

Grant Thornton LLP  
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Grant Thornton 

**Municipality of Jasper  
Consolidated Financial  
Statements**  
December 31, 2003

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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, 2003 and the consolidated statements of financial activities and changes 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, 2003 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada  
March 12, 2004



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

2003

2002

### Financial assets

Cash and cash equivalents (Note 2)	\$ 2,639,643	\$ 3,247,762
Receivables		
Taxes and grants in lieu of receivables (Note 3)	259,103	107,697
Trade and other receivables	1,675,405	1,158,859
Prepays	208,674	165,823
Deposits	-	125,000
	<u>4,782,825</u>	<u>4,805,141</u>

### Physical assets

Land	414,879	414,879
Building	22,203,347	18,368,603
Engineering structures	2,316,625	278,904
Machinery, equipment and furnishings	1,810,535	1,754,085
Vehicles	1,336,159	1,365,698
Inventory for consumption	35,400	57,680
	<u>28,116,945</u>	<u>22,239,849</u>

<b>Total assets</b>	<b>\$ 32,899,770</b>	<b>\$ 27,044,990</b>
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### Liabilities

Accounts payable and accrued liabilities	\$ 3,594,858	\$ 4,588,349
Deposits	71,781	69,664
Deferred revenue (Note 4)	479,034	253,268
Tax over levies (Note 5)	69,991	16,188
Long term debt (Note 6)	5,532,740	5,889,651
	<u>9,748,404</u>	<u>10,817,120</u>

### Municipal equity

Equity in physical assets	22,548,805	16,292,517
Capital deficiency (Schedule 1, Note 16)	(2,551,555)	(3,084,360)
	<u>19,997,250</u>	<u>13,208,157</u>
Operating fund (Schedule 2)	667,622	1,166,478
Reserves (Schedule 3)	2,486,494	1,853,235
	<u>23,151,366</u>	<u>16,227,870</u>

<b>Total liabilities and municipal equity</b>	<b>\$ 32,899,770</b>	<b>\$ 27,044,990</b>
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Contingency (Note 12)  
Commitments (Note 13)

Approved by:

\_\_\_\_\_ Councillor

\_\_\_\_\_ Councillor

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	Budget (Unaudited)	2003	2002
<b>Revenues</b>			
Net municipal property taxes (Schedule 4)	\$ 4,341,400	\$ 4,420,788	\$ 3,800,553
Sales and user charges	2,676,900	2,437,961	1,772,042
Government grants (Schedule 5)	680,400	6,522,638	6,702,391
Other revenues (Note 11)	<u>971,200</u>	<u>1,321,625</u>	<u>902,514</u>
<b>Total revenues</b>	<u>8,669,900</u>	<u>14,703,012</u>	<u>13,177,500</u>
<b>Expenditures</b>			
<b>Operating</b>			
Legislative	160,800	165,098	114,924
Administration	1,221,700	1,177,266	1,078,608
Protective services	1,257,900	1,246,178	869,936
Roads, streets and equipment	501,989	529,546	327,888
Utilities	1,418,400	1,711,180	887,346
Public health and welfare	607,600	772,874	650,634
Planning and development	122,053	109,752	56,241
Recreation and parks	1,837,158	1,908,583	2,002,902
Library and culture	<u>124,500</u>	<u>129,500</u>	<u>122,000</u>
<b>Total operating expenditures</b>	<u>7,252,100</u>	<u>7,749,977</u>	<u>6,110,479</u>
<b>Capital</b>			
Administration	95,000	-	67,316
Protective services	-	52,775	4,251,075
Roads, streets and equipment	358,000	461,880	359,687
Utilities	143,400	5,142,723	7,374,360
Public health and welfare	-	75,038	2,543
Recreation and parks	<u>66,400</u>	<u>196,499</u>	<u>782,375</u>
<b>Total capital expenditures</b>	<u>662,800</u>	<u>5,928,915</u>	<u>12,837,356</u>
<b>Total expenditures (Schedule 6)</b>	<u>7,914,900</u>	<u>13,678,892</u>	<u>18,947,835</u>
<b>Excess (deficiency) of revenues over expenditures</b>	755,000	1,024,120	(5,770,335)
Issue of long term debt	-	-	5,600,000
Repayment of long term debt	<u>(243,700)</u>	<u>(356,912)</u>	<u>(174,474)</u>
<b>Increase (decrease) in fund balances</b>	<u>\$ 511,300</u>	<u>\$ 667,208</u>	<u>\$ (344,809)</u>

