

# **MUNICIPALITY OF CROWSNEST PASS**

## **Financial Statements**

**For the Year Ended December 31, 2000**

Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Financial Activities and Change in Fund Balances	3
Consolidated Statement of Changes in Financial Position	4
Schedule of Financial Activities and Change in Fund Balance - Operating	5
Schedule of Financial Activities and Change in Fund Balance - Capital	6
Schedule of Change in Fund Balance - Reserves	7
Notes to Consolidated Financial Statements	8-16

# Young, Parkyn, McNab & Co.

CHARTERED ACCOUNTANTS

## AUDITORS' REPORT

To the Mayor and 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, 2000, 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 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, 2000 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting described in Note 1.

Lethbridge, Alberta

February 21, 2001



Chartered Accountants

# MUNICIPALITY OF CROWNEST PASS

Consolidated Statement of Financial Position as at December 31, 2000

	2000 \$	1999 \$
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	4,342,258	3,322,299
Taxes and grants in place of taxes receivable (Note 3)	415,701	511,987
Trade and other receivables	1,056,994	1,058,897
Land held for resale	89,728	89,728
Prepaid expenses	60,209	113,005
	<u>5,964,890</u>	<u>5,095,916</u>
<b>PHYSICAL ASSETS</b>		
Inventory for consumption	210,434	258,166
Physical assets (Note 4)	46,343,550	44,976,720
	<u>46,553,984</u>	<u>45,234,886</u>
	<u>52,518,874</u>	<u>50,330,802</u>
<b>LIABILITIES AND MUNICIPAL EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,774,505	1,067,757
Deposits	19,803	20,821
Deferred revenue (Note 5)	433,198	102,650
Long term debt (Note 6)	30,406	308,094
	<u>2,257,912</u>	<u>1,499,322</u>
<b>MUNICIPAL EQUITY</b>		
Fund balances		
Operating - Schedule 1	654,969	836,483
Capital - Schedule 2	-	166,706
Reserves (Note 7) - Schedule 3	3,082,415	2,901,499
	<u>3,737,384</u>	<u>3,904,688</u>
Equity in physical assets	46,523,578	44,926,792
	<u>50,260,962</u>	<u>48,831,480</u>
	<u>52,518,874</u>	<u>50,330,802</u>

# MUNICIPALITY OF CROWSNEST PASS

## Consolidated Statement of Financial Activities and Change in Fund Balances For the Year Ended December 31, 2000

	2000		1999
	Budget (Unaudited) \$	Actual \$	Actual \$
<b>REVENUE</b>			
Net municipal property taxes (Note 8)	3,914,208	3,883,909	3,778,502
User fees and sale of goods	3,192,950	3,328,826	3,173,476
Penalties and costs of taxes	60,000	75,567	66,121
Franchise and concession contracts	175,000	262,359	268,788
Investment income	154,000	206,791	136,120
Licenses and permits	71,500	77,883	79,843
Rentals	149,795	140,067	142,096
Government transfers (Note 9)	1,231,967	588,693	380,816
Gain on disposal of land held for resale	-	177,109	155,868
Other	74,000	205,756	134,726
	<u>9,023,420</u>	<u>8,946,960</u>	<u>8,316,356</u>
<b>EXPENDITURES (Note 10)</b>			
Legislative	81,700	85,879	85,193
Administration	856,253	939,046	887,256
Police, fire, disaster, ambulance and bylaw enforcement	1,202,364	1,098,354	918,958
Roads, streets walks and lighting	3,181,378	2,403,588	1,776,803
Water and wastewater	656,850	678,850	594,092
Waste management	406,930	395,080	388,405
Recreation and parks	1,694,414	1,374,993	1,214,324
Electrical distribution	1,193,350	1,214,079	853,988
Other	706,475	646,706	823,460
	<u>9,979,714</u>	<u>8,836,575</u>	<u>7,542,479</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(956,294)	110,385	773,877
<b>CAPITAL FINANCING TRANSACTION</b>			
Repayment of long term debt	(280,200)	(277,689)	(265,246)
<b>CHANGE IN FUND BALANCES</b>	<u>(1,236,494)</u>	<u>(167,304)</u>	<u>508,631</u>

