

**Municipality of Jasper
Financial Statements**

December 31, 2010





MEYERS NORRIS PENNY LLP

Administration's Responsibility for Financial Reporting

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

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

The elected Mayor and Council of the Municipality of Jasper are composed entirely of individuals who are neither administration nor employees of the Municipality. 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.

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

April 5, 2011

Manager



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
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Independent Auditor's Report

To the Mayor and Councilors of the Municipality of Jasper:

We have audited the accompanying consolidated statements of the Municipality of Jasper, which comprise the statement of financial position at December 31, 2010, the consolidated statements of operations, change in net debt, and cash flows, and schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Consolidated Financial Statements

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

Auditor's 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 an audit to obtain reasonable assurance about whether the 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 auditor considers internal controls 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 controls. An audit also includes evaluation the appropriateness of the 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 the audit evidence 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 the Municipality of Jasper as at December 31, 2010, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Meyus Norris Penny LLP

April 5, 2011
Leduc, Alberta

Chartered Accountants



Municipality of Jasper
Consolidated Statement of Financial Position

As at December 31, 2010

	2010	<i>2009</i> <i>Restated</i>
Financial assets		
Cash and equivalents <i>(Note 2)</i>	3,502,299	5,177,207
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	74,550	47,776
Trade and other accounts receivable	3,715,036	3,780,491
Tax under-levies <i>(Note 4)</i>	38,670	-
Other financial assets	139,794	130,441
	7,470,349	9,135,915
Liabilities		
Accounts payable and accrued liabilities	1,884,828	1,776,013
Deposits	13,813	11,988
Tax over-levies <i>(Note 4)</i>	-	17,495
Deferred revenue <i>(Note 5)</i>	1,320,653	3,079,366
Long-term debt <i>(Note 6)</i>	7,562,859	7,002,485
	10,782,153	11,887,347
Net debt	(3,311,804)	(2,751,432)
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	49,065,252	44,577,337
Prepaid expenses	271,975	258,033
	49,337,227	44,835,370
Accumulated surplus <i>(Note 8)</i>	46,025,423	42,083,938

Contingencies *(Note 11)*

Commitments *(Note 12)*

Approved on behalf of Council:

_____ Mayor

_____ Councilor

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Consolidated Statement of Operations

For the year ended December 31, 2010

	2010 Budget	2010	2009 Restated
Revenue			
Net municipal property taxes (<i>Schedule III</i>)	5,146,121	5,135,920	5,054,340
Sales, user charges and costs recovered	3,910,301	3,989,185	3,765,742
Government transfers (<i>Schedule IV</i>)	1,675,898	2,632,850	3,133,006
Other (<i>Note 14</i>)	1,090,670	1,372,223	1,368,584
	11,822,990	13,130,178	13,321,672
Expenses			
Parks and recreation	3,067,910	3,135,356	2,863,977
Utilities	2,802,824	2,832,557	2,656,249
Public health and welfare	1,662,485	1,748,612	1,586,190
Protective services	1,424,594	1,638,769	994,045
Roads, streets and equipment	1,480,806	1,279,258	1,404,256
Planning and development	255,569	1,212,467	2,189,676
Administration	1,228,470	1,058,325	1,158,790
Legislative	307,136	249,664	245,596
Library and culture	190,509	190,509	190,509
	12,420,303	13,345,517	13,289,288
Excess (deficiency) of revenue before other	(597,313)	(215,339)	32,384
Other			
Government transfers for capital (<i>Schedule IV</i>)	1,804,986	4,019,333	2,298,851
Other (<i>Note 14</i>)	-	137,491	46,711
	1,804,986	4,156,824	2,345,562
Excess of revenue over expenses	1,207,673	3,941,485	2,377,946
Accumulated surplus, beginning, as previously stated	48,004,480	48,004,480	42,632,526
Correction of error (<i>Note 20</i>)	-	(5,920,542)	(2,926,534)
Accumulated surplus, beginning, as restated	48,004,480	42,083,938	39,705,992
Accumulated surplus, end of year	49,212,153	46,025,423	42,083,938

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Consolidated Statement of Change in Net Debt
For the year ended December 31, 2010

	2010 Budget	2010	2009 Restated
Excess of revenue over expenses	1,207,673	3,941,485	2,377,946
Acquisition of tangible capital assets	(13,193,633)	(6,235,984)	(3,240,468)
Amortization of tangible capital assets	1,700,000	1,726,782	1,631,375
Loss on disposal of tangible capital assets	-	21,287	-
Acquisition (use) of prepaid assets	-	(13,942)	2,030
Increase (decrease) in net financial assets	(10,285,960)	(560,372)	770,883
Net financial assets (debt), beginning of year, as previously stated	3,169,110	3,169,110	(595,781)
Correction of error (<i>Note 20</i>)	-	(5,920,542)	(2,926,534)
Net financial assets (debt), beginning of year, as restated	3,169,110	(2,751,432)	(3,522,315)
Net debt, end of year	(7,116,850)	(3,311,804)	(2,751,432)

