

MUNICIPALITY OF JASPER
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Municipality of Jasper

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Municipality of Jasper (the "Municipality") which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, consolidated changes in net financial assets 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, the consolidated financial statements present fairly, in all material respects, the financial position of Municipality of Jasper as at December 31, 2016, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
May 2, 2017


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MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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 public sector accounting standards. 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 responsibility 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 the consolidated 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 the 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 the appointment of the Municipality's external auditors.

Hawkings Epp Dumont LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. 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.

Mark Fercho, Chief Administrative Officer

Natasha Malenchak, Director of Finance and Administration

Jasper, Alberta
May 2, 2017

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash	\$ 8,313,550	\$ 9,201,022
Taxes and grants in place of taxes receivable (Note 2)	196,219	146,597
Trade and other receivables (Note 3)	1,626,603	1,291,165
Debt recoverable - local improvements	61,226	73,225
Deposits	<u>-</u>	<u>295,000</u>
	<u>10,197,598</u>	<u>11,007,009</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 1,030,081	\$ 2,269,585
Deposit liabilities	50,615	45,014
Deferred revenue (Note 7)	2,612,267	2,628,571
Long-term debt (Note 8)	3,404,743	4,001,616
Employee benefit obligations (Note 5)	<u>305,683</u>	<u>306,714</u>
	<u>7,403,389</u>	<u>9,251,500</u>
NET FINANCIAL ASSETS	<u>2,794,209</u>	<u>1,755,509</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	58,432,682	58,114,900
Inventory for consumption	41,367	42,589
Prepaid expenses	<u>316,495</u>	<u>182,276</u>
	<u>58,790,544</u>	<u>58,339,765</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 61,584,753</u>	<u>\$ 60,095,274</u>

CONTINGENCIES (Note 13)

APPROVED ON BEHALF OF COUNCIL:

MUNICIPALITY OF JASPER

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
REVENUES			
Net municipal property taxes (<i>Schedule 2</i>)	\$ 6,536,793	\$ 6,553,567	\$ 6,241,419
User fees and sales of goods	5,193,333	4,839,982	4,743,242
Other	1,964,064	2,177,702	1,988,481
Government transfers for operating (<i>Schedule 3</i>)	<u>1,030,904</u>	<u>1,222,753</u>	<u>1,181,370</u>
	<u>14,725,094</u>	<u>14,794,004</u>	<u>14,154,512</u>
EXPENSES			
Utilities	3,124,881	3,748,689	3,467,873
Parks and recreation	3,144,498	3,374,782	3,312,578
Public health and welfare	2,011,603	2,278,020	2,090,122
Roads, streets, and equipment	1,458,981	2,184,570	2,225,418
Administration	1,262,110	1,398,347	1,354,712
Protective services	961,228	1,091,468	973,728
Library and culture	345,212	443,014	217,774
Planning and development	305,584	272,968	275,983
Legislative	<u>299,576</u>	<u>212,429</u>	<u>239,623</u>
	<u>12,913,673</u>	<u>15,004,287</u>	<u>14,157,811</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>1,811,421</u>	<u>(210,283)</u>	<u>(3,299)</u>
OTHER INCOME			
Government transfers for capital (<i>Schedule 3</i>)	-	1,687,668	1,120,798
Other contributions for capital	-	3,694	-
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>8,400</u>	<u>-</u>
	<u>-</u>	<u>1,699,762</u>	<u>1,120,798</u>
EXCESS OF REVENUE OVER EXPENSES	<u>1,811,421</u>	<u>1,489,479</u>	<u>1,117,499</u>
ACCUMULATED SURPLUS, BEGINNING	<u>60,095,274</u>	<u>60,095,274</u>	<u>58,977,775</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 61,906,695</u>	<u>\$ 61,584,753</u>	<u>\$ 60,095,274</u>

