090,109	\$ 779,256	\$ 91,529,661	