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Consolidated Statement of Cash Flows
For the year ended December 31, 2010

	2010	<i>2009 Restated</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	3,941,485	2,377,946
Non-cash items:		
Amortization of tangible capital assets	1,726,782	1,631,375
Loss on disposal of tangible capital assets	21,287	-
Net change in on-cash working capital balances:		
Increase (decrease) in deferred revenue	(1,758,713)	1,054,518
Decrease (increase) in prepaid expenses	(13,942)	2,030
Increase in accounts payable and accrued liabilities	(94,290)	96,268
Decrease (increase) in trade and other accounts receivable	65,455	(1,562,397)
Decrease (increase) in tax receivables	(26,774)	59,124
Decrease (increase) in tax under-levies	(56,165)	25,705
Increase in deposit liabilities	1,825	(3,800)
Decrease (increase) in other financial assets	(9,353)	4,646
	3,797,597	3,685,415
Capital		
Acquisition of tangible capital assets	(6,032,879)	(3,280,608)
Financing		
Proceeds from long-term debt	1,000,000	-
Repayment of long-term debt	(439,626)	(434,756)
Repayment of capital lease obligations	-	(16,120)
	560,374	(450,876)
Decrease in cash and equivalents	(1,674,908)	(46,069)
Cash and equivalents, beginning of year	5,177,207	5,223,276
Cash and equivalents, end of year	3,502,299	5,177,207

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2010

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	<i>2010</i>	<i>2009 Restated</i>
Balance, beginning of year, as previously stated	2,176,495	8,253,133	37,574,852	48,004,480	42,632,526
Correction of error (<i>Note 20</i>)	-	(5,920,542)	-	(5,920,542)	(2,926,534)
Balance, beginning of year, as restated	2,176,495	2,332,591	37,574,852	42,083,938	39,705,992
Excess of revenue over expenses	3,941,485	-	-	3,941,485	2,377,946
Unrestricted funds designated for future use	(933,923)	933,923	-	-	-
Restricted funds for operations	2,452	(2,452)	-	-	-
Restricted funds used for tangible capital assets	-	(398,347)	398,347	-	-
Unrestricted funds used for tangible capital assets	(677,649)	-	677,649	-	-
Current year funds used for tangible capital assets	(5,159,988)	-	5,159,988	-	-
Disposal of tangible capital assets	21,287	-	(21,287)	-	-
Annual amortization expense	1,726,782	-	(1,726,782)	-	-
Proceeds of long-term debt	1,000,000	-	(1,000,000)	-	-
Long-term debt repaid	(439,626)	-	439,626	-	-
Change in accumulated surplus	(519,180)	533,124	3,927,541	3,941,485	2,377,946
Balance, end of year	1,657,315	2,865,715	41,502,393	46,025,423	42,083,938

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2010

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered structures</i>	<i>Machinery & equipment</i>	<i>Vehicles</i>	<i>2010</i>	<i>2009</i>
Cost:								
Balance, beginning of year	403,759	3,651,544	16,795,683	36,329,577	2,975,975	1,984,875	62,141,413	58,900,945
Acquisition of tangible capital assets	-	96,628	125,547	2,551,379	101,006	22,381	2,896,941	1,923,402
Construction-in-progress	-	-	3,339,043	-	-	-	3,339,043	1,317,066
Disposal of tangible capital assets	-	-	(10,615)	(10,672)	-	-	(21,287)	-
Balance, end of year	403,759	3,748,172	20,249,658	38,870,284	3,076,981	2,007,256	68,356,110	62,141,413
Accumulated amortization:								
Balance, beginning of year	-	1,349,938	6,520,933	7,523,157	1,320,859	849,189	17,564,076	15,932,701
Annual amortization	-	166,190	395,996	871,348	192,019	101,229	1,726,782	1,631,375
Balance, end of year	-	1,516,128	6,916,929	8,394,505	1,512,878	950,418	19,290,858	17,564,076
Net book value	403,759	2,232,044	13,332,729	30,475,779	1,564,103	1,056,838	49,065,252	44,577,337
2009 net book value	403,759	2,301,606	10,274,750	28,806,420	1,655,116	1,135,686	44,577,337	

