

**MUNICIPALITY OF JASPER
FINANCIAL STATEMENTS
December 31, 2006**



ADMINISTRATION'S RESPONSIBILITY FOR FINANCIAL REPORTING

Administration is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The elected Mayor and Council of the Municipality of Jasper are composed entirely of individuals who are neither administration nor employees of the Municipality of Jasper. The Finance Committee has the responsibility of meeting with administration and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Mayor and Council are also responsible for recommending the appointment of the Municipality of Jasper's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance Committee and administration to discuss their audit findings.

March 22, 2007

Manager



MEYERS NORRIS PENNY LLP

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, 2006 and the consolidated statements of financial activities and changes in fund balances, changes in financial position, and schedules 1 to 7 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, 2006 and the results of its financial activities and cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended December 31, 2005 were audited by another public accounting firm, who expressed an unqualified opinion on these statements in their report dated April 27, 2006.

Meyers Norris Penny LLP

March 22, 2007
Leduc, Alberta

CHARTERED ACCOUNTANTS

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

	2006	2005
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 1,450,915	\$ 1,093,626
Taxes and grants in lieu of taxes receivable (Note 3)	101,017	68,423
Trade and other receivables	4,191,272	1,976,947
Prepaid expenses	224,484	251,418
Tax under levies (Note 5)	-	152,102
Long term investments	161,764	194,615
	<u>6,129,452</u>	<u>3,737,131</u>
Physical Assets		
Land	414,879	414,879
Building	24,572,846	24,437,637
Engineering structures	10,805,185	7,662,723
Machinery, equipment and furnishings	2,231,771	2,148,083
Vehicles	1,830,963	1,830,963
	<u>39,855,644</u>	<u>36,494,285</u>
Total Assets	\$ 45,985,095	\$ 40,231,416
Liabilities		
Accounts payable and accrued liabilities	\$ 1,096,012	\$ 1,075,936
Deposits	7,678	8,635
Deferred revenue (Note 4)	1,297,798	982,976
Tax over levies (Note 5)	187,798	-
Obligations under capital lease (Note 6)	78,211	107,997
Long-term debt (Note 7)	8,242,188	8,593,985
	<u>10,909,685</u>	<u>10,769,529</u>
Municipal equity		
Fund Balances		
Capital Fund (Deficiency) (Schedule 1)	1,350,340	(5,879)
Operating Fund (Schedule 2)	1,541,887	1,296,951
Reserve Fund (Schedule 3)	647,938	378,512
Total Fund Balances	3,540,165	1,669,584
Equity in Capital Assets (Schedule 4)	31,535,245	27,792,303
	<u>35,075,410</u>	<u>29,461,887</u>
Total Liabilities and Municipal Equity	\$ 45,985,095	\$ 40,231,416

Contingencies (Note 14)
 Commitments (Note 15)

Approved by:

_____ Mayor

_____ Councilor

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Revenues			
Net property taxes (Schedule 5)	\$ 4,280,460	\$ 4,265,460	\$ 4,055,583
Government grants (Schedule 6)	4,849,693	5,065,064	3,278,585
Sales and user charges	3,266,409	3,284,697	3,077,318
Other revenues (Note 13)	760,679	1,125,225	1,192,641
	<u>13,157,241</u>	<u>13,740,446</u>	<u>11,604,127</u>
Expenditures			
Operating			
Utilities	2,511,524	2,563,337	2,137,910
Recreation and parks	1,657,652	1,629,005	1,618,872
Public health and welfare	1,012,967	1,286,421	997,118
Administration	904,486	892,042	857,974
Protective services	763,006	750,948	744,103
Roads, streets and equipment	343,956	460,127	1,004,447
Planning and development	303,066	206,070	115,086
Legislative	196,128	199,401	196,432
Library and culture	139,562	139,562	135,548
Total operating expenditures	<u>7,832,347</u>	<u>8,126,913</u>	<u>7,807,491</u>
Capital			
Utilities	2,078,000	2,155,493	1,946,857
Roads, streets and equipment	1,449,250	914,514	1,196,648
Recreation and parks	1,362,000	209,884	88,559
Protective services	37,000	53,696	2,513
Administration	740,000	27,782	55,145
Solid waste and other environmental	32,000	-	562,706
Total capital expenditures	<u>5,698,250</u>	<u>3,361,369</u>	<u>3,852,428</u>
Total Expenditures (Schedule 7)	<u>13,530,597</u>	<u>11,488,282</u>	<u>11,659,919</u>
Excess (deficiency) of revenues over expenditures	(373,356)	2,252,164	(55,793)
Capital debt issued	35,000	17,500	-
Capital debt repaid	(351,303)	(369,297)	(411,186)
Capital lease obligations repaid	(30,000)	(29,786)	(28,978)
Change in fund balances	(719,659)	1,870,581	(495,957)
Fund balances, beginning of year	<u>1,669,584</u>	<u>1,669,584</u>	<u>2,165,540</u>
Fund Balances, end of year	<u>\$ 949,924</u>	<u>\$ 3,540,165</u>	<u>\$ 1,669,584</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2006

