

**MUNICIPALITY OF CROWSNEST PASS**

**Financial Statements**

**For the year ended December 31, 2007**

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# MUNICIPALITY OF CROWSNEST PASS

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For the year ended December 31, 2007

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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, 2007, 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 recorded on the modified equity basis, adjustments would have been made to investments, operating fund balance, 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, 2007 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

April 3, 2008

*Young Parkyn M. Nab LLP*

Chartered Accountants

**MUNICIPALITY OF CROWSNEST PASS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2007

	2007	2006
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 2,758,213	\$ 3,096,646
Taxes and grants in place of taxes receivables (note 3)	244,727	203,669
Accounts receivable	2,197,605	1,354,850
Land held for resale	259,000	259,000
Prepaid expenses	94,905	82,088
	5,554,450	4,996,253
<b>Physical assets</b>		
Inventory for consumption	328,985	268,107
Capital assets (note 4)	64,723,933	63,062,202
	65,052,918	63,330,309
	\$ 70,607,368	\$ 68,326,562

**LIABILITIES AND MUNICIPAL EQUITY**

<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,601,572	\$ 1,676,068
Deposits	15,206	12,860
Deferred revenue (note 5)	2,445,731	1,641,503
Employee benefit obligations (note 6)	320,789	274,605
Long-term debt (note 7)	2,167,472	2,440,213
	6,550,770	6,045,249
<b>Municipal equity</b>		
Fund balances		
Operating (schedule 1) (note 8)	(41,364)	60,352
Capital (schedule 2)	-	-
Reserves (schedule 3) (note 9)	1,541,501	1,598,972
	1,500,137	1,659,324
Equity in capital assets (note 10)	62,556,461	60,621,989
	64,056,598	62,281,313
	\$ 70,607,368	\$ 68,326,562

**MUNICIPALITY OF CROWSNEST PASS**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES**  
For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
<b>Revenue</b>			
Net municipal property taxes (note 11)	\$ 5,475,157	\$ 5,465,057	\$ 5,136,364
User fees and sale of goods	3,036,603	4,006,999	4,070,840
Government transfers (note 12)	4,008,253	1,307,812	1,647,501
Investment income	48,500	138,691	96,233
Penalties and cost of taxes	48,000	42,327	44,064
Licenses and permits	124,525	116,666	128,889
Franchise and concession contracts	251,066	239,191	237,593
Rentals	209,940	207,603	190,370
Proceeds on disposal of capital assets	-	3,500	36,410
Other	40,395	31,875	33,367
	13,242,439	11,559,721	11,621,631
<b>Expenditures (note 13)</b>			
Legislative	150,510	159,799	187,082
Administration	1,135,593	1,289,344	1,322,466
Police, fire, disaster, ambulance and bylaw enforcement	1,076,071	929,512	1,220,778
Roads, streets, walks and lighting	7,222,552	3,190,242	2,889,015
Water and waste water	1,056,825	1,405,308	1,478,913
Waste management	705,959	777,406	699,586
Recreation board	2,238,682	2,127,189	1,871,214
Electrical distribution	448,505	480,198	500,372
Other	438,831	526,421	622,901
Crowsnest Centre	93,543	106,014	77,678
Cemeteries	31,384	40,213	31,724
Culture, halls and libraries	533,263	414,521	529,088
	15,131,718	11,446,167	11,430,817
<b>Excess (deficiency) of revenue over expenditures</b>	(1,889,279)	113,554	190,814
<b>Capital financing transactions</b>			
Proceeds of long-term debt	1,044,259	-	-
Repayment of long-term debt	(272,741)	(272,741)	(272,741)
<b>Change in fund balances</b>	\$ (1,117,761)	\$ (159,187)	\$ (81,927)

**MUNICIPALITY OF CROWSNEST PASS**  
**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
For the year ended December 31, 2007

