

CLEAR HILLS COUNTY
AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2008



WildeandCompany
Chartered Accountants

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AUDITORS' REPORT

To the Reeve and Council
Clear Hills County

We have audited the consolidated statement of financial position of Clear Hills County as at December 31, 2008 and the consolidated statement of financial activities with change in fund balances, the statement of operating revenue and expenditures, and the consolidated statement of changes in financial position and the schedules supporting these statements for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, 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 Clear Hills County as at December 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, Alberta
February 10, 2009

Wilde - Company
Chartered Accountants

CLEAR HILLS COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008 \$	2007 \$
Financial Assets		
Cash and temporary investments - Note 2	8,594,351	7,834,465
Accounts receivable		
Taxes receivable - Note 3	287,650	142,382
Trade and other receivables - Note 4	649,839	2,441,433
Prepaid expenses	3,794	1,750
Land held for resale	742,378	342,492
Investments - Note 5	14,207,415	7,343,232
	24,485,427	18,105,754
Physical Assets		
Inventory for consumption - Note 6	1,802,169	678,779
Capital assets - Note 7	11,538,811	10,215,437
TOTAL ASSETS	37,826,407	28,999,970
Liabilities		
Accounts payable and accrued liabilities - Note 8	3,563,736	2,781,126
TOTAL LIABILITIES	3,563,736	2,781,126
Contingent Liabilities - Note 15		
Municipal Equity		
Operating fund	1,115,170	1,115,170
Reserve fund - Note 11	21,608,690	14,888,237
Total fund balances	22,723,860	16,003,407
Equity in capital assets - Note 12	11,538,811	10,215,437
	34,262,671	26,218,844
TOTAL LIABILITIES AND MUNICIPAL EQUITY	37,826,407	28,999,970

See accompanying notes

CLEAR HILLS COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES WITH CHANGE IN FUND BALANCES
For the year ended December 31, 2008

	Capital	Reserves	Operating	Total 2008	Budget 2008 (unaudited)	2007
Revenues						
Net municipal taxes - Page 5	\$ -	\$ -	\$ 14,923,290	\$ 14,923,290	\$ 13,999,143	\$ 12,467,557
Local improvement levies	-	-	16,400	16,400	16,401	16,400
Sale of goods and services	-	-	707,350	707,350	700,000	788,259
Government transfers	28,589	-	2,531,318	2,559,907	4,588,175	4,122,618
Investment income	-	763,737	47,339	811,076	400,000	613,487
Well drilling taxes	-	-	68,603	68,603	60,000	71,615
Rentals, licenses and other	22,569	-	106,038	128,607	122,500	159,289
	51,158	763,737	18,400,338	19,215,233	19,886,219	18,239,225
Expenditures						
Legislative	-	-	523,831	523,831	522,521	227,688
Administration	313,691	-	978,385	1,292,076	1,093,129	1,180,819
Emergency services	-	-	254,408	254,408	296,348	232,770
Transportation services	260,611	-	6,559,486	6,820,097	21,775,678	10,620,848
Water, wastewater and waste management	1,169,734	-	811,800	1,981,534	2,044,442	932,620
Subdivision and land development	-	-	192,773	192,773	199,547	227,228
Agriculture and community services	-	-	757,651	757,651	881,930	669,299
Recreation and culture	-	-	672,410	672,410	627,325	335,090
	1,744,036	-	10,750,744	12,494,780	27,440,920	14,426,362
Excess of revenues over expenditures	(1,692,878)	763,737	7,649,594	6,720,453	(7,554,701)	3,812,863
Net interfund transfers						
From (to) operations	1,692,878	-	(1,692,878)	-	-	-
From (to) reserves	-	5,956,716	(5,956,716)	-	7,554,701	-
Change in fund balances						
Balance, beginning of year	-	6,720,453	-	6,720,453	-	3,812,863
Balance, end of year	\$ -	\$ 21,608,690	\$ 1,115,170	\$ 22,723,860	\$ -	\$ 16,003,407

See accompanying notes

CLEAR HILLS COUNTY
STATEMENT OF OPERATING REVENUES AND EXPENDITURES
For the year ended December 31, 2008