	2006	2005
Operations		
Excess (deficiency) of revenues over expenditures	\$ 2,252,164	\$ (55,793)
Change in non-cash working capital items:		
Taxes and grants in lieu of receivables	(32,594)	19,303
Trade and other receivables	(2,214,326)	(494,284)
Prepaid expenses	26,934	(174,940)
Tax under-over levies	339,900	76,071
Long term investments	32,851	20,219
Accounts payable and accrued liabilities	20,077	(714,603)
Deposit liabilities	(957)	(13,935)
Deferred revenue	314,822	903,268
	<u>738,871</u>	<u>(434,694)</u>
Financing		
Capital debt issued	17,500	-
Capital debt repaid	(369,296)	(411,186)
Capital lease obligations repaid	(29,786)	(28,978)
	<u>(381,582)</u>	<u>(440,165)</u>
Net increase (decrease) in cash and cash equivalents	357,289	(874,859)
Cash and cash equivalents (Note 2)		
Beginning of year	<u>1,093,626</u>	<u>1,968,485</u>
End of year	<u>\$ 1,450,915</u>	<u>\$ 1,093,626</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 453,700</u>	<u>\$ 490,374</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 1 - CAPITAL FUND ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Revenues			
Government grants (Schedule 6)	\$ 4,052,750	\$ 4,042,994	\$ 2,135,960
Other revenues (Note 13)		747	50,277
Total revenues	<u>4,052,750</u>	<u>4,043,741</u>	<u>2,186,237</u>
Expenditures			
Utilities	2,078,000	2,155,493	1,946,857
Roads, streets and equipment	1,449,250	914,514	1,196,648
Recreation and parks	1,362,000	209,884	88,559
Protective services	37,000	53,696	2,513
Administration	740,000	27,782	55,145
Solid waste and other environmental	32,000	-	562,706
Total expenditures	<u>5,698,250</u>	<u>3,361,369</u>	<u>3,852,428</u>
Excess (deficiency) of revenues over expenditures	(1,645,500)	682,372	(1,666,191)
Financing and transfers			
Capital debt issued	35,000	17,500	-
Transfer from operating fund (Schedule 2)	602,346	352,346	191,774
Transfer from reserve fund (Schedule 3)	1,275,654	304,000	1,468,538
Change in fund balance	267,500	1,356,218	(5,879)
Capital deficiency, beginning of year	(5,879)	(5,879)	-
Capital fund, end of year	<u>\$ 261,621</u>	<u>\$ 1,350,340</u>	<u>\$ (5,879)</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 2 - OPERATING FUND ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Revenues			
Net municipal property taxes (Schedule 5)	\$ 4,280,460	\$ 4,265,460	\$ 4,055,583
Sales and user fees	3,266,409	3,284,697	3,077,318
Government grants (Schedule 6)	796,943	1,022,070	1,142,625
Other revenues (Note 13)	760,679	1,124,477	1,142,364
Total Revenues	<u>9,104,491</u>	<u>9,696,703</u>	<u>9,417,890</u>
Expenditures			
Legislative	196,128	199,399	196,432
Administration	904,486	892,042	857,974
Protective Services	763,006	750,948	744,103
Roads, streets, and equipment	343,956	460,127	1,004,447
Utilities	2,511,524	2,563,337	2,137,910
Public health and welfare	1,012,967	1,286,421	997,118
Planning and development	303,066	206,070	115,086
Recreation and parks	1,657,652	1,629,005	1,618,872
Library and culture	139,562	139,562	135,548
Total expenditures	<u>7,832,347</u>	<u>8,126,911</u>	<u>7,807,491</u>
Excess of revenues over expenditures	1,272,144	1,569,792	1,610,399
Financing and transfers			
Capital debt repaid	(351,303)	(369,297)	(411,185)
Capital lease obligations repaid	(30,000)	(29,786)	(28,979)
Transfer to capital fund (Schedule 1)	(602,346)	(352,346)	(191,774)
Transfer to reserve fund (Schedule 3)	(318,495)	(573,426)	(861,687)
Change in operating fund balance	(30,000)	244,936	116,774
Operating fund balance, beginning of year	1,296,951	1,296,951	1,180,177
Operating fund balance end of year	<u>\$ 1,266,951</u>	<u>\$ 1,541,887</u>	<u>\$ 1,296,951</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 3 - RESERVE FUND ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Net transfers from (to) other funds			
Transfers from operating fund (Schedule 2)	\$ 318,495	\$ 573,426	\$ 861,687
Transfers to capital fund (Schedule 1)	<u>(1,275,654)</u>	<u>(304,000)</u>	<u>(1,468,538)</u>
Increase (decrease) in fund balance	(957,159)	269,426	(606,851)
Reserves and reserve funds, beginning of year	<u>378,512</u>	<u>378,512</u>	<u>985,363</u>
End of year (Note 8)	<u>\$ (578,647)</u>	<u>\$ 647,938</u>	<u>\$ 378,512</u>