	2007	2006
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 113,554	\$ 190,814
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivables	(41,058)	44,407
Accounts receivable	(842,755)	501,762
Land held for resale	-	76,643
Prepaid expenses	(12,817)	(37,669)
Inventory for consumption	(60,878)	(33,503)
Accounts payable and accrued liabilities	(74,496)	465,665
Deposits	2,346	1,700
Deferred revenue	804,228	255,289
Employee benefit obligations	46,184	(102,334)
	(65,692)	1,362,774
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(272,741)	(272,741)
<b>(Decrease) increase in cash and temporary investments</b>	(338,433)	1,090,033
<b>Cash and temporary investments, beginning of year</b>	3,096,646	2,006,613
<b>Cash and temporary investments, end of year</b>	\$ 2,758,213	\$ 3,096,646

**MUNICIPALITY OF CROWSNEST PASS**  
**SCHEDULE 1**  
**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING**  
**For the Year Ended December 31, 2007**

	Budget (Unaudited)	2007	2006
<b>Revenue</b>			
Net municipal property taxes (note 11)	\$ 5,475,157	\$ 5,465,057	\$ 5,136,364
User fees and sale of goods	3,036,603	4,006,999	4,070,840
Government transfers (note 12)	741,905	684,245	1,251,901
Investment income	48,500	138,691	96,233
Penalties and cost of taxes	48,000	42,327	44,064
Licenses and permits	124,525	116,666	128,889
Franchise and concession contracts	251,066	239,191	237,593
Rentals	209,940	207,603	190,370
Other	40,395	31,875	33,367
	9,976,091	10,932,654	11,189,621
<b>Expenditures (note 13)</b>			
Legislative	150,510	159,799	187,082
Administration	1,128,493	1,232,569	1,312,534
Police, fire, disaster, ambulance and bylaw enforcement	872,698	920,222	1,218,028
Roads, streets, walks and lighting	2,694,956	2,545,300	2,285,593
Water and waste water	1,056,825	1,093,776	1,079,758
Waste management	638,459	707,059	699,586
Recreation board	1,536,847	1,568,994	1,510,032
Electrical distribution	448,505	480,198	500,372
Other	438,831	519,539	548,494
Crowsnest Centre	93,543	106,014	77,678
Cemeteries	31,384	40,213	31,724
Culture, halls and libraries	368,263	410,753	463,283
	9,459,314	9,784,436	9,914,164
<b>Excess of revenue over expenditures</b>	516,777	1,148,218	1,275,457
<b>Net interfund transfers</b>			
Repayment of long-term debt	(272,741)	(272,741)	(272,741)
Transfer to capital	(887,055)	(561,513)	(353,398)
Transfer (to) from reserves	648,887	(415,680)	(382,251)
<b>Change in fund balance</b>	5,868	(101,716)	267,067
<b>Fund balance, beginning of year</b>	(41,364)	60,352	(206,715)
<b>Fund balance, end of year</b>	\$ (35,496)	\$ (41,364)	\$ 60,352

**MUNICIPALITY OF CROWSNEST PASS**  
**SCHEDULE 2**  
**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL**  
**For the year ended December 31, 2007**

	Budget (Unaudited)	2007	2006
<b>Revenue</b>			
Government transfers	\$ 3,266,348	\$ 623,567	\$ 395,600
Proceeds on disposal of capital assets	-	3,500	36,410
	3,266,348	627,067	432,010
<b>Expenditures (note 13)</b>			
Administration	7,100	56,775	9,932
Police, fire, disaster, ambulance and bylaw enforcement	203,373	9,290	2,750
Roads, streets, walks and lighting	4,527,596	644,942	603,422
Water and waste water	-	311,532	399,155
Waste management	67,500	70,347	-
Recreation board	701,835	558,195	361,182
Other	-	6,882	74,407
Culture, halls and libraries	165,000	3,768	65,805
	5,672,404	1,661,731	1,516,653
<b>Deficiency of revenue over expenditures</b>	(2,406,056)	(1,034,664)	(1,084,643)
<b>Capital financing transactions and net interfund transfers</b>			
Proceeds of long-term debt	1,044,259	-	-
Transfer from operating	887,055	561,513	353,398
Transfer from reserves	474,742	473,151	718,781
<b>Change in fund balance</b>	-	-	(12,464)
<b>Fund balance, beginning of year</b>	-	-	12,464
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -

**MUNICIPALITY OF CROWSNEST PASS**  
**SCHEDULE 3**  
**SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES**  
**For the year ended December 31, 2007**

	Budget (Unaudited)	2007	2006
<b>Fund balance, beginning of year</b>	\$ 1,541,501	\$ 1,598,972	\$ 1,935,502
<b>Net interfund transfers</b>			
Transfer from (to) operating	(648,887)	415,680	382,251
Transfer to capital	(474,742)	(473,151)	(718,781)
<b>Fund balance, end of year (note 9)</b>	\$ 417,872	\$ 1,541,501	\$ 1,598,972

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2007**

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**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) 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.

