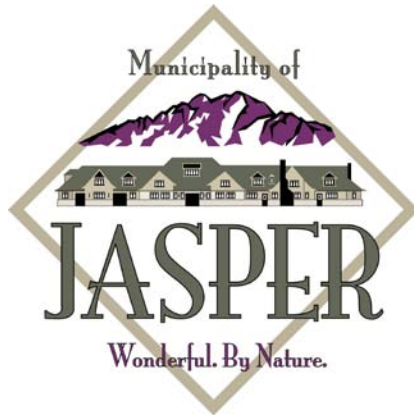


JASPER, ALBERTA

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended December 31, 2011



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 judgements 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 judgement 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. The Mayor and Council have 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 appointing the Municipality of Jasper's external auditors.

Hawkings Epp Dumont 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 Mayor and Council and Administration to discuss their audit findings.

April 17, 2012

_____ Peter Waterworth, Chief Administrative Officer

_____ Alice Lettner, Director of Finance and Administration

Hawkings Epp Dumont LLP

Chartered Accountants

10476 Mayfield Road
Edmonton, Alberta
T5P 4P4
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INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Municipality of Jasper
Jasper, Alberta

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Municipality of Jasper (the "Town") which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2011 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The consolidated financial statements of the Municipality of Jasper for the year ended December 31, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on April 5, 2011.

Edmonton, Alberta
April 17, 2012

HAWKINGS EPP DUMONT LLP
Chartered Accountants

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MUNICIPALITY OF JASPER

Jasper, Alberta

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Municipality of Jasper

Consolidated Statement of Financial Position

As at December 31, 2011

	2011 \$	2010 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$5,820,517	\$3,502,299
Taxes and grants in lieu of taxes receivable (Note 3)	\$112,158	\$74,550
Trade and other accounts receivable	\$2,390,091	\$3,715,036
Tax under-levies (Note 4)	\$730	\$38,670
Other financial assets	\$127,913	\$139,794
	<u>\$8,451,409</u>	<u>\$7,470,349</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$2,385,535	\$1,884,828
Deposit liabilities	\$13,536	\$13,813
Deferred revenue (Note 5)	\$2,476,106	\$1,320,653
Long-term debt (Note 6)	\$6,909,239	\$7,562,859
	<u>\$11,784,416</u>	<u>\$10,782,153</u>
NET FINANCIAL DEBT	<u>-\$3,333,007</u>	<u>-\$3,311,804</u>
Non-financial assets		
Tangible capital assets (Schedule II)	\$53,393,699	\$49,065,252
Prepaid expenses	\$364,535	\$271,975
	<u>\$53,758,234</u>	<u>\$49,337,227</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$50,425,227</u>	<u>\$46,025,423</u>

Contingencies (Note 11)

Commitments (Note 12)

Approved on behalf of Council

Mayor

Councillor

Municipality of Jasper

Consolidated Statement of Operations

For the year ended December 31, 2011

	Budget		
	2011	2011	2010
	Unaudited		
Revenue			
Net municipal property taxes (Schedule III)	5,338,215	5,396,662	5,135,920
Sales, user charges and costs recovered	4,189,008	4,030,361	3,989,184
Other (Note 14)	1,309,271	1,425,364	1,372,224
Government transfers (Schedule IV)	896,693	1,831,432	2,632,850
	11,733,187	12,683,819	13,130,178
Expenses			
Parks and recreation	2,428,873	2,755,725	3,135,356
Utilities	2,907,167	3,100,502	2,832,557
Planning and development	197,710	499,731	1,212,467
Public health and welfare	1,829,575	1,773,700	1,748,612
Roads, streets and equipment	1,977,850	1,547,522	1,279,258
Administration	1,264,510	1,109,667	1,058,325
Protective Services	947,548	1,499,913	1,638,769
Legislative	290,882	243,622	249,664
Library and culture	223,404	213,018	190,509
	12,067,519	12,743,400	13,345,517
Excess (shortfall) of revenue over Expenses - Before Other	- 334,332	- 59,581	- 215,339
Other			
Government transfers for capital (Schedule IV)	8,320,869	4,099,182	4,019,333
Other (Note 14)		360,203	137,491
	8,320,869	4,459,385	4,156,824
Excess of revenue over expenses	7,986,537	4,399,804	3,941,485
Accumulated surplus, beginning of year	42,083,933	46,025,423	42,083,938
Accumulated surplus, end of year	50,070,470	50,425,227	46,025,423