See accompanying notes to the consolidated financial statements



MUNICIPALITY OF JASPER
SCHEDULE 4 - EQUITY IN CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Acquisition of Capital Assets			
Utilities	\$ 2,078,000	\$ 2,155,493	\$ 1,946,857
Roads, streets, walks, lighting	1,449,250	914,514	1,196,648
Recreation assets	1,362,000	209,884	88,559
Protective services - fire	37,000	53,696	2,513
Administrative support	740,000	27,772	55,145
Solid waste and other environmental	32,000	-	562,706
	<u>5,698,250</u>	<u>3,361,359</u>	<u>3,852,428</u>
Capital Financing			
Capital debt issued (Schedule 1)	(35,000)	(17,500)	-
Capital debt repaid from operating fund (Schedule 2)	351,303	369,297	411,185
Capital lease obligations repaid (Schedule 2)	30,000	29,786	28,979
	<u>6,044,553</u>	<u>3,742,943</u>	<u>4,292,592</u>
Change in Equity Balance			
Equity balance, beginning of year	<u>27,792,302</u>	<u>27,792,302</u>	<u>23,499,711</u>
Equity Balance, end of year	<u>\$ 33,836,855</u>	<u>\$ 31,535,245</u>	<u>\$ 27,792,302</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 5 - PROPERTY TAXES LEVIED
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Taxation			
Real property taxes	\$ 7,123,835	\$ 7,684,682	\$ 7,567,755
Linear property taxes	380,000	380,213	319,681
Government grants in place of property taxes	550,000	563,671	539,791
From (to) reserve for over/under tax levy	200,000	(419,117)	(177,761)
	<u>8,253,835</u>	<u>8,209,449</u>	<u>8,249,466</u>
Requisitions			
Alberta School Foundation Fund	3,389,400	3,357,433	3,469,094
Evergreens Foundation	68,800	68,821	219,712
Land rent to Parks Canada	360,625	362,415	353,554
Planning services to Parks Canada	154,550	155,321	151,523
	<u>3,973,375</u>	<u>3,943,989</u>	<u>4,193,883</u>
Net Municipal Property Taxes	<u>\$ 4,280,460</u>	<u>\$ 4,265,460</u>	<u>\$ 4,055,583</u>