(b) Basis of accounting

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

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

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

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

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2007**

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**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 \$304,358 (2006 - \$257,700) 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 sights where these pits are located. The Municipality has established reserves of \$25,000 (2006 - \$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) 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.

(e) 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.

(f) 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.

(g) 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.

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2007**

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**1. Significant accounting policies, continued**

(h) 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 2007, the Municipality continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, 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 been in discussion with public works and management to assist in compiling the listings.

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 not yet approved its amortization policy for these assets.

(i) 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.

(j) 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.

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2007**

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**1. Significant accounting policies, continued**

(k) 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 2007 were \$191,736 (2006 - \$162,605). Total current service contributions by the employees of the Municipality to the LAPP in 2007 were \$168,127 (2006 - \$142,373).

At December 31, 2006, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

(l) 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).

(m) Capital fund

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

(n) 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.

(o) 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.

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**2. Cash and temporary investments**

	2007	2006
Cash	\$ 1,428,773	\$ 852,707
Short-term investments	1,329,440	2,243,939
	<b>\$ 2,758,213</b>	<b>\$ 3,096,646</b>

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 interest rate of 4.25 to 4.4%. The investments mature in 2008.

**3. Taxes and grants in place of taxes receivables**

	2007	2006
Current	\$ 137,191	\$ 103,690
Arrears	107,536	99,979
	<b>\$ 244,727</b>	<b>\$ 203,669</b>

**4. Capital assets**

	2007	2006
Land	\$ 2,196,864	\$ 1,612,612
Engineering structures	42,705,725	42,131,402
Buildings	8,684,626	8,581,820
Machinery, equipment and furnishings	8,860,914	8,579,691
Vehicles	2,275,804	2,156,677
	<b>\$ 64,723,933</b>	<b>\$ 63,062,202</b>

**5. Deferred revenue**

	2007	2006
Alberta Municipal Infrastructure Program	\$ 998,519	\$ 946,678
Street Improvement Program	401,501	385,784
Municipal Sustainability Initiative	467,291	-
Sentinel sewer development	334,222	-
Other	244,198	309,041
	<b>\$ 2,445,731</b>	<b>\$ 1,641,503</b>

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**6. Employee benefit obligations**

	2007	2006
Sick time	\$ 304,358	\$ 257,700
Vacation	16,431	16,905
	\$ 320,789	\$ 274,605

**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.

In 2005, the Municipality accrued fifty percent (50%) of the total potential liability for sickness benefits. The 2007 figure uses several assumptions based on the history of staff turnover, age, and years of service to determine reasonable percentages of the fifty percent to accrue.

**7. Long-term debt**

	2007	2006
Tax supported debentures	\$ 2,167,472	\$ 2,440,213
Current portion	\$ 272,741	\$ 272,741

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2008	\$ 272,741	\$ 128,749	\$ 401,490
2009	272,741	112,384	385,125
2010	272,741	96,020	368,761
2011	272,741	79,655	352,396
2012	272,741	63,291	336,032
Thereafter	803,767	91,678	895,445
	\$ 2,167,472	\$ 571,777	\$ 2,739,249

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**7. Long-term debt, continued**

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.

In December 2005, a line of credit was established 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.

Interest on long-term debt during the year amounted to \$114,269 (2006 - \$153,695).

The Municipality's total cash payments for interest in 2007 were \$114,269 (2006 - \$160,176).