See accompanying notes to the consolidated financial statements.

# Municipality of Jasper

## Consolidated Statement of Changes in Financial Position

Year Ended December 31

2003

2002

Increase (decrease) in cash and cash equivalents:

**Operations**

Excess (deficiency) of revenues over expenditures	\$ 1,024,120	\$ (5,770,335)
Change in non-cash working capital items:		
Deferred revenue	225,766	(2,484,828)
Taxes and grants in lieu of receivables	(151,406)	(14,430)
Trade and other receivables	(516,546)	(605,565)
Prepaid expenses	(42,851)	(145,933)
Deposits	125,000	-
Inventory for consumption	22,280	(54,448)
Accounts payable and accrued liabilities	(993,490)	3,715,914
Deposit liabilities	2,117	24,154
Tax over levies	53,803	(37,304)
	<u>(251,207)</u>	<u>(5,372,775)</u>

**Financing**

Issue of long term debt	-	5,600,000
Repayment of long term debt	(356,912)	(174,474)
	<u>(356,912)</u>	<u>5,425,526</u>

Net (decrease) increase in cash and cash equivalents	(608,119)	52,751
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Cash and cash equivalents (Note 2)

Beginning of year	<u>3,247,762</u>	<u>3,195,011</u>
End of year	<u>\$ 2,639,643</u>	<u>\$ 3,247,762</u>

**Supplemental cash flow information:**

Interest paid	<u>\$ 349,468</u>	<u>\$ 48,883</u>
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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)	2003	2002
<b>Revenues</b>			
Government grants (Schedule 5)	\$ 304,400	\$ 5,918,839	\$ 4,212,512
Other revenues (Note 11)	<u>30,000</u>	<u>157,525</u>	<u>115,655</u>
<b>Total revenues</b>	<u>334,400</u>	<u>6,076,364</u>	<u>4,328,167</u>
<b>Expenditures</b>			
Administration	95,000	-	67,316
Protective services	-	52,775	4,251,075
Roads, streets and equipment	358,000	461,880	359,687
Utilities	143,400	5,142,723	7,374,360
Public health and welfare	-	75,038	2,543
Recreation and parks	<u>66,400</u>	<u>196,499</u>	<u>782,375</u>
<b>Total expenditures</b>	<u>662,800</u>	<u>5,928,915</u>	<u>12,837,356</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(328,400)	147,449	(8,509,189)
<b>Financing and transfers</b>			
Issue of long term debt	-	-	5,600,000
Transfer from operating fund	797,500	398,468	56,429
Transfer to reserve fund	<u>                    </u>	<u>(13,112)</u>	<u>(209,900)</u>
<b>Change in capital fund balance</b>	469,100	532,805	(3,062,660)
<b>Capital deficiency, beginning of year</b>	<u>(3,084,360)</u>	<u>(3,084,360)</u>	<u>(21,700)</u>
<b>Capital deficiency, end of year (Note 16)</b>	<u>\$ (2,615,260)</u>	<u>\$ (2,551,555)</u>	<u>\$ (3,084,360)</u>

See accompanying notes to the consolidated financial statements.