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 6 - GOVERNMENT GRANTS
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Operating fund			
Federal grants	\$ 231,343	\$ 332,072	\$ 369,967
Provincial grants	565,600	689,998	772,658
	<u>796,943</u>	<u>1,022,070</u>	<u>1,142,625</u>
Capital fund			
Federal grants	900,000	1,306,560	700,000
Provincial grants	3,152,750	2,736,434	1,435,960
	<u>4,052,750</u>	<u>4,042,994</u>	<u>2,135,960</u>
Total Government Grants	\$ 4,849,693	\$ 5,065,064	\$ 3,278,585

See accompanying notes to the consolidated financial statements

MUNICIPALITY OF JASPER
SCHEDULE 7 - CONSOLIDATED EXPENDITURES BY TYPE
YEAR ENDED DECEMBER 31, 2006

	Budget (Unaudited)	2006	2005
Expenditures			
Salaries, wages and benefits	\$ 3,968,010	\$ 3,965,358	\$ 3,544,594
Contracted and general services	1,922,544	1,935,123	2,184,698
Materials, goods, supplies and utilities	1,142,651	1,370,755	1,336,875
Interest on long term debt	469,065	446,317	466,963
Other expenditures	320,377	392,953	261,503
Bank charges	7,700	11,672	11,268
Provision for allowances	2,000	4,736	1,590
	<u>7,832,347</u>	<u>8,126,913</u>	<u>7,807,491</u>
Physical assets acquired	<u>5,698,250</u>	<u>3,361,369</u>	<u>3,852,428</u>
Total expenditures	<u>\$ 13,530,597</u>	<u>\$ 11,488,282</u>	<u>\$ 11,659,919</u>

See accompanying notes to the consolidated financial statements



MUNICIPALITY OF JASPER

Notes to the Consolidated Financial Statements

December 31, 2006

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 local government 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 transaction 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, 2006

1. Summary of significant accounting policies (continued)

(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 physical 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 statement of financial position.

(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, 2006

1. Summary of significant accounting policies (continued)

(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 represent 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 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.

(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, 2006

2. Cash and cash equivalents	<u>2006</u>	<u>2005</u>
Cash on hand and deposits	\$ 1,532,985	\$ 1,170,672
Trust funds (Note 17)	<u>(82,070)</u>	<u>(77,046)</u>
	<u>\$ 1,450,915</u>	<u>\$ 1,093,626</u>

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

3. Taxes and grants in lieu of taxes receivable	<u>2006</u>	<u>2005</u>
Current taxes and grants in lieu of tax:	\$ 66,898	\$ 51,498
Non – current taxes and grants in lieu of taxes	<u>34,119</u>	<u>16,925</u>
	<u>\$ 101,017</u>	<u>\$ 68,423</u>

4. Deferred revenue	<u>2006</u>	<u>2005</u>
Government grants		
Alberta Infrastructure - new Administration building	\$ 832,278	\$ 832,278
Province of Alberta - Streets Improvement Grant	270,660	-
Province of Alberta - Banff/Jasper Grant	145,000	-
FCSS	28,235	15,000
Daycare	16,650	
Recreation	66	34,612
MIMs grant	-	40,000
Community outreach services	2,909	43,960
Supernet POP site	2,000	2,000
Prepayment of franchise fees	-	10,976
Donations	<u>-</u>	<u>4,150</u>
	<u>\$ 1,297,798</u>	<u>\$ 982,976</u>

MUNICIPALITY OF JASPER
Notes to the Consolidated Financial Statements
December 31, 2006

5. Tax under (over) levies	<u>2006</u>	<u>2005</u>
Education tax under (over) levy	\$ 118,817	\$ 133,918
Current year adjustments	<u>(77,407)</u>	<u>(15,101)</u>
	<u>41,410</u>	<u>118,817</u>
Evergreen under (over) levy	168,859	94,244
Current year adjustments	<u>(398,067)</u>	<u>74,615</u>
	<u>(229,208)</u>	<u>168,859</u>
Municipal under (over) levy	(135,574)	-
Current year adjustments	<u>135,574</u>	<u>(135,574)</u>
	<u>-</u>	<u>(135,574)</u>
	<u>\$ (187,798)</u>	<u>\$ 152,102</u>

The balance of the 2006 over levies will be subtracted from future education and Evergreen tax requisitions.