	2008			Budget \$	2007
	Revenues \$	Expenditures \$	Net revenue (expenditure) \$		Net revenue (expenditure) \$
General municipal revenues to fund municipal operations				(unaudited)	
Municipal taxes - Page 5	14,923,290		14,923,290	13,999,143	12,467,557
Sales, services, rentals, other	28,250		28,250	26,500	10,840
Government transfers	-		-	4,588,175	73,901
Well drilling taxes	68,603		68,603	60,000	71,615
Return on investments	47,339		47,339	400,000	75,270
	15,067,482	-	15,067,482	19,073,818	12,699,183
Municipal operations					
Legislative	-	523,831	(523,831)	(522,521)	(227,688)
Administration	19,150	978,385	(959,235)	(1,075,129)	(934,294)
Emergency services	91,064	254,408	(163,344)	(300,348)	(214,012)
Transportation services	2,660,300	6,559,486	(3,899,186)	(20,023,678)	(6,170,093)
Water, wastewater and waste management	275,722	811,800	(536,078)	(897,041)	(398,214)
Subdivision and land development	32,938	192,773	(159,835)	(166,047)	(180,128)
Agriculture and community services	253,682	757,651	(503,969)	(857,130)	(445,443)
Recreation and culture	-	672,410	(672,410)	(567,325)	(275,090)
	3,332,856	10,750,744	(7,417,888)	(24,409,219)	(8,844,962)
Excess of revenues over expenditures	18,400,338	10,750,744	7,649,594	(5,335,401)	3,854,221
Net transfers from (to) reserves			(5,956,716)	7,554,701	(3,274,646)
Net transfers from (to) capital			(1,692,878)	(2,219,300)	(579,575)
Changes in operating fund during the year			-	-	-

See accompanying notes

CLEAR HILLS COUNTY
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2008

	2008 \$	2007 \$
Operating activities		
Excess of Revenues over Expenditures	6,720,453	3,812,863
Net changes in non-cash operating working capital balances		
Increase in taxes receivable	(145,268)	(57,788)
Decrease (increase) in trade and other receivables	1,791,594	(1,852,955)
Decrease (increase) in prepaids	(2,044)	64,598
Increase in land held for resale	(399,886)	(41,762)
Decrease (increase) in inventory held for consumption	(1,123,390)	47,235
Increase in accounts payable and accrued liabilities	782,610	760,465
<i>Net cash provided by (used in) operating activities</i>	7,624,069	2,732,656
Investing		
Decrease (increase) in investments	(6,864,183)	(1,112,211)
<i>Net cash used in investing activities</i>	(6,864,183)	(1,112,211)
Change in cash and cash equivalents for the year	759,886	1,620,445
Cash and cash equivalents, beginning of year	7,834,465	6,214,020
Cash and cash equivalents, end of year	8,594,351	7,834,465
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	8,594,351	7,834,465

See accompanying notes

CLEAR HILLS COUNTY
SCHEDULE OF PROPERTY TAXES LEVIED
For the year ended December 31, 2008

	Budget \$	2008 \$	2007 \$
	(unaudited)		
Taxation			
Real property taxes	17,370,963	6,388,005	5,100,344
Linear property taxes	-	11,830,847	10,618,500
Provincial grants in lieu	-	1,502	1,454
Penalties and costs	-	76,279	47,588
Total taxes and grants in place	17,370,963	18,296,633	15,767,886
Requisitions			
Alberta School Foundation Fund	3,107,182	3,108,705	3,041,873
Senior Foundation	264,638	264,638	258,456
	3,371,820	3,373,343	3,300,329
Net municipal taxes	13,999,143	14,923,290	12,467,557

SCHEDULE OF EXPENDITURES BY OBJECT
For the year ended December 31, 2008

	Budget \$	2008 \$	2007 \$
	(unaudited)		
Salaries, wages and benefits	2,169,883	2,057,694	1,528,172
Contracted and general services	16,580,526	6,081,832	9,660,002
Purchases from other governments	-	-	42,960
Materials, goods, supplies and utilities	1,592,247	1,430,645	1,676,575
Transfers to other governments	3,329,633	187,636	270,149
Transfers to local boards and agencies	638,756	201,973	231,784
Transfers to individuals and organizations	674,325	794,553	359,300
Financial service and other charges	1,500	844	2,649
Other transactions, discounts and adjustments	1,500	(4,433)	(10,764)
Capital assets acquired	2,452,550	1,744,036	665,535
Total expenditures by object - Page 2	27,440,920	12,494,780	14,426,362

See accompanying notes

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Clear Hills County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of these accounting policies adopted by the County are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, 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

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, with the exception of pension expenditures as disclosed in 1(o).

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from subdivision development land sales are recorded as operating fund revenues.

e) Investments

Investments are recorded at cost.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

f) Inventories

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

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 leveling 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) Capital Assets

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

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

Capital assets for government purposes are not depreciated.

Effective January 1, 2009, Clear Hills County will adopt 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.

