

**Municipality of Jasper
Consolidated Financial
Statements**
December 31, 2005

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Auditors' Report

To the Mayor and Council of the Municipality of Jasper:

We have audited the consolidated statement of financial position of the Municipality of Jasper as at December 31, 2005 and the consolidated statements of financial activities and change in fund balances, and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality'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 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 Jasper as at December 31, 2005 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.

Grant Thornton LLP

Edmonton, Canada
April 27, 2006

Chartered Accountants

Management Report

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

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material aspects.

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

The elected Council of the Municipality of Jasper is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management and receives a report from external auditors dealing with internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also considers and approves the engagement or re-appointment of the external auditors. The Council receives and reviews financial reports on a prescribed basis.

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

George Krefting
Manager
Municipality of Jasper

Municipality of Jasper

Consolidated Statement of Financial Position

December 31

2005

2004

Financial assets

Cash and cash equivalents (Note 2)	\$ 1,093,626	\$ 1,968,485
Receivables		
Taxes and grants in place of taxes (Note 3)	68,423	87,725
Trade and other receivables	1,976,947	1,482,662
Prepaid expenses	251,418	76,478
Tax under levies (Note 5)	152,102	228,173
Long term investments	194,615	214,834
	<u>3,737,131</u>	<u>4,058,357</u>

Physical assets

Land	414,879	414,879
Building	24,437,637	24,337,297
Engineering structures	7,662,723	4,304,809
Machinery, equipment and furnishings	2,148,083	2,002,520
Vehicles	1,830,963	1,582,352
	<u>36,494,285</u>	<u>32,641,857</u>

Total assets

	\$ 40,231,416	\$ 36,700,214
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Liabilities

Accounts payable and accrued liabilities	\$ 1,075,936	\$ 1,790,539
Deposits	8,635	22,570
Deferred revenue (Note 4)	982,976	79,708
Obligations under capital lease (Note 6)	107,997	136,976
Long term debt (Note 7)	8,593,985	9,005,171
	<u>10,769,529</u>	<u>11,034,964</u>

Municipal equity

Fund balances		
Capital deficiency (Schedule 1)	(5,879)	-
Operating fund (Schedule 2)	1,296,951	1,180,177
Reserve fund (Schedule 3)	378,512	985,363
Total fund balances	<u>1,669,584</u>	<u>2,165,540</u>
Equity in capital assets (Schedule 4)	27,792,303	23,499,710
	<u>29,461,887</u>	<u>25,665,250</u>

Total liabilities and municipal equity

	\$ 40,231,416	\$ 36,700,214
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Contingency (Note 15)
Commitments (Note 16)

Approved by:

_____ Councillor

_____ Councillor

See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Consolidated Statement of Financial Activities and Change in Fund Balances

Year Ended December 31	Budget (Unaudited)	2005	2004
Revenues			
Net municipal property taxes (Schedule 5)	\$ 3,995,718	\$ 4,055,583	\$ 3,783,682
Sales and user charges	2,942,457	3,077,318	3,308,588
Government grants (Schedule 6)	4,550,901	3,278,585	1,659,514
Other revenues (Note 14)	<u>885,377</u>	<u>1,192,641</u>	<u>1,124,104</u>
Total revenues	<u>12,374,453</u>	<u>11,604,127</u>	<u>9,875,888</u>
Expenditures			
Operating			
Legislative	173,159	196,432	149,161
Administration	826,690	857,974	702,492
Protective services	592,974	744,103	861,363
Roads, streets and equipment	1,078,353	1,004,447	674,689
Utilities	1,953,860	2,137,910	1,962,845
Public health and welfare	767,800	997,118	735,855
Planning and development	221,367	115,086	330,788
Recreation and parks	1,568,204	1,618,872	1,813,211
Library and culture	<u>135,548</u>	<u>135,548</u>	<u>131,600</u>
Total operating expenditures	<u>7,317,955</u>	<u>7,807,490</u>	<u>7,362,004</u>
Capital			
Administration	45,000	55,145	123,536
Protective services	5,875	2,513	1,164
Roads, streets and equipment	800,000	1,196,648	1,958,839
Utilities	3,390,000	1,946,857	1,952,701
Solid waste and other environmental	440,000	562,706	-
Public health and welfare	300,000	-	-
Recreation and parks	<u>558,000</u>	<u>88,559</u>	<u>524,072</u>
Total capital expenditures	<u>5,555,000</u>	<u>3,852,428</u>	<u>4,560,312</u>
Total expenditures (Schedule 7)	<u>12,872,955</u>	<u>11,659,918</u>	<u>11,922,316</u>
Deficiency of revenues over expenditures	(498,502)	(55,791)	(2,046,428)
Capital debt issued	-	-	3,761,000
Capital lease financing	-	-	151,113
Capital debt repaid	(405,563)	(411,186)	(288,569)
Capital lease obligations repaid	<u>-</u>	<u>(28,979)</u>	<u>(14,137)</u>
Change in fund balances	(904,065)	(495,956)	1,562,979
Fund balances, beginning of year	<u>2,165,540</u>	<u>2,165,540</u>	<u>602,561</u>
Fund balances, end of year	<u>\$ 1,261,475</u>	<u>\$ 1,669,584</u>	<u>\$ 2,165,540</u>