**MUNICIPALITY OF CROWSNEST PASS**  
**Consolidated Statement of Changes in Financial Position**  
**For the Year Ended December 31, 2000**

	2000 \$	1999 \$
<b>CASH FLOWS PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	110,385	773,877
Net change in non-cash operating working capital balances		
Taxes and grants in place of taxes receivable	96,286	(178,794)
Trade and other receivables	1,903	(282,923)
Prepaid expenses	52,796	14,211
Accounts payable and accrued liabilities	706,748	(134,683)
Deposits	(1,018)	(6,009)
Deferred revenue	330,548	55,381
	<u>1,297,648</u>	<u>241,060</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	<u>(277,689)</u>	<u>(265,246)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	1,019,959	(24,186)
<b>CASH AND TEMPORARY INVESTMENTS, beginning of year</b>	<u>3,322,299</u>	<u>3,346,485</u>
<b>CASH AND TEMPORARY INVESTMENTS, end of year</b>	<u><u>4,342,258</u></u>	<u><u>3,322,299</u></u>

**MUNICIPALITY OF CROWNEST PASS**

**Schedule 1**

**Schedule of Financial Activities and Change in Fund Balance - Operating  
For the Year Ended December 31, 2000**

	2000		
	Budget (Unaudited) \$	Actual \$	1999 Actual \$
<b>REVENUE</b>			
Net municipal property taxes (Note 8)	3,914,208	3,883,909	3,778,502
User fees and sale of goods	3,192,950	3,328,826	3,173,476
Penalties and costs of taxes	60,000	75,567	66,121
Franchise and concession contracts	175,000	262,359	268,788
Investment income	154,000	206,791	136,120
Licenses and permits	71,500	77,883	79,843
Rentals	149,795	140,067	142,096
Government transfers (Note 9)	1,231,967	588,693	380,816
Gain on disposal of land held for resale	-	177,109	155,868
Other	74,000	158,024	102,698
	<u>9,023,420</u>	<u>8,899,228</u>	<u>8,284,328</u>
<b>EXPENDITURES (Note 10)</b>			
Legislative	81,700	85,879	85,193
Administration	833,053	906,934	839,842
Police, fire, disaster, ambulance and bylaw enforcement	1,080,864	1,039,075	898,142
Roads, streets, walks, and lighting	1,624,528	1,548,200	1,602,509
Water and wastewater	651,850	670,320	594,092
Waste management	406,930	395,080	374,405
Recreation and parks	1,181,124	1,104,341	1,014,673
Electrical distribution	1,003,350	1,021,960	853,988
Other	706,475	646,706	818,266
	<u>7,569,874</u>	<u>7,418,495</u>	<u>7,081,110</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>1,453,546</b>	<b>1,480,733</b>	<b>1,203,218</b>
<b>NET INTERFUND TRANSFERS</b>			
Transfer to Capital - repayment of long term debt	(280,200)	(277,689)	(265,246)
Transfer from Reserves	761,744	106,155	22,144
Transfer to Reserves	-	(747,459)	(391,011)
Transfer to Capital	(2,409,840)	(743,254)	(334,581)
<b>CHANGE IN FUND BALANCE</b>	<u><b>(474,750)</b></u>	<u><b>(181,514)</b></u>	<u><b>234,524</b></u>
<b>FUND BALANCE, beginning of year</b>			
As previously reported	981,305	981,305	670,505
Prior period error correction (Note 11)	-	(144,822)	(68,546)
As restated	<u>981,305</u>	<u>836,483</u>	<u>601,959</u>
<b>FUND BALANCE, end of year</b>	<u><u>506,555</u></u>	<u><u>654,969</u></u>	<u><u>836,483</u></u>