## Municipality of Jasper Schedule 2 - Operating Fund Activities

Year Ended December 31	Budget (Unaudited)	2003	2002
<b>Revenues</b>			
Net municipal property taxes (Schedule 4)	\$ 4,341,400	\$ 4,420,788	\$ 3,800,553
Sales and user charges	2,676,900	2,437,961	1,772,042
Government grants (Schedule 5)	376,000	603,799	2,489,879
Other revenues (Note 11)	<u>941,200</u>	<u>1,164,100</u>	<u>786,859</u>
<b>Total revenues</b>	<u>8,335,500</u>	<u>8,626,648</u>	<u>8,849,333</u>
<b>Expenditures</b>			
Legislative	160,800	165,098	114,924
Administration	1,221,700	1,177,266	1,078,608
Protective services	1,257,900	1,246,178	869,936
Roads, streets and equipment	501,989	529,546	327,888
Utilities	1,418,400	1,711,180	887,346
Public health and welfare	607,600	772,874	650,634
Planning and development	122,053	109,752	56,241
Recreation and parks	1,837,158	1,908,583	2,002,902
Library and culture	<u>124,500</u>	<u>129,500</u>	<u>122,000</u>
<b>Total expenditures</b>	<u>7,252,100</u>	<u>7,749,977</u>	<u>6,110,479</u>
<b>Excess of revenues over expenditures</b>	1,083,400	876,671	2,738,854
<b>Financing and transfers</b>			
Repayment of long term debt	(243,700)	(356,912)	(174,474)
Transfer to capital fund	(797,500)	(398,468)	(56,429)
Transfer to reserves	<u>(511,300)</u>	<u>(620,147)</u>	<u>(1,590,466)</u>
<b>Change in operating fund balance</b>	(469,100)	(498,856)	917,485
Operating fund balance, beginning of year	<u>1,166,478</u>	<u>1,166,478</u>	<u>248,993</u>
<b>Operating fund balance, end of year</b>	<u>\$ 697,378</u>	<u>\$ 667,622</u>	<u>\$ 1,166,478</u>

See accompanying notes to the consolidated financial statements.

## Municipality of Jasper Schedule 3 - Reserves

Year Ended December 31	Budget (Unaudited)	2003	2002
Net transfers from other funds			
Transfers from operating fund	\$ 511,300	\$ 620,147	\$ 1,590,466
Transfers from capital fund	<u>-</u>	<u>13,112</u>	<u>209,900</u>
Increase in fund balance	511,300	633,259	1,800,366
Reserves and reserve funds			
Beginning of year	<u>1,853,235</u>	<u>1,853,235</u>	<u>52,869</u>
End of year (Note 7)	<u>\$ 2,364,535</u>	<u>\$ 2,486,494</u>	<u>\$ 1,853,235</u>

See accompanying notes to the consolidated financial statements.

## Municipality of Jasper Schedule 4 – Property Taxes Levied

Year Ended December 31	Budget (Unaudited)	2003	2002
<b>Taxation</b>			
Real property taxes	\$ 8,281,703	\$ 7,517,161	\$ 6,670,912
Linear property taxes	-	321,548	349,169
Government grants in place of property taxes	-	666,379	665,538
(To) from reserve for over/under tax levy	-	(53,803)	37,304
	<u>8,281,703</u>	<u>8,451,285</u>	<u>7,722,923</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	3,940,303	3,985,505	3,775,341
Evergreens Foundation	-	44,992	147,029
	<u>3,940,303</u>	<u>4,030,497</u>	<u>3,922,370</u>
<b>Net municipal property taxes</b>	<b>\$ 4,341,400</b>	<b>\$ 4,420,788</b>	<b>\$ 3,800,553</b>

## Schedule 5 – Government Grants

Year Ended December 31	Budget (Unaudited)	2003	2002
<b>Operating fund</b>			
Federal grants	\$ 213,200	\$ 253,251	\$ 309,314
Provincial grants	<u>162,800</u>	<u>350,548</u>	<u>2,180,565</u>
	<u>376,000</u>	<u>603,799</u>	<u>2,489,879</u>
<b>Capital fund</b>			
Federal grants	-	700,933	3,943,972
Provincial grants	<u>304,400</u>	<u>5,217,906</u>	<u>268,540</u>
	<u>304,400</u>	<u>5,918,839</u>	<u>4,212,512</u>
<b>Total government grants</b>	<b>\$ 680,400</b>	<b>\$ 6,522,638</b>	<b>\$ 6,702,391</b>

See accompanying notes to the consolidated financial statements.