See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Consolidated Statement of Changes in Financial Position

Year Ended December 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operations

Deficiency of revenues over expenditures	\$ (55,791)	\$ (2,046,428)
Purchase of assets under capital lease	-	151,113
 Change in non-cash working capital items		
Taxes and grants in place of taxes	19,302	171,378
Trade and other receivables	(494,285)	192,743
Prepaid expenses	(174,940)	132,196
Tax under/over levies	76,071	(298,164)
Long term investments	20,219	(214,834)
Inventory for consumption	-	35,400
Accounts payable and accrued liabilities	(714,603)	(1,804,319)
Deposits	(13,935)	(49,211)
Deferred revenue	903,268	(399,326)
	(434,694)	(4,129,452)

Financing

Capital debt issued	-	3,761,000
Capital debt repaid	(411,186)	(288,569)
Capital lease obligations repaid	(28,979)	(14,137)
	(440,165)	3,458,294

Net decrease in cash and cash equivalents (874,859) (671,158)

Cash and cash equivalents (Note 2)

Beginning of year	1,968,485	2,639,643
End of year	\$ 1,093,626	\$ 1,968,485

Supplemental cash flow information:

Interest paid	\$ 490,374	\$ 386,954
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See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Schedule 1 - Capital Fund Activities

Year Ended December 31	Budget (Unaudited)	2005	2004
Revenues			
Government grants (Schedule 6)	\$ 3,762,900	\$ 2,135,960	\$ 1,041,121
Other revenues (Note 14)	-	50,277	9,450
Total revenues	<u>3,762,900</u>	<u>2,186,237</u>	<u>1,050,571</u>
Expenditures			
Administration	45,000	55,145	123,536
Protective services	22,000	2,513	1,164
Roads, streets and equipment	800,000	1,196,648	1,958,839
Utilities	3,390,000	1,946,857	1,952,701
Solid waste and other environmental	440,000	562,706	-
Public health and welfare	300,000	-	-
Recreation and parks	558,000	88,559	524,072
Total expenditures	<u>5,555,000</u>	<u>3,852,428</u>	<u>4,560,312</u>
Deficiency of revenues over expenditures	(1,792,100)	(1,666,191)	(3,509,741)
Financing and transfers			
Capital debt issued	-	-	3,761,000
Capital lease financing	-	-	151,113
Transfer from operating fund (Schedule 2)	174,000	191,774	361,155
Transfer from (to) reserve fund (Schedule 3)	1,568,100	1,468,538	1,788,028
Change in capital fund balance	(50,000)	(5,879)	2,551,555
Capital fund balance, beginning of year	-	-	(2,551,555)
Capital fund balance, end of year	<u>\$ (50,000)</u>	<u>\$ (5,879)</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Schedule 2 - Operating Fund Activities