During 2008, Clear Hills County continued to work towards compliance with the new recommendations for accounting for tangible capital assets. Early in 2009, the County will complete their listing of assets and values for land, building, engineering structures, machinery and equipment, and vehicles to be amortized beginning January 1, 2009. The County has not yet formally adopted policies in regards to the implementation and definitions of its tangible capital assets, life span and amortization rates. The draft policies will be adopted early in 2009.

As of January 1, 2009, capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems will be capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information is not available will be recorded at current fair market value discounted by a relevant inflation factor.

h) 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.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

i) Landfill Closure and Post-Closure Liabilities

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill sites and provide for post-closure care of the facilities. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspections. The requirement is being provided for over the estimated remaining life of the landfill sites based on usage.

j) 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).

k) Capital Fund

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

l) 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.

m) Equity in Capital Assets

Equity in capital assets represents the County's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond, and mortgage debts, long term capital borrowings, capitalized leases, and other capital liabilities which will be repaid by the municipality.

n) Allowances for Operating and Capital Assets

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues in the respective operating and capital fund.

o) Pension Expenditure

Clear Hills County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

2. CASH AND TEMPORARY INVESTMENTS

	2008	2007
	\$	\$
Cash	666,108	1,065,642
Money Market account	6,443,679	2,768,823
Temporary investments	1,484,564	4,000,000
	8,594,351	7,834,465

Temporary investments are investments with maturities of three months or less.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

3. TAXES RECEIVABLE	2008	2007
	\$	\$
Current taxes receivable	251,311	129,564
Arrears taxes	92,155	64,936
	343,466	194,500
Less allowance for doubtful accounts	(55,816)	(52,118)
	287,650	142,382
4. TRADE AND OTHER RECEIVABLES	2008	2007
	\$	\$
Grants	18,756	1,891,776
GST	164,366	330,724
Interest	140,062	100,540
Other	328,240	174,798
	651,424	2,497,838
Less allowance for doubtful accounts	(1,585)	(56,405)
	649,839	2,441,433
5. INVESTMENTS	2008	2007
	\$	\$
Term deposits	14,207,315	7,343,132
Alberta Municipal Financing Corporation shares	100	100
	14,207,415	7,343,232

Term deposits earn interest at rates varying between 4.3% and 6.5% with maturity dates between September 2009 and March 2017.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

6. INVENTORY FOR CONSUMPTION	2008	2007
	\$	\$
Gravel	1,614,694	467,974
Public Works	169,779	198,455
Agricultural Service Board	17,696	12,350
	1,802,169	678,779

7. CAPITAL ASSETS	2008	2007
	\$	\$
Land	591,818	258,051
Buildings	2,609,922	2,443,970
Engineering structures	2,869,404	2,869,404
Machines and equipment	2,142,926	2,113,696
Vehicles	888,648	917,291
Infrastructure	2,436,093	1,613,025
	11,538,811	10,215,437

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2008	2007
	\$	\$
Trade accounts payable	3,054,744	2,372,524
Accrued landfill closure and post-closure costs	362,618	308,043
Accrued vacation payable	146,374	100,559
	3,563,736	2,781,126

9. DEBT LIMITS

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

	2008	2007
	\$	\$
Total debt limit	28,779,966	27,247,986
Total debt	-	-
Amount of debt limit unused	28,779,966	27,247,986
Debt servicing limit	4,796,661	4,541,331
Debt servicing	-	-
Amount of debt servicing limit unused	4,796,661	4,541,331

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 that 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.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

10. LANDFILL CLOSURES AND POST-CLOSURE LIABILITIES

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance.

At December 31, 2008 the Clear Hills County has accrued \$362,618 (2007 - \$308,043) of closure and post-closure costs. Post-closure costs are expected to occur for 25 years beyond the closure of each landfill.

In 2002, the municipality joined the North Peace Regional Landfill Commission (NPRLC). This commission was established to construct a new regional landfill to replace the aging landfills within the municipality. At that time, the municipality signed an agreement with Alberta Environment to construct several transfer stations by 2012 to supply the new landfill. Clear Hills County has constructed four transfer stations to date and intends to continue to construct more transfer stations on the existing landfill sites, thus delaying the post-closure requirements for a number of these landfills.

Clear Hills County has not designated assets for settling closure and post-closure liabilities.