**Municipality of Jasper**  
**Schedule 6 – Consolidated Expenditures by Type**

Year Ended December 31	Budget (Unaudited)	2003	2002
<b>Expenditures</b>			
Salaries, wages and benefits	\$ 2,948,200	\$ 3,013,573	\$ 2,478,555
Contracted and general services	2,403,200	2,524,839	1,983,672
Materials, goods, supplies and utilities	1,007,600	1,201,968	1,018,675
Provision for allowances	-	44,484	-
Bank charges	3,600	8,056	2,187
Interest on long term debt	124,000	340,962	146,224
Physical assets acquired	665,800	5,928,915	12,824,339
Other	<u>762,500</u>	<u>616,095</u>	<u>494,183</u>
<b>Total expenditures</b>	<b>\$ 7,914,900</b>	<b>\$ 13,678,892</b>	<b>\$ 18,947,835</b>

See accompanying notes to the consolidated financial statements.

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# Municipality of Jasper

## Notes to the Consolidated Financial Statements

December 31, 2003

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### 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 standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality 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(e).

#### (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) Government grants

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.

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# Municipality of Jasper

## Notes to the Consolidated Financial Statements

December 31, 2003

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

#### (e) Pension expenditures

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

#### (f) Cash and cash equivalents

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

#### (g) Inventories

Inventories of materials and supplies are valued at the lower of cost and net realizable value with cost determined on a first in, first out basis.

#### (h) Physical assets

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

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

Physical 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.

#### (i) 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.

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# Municipality of Jasper

## Notes to the Consolidated Financial Statements

December 31, 2003

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

#### (j) Reserves for future expenditures

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

#### (k) Equity in physical assets

Equity in physical assets represents the Municipality's net investment in its total physical assets after deducting work in progress, the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities.

#### (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, 2003

2. Cash and cash equivalents	<u>2003</u>	<u>2002</u>
Cash on hand and deposits	\$ 2,714,406	\$ 3,319,052
Trust funds (Note 15)	<u>(74,763)</u>	<u>(71,290)</u>
	<u>\$ 2,639,643</u>	<u>\$ 3,247,762</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 lieu of receivables	<u>2003</u>	<u>2002</u>
Current taxes and grants in lieu of taxes	\$ 232,288	\$ 56,124
Non – current taxes and grants in lieu of taxes	<u>26,815</u>	<u>51,573</u>
	<u>\$ 259,103</u>	<u>\$ 107,697</u>

4. Deferred revenue	<u>2003</u>	<u>2002</u>
Government grants		
Adult literacy & adult learning	\$ 19,630	\$ 27,339
ID #12 (green space trail)	38,244	-
Municipal sponsorship grant	47,100	93,820
Protective services	-	15,140
Provincial funding	1,827	-
Parks Canada	132,500	-
Recreation	200,000	-
Street and roads	-	53,060
Community outreach services	38,083	49,686
Children's centre – Clifford Lee Foundation grant	-	11,500
Donations	1,650	-
Summer fund surplus (2002)	-	2,723
	<u>\$ 479,034</u>	<u>\$ 253,268</u>



# Municipality of Jasper

## Notes to the Consolidated Financial Statements

December 31, 2003

5. Tax over levies	<u>2003</u>	<u>2002</u>
Education tax over levy	\$ 16,188	\$ 53,492
Current year adjustments	<u>44,826</u>	<u>(37,304)</u>
	<u>61,014</u>	<u>16,188</u>
Evergreen over levy	-	-
Current year adjustments	<u>8,977</u>	<u>-</u>
	<u>8,977</u>	<u>-</u>
	<u>\$ 69,991</u>	<u>\$ 16,188</u>

The balance of the 2003 total over levies will be applied to the 2004 education and Evergreen tax requisitions.