**8. Operating fund**

	2007	2006
Crowsnest Pass Municipal Library	\$ 68,097	\$ 60,352
Other functions	(109,461)	-
	\$ (41,364)	\$ 60,352

**9. Reserves**

Reserves for operating and capital activities changed as follows:

	2006	Increase	Decrease	2007
Crowsnest centre	\$ 20,000	\$ -	\$ 20,000	\$ -
Risk management	12,954	15,674	2,643	25,985
Police, fire, disaster, ambulance and bylaw enforcement	31,298	78	-	31,376
Roads, streets, walks and lighting	512,620	-	-	512,620
Sanitary sewer equipment	531	-	-	531
Family Community Support Services	3,383	2,257	-	5,640
Land/housing	749,147	235,040	491,022	493,165
Recreational facilities	152,520	5,900	15,838	142,582
Electrical distribution	2,210	-	-	2,210
Operating contingencies	114,309	213,083	-	327,392
	\$ 1,598,972	\$ 472,032	\$ 529,503	\$ 1,541,501

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**10. Equity in capital assets**

	Budget (Unaudited)	2007	2006
<b>Acquisition of capital assets</b>			
Administration	\$ 7,100	\$ 56,775	\$ 9,932
Police, fire, disaster, ambulance and bylaw enforcement	30,500	9,290	2,750
Roads, streets, walks and lighting	4,527,596	644,942	603,422
Water and waste water	67,500	381,879	399,155
Recreation board	866,835	561,963	426,987
Other	-	6,882	74,407
	5,499,531	1,661,731	1,516,653
<b>Disposal of capital assets (cost)</b>			
Machinery, equipment and furnishings	-	-	(104,571)
<b>Capital financing</b>			
Repayment of long-term debt	272,741	272,741	272,741
Proceeds of long-term debt	(1,044,259)	-	-
	(771,518)	272,741	272,741
<b>Change in equity balance</b>	4,728,013	1,934,472	1,684,823
<b>Equity balance, beginning of year</b>	60,621,989	60,621,989	58,937,166
<b>Equity balance, end of year</b>	\$ 65,350,002	\$ 62,556,461	\$ 60,621,989
<b>Balance consists of:</b>			
Capital assets (note 4)		\$ 64,723,933	\$ 63,062,202
Long-term debt (note 7)		(2,167,472)	(2,440,213)
		\$ 62,556,461	\$ 60,621,989

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**11. Net municipal property taxes**

	Budget (Unaudited)	2007	2006
<b>Taxation</b>			
Real property taxes	\$ 6,731,050	\$ 6,714,833	\$ 6,341,937
Linear property taxes	799,437	799,437	825,146
Government grants in place of property taxes	173,449	173,449	177,430
Special assessments and local improvements	13,405	13,403	15,397
	7,717,341	7,701,122	7,359,910
<b>Requisitions</b>			
Alberta School Foundation Fund	2,103,534	2,097,455	2,097,496
Crowsnest Pass Senior Housing	138,650	138,610	126,050
	2,242,184	2,236,065	2,223,546
	\$ 5,475,157	\$ 5,465,057	\$ 5,136,364

**12. Government transfers**

	Budget (Unaudited)	2007	2006
<b>Provincial transfers</b>			
Shared cost agreements and grants	\$ 4,008,253	\$ 1,307,812	\$ 1,647,501

**13. Expenditures by object**

	Budget (Unaudited)	2007	2006
<b>Operating</b>			
Salaries, wages and benefits	\$ 3,880,464	\$ 3,948,805	\$ 3,782,022
Contracted and general services	2,790,377	2,849,231	2,986,798
Materials, goods, supplies, and utilities	2,197,221	2,371,078	2,545,973
Bank charges and short term interest	2,600	83,695	62,827
Interest on long term debt	127,390	144,269	153,695
Other expenditures	145,852	115,137	151,619
Transfers to organizations and others	315,410	272,221	231,230
	9,459,314	9,784,436	9,914,164
<b>Capital</b>			
Capital assets acquired	5,672,404	1,661,731	1,516,653
	\$ 15,131,718	\$ 11,446,167	\$ 11,430,817