MUNICIPALITY OF JASPER

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ <u>1,811,421</u>	\$ <u>1,489,479</u>	\$ <u>1,117,499</u>
Acquisition of tangible capital assets	(3,900,918)	(2,686,203)	(2,050,358)
Proceeds on disposal of tangible capital assets	-	12,000	-
Amortization of tangible capital assets	-	2,364,822	2,150,173
Loss (gain) on disposal of tangible capital assets	-	(8,400)	(286)
	<u>(3,900,918)</u>	<u>(317,781)</u>	<u>99,529</u>
Net change in inventory for consumption	-	1,221	5,049
Net change in prepaid expenses	-	(134,219)	196,072
	<u>-</u>	<u>(132,998)</u>	<u>201,121</u>
INCREASE IN NET FINANCIAL ASSETS	(2,089,497)	1,038,700	1,418,149
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,755,509</u>	<u>1,755,509</u>	<u>337,360</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>(333,988)</u>	\$ <u>2,794,209</u>	\$ <u>1,755,509</u>

MUNICIPALITY OF JASPER

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 1,489,479	\$ 1,117,499
Deduct items not affecting cash:		
Loss (gain) on disposal of tangible capital assets	(8,400)	(286)
Amortization of tangible capital assets	2,364,822	2,150,173
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(49,622)	(13,950)
Trade and other receivables	(335,438)	(126,768)
Debt recoverable - local improvements	11,999	41,723
Accounts payable and accrued liabilities	(1,240,535)	40,772
Deposit liabilities	5,601	(5,834)
Deferred revenue	(16,304)	878,440
Deposits	295,000	(20,000)
Inventory for consumption	1,222	5,049
Prepaid expenses	<u>(134,219)</u>	<u>196,073</u>
	<u>2,383,605</u>	<u>4,262,891</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,686,203)	(2,050,358)
Proceeds on disposal of tangible capital assets	12,000	-
Recoverable costs received	<u>-</u>	<u>-</u>
	<u>(2,674,203)</u>	<u>(2,050,358)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	<u>(596,874)</u>	<u>(776,215)</u>
INCREASE (DECREASE) IN CASH	(887,472)	1,436,318
CASH, BEGINNING OF YEAR	\$ <u>9,201,022</u>	\$ <u>7,764,704</u>
CASH, END OF YEAR	\$ <u>8,313,550</u>	\$ <u>9,201,022</u>

MUNICIPALITY OF JASPER
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 1

	<u>Unrestricted</u>	<u>Restricted for Operating</u>	<u>Restricted for Capital</u>	<u>Equity in Tangible Capital Assets</u>	<u>2016 Total</u>	<u>2015 Total</u>
Balance, Beginning of Year	\$ 2,023,006	\$ 1,281,359	\$ 2,604,400	\$ 54,186,509	\$ 60,095,274	\$ 58,977,775
Excess of Revenue over Expenses	1,489,479	-	-	-	1,489,479	1,117,499
Purchase of tangible capital assets	(2,686,203)	-	-	2,686,203	-	-
Annual amortization expense	2,364,822	-	-	(2,364,822)	-	-
Disposal of tangible capital assets	3,600	-	-	(3,600)	-	-
Unrestricted funds designated for future use	(325,395)	155,295	170,100	-	-	-
Long-term debt repaid	(596,874)	-	-	596,874	-	-
Payments on local improvements	<u>11,999</u>	<u>-</u>	<u>-</u>	<u>(11,999)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>\$ 2,284,434</u>	<u>\$ 1,436,654</u>	<u>\$ 2,774,500</u>	<u>\$ 55,089,165</u>	<u>\$ 61,584,753</u>	<u>\$ 60,095,274</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUNICIPALITY OF JASPER
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 2

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
TAXATION			
Real property taxes	\$ 10,351,568	\$ 10,514,359	\$ 9,582,462
Linear property taxes	449,192	449,192	448,441
Government grants in place of property taxes	<u>639,908</u>	<u>639,908</u>	<u>621,982</u>
	<u>11,440,668</u>	<u>11,603,459</u>	<u>10,652,885</u>
REQUISITIONS			
Alberta School Foundation Fund	3,766,878	3,767,742	3,641,290
Land rent to Parks Canada	429,739	430,480	423,224
Planning reserves to Parks Canada	200,649	193,404	190,144
Evergreen Foundation	<u>506,609</u>	<u>658,266</u>	<u>156,808</u>
	<u>4,903,875</u>	<u>5,049,892</u>	<u>4,411,466</u>
NET MUNICIPAL TAXES	<u>\$ 6,536,793</u>	<u>\$ 6,553,567</u>	<u>\$ 6,241,419</u>