Municipality of Jasper

Consolidated Statement of Change in Net Financial Debt

For the year ended December 31, 2011

	Budget		
	2011	2011	2010
	Unaudited		
Excess of revenue over expenses	7,986,537	4,399,804	3,941,485
Acquisition of tangible capital assets	-12,535,169	-5,808,103	-6,235,984
Amortization of tangible capital assets	1,700,000	1,687,829	1,726,782
Loss (gain) on disposal of tangible capital assets		-208,173	21,287
Acquisition of prepaid assets		-92,560	-13,942
Decrease (increase) in net debt	-2,848,632	-21,203	-560,372
Net financial debt, beginning of year	-3,311,804	-3,311,804	-2,751,432
Net financial debt, end of year	-6,160,436	-3,333,007	-3,311,804

Municipality of Jasper

Consolidated Statement of Cash Flows

For the year ended December 31, 2011

	2011	2010
Operating		
Excess of revenue over expenses	4,399,804	3,941,485
Non-cash items:		
Amortization of tangible capital assets	1,687,829	1,726,782
Gain on disposal of tangible capital assets	-208,173	21,287
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	1,155,453	-1,758,713
Decrease (increase) in prepaid expenses	-92,560	-13,942
(Decrease)increase in accounts payable and accrued liabilities	500,708	-94,290
Decrease(increase) in trade and other accounts receivable	1,324,945	65,455
Decrease (increase) in tax receivables	-37,608	-26,774
Decrease (increase) in tax over-levies	37,940	-56,165
Increase (decrease) in deposit liabilities	-277	1,825
Decrease(increase) in other financial assets	11,882	-9,353
	8,779,943	3,797,597
Capital		
Acquisition of tangible capital assets	-5,809,306	-6,032,879
Disposal of tangible capital assets	1,200	
	-5,808,106	-6,032,879
Financing		
Repayment of long-term debt	-653,619	-439,626
Proceeds from long term debt		1,000,000
	-653,619	560,374
Change in cash and equivalents during the year	2,318,218	-1,674,908
Cash and cash equivalents, beginning of year	3,502,299	5,177,207
Cash and cash equivalents, end of year (Note 2)	5,820,517	3,502,299

Municipality of Jasper

Schedule I -Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2011

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	<i>2011</i>	<i>2010</i>
Balance, beginning of year	1,657,317	2,865,715	41,502,391	46,025,423	42,083,938
Excess of revenues over expenses	4,399,804			4,399,804	3,941,485
Unrestricted funds designated for future use	-798,743	798,743		0	0
Unrestricted funds used for tangible capital assets	-633,047		633,047	0	0
Restricted funds used for operations	38,628	-38,628		0	0
Restricted funds used for tangible capital assets		-913,998	913,998	0	0
Current year funds used for tangible capital assets	-4,262,262		4,262,262	0	0
Contributed tangible capital assets				0	0
Disposal of tangible capital assets	-206,973		206,973	0	0
Annual amortization expense	1,687,829		-1,687,829	0	0
Proceeds of long-term debt			0	0	0
Long term debt repaid	-653,619		653,619	0	0
Change in accumulated surplus					
Balance, end of year	1,228,935	2,711,832	46,484,460	50,425,227	46,025,423