6. Long term debt	<u>2003</u>	<u>2002</u>
Tax supported debt	\$ 1,645,936	\$ 1,889,651
Self supported debt	<u>3,886,804</u>	<u>4,000,000</u>
	5,532,740	5,889,651
Less: current portion	<u>247,895</u>	<u>356,912</u>
	<u>\$ 5,284,845</u>	<u>\$ 5,532,739</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>
2004	247,895	320,377
2005	264,560	303,712
2006	215,755	285,839
2007	228,097	273,497
2008	241,146	260,449
Thereafter	<u>4,335,287</u>	<u>1,870,053</u>
	<u>\$ 5,532,740</u>	<u>\$ 3,313,927</u>

Long term debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 5.62% to 10.250% per annum, and matures in periods 2005 through 2022. Debenture debt is issued on the credit and security of the Municipality at large.

Subsequent to year end a self supported debenture in the amount of \$2,680,000 was obtained from Alberta Capital Financing Authority to fund the wastewater treatment plant. The debt is repayable in yearly principle and interest payments of \$151,825. The debenture bears interest at a rate of 4.795% and is secured by the Municipality at large.

**Municipality of Jasper**  
**Notes to the Consolidated Financial Statements**  
December 31, 2003

**7. Reserves**

Reserves for operating and capital activities changed as follows:

	<u>2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>2003</u>
Operating Reserves <sup>1</sup>	1,385,349	438,305	-	<b>1,823,654</b>
Capital Reserves	<u>467,886</u>	<u>194,954</u>	<u>-</u>	<b>662,840</b>
	<b>\$ 1,853,235</b>	<b>\$ 633,259</b>	<b>\$ -</b>	<b>\$ 2,486,494</b>

**8. 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>2003 Total</u>	<u>2002 Total</u>
Mayor Ireland	\$ 15,690	\$ 3,845	\$ 19,535	\$ 16,588
Councillors				
Couture	\$ 9,240	\$ 588	\$ 9,828	\$ 9,927
Day	7,310	3,970	11,280	11,279
Kongsrud	8,000	2,887	10,887	9,993
Pugh	7,070	614	7,684	5,942
Walker	7,420	3,845	11,265	10,560
Zinck	<u>9,200</u>	<u>235</u>	<u>9,435</u>	<u>6,972</u>
Total for all councillors	\$ 48,240	\$ 12,139	\$ 60,379	\$ 54,673
Municipality Manager	\$ 72,292	\$ 11,698	\$ 83,990	\$ 83,601

- 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.

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

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**Municipality of Jasper**  
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**9. 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 143,000 employees of approximately 401 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 2003 were \$84,972 (2002 - \$65,763). Total current and past service contributions by the employees of the Municipality to the LAPP in 2003 were \$70,293 (2002 - \$52,315).

At December 31, 2002, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$445.0 million.

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**10. 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>2003</u>	<u>2002</u>
Total debt limit	\$ 13,176,258	\$ 13,447,481
Total debt	<u>5,532,740</u>	<u>5,889,651</u>
Total debt limit not utilized	<u>\$ 7,643,518</u>	<u>\$ 7,557,830</u>
Debt service limit	\$ 2,196,043	\$ 2,241,247
Debt service	<u>568,272</u>	<u>706,380</u>
Debt service limit not utilized	<u>\$ 1,627,771</u>	<u>\$ 1,534,867</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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<b>11. Other revenues</b>	<u><b>2003</b></u>	<u><b>2002</b></u>
<b>Operating</b>		
Sales to other governments	\$ 26,564	\$ 54,182
Penalties and interest on taxes	61,348	51,137
Licenses and permits	8,287	100
Fines	67,366	18,203
Franchise and concession contracts	277,534	153,860
Interest income	127,333	100,212
Rentals	346,648	274,215
Other	<u>249,020</u>	<u>134,950</u>
<b>Total operating</b>	<u><b>1,164,100</b></u>	<u><b>786,859</b></u>
<b>Capital</b>		
Proceeds on disposal of physical assets	-	38,650
Other	<u>157,525</u>	<u>77,005</u>
<b>Total capital</b>	<u><b>157,525</b></u>	<u><b>115,655</b></u>
	<u><b>\$ 1,321,625</b></u>	<u><b>\$ 902,514</b></u>