MUNICIPALITY OF JASPER
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 3

	<u>2016</u> (Budget) (Note 17)	2016 (Actual)	<u>2015</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 755,904	\$ 935,829	\$ 895,358
Federal government	<u>275,000</u>	<u>286,924</u>	<u>286,012</u>
	<u>1,030,904</u>	<u>1,222,753</u>	<u>1,181,370</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	1,685,991	1,112,799
Federal government	<u>-</u>	<u>1,677</u>	<u>7,999</u>
	<u>-</u>	<u>1,687,668</u>	<u>1,120,798</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,030,904</u>	<u>\$ 2,910,421</u>	<u>\$ 2,302,168</u>

MUNICIPALITY OF JASPER
SCHEDULE OF SEGMENT DISCLOSURES
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 4

	General Government	Transportation	Legislative	Environmental Services	Parks and Recreation	Protective Services	Library and Museum	Public Health	Economic Development	Total
REVENUE										
Net municipal taxes	\$ 6,553,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,553,567
Sales and user charges	5,713	-	7,603	3,260,401	697,923	42,615	-	824,962	765	4,839,982
Government transfers	114,417	165,948	-	448,836	102,636	235,379	1,015,783	827,422	-	2,910,421
Rent	83	-	490,109	-	399,744	101,118	-	-	79,273	1,070,327
Franchise and concession contracts	406,813	-	-	-	-	-	-	-	-	406,813
Other	4,548	53,894	-	-	124,827	-	-	104,988	13	288,270
Licenses and permits	33,406	-	-	-	-	91,143	-	-	-	124,549
Interest income	91,092	-	-	-	-	-	-	-	-	91,092
Fines	-	-	-	-	-	79,975	-	-	-	79,975
Sales to other governments	-	-	-	79,241	-	-	-	-	-	79,241
Penalties and costs on taxes	41,129	-	-	-	-	-	-	-	-	41,129
Gain on disposal of tangible capital assets	-	-	-	-	-	8,400	-	-	-	8,400
	<u>7,250,768</u>	<u>219,842</u>	<u>497,712</u>	<u>3,788,478</u>	<u>1,325,130</u>	<u>558,630</u>	<u>1,015,783</u>	<u>1,757,372</u>	<u>80,051</u>	<u>16,493,766</u>
EXPENSES										
Salaries, wages and benefits	870,306	547,597	156,029	1,130,723	1,588,336	563,304	241,768	1,920,329	27,043	7,045,435
Contracted and general services	380,567	231,710	31,950	1,076,971	310,111	123,815	-	115,299	79,506	2,349,929
Materials, goods, and utilities	94,180	486,017	24,450	770,725	1,073,324	120,565	-	112,665	110,986	2,792,912
Amortization	28,645	904,617	-	591,303	387,723	201,387	111,050	97,165	42,933	2,364,823
Interest on long-term debt	-	14,629	-	170,439	-	13,361	-	-	-	198,429
Transfers to individuals and organizations	-	-	-	8,025	8,000	69,036	-	18,338	12,500	115,899
Transfers to local boards and agencies	-	-	-	-	-	-	90,196	4,807	-	95,003
Bank charges and short-term interest	9,445	-	-	-	7,288	-	-	9,374	-	26,107
Provision for allowances	15,204	-	-	503	-	-	-	43	-	15,750
	<u>1,398,347</u>	<u>2,184,570</u>	<u>212,429</u>	<u>3,748,689</u>	<u>3,374,782</u>	<u>1,091,468</u>	<u>443,014</u>	<u>2,278,020</u>	<u>272,968</u>	<u>15,004,287</u>
NET REVENUE (DEFICIT)	<u>\$ 5,852,421</u>	<u>\$ (1,964,728)</u>	<u>\$ 285,283</u>	<u>\$ 39,789</u>	<u>\$ (2,049,652)</u>	<u>\$ (532,838)</u>	<u>\$ 572,769</u>	<u>\$ (520,648)</u>	<u>\$ (192,917)</u>	<u>\$ 1,489,479</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUNICIPALITY OF JASPER
SCHEDULE OF SEGMENT DISCLOSURES