6. Obligations under capital lease	<u>2006</u>	<u>2005</u>
Total long term capital leases (Tax supported debt)	\$ 78,211	\$ 107,997
Less: principal portions due within one year	<u>(30,616)</u>	<u>(29,786)</u>
Long term portion	<u>\$ 47,595</u>	<u>\$ 78,211</u>

Capital lease interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Changes 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.

Lease principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 78,211</u>	<u>\$ 2,399</u>	<u>\$ 80,610</u>

MUNICIPALITY OF JASPER
Notes to the Consolidated Financial Statements
December 31, 2006

7. Long term debt

	<u>2006</u>	<u>2005</u>
Tax supported debt	\$ 2,267,989	\$ 2,398,007
Self supported debt	<u>5,974,199</u>	<u>6,195,978</u>
	<u>\$ 8,242,188</u>	<u>\$ 8,593,985</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 392,088	\$ 432,105	\$ 824,193
2008	412,864	412,114	824,978
2009	434,751	391,043	825,794
2010	439,626	368,834	808,460
2011	463,197	345,243	808,460
Thereafter	<u>6,099,662</u>	<u>1,970,971</u>	<u>8,070,633</u>
	<u>\$ 8,242,188</u>	<u>\$ 3,920,310</u>	<u>\$ 12,162,518</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 2009 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>2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>2006</u>
Operating Reserves	\$ (158,816)	\$ 530,000	\$ (361,000)	\$ 10,184
Capital Reserves	<u>537,328</u>	<u>115,426</u>	<u>(15,000)</u>	<u>637,754</u>
	<u>\$ 378,512</u>	<u>\$ 645,426</u>	<u>\$ (376,000)</u>	<u>\$ 647,938</u>

MUNICIPALITY OF JASPER
Notes to the Consolidated Financial Statements
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9. Equity in capital assets	<u>2006</u>	<u>2005</u>
Capital assets	\$ 39,855,644	\$ 36,494,285
Obligations under capital lease (Note 6)	(78,211)	(107,997)
Long term debt (Note 7)	<u>(8,242,188)</u>	<u>(8,593,985)</u>
	<u>\$ 31,535,245</u>	<u>\$ 27,792,303</u>

10. Salaries 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>Salaries</u>	<u>Benefits and Allowances</u>	<u>2006</u>	<u>2005</u>
Mayor				
Ireland	\$ 17,646	\$ 5,441	\$ 23,087	\$ 21,219
Councillors				
Couture	12,643	3,854	16,497	13,899
Day	8,169	4,637	12,806	13,571
Kongsrud	8,170	3,519	11,689	11,477
Nesbitt	6,858	4,583	11,441	10,581
Walker	7,046	4,468	11,514	11,424
Zinck	8,683	3,536	12,219	10,890
Total for all councillors	<u>51,569</u>	<u>24,597</u>	<u>76,166</u>	<u>71,842</u>
Municipality Manager	\$ 78,054	\$ 4,964	\$ 83,018	\$ 80,707

- 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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11. 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 LAPP serves approximately 133,000 employees of approximately 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 LAPP of 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% of the excess. Employees of the Municipality are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2006 were \$136,353 (2005 - \$119,949). Total current service contributions by the employees of the Municipality to the LAPP in 2006 were \$119,726 (2005 - \$103,981)

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

12. 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>2006</u>	<u>2005</u>
Total debt limit	\$ 14,546,178	\$ 14,202,251
Total debt	<u>8,363,927</u>	<u>8,593,985</u>
Total debt limit not utilized	<u>\$ 6,182,251</u>	<u>\$ 5,608,266</u>
Debt service limit	\$ 2,424,363	\$ 2,367,042
Debt service	<u>856,576</u>	<u>820,369</u>
Debt service limit not utilized	<u>\$ 1,567,787</u>	<u>\$ 1,546,673</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.