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2010

	2010 Budget	2010	2009
Taxation			
Real property taxes	8,223,610	8,084,883	8,124,130
Government grants in lieu of property taxes	415,000	511,001	453,109
Linear property taxes	425,000	397,482	398,790
To reserve for over/under tax levy	-	56,165	(25,704)
	9,063,610	9,049,531	8,950,325
Requisitions			
Alberta School Foundation Fund	2,995,736	2,995,736	3,028,369
Land rent to Parks Canada	391,000	388,347	381,204
Evergreens Foundation	355,053	355,053	315,146
Planning services to Parks Canada	175,700	174,475	171,266
	3,917,489	3,913,611	3,895,985
Net municipal property taxes	5,146,121	5,135,920	5,054,340

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2010

	<i>2010 Budget</i>	<i>2010</i>	<i>2009 Restated</i>
Operating			
Provincial	1,379,341	2,364,075	2,665,173
Federal	296,557	268,775	467,833
	1,675,898	2,632,850	3,133,006
Capital			
Provincial	1,804,986	3,307,828	2,168,461
Federal	-	711,505	130,390
	1,804,986	4,019,333	2,298,851
Total government transfers	3,480,884	6,652,183	5,431,857

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule V - Consolidated Schedule of Expenses by Object
For the year ended December 31, 2010

	<i>2010 Budget</i>	<i>2010</i>	<i>2009</i>
Consolidated expenses by object			
Salaries, wages and benefits	5,497,309	5,437,464	5,227,764
Contracted and general services	2,777,539	2,618,854	1,903,396
Materials, goods and utilities	1,842,729	1,988,718	1,881,200
Amortization of tangible capital assets	1,700,000	1,726,782	1,631,375
Transfers to individuals and organizations	91,800	1,050,606	1,940,719
Interest on long-term debt	368,832	363,031	390,069
Transfers to local boards and agencies	117,964	119,734	191,635
Provision for allowances	-	25,372	-
Bank charges and short-term interest	10,450	14,956	16,159
Other	13,680	-	106,971
	12,420,303	13,345,517	13,289,288

The accompanying notes are an integral part of these financial statements

Municipality of Jasper
Schedule VI - Schedule of Segmented Disclosure

For the year ended December 31, 2010

	General Government	Transportation, roads and streets	Legislative and Administrative	Environmental Services	Parks and Recreation	Protective Services	Library and Museum	Public Health and Welfare	Economic Development	Total
Revenue										
Government transfers	64,107	2,377,037	-	72,000	1,684,778	789,657	50,380	651,012	963,212	6,652,183
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
Rent	183	3,786	-	-	316,674	77,148	-	-	84,875	482,666
Franchise and concession contracts	357,357	-	-	-	-	-	-	-	-	357,357
Other	5,097	15,238	200	6,452	10,000	-	-	202,022	7,012	246,021
Local improvement levies	-	120,638	-	-	-	13,824	-	-	-	134,462
Licenses and permits	30,533	-	-	-	-	78,868	-	-	-	109,401
Sales to other governments	-	-	-	58,806	-	-	-	-	-	58,806
Interest income	37,931	6,853	-	-	884	-	-	-	-	45,668
Fines	-	-	-	-	-	40,278	-	-	-	40,278
Penalties and costs on taxes	35,055	-	-	-	-	-	-	-	-	35,055
	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
Materials, goods and utilities	79,770	252,787	39,873	459,671	836,568	127,842	-	122,905	69,302	1,988,718
Transfers to individuals and organizations	-	-	-	-	11,600	53,732	-	32,201	970,309	1,067,842
Interest on long-term debt	-	33,622	-	271,464	1,069	56,876	-	-	-	363,031
Transfers to local boards and agencies	-	-	-	-	-	-	63,404	24,130	14,964	102,498
Provision for allowances	22,007	-	-	371	1,703	-	-	1,291	-	25,372
Bank charges and short-term interest	7,275	-	-	-	3,753	-	-	3,928	-	14,956
	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	4,610,972	1,244,294	(243,503)	126,289	(601,412)	(550,042)	(140,129)	(360,569)	(144,415)	3,941,485

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

The consolidated financial statements of the Municipality of Jasper (the "Municipality") are the representations of management prepared in accordance with 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:

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.

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.

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.

Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the 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. Amortization is based on the estimated useful lives of capital assets.

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.

1. Significant Accounting Policies *(continued from previous page)*

Non-financial assets

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the 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	75 years
Wastewater system	45 - 75 years
Storm system	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. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and historical tangible capital assets

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

vi. 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 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.

Municipality of Jasper
Notes to the Financial Statements
For the year ended December 31, 2010

1. Significant Accounting Policies *(continued from previous page)*

Over-levies and under-levies

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

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

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

2. Cash and equivalents

Cash and equivalents consists of the following:

	2010	2009
Cash on hand and deposits	3,617,437	5,288,474
Trust funds <i>(Note 17)</i>	(115,138)	(111,267)
	3,502,299	5,177,207

The Municipality has an authorized overdraft limit of \$800,000, except between January 1 and July 30, when the amount is increased to \$1,500,000. The overdraft bears interest at the bank's prime rate, and was not drawn on at December 31, 2010.