SCHEDULE 4

For The Year Ended December 31, 2015

	General Government	Transportation	Legislative	Environmental Services	Parks and Recreation	Protective Services	Library and Museum	Public Health	Economic Development	Total
REVENUE										
Net municipal taxes	\$ 6,241,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,241,419
Sales and user charges	3,168	-	4,534	3,256,008	701,301	66,177	-	711,289	765	4,743,242
Government transfers	72,586	356,258	-	142,228	154,811	514,014	351,049	710,748	474	2,302,168
Rent	150	-	416,968	-	362,649	96,818	-	-	81,328	957,913
Franchise and concession contracts	395,681	-	-	-	-	-	-	-	-	395,681
Other	35,489	15,111	-	4,294	537	-	-	191,735	2,177	249,343
Licenses and permits	31,532	-	-	-	-	79,799	-	-	-	111,331
Interest income	90,146	-	-	-	-	-	-	-	-	90,146
Fines	-	-	-	-	-	62,142	-	-	-	62,142
Sales to other governments	-	-	-	78,262	-	-	-	-	-	78,262
Penalties and costs on taxes	<u>43,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,663</u>
	<u>6,913,834</u>	<u>371,369</u>	<u>421,502</u>	<u>3,480,792</u>	<u>1,219,298</u>	<u>818,950</u>	<u>351,049</u>	<u>1,613,772</u>	<u>84,744</u>	<u>15,275,310</u>
EXPENSES										
Salaries, wages, and benefits	773,793	497,712	163,684	1,040,310	1,553,255	487,209	117,255	1,792,917	24,591	6,450,726
Contracted and general services	450,410	291,359	57,892	1,013,394	399,323	115,905	-	75,722	66,554	2,470,559
Materials, goods, and utilities	95,012	542,011	18,047	652,853	964,172	126,497	-	93,681	131,880	2,624,153
Amortization	27,117	876,166	-	565,320	376,984	154,749	10,000	96,904	42,933	2,150,173
Interest on long-term debt	-	18,170	-	189,545	3,621	21,686	-	-	-	233,022
Transfers to individuals and organizations	-	-	-	6,451	8,400	67,682	-	18,338	10,025	110,896
Transfers to local boards and agencies	-	-	-	-	-	-	90,519	4,672	-	95,191
Bank charges and short-term interest	8,380	-	-	-	6,823	-	-	7,303	-	22,506
Provision for allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>585</u>	<u>-</u>	<u>585</u>
	<u>1,354,712</u>	<u>2,225,418</u>	<u>239,623</u>	<u>3,467,873</u>	<u>3,312,578</u>	<u>973,728</u>	<u>217,774</u>	<u>2,090,122</u>	<u>275,983</u>	<u>14,157,811</u>
NET REVENUE (DEFICIT)	<u>\$ 5,559,122</u>	<u>\$ (1,854,049)</u>	<u>\$ 181,879</u>	<u>\$ 12,919</u>	<u>\$ (2,093,280)</u>	<u>\$ (154,778)</u>	<u>\$ 133,275</u>	<u>\$ (476,350)</u>	<u>\$ (191,239)</u>	<u>\$ 1,117,499</u>

The accompanying notes are an integral part of the consolidated financial statements.