Municipality of Jasper
Schedule II -Schedule of Tangible Capital Assets

For the year ended December 31, 2011

	<i>Land</i>	<i>Buildings</i>	<i>Engineering Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	<i>Land Improvements</i>	<i>2011</i>	<i>2010</i>
Cost								
Balance, beginning of year	403,759	20,238,989	38,880,952	3,076,982	2,007,256	3,748,172	68,356,110	62,141,413
Acquisition of tangible capital assets		3,033,637	400,128	268,388	311,561	127,258	4,140,972	3,865,491
Construction in progress		2,161,692	85,940				2,247,632	2,370,493
Disposal of tangible capital assets		-	639,895				-639,895	-21,287
Balance, end of year	403,759	24,794,423	39,367,020	3,345,370	2,318,817	3,875,430	74,104,819	68,356,110
Accumulated amortization:								
Balance, beginning of year		6,916,930	8,394,504	1,512,878	950,419	1,516,128	19,290,859	17,564,076
Annual amortization		307,612	896,346	197,454	115,750	170,667	1,687,829	1,726,782
Accumulated amortization on disposals		-	267,568				-	267,568
Balance, end of year		6,956,974	9,290,850	1,710,332	1,066,169	1,686,795	20,711,120	19,290,858
Net book value	403,759	17,837,449	30,076,170	1,635,038	1,252,648	2,188,635	53,393,699	49,065,252

Municipality of Jasper
Schedule III- Schedule of Property Taxes Levied

For the year ended December 31, 2011

	Budget 2011 Unaudited	2011	2010
Taxation			
Real property taxes	8,262,785	8,292,857	8,084,883
Government grants in lieu of property taxes	450,000	485,267	511,001
Linear property taxes	450,000	472,820	397,482
To reserve for over/under tax levy	-	37,966	56,165
	9,162,785	9,212,978	9,049,531
Requisitions			
Alberta School Foundation Fund	3,066,360	3,066,360	2,995,736
Land rent to Parks Canada	400,775	395,104	388,347
Planning reserves to Parks Canada	180,093	177,510	174,475
Evergreens Foundation	177,342	177,342	355,053
	3,824,570	3,816,316	3,913,611
Net municipal property taxes	5,338,215	5,396,662	5,135,920

Municipality of Jasper

Schedule IV - Consolidated Schedule of Government Transfers

For the year ended December 31, 2011

	Budget		
	2011	2011	2010
	Unaudited		
Operating			
Provincial	651,693	1,568,026	2,364,075
Federal	245,000	263,406	268,775
	<u>896,693</u>	<u>1,831,432</u>	<u>2,632,850</u>
Capital			
Provincial	5,320,869	2,763,372	3,307,828
Federal	3,000,000	1,335,810	711,505
	<u>8,320,869</u>	<u>4,099,182</u>	<u>4,019,333</u>
Total government transfers	<u>9,217,562</u>	<u>5,930,614</u>	<u>6,652,183</u>

Municipality of Jasper

Schedule V - Consolidated Schedule of Expenses by Object

For the year ended December 31, 2011

	Budget 2011 Unaudited	2011	2010
Consolidated expenses by object			
Salaries, wages and benefits	5,675,071	5,473,970	5,354,231
Contracted and general services	2,126,618	2,316,953	2,695,140
Materials, goods and utilities	1,953,158	2,158,129	1,996,737
Transfers to individuals and organizations	91,800	97,345	108,634
Amortization of tangible capital assets	1,700,000	1,687,829	1,726,784
Interest on long term debt	368,660	361,202	363,031
Transfers to local boards and agencies	140,112	479,590	1,061,307
Bank charges and short term interest	10,100	17,175	14,281
Provision for allowances	2,000	151,207	25,372
	12,067,519	12,743,400	13,345,517