**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

**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	2007	2006
<b>Council</b>				
Mayor Irwin	\$ 12,276	\$ 6,129	\$ 18,405	\$ 20,015
Councillor Taje	9,515	4,750	14,265	17,605
Councillor Ward	8,101	4,044	12,145	13,510
Councillor Stolarik	6,160	3,075	9,235	13,310
Councillor Chorney	5,996	2,994	8,990	12,070
Councillor Woodman	5,850	2,920	8,770	-
Councillor Sygutek	4,902	2,448	7,350	10,155
Councillor Salus	2,328	1,162	3,490	-
Councillor Mitchell	1,974	986	2,960	-
Councillor Cole	1,928	962	2,890	-
Councillor Macleod	1,834	916	2,750	-
Councillor Ham	-	-	-	13,515
Chief Administrative Officer	97,980	18,400	116,380	108,084
Designated Officers	\$ 77,400	\$ 14,868	\$ 92,268	\$ 86,598

(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**  
For the year ended December 31, 2007

**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:

	2007	2006
Total debt limit	\$ 16,404,231	\$ 16,821,554
Total debt	2,202,472	2,475,213
	\$ 14,201,759	\$ 14,346,341
Debt servicing limit	\$ 2,734,038	\$ 2,803,592
Debt servicing	401,490	417,128
	\$ 2,332,548	\$ 2,386,464

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.

The Municipality has guaranteed a loan for the Crowsnest Centre to a maximum of \$35,000.

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

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**17. Commitments**

The Municipality has entered into an operating lease for a GMC truck. Payments of \$580 per month commenced in 2005. The lease ends in 2010.

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) 695382 Alberta Ltd.

This agreement for the provision of ambulance and emergency services terminates in 2011. Payments are made in equal monthly instalments. Annual payments are as follows:

2008	\$ 160,824
2009	164,040
2010	167,316
2011	170,664
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	\$ 662,844

(b) 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:

2008	\$ 298,575
2009	309,025
2010	309,025
2011	319,841
2012	331,035
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	\$ 1,567,501

(c) 660903 Alberta Ltd.

This agreement is for the pickup, collection and removal of recyclable materials. The contract is for three years, with an option to renew for two additional three year terms. The current term expires in 2009. Payments are made in equal monthly instalments. Annual payments are as follows:

2008	\$ 90,000
2009	90,000
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	\$ 180,000

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

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**17. Commitments, continued**

(d) 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.

(e) Fortis Alberta Inc.

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

(f) Other commitments

The Municipality has leases with several clubs and citizens within the Municipal boundaries for the use of various facilities and properties.

**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. Alberta Centennial Legacies Grant Program**

The Municipality was awarded a grant in the amount of \$250,000 from the Alberta Government's Centennial Legacies Grant Program (Phase 3) for the completion of a Community Sport Field project. The grant funds and corresponding monthly interest were held by the Alberta Government in a Consolidated Cash Investment Trust Fund to be used by the Municipality exclusively for the Community Sports Field Project and could be accessed upon completion of each Phase of the Capital Project Plan.

Upon completion of Phase 1 of the Capital Project Plan, the Municipality received \$30,000 of the original \$250,000 grant in 2006. Following the completion of Phases 2, 3 and 4 on September 30, 2007 the Municipality applied for the remaining \$220,000 grant plus accrued interest of \$23,432. The \$243,432 is included in accounts receivable as at December 31, 2007 and was received in February, 2008. The final report for this Project was filed with the Centennial Legacies Program in March, 2008.

Total project expenses	851,708
Less: project revenue (municipal and other)	(578,276)
	273,432
Less: Grant funds	
Centennial Legacies Grant	(250,000)
Interest earned on grant	(23,432)
Net project cost	-

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**MUNICIPALITY OF CROWSNEST PASS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

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**20. Approval of financial statements**

These financial statements were approved by Council and Management.

**21. Budget amounts**

The 2007 budget for the Municipality was approved by Council on April 24, 2007 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

**22. Comparative figures**

Where necessary the comparative figures for the 2006 year have been reclassified to conform with 2007 financial statement presentation. The 2006 figures were reported on by another audit firm who issued a qualified auditors' opinion in their report dated April 19, 2007 since the Municipality did not consolidate the results of the Crowsnest Centre.