MUNICIPALITY OF JASPER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 5

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2016</u>	<u>2015</u>
COST:								
Balance, Beginning of Year	\$ 403,759	\$ 4,225,964	\$ 31,481,890	\$ 42,135,068	\$ 5,304,331	\$ 3,043,027	\$ 86,594,039	\$ 84,543,680
Additions	-	107,726	1,138,078	995,763	184,552	260,084	2,686,203	2,050,358
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Balance, End of Year	<u>403,759</u>	<u>4,333,690</u>	<u>32,619,968</u>	<u>43,130,831</u>	<u>5,488,883</u>	<u>3,243,111</u>	<u>89,220,242</u>	<u>86,594,038</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	2,409,014	8,534,713	13,196,025	2,758,828	1,580,558	28,479,138	26,329,251
Amortization expense	-	165,908	594,208	1,048,061	397,477	159,168	2,364,822	2,150,173
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,400)</u>	<u>(56,400)</u>	<u>(286)</u>
Balance, End of Year	<u>-</u>	<u>2,574,922</u>	<u>9,128,921</u>	<u>14,244,086</u>	<u>3,156,305</u>	<u>1,683,326</u>	<u>30,787,560</u>	<u>28,479,138</u>
2016 NET BOOK VALUE	<u>\$ 403,759</u>	<u>\$ 1,758,768</u>	<u>\$23,491,047</u>	<u>\$ 28,886,745</u>	<u>\$ 2,332,578</u>	<u>\$ 1,559,785</u>	<u>\$ 58,432,682</u>	<u>\$ -</u>
2015 NET BOOK VALUE	<u>\$ 403,759</u>	<u>\$ 1,816,950</u>	<u>\$22,947,176</u>	<u>\$ 28,939,043</u>	<u>\$ 2,545,503</u>	<u>\$ 1,462,469</u>	<u>\$ -</u>	<u>\$ 58,114,900</u>

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows 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 and the Jasper Municipal Leasehold Assets Society.

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 consolidated statements exclude trust assets that are administered by the Municipality 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(CONT'D)

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where management 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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(d) Tax Revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Municipality. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(e) 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 consolidated 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.

(CONT'D)

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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 change in net financial assets for the year.

Tangible Capital Assets

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

	<u>Years</u>
Land improvements	15 - 30
Buildings	10 - 50
Engineered structures	
Roads	20 - 40
Water system	45 - 75
Wastewater system	45 - 75
Storm system	45 - 75
Sidewalks	30 - 60
Machinery and equipment	5 - 20
Vehicles	10 - 25

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

Land Leases

Land leases and the improvements thereon are leased and held by the Jasper Municipal Leasehold Society (registered as No. 50662485 on August 2, 1995) for the benefit of the residents of the Municipality. 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.

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

(CONT'D)

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Non-financial assets (cont'd)

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.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

(g) 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.

(h) Pension Expenses

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

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2016</u>	<u>2015</u>
Current taxes and grants in place of taxes	\$ 110,782	\$ 116,940
Arrears taxes	<u>88,217</u>	<u>32,649</u>
	198,999	149,589
Less: Allowance for doubtful accounts	<u>(2,780)</u>	<u>(2,992)</u>
	<u>\$ 196,219</u>	<u>\$ 146,597</u>

(CONT'D)

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

3. TRADE AND OTHER RECEIVABLES

	<u>2016</u>	<u>2015</u>
Trade accounts receivable	\$ 1,204,798	\$ 1,098,964
Receivables from governments	254,224	102,547
Goods and Services Tax recoverable	<u>186,395</u>	<u>101,361</u>
	1,645,417	1,302,872
Less: Allowance for doubtful accounts	<u>(18,814)</u>	<u>(11,707)</u>
	<u>\$ 1,626,603</u>	<u>\$ 1,291,165</u>

4. LINE OF CREDIT

The Municipality has a revolving demand credit facility of \$800,000 with an additional \$750,000 available from January 1 to July 30 annually. The demand loan bears interest at the bank's prime rate, was not drawn on at December 31, 2016 (2015 - \$NIL) and is unsecured.

5. EMPLOYEE BENEFITS OBLIGATION

	<u>2016</u>	<u>2015</u>
Overtime	\$ 247,332	\$ 244,839
Vacation	<u>58,351</u>	<u>61,875</u>
	<u>\$ 305,683</u>	<u>\$ 306,714</u>

Employee benefits obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The Municipality does not provide post-employment benefits to employees.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Trade and other accounts payable	\$ 750,065	\$ 1,273,634
Holdbacks payable	115,381	833,689
Accrued salaries and wages	118,963	107,079
Accrued interest on long-term debt	<u>45,672</u>	<u>55,183</u>
	<u>\$ 1,030,081</u>	<u>\$ 2,269,585</u>