Municipality of Jasper
Schedule VI -Schedule of Segmented Disclosure

For the year ended December 31,2011

	General Government	Transportation, roads and streets	Legislative & Administration	Environmental Services	Parks and Recreation	Protective Services	Library & Musuem	Public Health and Welfare	Economic Development	Total 2011
Revenue										
Net municipal taxes	5,396,662.00									5,396,662.00
Sale, user charges and costs	6,130.00		4,925.00	2,851,703.00	575,843.00	15,085.00		563,337.00	13,338.00	4,030,361.00
Government transfers	27,823.00	440,576.00		75,000.00	1,501,197.00	742,924.00	1,788,936.00	726,756.00	808,096.00	6,111,308.00
Franchise and concessions contracts	328,665.00									328,665.00
Penalties and costs on taxes	38,123.00									38,123.00
Sales to other governments				61,421.00						61,421.00
Rent	167.00	2,390.00		10,656.00	361,994.00	80,098.00			79,928.00	535,233.00
Fines						40,650.00				40,650.00
Licenses and permits	31,879.00					80,486.00				112,365.00
Local Improvement Levies		34,521.00								34,521.00
Interest income	51,260.00	25,076.00					9,746.00			86,082.00
Other	21,195.00	83,455.00			11,954.00			43,036.00	208,173.00	367,813.00
	5,901,904.00	586,018.00	4,925.00	2,998,780.00	2,450,988.00	959,243.00	1,798,682.00	1,333,129.00	1,109,535.00	17,143,204.00
Expenses										
Salaries, wages and benefits	733,901	235,713	167,870	828,174	1,480,988	454,975	119,500	1,419,761	33,088	5,473,970
Contracted and general services	210,664	179,413	43,639	861,955	243,375	667,573		75,683	34,651	2,316,953
Provision for allowances	43,082	75,053		28,419	226			4,427		151,207
Materials, goods, and utilities	83,917	308,116	32,113	583,918	834,425	121,170		131,016	63,454	2,158,129
Interest on long term debt		28,477		259,075	23,032	50,618				361,202
Bank charges and short term interest	7,942				4,569			4,664		17,175
Transfers to individuals and organizations					9,600	59,850		16,838	11,057	97,345
Transfers to local boards and agencies				43,593			83,516	32,878	319,603	479,590
	1,079,506	826,772	243,622	2,605,134	2,596,215	1,354,186	203,016	1,685,267	461,853	11,055,571
Net revenue before amortization	4,822,398 -	240,754 -	238,697	393,646 -	145,227 -	394,943	1,595,666 -	352,138	647,682	6,087,633
Amortization expense	30,161	720,749		495,369	159,509	145,728	10,000	88,435	37,878	1,687,829
Net revenue (expense)	4,792,237 -	961,503 -	238,697 -	101,723 -	304,736 -	540,671	1,585,666 -	440,573	609,804	4,399,804

Some of the comparative figures have been reclassified to conform to the current year's presentaion