**MUNICIPALITY OF CROWNEST PASS**  
**Schedule of Financial Activities and Change in Fund Balance - Capital**  
**For the Year Ended December 31, 2000**

Schedule 2

	2000		1999 Actual \$
	Budget (Unaudited) \$	Actual \$	
<b>REVENUE</b>			
Other	-	47,732	32,028
<b>EXPENDITURES (Note 10)</b>			
Administration	23,200	32,112	47,414
Police, fire, disaster, ambulance and bylaw enforcement	121,500	59,279	20,816
Roads, streets, walks and lighting	1,556,850	855,388	174,294
Water and wastewater	5,000	8,530	-
Waste management	-	-	14,000
Recreation and parks	513,290	270,652	199,651
Electrical distribution	190,000	192,119	-
Other	-	-	5,194
	<u>2,409,840</u>	<u>1,418,080</u>	<u>461,369</u>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>(2,409,840)</b>	<b>(1,370,348)</b>	<b>(429,341)</b>
<b>CAPITAL FINANCING TRANSACTION AND NET INTERFUND TRANSFERS</b>			
Repayment of long term debt	(280,200)	(277,689)	(265,246)
Transfer from Operating - repayment of long term debt	280,200	277,689	265,246
Transfer from Reserves	-	460,388	94,760
Transfer from Operating	<u>2,409,840</u>	<u>743,254</u>	<u>334,581</u>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(166,706)</b>	<b>-</b>
<b>FUND BALANCE, beginning of year</b>	<u>166,706</u>	<u>166,706</u>	<u>166,706</u>
<b>FUND BALANCE, end of year</b>	<u>166,706</u>	<u>-</u>	<u>166,706</u>

**MUNICIPALITY OF CROWNEST PASS**

Schedule 3

**Schedule of Change in Fund Balance - Reserves****For the Year Ended December 31, 2000**

	2000		1999
	Budget (Unaudited) \$	Actual \$	Actual \$
FUND BALANCE, beginning of year	2,901,499	2,901,499	2,627,392
NET INTERFUND TRANSFERS			
Transfer to Operating	(761,744)	(106,155)	(22,144)
Transfer from Operating	-	747,459	391,011
Transfer to Capital	-	(460,388)	(94,760)
	<u>(761,744)</u>	<u>180,916</u>	<u>274,107</u>
FUND BALANCE, end of year (Note 7)	<u>2,139,755</u>	<u>3,082,415</u>	<u>2,901,499</u>

# MUNICIPALITY OF CROWSNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

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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 and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality of Crowsnest Pass are as follows:

a. Reporting Entity -

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures and change in fund balances and 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 many educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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 -

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

c. 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.

d. Government Transfers -

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

e. Investments -

Investments are recorded at cost.

f. Inventories -

Inventory for consumption is valued at the lower of cost or net realizable value with cost determined by the average cost method.

# MUNICIPALITY OF CROWSNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

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### 1. Significant Accounting Policies (continued)

f. Inventories (continued)-

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

g. Physical Assets -

Physical assets are reported as expenditures in the period they are acquired.

Physical assets are recorded at cost except for donated assets, which are recorded at estimated fair value.

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

Physical assets are not amortized.

h. Prepaid Local Improvements Charges -

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related 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 charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowing.

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

i. Local Authorities Pension Plan -

Employees of the Municipality of Crowsnest Pass participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 114,000 people and about 402 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

Total current service contributions by the Municipality of Crowsnest Pass to the Local Authorities Pension Plan in 2000 were \$81,809 (1999 - \$81,229). Total current service contributions by the employees of the Municipality of Crowsnest Pass to the Local Authorities Pension Plan in 2000 were \$66,057 (1999 - \$65,431).