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

7. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2015</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2016</u>
Operating				
Municipal Sustainability Initiative Grant	\$ 34,456	\$ 54,059	\$ 29,417	\$ 59,098
Tourism Study	102,938	-	85,000	17,938
Municipal Information Mapping Grant	<u>2,385</u>	<u>-</u>	<u>-</u>	<u>2,385</u>
	<u>139,779</u>	<u>54,059</u>	<u>114,417</u>	<u>79,421</u>
Capital				
Municipal Sustainability Initiative Grant	1,802,905	1,467,839	1,301,894	1,968,850
Basic Municipal Transportation Grant	228,074	2,281	-	230,355
Offsite levies	<u>127,841</u>	<u>69,176</u>	<u>103,969</u>	<u>93,048</u>
	<u>2,158,820</u>	<u>1,539,296</u>	<u>1,405,863</u>	<u>2,292,253</u>
Other deferred revenue	<u>329,972</u>	<u>-</u>	<u>89,379</u>	<u>240,593</u>
	<u>\$ 2,628,571</u>	<u>\$ 1,593,355</u>	<u>\$ 1,609,659</u>	<u>\$ 2,612,267</u>

The Basic Municipal Transportation Grant and Municipal Sustainability Initiative Grant are multi-year grant programs that remit funding annually, but allow funding to be applied to projects over a five year period.

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

8. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$163,397 including interest at 5.875%; due July 2017; issued to finance the Emergency Building.	\$ 154,331	\$ 300,098
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$46,682 including interest at 4.654%; due December 2019; issued to finance the Public Works Building.	258,627	337,202
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$104,926 including interest at 4.795%; due March 2024; issued to finance the Waste Water Treatment Plant.	1,308,984	1,450,945
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$338,197 including interest at 5.625%; due October 2022; issued to finance the Waste Water Treatment Plant.	<u>1,682,801</u>	<u>1,913,371</u>
	<u>\$ 3,404,743</u>	<u>\$ 4,001,616</u>

The current portion of the long-term debt amounts to \$ 628,996 (2015 - \$596,876).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 628,996	\$ 175,817	\$ 804,813
2018	499,460	141,954	641,414
2019	525,559	115,855	641,414
2020	458,580	89,470	548,050
2021	483,049	65,001	548,050
Thereafter	<u>809,099</u>	<u>53,730</u>	<u>862,829</u>
	<u>\$ 3,404,743</u>	<u>\$ 641,827</u>	<u>\$ 4,046,570</u>

Debenture debt is issued on the credit and security of the Municipality at large.

The Municipality's total cash payments for interest amounted to \$207,939 (2015 - \$242,255).

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

9. DEBT LIMITS

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

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 22,191,006	\$ 21,231,768
Total debt	<u>(3,404,743)</u>	<u>(4,001,616)</u>
Amount of debt limit unused	<u>\$ 18,786,263</u>	<u>\$ 17,230,152</u>
Service on debt limit	\$ 3,698,501	\$ 3,538,628
Service on debt	<u>(804,813)</u>	<u>(804,813)</u>
Amount of service on debt limit unused	<u>\$ 2,893,688</u>	<u>\$ 2,733,815</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 limits 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Net book value of tangible capital assets	\$ 58,432,682	\$ 58,114,900
Debt recoverable - local improvements	61,226	73,225
Long-term debt related to tangible capital assets	<u>(3,404,743)</u>	<u>(4,001,616)</u>
	<u>\$ 55,089,165</u>	<u>\$ 54,186,509</u>

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

11. ACCUMULATED SURPLUS

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	<u>\$ 2,284,434</u>	<u>\$ 2,023,006</u>
Restricted surplus		
General operations	1,436,655	1,281,359
Recreation	502,947	300,791
Fire	359,231	575,704
Utilities	783,867	760,538
Environmental	544,034	533,407
Parking Authority	251,680	197,785
Public housing	199,327	172,935
Library construction fund	75,244	30,244
Public Health	<u>58,169</u>	<u>32,996</u>
	<u>4,211,154</u>	<u>3,885,759</u>
Equity in tangible capital assets	<u>55,089,165</u>	<u>54,186,509</u>
	<u>\$ 61,584,753</u>	<u>\$ 60,095,274</u>

12. TRUST FUNDS

A summary of the trust funds help by the Municipality is as follows:

	<u>2016</u>	<u>2015</u>
Jasper Sports and Culture	<u>\$ 95,516</u>	<u>\$ 95,018</u>
Atkinson	17,757	17,287
Betkowski	16,276	15,846
MPL Hospitality/Business	5,645	5,496
MPL Health Care	<u>5,531</u>	<u>5,384</u>
	<u>\$ 140,725</u>	<u>\$ 139,031</u>

Trust funds administered by the Municipality have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

13. CONTINGENCIES

- a) The Municipality is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the Municipality could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. 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 consolidated financial statements relating to any of these activities. Any awards or settlements will be reflected in the Statement of Operations as the matters are resolved or when sufficient information on amounts and likelihood is known.

14. 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 Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipality is required to make current service contributions to the LAPP consisting of 11.39% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 15.84% of the excess.

Total current service contributions made by the Municipality to the LAPP in 2015 were \$352,598 (2014 - \$290,443). Total current service contributions made by the employees of the County to the LAPP in 2015 were \$323,929 (2014 - \$316,189).

At December 31, 2015 the LAPP disclosed an actuarial deficiency of \$923.4 million (2014 - 2.4 billion).

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

15. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salary</u>	<u>Honorarium</u>	<u>Benefits</u>	Total 2016	Total 2015
Mayor Ireland	\$ 31,359	\$ 7,990	\$ 4,945	\$ 44,294	\$ 46,340
Councillor Damota	11,978	2,229	4,097	18,304	17,407
Councillor Wall	11,978	3,162	4,287	19,427	22,619
Councillor Wacko	11,978	4,090	4,177	20,245	20,312
Councillor Arsenault	11,978	1,857	4,103	17,938	20,450
Councillor Kelleher-Empey	11,978	4,644	4,195	20,817	22,204
Councillor Nesbitt	<u>10,981</u>	<u>-</u>	<u>4,023</u>	<u>15,004</u>	<u>16,516</u>
	<u>\$ 102,230</u>	<u>\$ 23,972</u>	<u>\$ 29,827</u>	<u>\$ 156,029</u>	<u>\$ 165,848</u>
Chief Administrative Officer	<u>\$ 155,958</u>	<u>\$ -</u>	<u>\$ 30,738</u>	<u>\$ 186,696</u>	<u>\$ 180,098</u>

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

Benefits include the employer's share of all employee benefits and contributions or payments including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, and tuition.

16. SEGMENTED INFORMATION

The Municipality provides a range of services to its ratepayers. For each reported segment, revenues 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 consolidated financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 4).

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

17. BUDGET DATA

The budget presented in these financial statements is based on the 2016 operating budget approved by Council on May 3, 2016. The Municipality compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenditures to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>Budget 2016</u>	<u>Actual 2016</u>	<u>Actual 2015</u>
Excess of Revenue over Expenses, per financial statements	\$ <u>1,811,421</u>	\$ <u>1,489,479</u>	\$ <u>1,117,499</u>
Add back:			
Amortization expense	-	2,364,822	2,150,173
Net transfers (to) from reserves	<u>(1,245,018)</u>	<u>(325,395)</u>	<u>(829,166)</u>
	<u>(1,245,018)</u>	<u>2,039,427</u>	<u>1,321,007</u>
Deduct:			
Principal repayment of long-term debt	566,403	596,874	776,216
(Gain) loss on disposal of tangible capital assets	-	(8,400)	(286)
Purchases of tangible capital assets	3,900,918	2,686,203	2,050,358
Government transfers for capital	<u>-</u>	<u>1,687,668</u>	<u>1,120,798</u>
	<u>4,467,321</u>	<u>4,962,345</u>	<u>3,947,086</u>
Results of Operations as Budgeted	\$ <u>(3,900,918)</u>	\$ <u>(1,433,439)</u>	\$ <u>(1,508,580)</u>

MUNICIPALITY OF JASPER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

18. FINANCIAL INSTRUMENTS

The Municipality's financial instruments include cash, 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 Municipality is subject to credit risk with respect to taxes and grants in lieu of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying values of the financial instruments approximates fair values.

19. COMPARATIVE FIGURES

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

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements on May 2, 2017.