Municipality of Jasper

Schedule VI -Schedule of Segmented Disclosure

For the year ended December 31,2010

	General Government	Transportation, roads and streets	Legislative & Administration	Environmental Services	Parks and Recreation	Protective Services	Library & Musuem	Public Health and Welfare	Economic Development	Total
Revenue										
Net municipal taxes	5,135,920									5,135,920
Sale, user charges and costs	3,115		5,961	2,821,587	521,606	88,951		535,014	12,951	3,989,185
Government transfers	64,107	2,377,037		72,000	1,684,778	789,657	50,380	651,012	963,212	6,652,183
Franchise and concessions contra	357,357									357,357
Penalties and costs on taxes	35,055									35,055
Sales to other governments				58,806						58,806
Rent	183	3,786			316,674	77,148			84,875	482,666
Fines						40,278				40,278
Licenses and permits	30,533					78,868				109,401
Local Improvement Levies		120,638				13,824				134,462
Interest income	37,931	6,853			884					45,668
Other	5,097	15,238	200	6,452	10,000			202,022	7,012	246,021
	5,669,298	2,523,552	6,161	2,958,845	2,533,942	1,088,726	50,380	1,388,048	1,068,050	17,287,002
Expenses										
Salaries, wages and benefits	684,810	218,649	195,136	792,065	1,520,540	469,516	117,105	1,384,178	55,465	5,437,464
Contracted and general services	234,995	106,386	14,655	803,122	516,228	788,040		86,263	69,165	2,618,854
Provision for allowances	22,007			371	1,703			1,291		25,372
Materials, goods, and utilities	79,770	252,787	39,873	459,671	836,568	127,842		122,905	69,302	1,988,718
Interest on long term debt		33,622		271,464	1,069	56,876				363,031
Bank charges and short term inter	7,275				3,753			3,928		14,956
Transfers to individuals and organizations					11,600	53,732		32,201	970,309	1,067,842
Transfers to local boards and agencies							63,404	24,130	14,964	102,498
	1,028,857	611,444	249,664	2,326,693	2,891,461	1,496,006	180,509	1,654,896	1,179,205	11,618,735
Net revenue before amortization	4,640,441	1,912,108	- 243,503	632,152	- 357,519	- 407,280	- 130,129	- 266,848	- 111,155	5,668,267
Amortization expense	29,469	667,814		505,863	243,893	142,762	10,000	93,721	33,260	1,726,782
Net revenue (expense)	4,610,972	1,244,294	- 243,503	126,289	- 601,412	- 550,042	- 140,129	- 360,569	- 144,415	3,941,485

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

1. 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 and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the Municipality is the Jasper Community Housing Corporation.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of estimates

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets (Debt) for the year.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

d) Non-financial assets (continued)

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15-30 years
Buildings	10-50 years
Engineered structures	
Roads	20-40 years
Water system	45-75 years
Wastewater system	45-75 years
Storm system	45-75 years
Sidewalks	30-60 years
Machinery and equipment	5-20 years
Vehicles	10-25 years

Assets under construction are not amortized until the asset is available for productive use. In the year of acquisition, amortization is taken at one half of the annual rate.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Land Leases

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

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2011

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.

e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over –levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

f) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

2. Cash and equivalents

Cash and cash equivalents consists of the following:

	2011	2010
Cash on hand and deposits	5,951,149	3,617,437
Less: Restricted portion of cash (Note 17)	- 130,632	- 115,138
	<u>5,820,517</u>	<u>3,502,299</u>

The Municipality has a revolving demand credit facility of \$800,000 with an additional \$750,000 available from March 1 to June 30 annually. The demand loan bears interest at the bank's prime rate, was not drawn on at December 31, 2011 and December 31, 2010 and is unsecured.

3. Taxes and grants in lieu of taxes receivable

	2011	2010
Current taxes	96,216	69,791
Arrears taxes	15,942	4,759
	<u>112,158</u>	<u>74,550</u>

4. Tax under-levies and over-levies

	2011	2010
Education tax under (over) levy	52,602	5,608
Current year adjustments	- 49,646	46,994
	<u>2,956</u>	<u>52,602</u>
Evergreen under (over) levy	- 13,932	- 23,103
Capital requisition		
Current year adjustments	11,706	9,171
	<u>- 2,226</u>	<u>- 13,932</u>
Total	<u>730</u>	<u>38,670</u>

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

5. Deferred revenue

	2011	2010
Fire Smart Grant	38,502	209,315
Community Outreach Services	22,723	42,768
Grounds Maintenance Contract	15,540	14,800
Recreation	2,397	20,525
Supernet POP Site	2,258	2,200
Daycare	1,299	7,600
CHIPS fees	-	1,057
Nursery School	-	6,161
Government Grants		
MSI Grant	1,542,020	158,160
AMIP	580,229	657,305
Transportation Study	94,191	41,692
Emergency Generator	68,697	78,545
FGTG/Basic Transportation	60,411	
Day Care Space Creation Grant	42,953	75,640
MIMs grant	4,885	4,885
	<u>2,476,106</u>	<u>1,320,653</u>