# MUNICIPALITY OF CROWNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

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### 1. Significant Accounting Policies (continued)

- i. Local Authorities Pension Plan (continued) -  
At December 31, 1999, the Plan disclosed an actuarial surplus of \$880.4 million for the Plan.
- j. Reserves for Future Expenditures -  
Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.
- k. Equity in Physical Assets -  
Equity in physical assets represents the Municipality of Crownsnest Pass' net investment in its total physical 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.
- l. 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. Pension plan obligations are based on actuarial valuations extrapolated to the reporting date. The effect on the financial statements of changes in such estimates in future periods could be significant.

### 2. Cash and Temporary Investments

	2000 \$	1999 \$
Cash	230,158	922,216
Temporary investments	4,112,100	2,400,083
	<u>4,342,258</u>	<u>3,322,299</u>

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

### 3. Taxes and Grants In Place of Taxes Receivable

	2000 \$	1999 \$
Current year	274,563	371,344
Arrears	141,138	140,643
	<u>415,701</u>	<u>511,987</u>

# MUNICIPALITY OF CROWSNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

### 4. Physical Assets

	2000	1999
	\$	\$
Land	446,554	442,373
Buildings	7,985,757	7,983,810
Engineering structures	29,647,701	29,079,952
Machinery, equipment and furnishings	6,443,091	6,297,813
Vehicles	1,820,447	1,172,772
	<u>46,343,550</u>	<u>44,976,720</u>

### 5. Deferred Revenue

The deferred revenue balance represents restricted funds received in the current period that are related to the subsequent period. Changes in the deferred revenue balance is as follows:

	2000	1999
	\$	\$
Beginning balance	102,650	47,269
Change in balance during the year	<u>330,548</u>	<u>55,381</u>
Ending balance	<u>433,198</u>	<u>102,650</u>

### 6. Long Term Debt

	2000	1999
	\$	\$
Tax supported debentures	<u>30,406</u>	<u>308,094</u>
Current portion	<u>30,406</u>	<u>280,155</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2001	30,406	2,466	32,872

Debenture debt is repayable to Canada Mortgage and Housing Corporation and bears interest at 8.8% per annum, before Provincial subsidy and matures in periods 2000 through 2001. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Municipality of Crowsnest Pass at large.

# MUNICIPALITY OF CROWSNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

### 7. Reserves

Reserves for operating and capital activities changed as follows:

	1999 \$	Increase \$	Decrease \$	2000 \$
Administration	341,206	10,631	4,500	347,337
Police, fire, disaster, ambulance and bylaw enforcement	50,000	57,192	-	107,192
Roads, streets, walks and lighting	542,001	368,519	260,000	650,520
Sanitary sewer equipment	280,000	-	-	280,000
Family Community Support Services	13,489	1,866	8,609	6,746
Land/Housing	679,487	180,849	99,500	760,836
Recreational facilities	177,358	128,402	65,934	239,826
Electrical distribution	300,000	-	128,000	172,000
Millrate stabilization	517,958	-	-	517,958
	<u>2,901,499</u>	<u>747,459</u>	<u>566,543</u>	<u>3,082,415</u>

### 8. Net Municipal Property Taxes

	2000		
	Budget (Unaudited) \$	Actual \$	1999 Actual \$
<b>Taxation</b>			
Real property taxes	4,987,485	4,957,146	4,791,428
Linear property taxes	938,905	938,905	877,615
Government grants in place of property taxes	154,275	154,275	235,769
Special assessments and local improvement taxes	35,330	35,370	56,652
	<u>6,115,995</u>	<u>6,085,696</u>	<u>5,961,464</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	2,115,687	2,115,687	2,107,795
Crowsnest Pass Senior Housing	86,100	86,100	75,167
	<u>2,201,787</u>	<u>2,201,787</u>	<u>2,182,962</u>
	<u>3,914,208</u>	<u>3,883,909</u>	<u>3,778,502</u>