Year Ended December 31	Budget (Unaudited)	2005	2004
Revenues			
Net municipal property taxes (Schedule 5)	\$ 3,995,718	\$ 4,055,583	\$ 3,783,682
Sales and user charges	2,942,457	3,077,318	3,308,588
Government grants (Schedule 6)	788,001	1,142,625	618,393
Other revenues (Note 14)	<u>885,377</u>	<u>1,142,364</u>	<u>1,114,654</u>
Total revenues	<u>8,611,553</u>	<u>9,417,890</u>	<u>8,825,317</u>
Expenditures			
Legislative	173,159	196,432	149,161
Administration	826,690	857,974	702,492
Protective services	592,974	744,103	861,363
Roads, streets and equipment	1,078,353	1,004,447	674,689
Utilities	1,953,860	2,137,910	1,962,845
Public health and welfare	767,800	997,118	735,855
Planning and development	221,367	115,086	330,788
Recreation and parks	1,568,204	1,618,872	1,813,211
Library and culture	<u>135,548</u>	<u>135,548</u>	<u>131,600</u>
Total expenditures	<u>7,317,955</u>	<u>7,807,490</u>	<u>7,362,004</u>
Excess of revenues over expenditures	1,293,598	1,610,400	1,463,313
Financing and transfers			
Capital debt repaid	(405,563)	(411,186)	(288,569)
Capital lease obligations repaid	-	(28,979)	(14,137)
Transfer to capital fund (Schedule 1)	(174,000)	(191,774)	(361,155)
Transfer from (to) reserve fund (Schedule 3)	<u>(848,186)</u>	<u>(861,687)</u>	<u>(286,897)</u>
Change in operating fund balance	(134,151)	116,774	512,555
Operating fund balance, beginning of year	<u>1,180,177</u>	<u>1,180,177</u>	<u>667,622</u>
Operating fund balance, end of year	<u>\$ 1,046,026</u>	<u>\$ 1,296,951</u>	<u>\$ 1,180,177</u>

See accompanying notes to the consolidated financial statements.

Municipality of Jasper
Schedule 3 – Reserve Fund Activities

Year Ended December 31	Budget (Unaudited)	2005	2004
Net inter-fund transfers			
Transfers (to) from operating fund (Schedule 2)	\$ 848,186	\$ 861,687	\$ 286,897
Transfers (to) from capital fund (Schedule 1)	<u>(1,568,100)</u>	<u>(1,468,538)</u>	<u>(1,788,028)</u>
Change in reserve fund balance	(719,914)	(606,851)	(1,501,131)
Reserve fund balance, beginning of year	<u>985,363</u>	<u>985,363</u>	<u>2,486,494</u>
Reserve fund balance, end of year (Note 8)	<u>\$ 265,449</u>	<u>\$ 378,512</u>	<u>\$ 985,363</u>

See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Schedule 4 – Equity in Capital Assets

Year Ended December 31	Budget	2005	2004
	(Unaudited)		
Acquisition of capital assets			
Administration	\$ 45,000	\$ 55,145	\$ 123,536
Protective services	5,875	2,513	1,164
Roads, streets and equipment	800,000	1,196,648	1,958,839
Utilities	3,390,000	1,946,857	970,893
Solid waste and other environmental	440,000	562,706	-
Public health and welfare	300,000	-	-
Recreation and parks	<u>558,000</u>	<u>88,559</u>	<u>524,072</u>
	5,555,000	3,852,428	4,560,312
Capital financing			
Capital debt issued (Schedule 1)	-	-	(3,761,000)
Capital lease financing (Schedule 1)	-	-	(151,113)
Capital debt repaid from operating fund (Schedule 2)	405,563	411,186	288,569
Capital lease obligations repaid (Schedule 2)	<u>-</u>	<u>28,979</u>	<u>14,137</u>
Change in equity balance	5,960,563	4,292,593	950,905
Equity balance, beginning of year	<u>23,499,710</u>	<u>23,499,710</u>	<u>22,548,805</u>
Equity balance, end of year (Note 10)	<u>\$ 29,460,273</u>	<u>\$ 27,792,303</u>	<u>\$ 23,499,710</u>

See accompanying notes to the consolidated financial statements.