6. Long term debt

	2011	2010
Tax-supported debentures	2,233,949	2,600,175
Self-supported debentures	4,675,290	4,962,684
	<u>6,909,239</u>	<u>7,562,859</u>

The current portion of the long-term debt is \$679,161 (2010 -\$653,619)

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2012	679,161	339,309	1,018,470
2013	709,961	308,510	1,018,471
2014	742,285	276,185	1,018,470
2015	776,215	242,255	1,018,470
2016	596,874	207,939	804,813
To maturity	<u>3,404,743</u>	<u>641,829</u>	<u>4,046,572</u>
	<u>6,909,239</u>	<u>2,016,027</u>	<u>8,925,266</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.439% to 5.875% per annum and matures in periods 2015 through 2024. Debenture debt is issued on the credit and security of the Municipality at large.

Cash interest paid on long-term debt during the year was \$368,659 (2010 - \$368,834)

The average annual interest rate is 4.6776%

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

7. Debt limits

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

	2011	2010
Total debt limit	19,025,728	19,695,267
Total debt	<u>8,909,239</u>	<u>9,562,858</u>
Amount of debt limit unused	<u>10,116,489</u>	<u>10,132,409</u>
Service on debt limit	3,170,955	3,282,545
Service on debt	<u>1,018,470</u>	<u>1,022,279</u>
Amount if debt servicing limit unused	<u>2,152,485</u>	<u>2,260,266</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 a 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.

The Municipality has provided a loan guarantee to the Caribou Creek Housing Corporation project lender to a maximum of \$2 million for the development of sixty four housing units. This amount has been included in the debt limit calculation above.

8. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2011	2010
Unrestricted surplus	1,228,935	1,657,315
Restricted surplus		
Operating	533,385	423,319
Capital	2,178,447	2,442,395
Equity in tangible capital assets	<u>46,484,460</u>	<u>41,502,395</u>
	<u>50,425,227</u>	<u>46,025,423</u>

9. Equity in tangible capital assets

	2011	2010
Tangible capital assets (Schedule II)	74,104,819	68,356,109
Accumulated amortization (Schedule II)	- 20,711,120	- 19,290,859
Long -term debt (Note 6)	- 6,909,239	- 7,562,858
	<u>46,484,460</u>	<u>41,502,392</u>

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

10. Salary and benefits disclosure

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

	Salary	Benefits & Allowances	2011	2010
Mayor Ireland	32,716	5,024	37,740	37,665
Councillor Zinck	20,849	4,632	25,481	25,477
Councillor Day	18,654	4,560	23,214	20,560
Councillor Skehill	21,714	543	22,257	19,699
Councillor Damota	19,649	475	20,124	18,294
Councillor Wall	16,674	4,494	21,168	2,511
Councillor Wacko	16,099	4,113	20,212	4,188
Councillor Melnyk				16,987
Councillor Kongsrud				15,922
Chief Administrative Officer	97,366	7,764	105,130	112,648

Salary includes regular base pay, bonuses, overtime, lump-sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition. Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits.

11. Contingencies

- a) The Municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX) 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.

- b) The Municipality is a defendant in lawsuits arising in the normal course of operations and involving various amounts. Administration is of the opinion that the results of these actions should not have any material effect on the financial position of the Municipality. No amounts have been accrued in these financial statements relating to any of these actions. Any awards or settlements will be reflected in the statement of revenue and expenditures as the matters are resolved or when sufficient information on amounts and likelihoods are known.