11. RESERVE FUND	2007	Increases	Decreases	2008
	\$	\$	\$	\$
Operating Reserves				
Rate stabilization	2,353,185			2,353,185
Area structure plan	162,500			162,500
	2,515,685	-	-	2,515,685
Capital Reserves				
Road construction and upgrades	6,269,001	4,598,895		10,867,896
Gravel pits	1,810,831	111,779		1,922,610
Bridges	1,183,077	73,028		1,256,105
Fire protection	16,077	993		17,070
Water treatment and distribution	1,299,960	1,575,040		2,875,000
Equipment replacement	546,039	283,707		829,746
Office renovations	792,241	48,904		841,145
Recreation	368,657	22,757		391,414
Seniors transportation	69,502	4,291		73,793
Cemetery	17,167	1,059		18,226
	12,372,552	6,720,453	-	19,093,005
	14,888,237	6,720,453	-	21,608,690

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

12. EQUITY IN CAPITAL ASSETS	2008	2007
	\$	\$
Acquisition of capital assets		
Administration	313,691	164,932
Transportation services	260,611	180,074
Water, wastewater and waste management	1,169,734	320,530
	1,744,036	665,536
Disposal of capital assets (cost)		
Legislative and administrative services	(128,605)	-
Fire protection services	(28,432)	-
Transportation services	(236,634)	(85,961)
Agricultural Services Board	(26,991)	-
	(420,662)	(85,961)
Change in equity balance	1,323,374	579,575
Equity balance at beginning of year	10,215,437	9,635,862
Equity balance at end of year	11,538,811	10,215,437
Equity in capital assets is represented by:		
Capital assets (Note 7)	11,538,811	10,215,437

13. SALARY AND BENEFITS DISCLOSURE

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

	2008			2007
	Salary (i)	Benefits & Allowances (ii)	Total	Total
	\$	\$	\$	\$
Councillor - Division 1 (Reeve)	48,260	2,534	50,794	12,109
Councillor - Division 2	36,200	624	36,824	14,160
Councillor - Division 3	34,400	2,536	36,936	10,898
Councillor - Division 4	41,740	2,346	44,086	17,239
Councillor - Division 5	32,340	2,534	34,874	5,249
Councillor - Division 6	33,380	2,527	35,907	9,539
Councillor - Division 7	28,020	2,151	30,171	10,222
	254,340	15,252	269,592	79,416
Chief Administrative Officer (CAO)	107,215	22,889	130,104	124,291
	107,215	22,889	130,104	124,291

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

13. SALARY AND BENEFITS DISCLOSURE (continued)

- i) Salary includes regular base pay, gross honoraria and any other direct cash remuneration.
- ii) 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 and accidental disability and dismemberment insurance.
- iii) Benefits and allowances figures also include the employer's share of the costs of additional benefits, if applicable. This amount does not include reimbursement for mileage and travel expenses.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of Clear Hills County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP 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 County 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. As a benefit to employees, Clear Hills County pays both the employer and employee share of LAPP contributions.

Total current service contributions by the County to the LAPP in 2008, including contributions made on behalf of employees were \$159,925 (2007 - \$123,533).

At December 31, 2007, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

15. CONTINGENT LIABILITIES

Clear Hills County is a member of a reciprocal insurance exchange (GENESIS) to cover its liability insurance needs. GENESIS was previously referred to as Jubilee Reciprocal Insurance Exchange (JRIE). A Statement of Claim was filed in 2004 by some of the previous subscribers of JRIE. The statement of claim requests the return of surplus funds in the amount of \$3,820,516. Under the terms of the membership, the County 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.

Clear Hills County has been named in a claim by the Alberta Union of Provincial Employees (AUPE). The claim relates to employees choosing to no longer be members of the union when the former Improvement District became a Municipal District. It is estimated that if AUPE is successful, the costs to the County of implementing the terms of the collective agreement could be as high as \$271,000. As the outcome of the claim is uncertain, no provision has been made in these financial statements.

CLEAR HILLS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2008

16. COMMITMENTS

Clear Hills County is committed to complete the Highway 730 paving project. Estimated County costs to complete are \$2,415,000.

Clear Hills County is committed to complete the Clear Prairie Phase IV paving project. Estimated County costs to complete are \$4,380,000.

Clear Hills County is committed to complete a the Township Road 870 paving project. Estimated County costs to complete are \$4,324,000.

Clear Hills County is committed to make an annual payment of \$63,756 for the next year to Mackenzie Municipal Services Agency as the County's planning consultant.

Clear Hills County is committed to make monthly payments of \$8,900 for the next 14 months to Alliance Assessment for contracted assessment services.

Clear Hills County is committed to be part of the Clear Creek Fire Commission with the Village of Hines Creek. Estimated cost of the contract is \$400,000.

17. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County 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 County provides services may experience financial difficulty and be unable to fulfill 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.

18. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.