Municipality of Jasper Schedule 5 - Property Taxes Levied

Year Ended December 31	Budget (Unaudited)	2005	2004
Taxation			
Real property taxes	\$ 7,560,499	\$ 7,567,755	\$ 7,076,783
Linear property taxes	300,000	319,681	300,602
Government grants in place of property taxes	500,000	539,791	460,366
From (to) reserve for over/under tax levy	-	(177,761)	298,164
	<u>8,360,499</u>	<u>8,249,466</u>	<u>8,135,915</u>
Requisitions			
Alberta School Foundation Fund	3,660,026	3,469,094	3,635,929
Evergreens Foundation	151,090	219,712	217,018
Land rent to Parks Canada	398,665	353,554	349,500
Planning services to Parks Canada	155,000	151,523	149,786
	<u>4,364,781</u>	<u>4,193,883</u>	<u>4,352,233</u>
Net municipal property taxes	\$ 3,995,718	\$ 4,055,583	\$ 3,783,682

Schedule 6 - Government Grants

Year Ended December 31	Budget (Unaudited)	2005	2004
Operating fund			
Federal grants	\$ 244,218	\$ 369,967	\$ 300,667
Provincial grants	543,783	772,658	317,726
	<u>788,001</u>	<u>1,142,625</u>	<u>618,393</u>
Capital fund			
Federal grants	300,000	700,000	186,028
Provincial grants	3,462,900	1,435,960	855,093
	<u>3,762,900</u>	<u>2,135,960</u>	<u>1,041,121</u>
Total government grants	\$ 4,550,901	\$ 3,278,585	\$ 1,659,514

See accompanying notes to the consolidated financial statements.

Municipality of Jasper
Schedule 7 - Consolidated Expenditures by Type

Year Ended December 31	Budget	2005	2004
	(Unaudited)		

Expenditures

Salaries, wages and benefits	\$ 3,377,568	\$ 3,544,593	\$ 3,110,132
Contracted and general services	2,099,607	2,184,698	2,515,667
Materials, goods, supplies and utilities	1,135,065	1,336,875	1,144,167
Provision for allowances	2,500	1,590	(8,175)
Bank charges	4,780	11,268	8,079
Interest on long term debt	480,887	466,963	414,121
Other expenditures	<u>217,548</u>	<u>261,503</u>	<u>178,013</u>
	7,317,955	7,807,490	7,362,004
 Capital assets acquired	 <u>5,555,000</u>	 <u>3,852,428</u>	 <u>4,560,312</u>
 Total expenditures	 \$ 12,872,955	 \$ 11,659,918	 \$ 11,922,316

See accompanying notes to the consolidated financial statements.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

1. Summary of significant accounting policies

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

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances and changes in financial position of the reporting entity. The entity is comprised of 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.

The schedule of taxes levied also includes requisitions for education and 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 recognized in the period in which the transactions or events occurred that gave rise to the revenues.

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 Note 1(d).

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

(c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity accounts.

(d) Pension expenditures

The Municipality participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

1. Summary of significant accounting policies (cont'd)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, less trust funds.

(f) Capital assets

Capital assets are recorded 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 capital asset costs.

Capital assets are not depreciated.

Land leases and the improvements thereon are leased and held by the Jasper Municipal Leasehold Society (registered as No. 50662485, August 2, 1995) for the benefit of the residents of the Municipality of Jasper. The Members of the Jasper Municipal Leasehold Society are the elected members of the Municipality of Jasper Council. These assets are sub-leased to, and are included on, the Municipality's balance sheet.

(g) Deferred revenue

Receipts that are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenditures are incurred restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenditures that will be incurred in a later period are deferred until they are earned and are matched against those expenditures.

(h) Reserve fund

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and from reserve funds are reflected as an adjustment to the respective fund.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

1. Summary of significant accounting policies (cont'd)

(i) Capital fund

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

(j) Operating fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfalls which will be financed from future operational revenues).