# MUNICIPALITY OF CROWNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

### 9. Government Transfers

	2000		
	Budget (Unaudited) \$	Actual \$	1999 Actual \$
<b>Federal transfers</b>			
Shared-cost agreements and grants	54,315	32,295	56,013
<b>Provincial transfers</b>			
Shared-cost agreements and grants	1,173,652	552,398	320,803
<b>Local government transfers</b>			
Shared-cost agreements and grants	4,000	4,000	4,000
	<u>1,231,967</u>	<u>588,693</u>	<u>380,816</u>

### 10. Expenditures by Object

	2000		
	Budget (Unaudited) \$	Actual \$	1999 Actual \$
<b>OPERATING</b>			
Salaries, wages and benefits	2,741,014	2,693,585	2,587,063
Contracted and general services	2,555,756	2,155,284	2,157,161
Materials, goods, supplies and utilities	2,010,478	2,091,055	2,033,666
Bank charges and short term interest	600	575	506
Interest on long term debt	18,400	18,131	33,187
Other expenditures	243,626	412,133	269,527
	<u>7,569,874</u>	<u>7,370,763</u>	<u>7,081,110</u>
<b>CAPITAL</b>			
Purchase of physical assets	2,409,840	1,465,812	461,369
	<u>9,979,714</u>	<u>8,836,575</u>	<u>7,542,479</u>

# MUNICIPALITY OF CROWNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

### 11. Prior Period Error Correction

The prior year's figures have been adjusted to correct the following errors:

	2000 \$	1999 \$
a. Ski Hill account receivable - This amount was recorded as a receivable in prior years. Investigation by management has determined that this amount should have been recorded as an expense.	68,546	68,546
b. 1999 accounts payable - Accounts payable were understated in the prior year due to the incorrect accounting for the purchase of a capital asset.	65,411	-
c. Other receivables	10,865	-
Ending balance	<u>144,822</u>	<u>68,546</u>

The effect of these adjustments on the prior year is a decrease in fund balances of \$144,822, a decrease in accounts receivable of \$79,411 and an increase in accounts payable of \$65,411.

### 12. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 is as follows:

	No. of Persons	(1) Salary \$	(2) Benefits & Allowances \$	2000 Total \$	1999 Total \$
Mayor Irwin	1	11,855	324	12,179	11,873
Councillor Bellerose	1	9,015	215	9,230	9,658
Councillor Littlewood	1	8,495	-	8,495	9,560
Councillor Montgomery	1	8,910	211	9,121	10,797
Councillor Prince	1	9,380	229	9,609	9,891
Councillor Rejmen	1	7,345	150	7,495	7,536
Councillor Sygutek	1	8,105	180	8,285	8,820
		<u>63,105</u>	<u>1,309</u>	<u>64,414</u>	<u>68,135</u>
Chief Administrative Officer	2	61,256	9,246	70,502	83,492
Director of Finance & Systems	2	46,923	8,967	55,890	55,589
Public Works Superintendent	1	68,220	9,488	77,708	71,660

# MUNICIPALITY OF CROWNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

### 12. Salary and Benefits Disclosure (continued)

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, Employment Insurance, 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.

### 13. 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 of Crownsnest Pass be disclosed as follows:

	2000 \$	1999 \$
Total debt limit	13,348,842	12,490,832
Total debt	30,406	308,094
Total unused debt limit	13,318,436	12,182,738
Debt servicing limit	2,224,807	2,081,805
Debt servicing	32,872	298,420
Amount of unused debt servicing limit	2,191,935	1,783,385

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.

# MUNICIPALITY OF CROWNEST PASS

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2000

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### 14. Contingency

The Municipality of Crowstest Pass is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Municipality of Crowstest Pass could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 15. Financial Instruments

The Municipality of Crowstest Pass' financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable, 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 statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

### 16. Comparative Figures

Where necessary the comparative figures for the 1999 year have been reclassified to conform with 2000 financial statement presentation.

### 17. Approval of Financial Statements

These financial statements were approved by Council and Management.