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13. Other revenues			
		<u>2006</u>	<u>2005</u>
Operating			
Rentals	\$	369,710	\$ 348,671
Franchise and concession contracts		342,603	404,397
Other		177,662	114,142
Interest income		118,620	73,826
Sales to other governments		49,505	56,324
Fines		33,600	52,304
Contributions to parking Authority			72,000
Penalties and interest on taxes		<u>32,777</u>	<u>20,701</u>
Total operating		<u>1,124,477</u>	<u>1,142,364</u>
Capital			
Other		<u>747</u>	<u>50,277</u>
	\$	<u>1,125,225</u>	\$ <u>1,192,641</u>

14. Contingencies

The Municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under any the terms of the membership, the Municipality could become liable for its proportionate share 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 Tourism and Commerce for \$43,528. No liability has been recorded in these financial statements in relation to this guarantee. The Municipality would be required to perform under this guarantee if it became apparent that the Jasper Tourism and Commerce was unable to continue to make payments on this loan.

MUNICIPALITY OF JASPER
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15. Commitments

The Municipality has entered into the following multiple year contracts:

1. Associated Ambulance Services (Whitecourt) Ltd
 Five year agreement ending July 31, 2007

2007	\$ 60,375
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2. Accurate Assessment Group
 Three year agreement with option to renew for a further 2 years.

2007	\$ 52,050
2008	\$ 53,760
2009	\$ 55,400
2010	\$ 57,240

3. Constellation NewEnergy Canada Inc
 Five year agreement (ending 2011) for the supply of electricity.

4. Nexen Inc.
 Five year agreement (ending 2008) for the supply of natural gas.

5. Jasper Volunteer Fire Brigade Society
 Five year agreement ending December 31, 2007

2007	\$ 49,172
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In addition, to provide materials and funding for training up to \$25,000 annually up to and including 2007.

6. Parks Canada
 Agreement for land rent and planning services beginning in 2003, for \$475,000. Subsequent years costs are adjusted for changes in the consumer price index.

7. On-line Financing Corp.
 Operating lease commitments requiring monthly payments of \$2,803 and \$1,095 ending July 25, 2007 and October 25, 2007 respectively.

2007	\$ 30,571
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8. IOS Financial Services
 Operating lease commitments requiring quarterly payments of \$1,295 ending October 2010.

2007	\$ 5,184
2008	\$ 5,184
2009	\$ 5,184
2010	\$ 5,184

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15. Commitments (continued)

9. Medical clinic

The Municipality has committed to develop a medical clinic in 2007, with a contract cost of \$870,000.

16. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, taxes and grants in lieu of taxes receivable, trade and other receivables, long term investments, accounts payable and accrued liabilities, deposits, obligations under capital lease, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest rate and currency risk arising from these financial instruments unless otherwise disclosed.

a) Credit risk

The Municipality is subject to credit risk with respect to taxes and grants in lieu of taxes receivable 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 fulfill their obligations. Before engaging in providing services to clients, the Municipality performs a credit risk evaluation. The Municipality is exposed to increased credit risk due to the fact that all the Municipality's 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 cash and cash equivalents, taxes and grants in lieu of taxes receivable, trade and other receivables, accounts payable and accrued liabilities and deposits approximates their carrying value due to their short term nature. It is not practicable to estimate the fair value of the long term investments due to the nature of the investment. The fair value of obligations under capital lease approximate their carrying value, as there have been no significant changes in lending rates or other conditions. 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.

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17. 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>2006</u>	<u>2005</u>
Scholarships:		
Balance – beginning of year	\$ 77,046	\$ 74,931
Deduct – scholarships awarded	(3,873)	(1,485)
Add – income from investments	4,148	3,340
Add – contribution to investments	4,749	260
	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 82,070</u>	<u>\$ 77,046</u>

18. Municipal Sponsorship

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

	<u>2006</u>	<u>2005</u>
Funding Received		
Alberta Municipal Sponsorship	\$ -	\$ 103,000
Project Costs		
Travel and subsistence	-	1,980
Advertising and promotion	-	24,744
Repairs and maintenance	-	390
Supplies	4,451	1,015
Trailer construction	-	65,980
Supplies for trailers	-	4,500
	<u> </u>	<u> </u>
Total project costs	<u>\$ 4,451</u>	<u>\$ 98,609</u>

19. Forthcoming significant accounting policy change

Beginning January 1, 2009, Section PS 3150 of the Canadian Institute of Chartered Accountants' Public Sector Accounting Handbook becomes effective, which will change the treatment and presentation of tangible capital assets. The financial statement effect of this change is indeterminate at this time.