(k) 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 borrowings, capitalized leases and other capital liabilities, which will be repaid by the Municipality.

(l) Over levies and under levies

Over levies and under levies arise from the difference between the actual 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 shown as an "other" operating expenditure. Where the actual levy is less than the requisition amount, the under levy is accrued as a receivable and reflected as "other" operating revenue.

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

(m) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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. Actual results could differ from those estimates.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

2. Cash and cash equivalents	<u>2005</u>	<u>2004</u>
Cash on hand and deposits	\$ 1,170,672	\$ 2,043,416
Trust funds (Note 18)	<u>(77,046)</u>	<u>(74,931)</u>
	<u>\$ 1,093,626</u>	<u>\$ 1,968,485</u>

The Municipality has an authorized overdraft limit of \$800,000. The overdraft bears interest at the bank's prime rate.

3. Taxes and grants in place of taxes	<u>2005</u>	<u>2004</u>
Current taxes and grants in place of taxes	\$ 51,498	\$ 72,943
Non-current taxes and grants in place of taxes	<u>16,925</u>	<u>14,782</u>
	<u>\$ 68,423</u>	<u>\$ 87,725</u>

4. Deferred revenue	<u>2005</u>	<u>2004</u>
Government grants		
FCSS	\$ 15,000	\$ -
Alberta Infrastructure	832,278	-
MIMs grant	40,000	-
Centennial grant	-	12,958
Provincial funding	-	1,581
Recreation	34,612	8,275
Community outreach services	43,960	52,681
Prepayment of franchise fees	10,976	-
Donations	4,150	880
Supernet POP site	<u>2,000</u>	<u>3,333</u>
	<u>\$ 982,976</u>	<u>\$ 79,708</u>

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

5. Tax under (over) levies	<u>2005</u>	<u>2004</u>
Education tax under (over) levy	\$ 133,918	\$ (61,014)
Current year adjustments	<u>(15,101)</u>	<u>194,932</u>
	<u>118,817</u>	<u>133,918</u>
Evergreen under (over) levy	94,244	(8,977)
Current year adjustments	<u>74,615</u>	<u>103,232</u>
	<u>168,859</u>	<u>94,255</u>
Municipal under levy	-	-
Current year adjustments	<u>(135,574)</u>	<u>-</u>
	<u>(135,574)</u>	<u>-</u>
	<u>\$ 152,102</u>	<u>\$ 228,173</u>

The balance of the 2005 under levies will be added to the 2006 education and Evergreen tax requisitions.

6. Obligations under capital lease	<u>2005</u>	<u>2004</u>
Total long term capital lease	\$ 107,997	\$ 136,976
Less: principal portion due within one year	<u>(29,786)</u>	<u>(28,979)</u>
Long term portion	<u>\$ 78,211</u>	<u>\$ 107,997</u>

Capital lease interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Change in Fund Balances. Principal repayments on obligations under capital lease are recorded as a reduction in the obligation and as a debt repayment expenditure.

Capital leases are repayable to MFA Leasing Corporation and bear interest at 2.75% per annum, and mature in 2009. The cost of the assets under capital lease is \$151,113. Capital leases are issued on the credit of the Municipality of Jasper at large and secured by the individual leased assets.

The fair value of the long term capital lease approximates the book value of the long term capital lease.

Lease principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 29,786	\$ 2,596	\$ 32,382
2007	30,616	1,767	32,383
2008	31,469	500	31,969
2009	<u>16,126</u>	<u>132</u>	<u>16,258</u>
	<u>\$ 107,997</u>	<u>\$ 4,995</u>	<u>\$ 112,992</u>