- c) The Municipality agreed to provide a short-term loan guarantee to the Caribou Creek Housing Corporation ("the Corporation") for development of restricted gain housing. The guarantee is for 30% of each financing stage to a maximum of \$2 million, secured by a second charge on the land and buildings. The guarantee if drawn upon, is to be repaid from the sale proceeds of housing units after repayment of the primary lender's loans. Interest on the short term loan and the loan guarantee if drawn upon, are to be paid for by the Corporation. The Municipality would be required to perform under the guarantee if it became apparent that the Caribou Housing Corporation was unable to make payments on its debt. It is the Municipality's opinion that the Corporation will be able to make payments. Construction of the units commenced in 2011 and is expected to conclude by late 2013. This amount is included in the Debt Limit (see Note 7). Any cost overruns are covered by the Corporation or the Municipality at the time they occur before the next progress advance will be considered.

12. Commitments

The Municipality has entered into the following multiple year contracts:

a) *Accurate Assessment Group*

Agreement for property tax assessment services was renewed on a variable rate for a five year term ending 2015.

b) *Transalta Energy*

Two year agreement ending 2013 for supply of electricity.
Five year agreement ending 2013 for the supply of natural gas.

c) *Jasper Volunteer Fire Brigade Society*

2012	61,795
2013	63,803

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

d) *Parks Canada*

Agreement for land rent and planning services beginning in 2003, for \$475,000. Subsequent years' cost are adjusted for changes in the consumer price index. The 2011 expense for land rent and planning services was \$572,614 (2010 - \$562,822)

e) *IOS Financial Services*

Operating lease commitments requiring quarterly payments of \$1,542 ending March 2014

2012	6,184
2013	6,184
2014	1,542

f) *TD Bank Financial Group*

Banking services to November 2016.

13. Budget figures

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

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

14. Other Revenue	Budget	2011	2010
Operating			
Other	357,795	370,012	345,422
Rents	452,951	535,233	482,667
Franchise and Concession Contracts	320,000	328,665	357,357
Interest Income	38,000	51,260	38,815
Sales to other governments	62,025	61,421	58,806
Fines	41,000	40,650	40,278
Penalties and interest on taxes	27,500	38,123	35,055
Development Levies	10,000		13,824
	1,309,271	1,425,364	1,372,224
Capital			
Cost recoveries		117,208	120,638
Gain on disposal of tangible capital assets		208,173	-
interest income		34,822	6,853
Donations		0	10,000
		360,203	137,491
Total	1,309,271	1,785,567	1,509,715

15. Financial Instruments

The Municipality of Jasper as part of its operations carries a number of financial instruments which include cash and cash equivalents, taxes and grants in lieu of taxes receivable, trade and other accounts receivable, accounts payable and accrued liabilities, tax over-levies, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risk arising from these financial instruments. The carrying value of the Municipality's financial instruments approximates their fair value.

The Municipality is subject to credit risk with respect to trade and other accounts receivable and taxes and grants in lieu of taxes receivables. Credit risk arises from the possibility that entities and taxpayers to which the Municipality provides services may be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

Municipality of Jasper
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

16. 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 *Alberta Public Sector Pensions Plan Act*. The LAPP serves approximately 133,000 employees and approximately 389 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The Municipality is required to make current service contributions to the LAPP of 9.06% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.53% of the excess. Employees of the Municipality are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2011 were \$236,016 (2010- \$224,050). Total current service contributions by the employees of the Municipality to the LAPP in 2011 were \$212,912 (2010 - \$201,001).

At December 31, 2010 the date of the most recent actuarial valuations, the LAPP disclosed an actuarial deficiency of \$4.635 million.

17. Trust funds

The Municipality administers the following trusts:

	<u>2011</u>	<u>2010</u>
<i>Scholarships</i>		
Balance, Beginning of the Year	115,138	111,267
Deduct - Scholarships Awarded	-2,500	-2,500
Add - income from investments	3,502	3,020
Add - contributions	<u>14,492</u>	<u>3,351</u>
Balance, end of the Year	<u>130,632</u>	<u>115,138</u>

18. Segmented Disclosure

The Municipality provides a range of services to its ratepayers. For each reported segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure

19. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.