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**12. 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 \$104,861.

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**Municipality of Jasper**  
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**13. Commitments**

The Municipality has entered into the following multiple year contracts:

1. Associated Ambulance Services (Whitecourt) Ltd.	2004	\$	128,933
	2005		137,059
	2006		129,268
	2007		60,375
2. Compass Assessments Consultants Inc.	2004	\$	26,500
	2005		26,500
3. Forabosco Investments Incorporated	2004	\$	52,800
4. Constellation Energy Group – 3 year agreement (ending 2007) for the supply of electrical services.			
5. Nexen Inc. – 3 year agreement (ending 2007) for the supply of natural gas services.			
6. Jasper Volunteer Fire Brigade Society	2004	\$	45,000
	2005		11,250

In addition, to provide materials and funding for training up to \$25,000 in 2004.

- |   |      |  |         |
|---|------|--|---------|
| 7. Province of Alberta – 5 year agreement for the provision of policing services on a cost recovery basis commenced April 1, 2002 and expires March 31, 2007. |      |  |         |
| 8. Parks Canada – 3 year agreement for the provision of road and street maintenance services ending March 31, 2005.   | 2004 |  | 323,717 |
|   | 2005 |  | 82,119  |
| 9. Parks Canada – 5 year agreement for land rent at \$475,000 per annum adjusted for changes in the consumer price index.                                     |      |  |         |
| 10. On-line Financing Corp. – lease commitments requiring monthly payments of \$2,803 and \$1,095 ending July 25, 2007 and October 25, 2007 respectively.     |      |  |         |

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# Municipality of Jasper

## Notes to the Consolidated Financial Statements

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### 14. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, taxes and grants in lieu of receivables, trade and other receivables, accounts payable and accrued liabilities, deposits 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.

#### Credit risk

The Municipality is subject to credit risk with respect to taxes and grants in lieu of receivables 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's clients are numerous and diverse, which reduces the concentration of credit risk. However, the credit risk is increased due to the fact that all the Municipality's clients are within a close geographical area. The Municipality maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

#### Fair value

Fair value of assets and liabilities approximate amounts at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. The estimated fair values may differ in amount from that which could be realized in an immediate settlement of the instruments. It is management's opinion the fair value of the financial instruments approximate their carrying value, unless otherwise noted. 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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### 15. 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>2003</u>	<u>2002</u>
Scholarships:		
Balance – beginning of year	\$ 71,290	\$ 67,085
Deduct – scholarships awarded	(1,500)	(1,817)
Add – income from investments	3,208	4,339
Add – contribution to investments	<u>1,765</u>	<u>1,683</u>
Balance, end of year	<u>\$ 74,763</u>	<u>\$ 71,290</u>

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**16. Jasper wastewater treatment plant**

As part of the agreement for the establishment of Local Government in the Town of Jasper, the Municipality committed to the construction of a sewage treatment plant.

As of December 31, 2003, the Municipality had incurred costs of \$12,046,405 (2002 - \$7,084,360) for this project. Partial funding of \$5,494,850 (2002 - \$4,000,000) was obtained in 2003. The balance remained un-funded at the year-end resulting in a capital deficiency of \$2,551,555 (2002 - \$3,084,360). In March 2004, the Municipality obtained debenture financing in the amount of \$2,680,000 to fund this deficiency as disclosed in Note 6.

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**17. Comparative figures**

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