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

7. Long term debt	<u>2005</u>	<u>2004</u>
Tax supported debt	\$ 2,398,007	\$ 2,598,605
Self supported debt	<u>6,195,978</u>	<u>6,406,566</u>
	8,593,985	9,005,171
Less: current portion	<u>(369,298)</u>	<u>(411,185)</u>
	<u>\$ 8,224,687</u>	<u>\$ 8,593,986</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 369,298	\$ 451,071	\$ 820,369
2007	388,882	432,105	820,987
2008	409,518	412,114	821,632
2009	431,258	391,043	822,301
2010	435,979	368,834	804,813
Thereafter	<u>6,559,050</u>	<u>2,316,393</u>	<u>8,875,443</u>
	<u>\$ 8,593,985</u>	<u>\$ 4,371,560</u>	<u>\$ 12,965,545</u>

Long term debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 3.98% to 5.875% per annum, and matures in periods 2006 through 2024. Debenture debt is issued on the credit and security of the Municipality at large.

8. Reserves

Reserves for operating and capital activities changed as follows:

	<u>2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>2005</u>
Operating Reserves ¹	\$ 636,496	\$ 1,077,148	\$(1,872,460)	\$ (158,816)
Capital Reserves	<u>348,867</u>	<u>269,501</u>	<u>(81,040)</u>	<u>537,328</u>
	<u>\$ 985,363</u>	<u>\$ 1,346,649</u>	<u>(1,953,500)</u>	<u>\$ 378,512</u>

¹ At the discretion of Council, various operating reserves may be used for capital expenditures.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

9. Operating fund	<u>2005</u>	<u>2004</u>
Unallocated	\$ 2,163,350	\$ 1,180,177

10. Equity in capital assets	<u>2005</u>	<u>2004</u>
Capital assets	\$ 36,494,285	\$ 32,641,857
Obligations under capital lease (Note 6)	(107,997)	(136,976)
Long term debt (Note 7)	<u>(8,593,985)</u>	<u>(9,005,171)</u>
	<u>\$ 27,792,303</u>	<u>\$ 23,499,710</u>

11. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials and designated officers as required by Alberta regulation 313/2000, are as follows:

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>2005 Total</u>	<u>2004 Total</u>
Mayor				
Ireland	<u>\$ 16,825</u>	<u>\$ 4,394</u>	<u>\$ 21,219</u>	<u>\$ 21,054</u>
Councillors				
Couture	\$ 11,345	\$ 2,553	\$ 13,898	\$ 8,906
Day	9,210	4,361	13,571	13,008
Kongsrud	8,270	3,207	11,477	10,730
Pugh	-	-	-	5,459
Nesbitt	6,598	3,983	10,581	1,528
Walker	7,624	3,800	11,424	11,491
Zinck	<u>7,704</u>	<u>3,186</u>	<u>10,890</u>	<u>7,756</u>
Total for all councillors	<u>\$ 50,751</u>	<u>\$ 21,090</u>	<u>\$ 71,841</u>	<u>\$ 58,878</u>
Municipality Manager	<u>\$ 79,222</u>	<u>\$ 1,485</u>	<u>\$ 80,707</u>	<u>\$ 81,703</u>

- 1) Salary includes regular base pay, honoraria, and any other direct cash remuneration.
- 2) Benefits and allowances include employer's share of all standard employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental death, dismemberment insurance and membership.

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Notes to the Consolidated Financial Statements

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12. Local Authorities Pension Plan

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The Plan serves approximately 160,000 employees of approximately 407 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Municipality is required to make current service contributions to the Plan of 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% of the excess.

Total current and past service contributions by the Municipality to the LAPP in 2005 were \$119,149 (2004 - \$99,151). Total current and past service contributions by the employees of the Municipality to the LAPP in 2005 were \$103,981 (2004 - \$84,766).

At December 31, 2005, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$863.6 million.

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 be disclosed as follows:

	<u>2005</u>	<u>2004</u>
Total debt limit	\$ 14,202,250	\$ 13,252,151
Total debt	<u>8,593,985</u>	<u>9,005,171</u>
Total debt limit not utilized	<u>\$ 5,608,265</u>	<u>\$ 4,246,980</u>
Debt service limit	\$ 2,367,042	\$ 2,208,692
Debt service	<u>820,369</u>	<u>886,449</u>
Debt service limit not utilized	<u>\$ 1,546,673</u>	<u>\$ 1,322,243</u>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

14. Other revenues	<u>2005</u>	<u>2004</u>
Operating		
Sales to other governments	\$ 56,324	\$ 9,856
Penalties and interest on taxes	20,701	51,751
Fines	52,304	39,794
Franchise and concession contracts	404,397	351,022
Interest income	73,826	78,005
Rentals	348,670	346,844
Parking authority	72,000	102,000
Other	<u>114,142</u>	<u>135,382</u>
Total operating	<u>1,142,364</u>	<u>1,114,654</u>
Capital		
Other	<u>50,277</u>	<u>9,450</u>
	<u>\$ 1,192,641</u>	<u>\$ 1,124,104</u>

15. Contingency

The Municipality is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the 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 guaranteed a loan for the Jasper Park Chamber of Commerce for \$55,861.

Municipality of Jasper

Notes to the Consolidated Financial Statements

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16. Commitments

The Municipality has entered into the following multiple year contracts:

1. Associated Ambulance Services (Whitecourt Ltd)	2006	\$	129,268
	2007		60,375
2. Accurate Assessment Group - 3 year agreement with option to renew for a further 2 years	2006	\$	50,917
	2007		56,620
	2008		54,307
3. Constellation Energy Group – 3 year agreement (ending 2006) for the supply of electrical services.			
4. Nexen Inc. – 5 year agreement (ending 2008) for the supply of natural gas services.			
5. Jasper Volunteer Fire Brigade Society	2006	\$	47,740
	2007		49,172

In addition, the Municipality is to provide materials and funding for training up to \$25,000 annually up to and including 2007.

6. Parks Canada – 5 year agreement for land rent and planning services for \$475,000 per annum adjusted for changes in the consumer price index.
7. On-line Financing Group – lease commitments requiring monthly payments of \$2,803 and \$1,095 ending July 25, 2007 and October 25, 2007 respectively.

17. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, taxes and grants in place of taxes, trade and other receivables, accounts payable and accrued liabilities, deposits, obligations under capital lease, and long term debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest rate, currency and credit risk arising from these financial instruments, and that the fair value of the financial instruments approximates their carrying value.

a) Credit risk

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes and trade and other receivables. Credit risk arises from the possibility that the entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. Before engaging in providing services to clients, the Municipality performs a credit risk evaluation. The Municipality is exposed to credit risk as all of its clients are within a close geographical area, however this credit risk is reduced as the Municipality's clients are numerous and diverse. The Municipality maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

b) Fair value

The fair value of the Municipality's cash and cash equivalents, taxes and grants in place of receivables, trade and other receivables, accounts payable and accrued liabilities, and deposits approximate their carrying value due to their short term nature. The fair value of the long term debt has not been calculated as the availability of this type of financing is limited to organizations who fall within Alberta Capital Financing Authority's guidelines.

Municipality of Jasper

Notes to the Consolidated Financial Statements

December 31, 2005

18. Trust funds

The Municipality administers trust funds, which are not included in these financial statements. A summary of trust fund activities is as follows:

	<u>2005</u>	<u>2004</u>
Scholarships:		
Balance – beginning of year	\$ 74,931	\$ 74,763
Deduct – scholarships awarded	(1,485)	(3,725)
Add – income from investments	3,340	3,365
Add – contribution to investments	<u>260</u>	<u>528</u>
Balance, end of year	<u>\$ 77,046</u>	<u>\$ 74,931</u>

19. Municipal sponsorship

Included in grant revenue are amounts received related to the Municipal Sponsorship Grant as follows:

Funding received

Alberta Municipal Sponsorship \$ 103,000

Project costs

Travel and subsistence	\$ 1,980
Advertising and promotion	24,744
Repairs and maintenance	390
Supplies	1,015
Trailer construction	65,980
Supplies for trailers	<u>4,500</u>
Total project costs	<u>\$ 98,609</u>

20. Comparative figures

Certain balances in the prior year have been reclassified to conform to the current year's presentation.

21. Approval of the financial statements

Council and Management have approved these financial statements.