3. Taxes and grants in lieu of taxes receivable

	2010	2009
Current taxes	69,791	37,132
Arrears taxes	4,759	10,644
	74,550	47,776

4. Tax under-levies and over-levies

	2010	2009
Education tax under levy	5,608	13,324
Current year adjustments	46,994	(7,716)
	52,602	5,608
Evergreen over levy	(23,103)	(5,114)
Capital requisition	-	(8,434)
Current year adjustments	9,171	(9,555)
	(13,932)	(23,103)
	38,670	(17,495)

Municipality of Jasper
Notes to the Financial Statements
For the year ended December 31, 2010

5. Deferred revenue

	2010	<i>2009</i> <i>Restated</i>
AMIP	657,305	664,869
FRIAA FireSmart grant	209,315	297,000
Municipal Sustainability Initiative	158,160	485,136
Emergency generator	78,545	-
Day Care Space Creation Grant	75,640	-
Community outreach services	42,768	68,523
Transportation study	41,692	-
Recreation	20,525	19,815
Grounds maintenance contract	14,800	14,405
Daycare	7,600	7,675
Nursery School	6,161	-
MIMs grant	4,885	4,885
Supernet POP site	2,200	2,000
CHIPS fees	1,057	-
Banff-Jasper grant	-	1,408,498
Community Facility Enhancement Program	-	94,528
Alberta Infrastructure TCA grant	-	6,914
Trans Mountain planning	-	4,013
Hakone student exchange	-	1,105
	1,320,653	3,079,366

6. Long-term debt

	2010	<i>2009</i>
Tax-supported debentures	2,600,175	1,766,934
Self-supported debentures	4,962,684	5,235,551
	7,562,859	7,002,485

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	653,619	368,659	1,022,278
2012	679,161	339,310	1,018,471
2013	709,961	308,510	1,018,471
2014	742,286	276,185	1,018,471
2015	776,216	242,255	1,018,471
To maturity	4,001,616	849,768	4,851,384
	7,562,859	2,384,687	9,947,546

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.439% to 5.875% per annum, and mature in periods 2011 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 \$368,834 (2009 - \$391,043).

Municipality of Jasper
Notes to the Financial Statements
For the year ended December 31, 2010

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:

	2010	2009
Total debt limit	18,463,290	20,034,329
Total debt	9,562,859	7,002,485
<hr/>		
Amount of debt limit unused	8,900,431	13,031,844
<hr/>		
Service on debt limit	3,077,215	3,339,055
Service on debt	1,022,278	808,460
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Amount of debt servicing limit unused	2,054,937	2,530,595

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.

During the year, the Municipality agreed provide a loan guarantee to the Caribou Creek Housing Corporation project lender to a maximum of \$2 million for the development of sixty-four co-op 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:

	2010	2009 <i>Restated</i>
Unrestricted surplus	1,657,315	2,176,495
Restricted surplus:		
Operating	1,081,441	1,008,523
Capital	1,784,274	1,324,068
Equity in tangible capital assets	41,502,393	37,574,852
<hr/>		
	46,025,423	42,083,938

9. Equity in tangible capital assets

	2010	2009
Tangible capital assets (<i>Schedule II</i>)	68,356,110	62,141,413
Accumulated amortization (<i>Schedule II</i>)	(19,290,858)	(17,564,076)
Long-term debt (<i>Note 6</i>)	(7,562,859)	(7,002,485)
<hr/>		
	41,502,393	37,574,852

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:

	<i>Salary</i>	<i>Benefits & allowances</i>	<i>2010</i>	<i>2009</i>
Mayor Ireland	32,736	4,929	37,665	36,778
Councilor Zinck	20,937	4,540	25,477	26,147
Councilor Day	16,177	4,383	20,560	19,932
Councilor Skehill	19,237	462	19,699	21,561
Councilor Damota	17,877	417	18,294	17,687
Councilor Melnyk	13,339	3,648	16,987	22,582
Councilor Kongsrud	12,574	3,348	15,922	16,859
Councilor Wacko	3,518	670	4,188	-
Councilor Wall	1,818	693	2,511	-
Municipal Manager	104,731	7,917	112,648	112,403

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 allowances figures also include the employer's share of the costs of additional taxable benefits.

11. Contingencies

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.

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.

The Municipality has agreed to provide a short-term loan guarantee to the Caribou Creek Housing Corporation for development of restricted gain housing. The guarantee is for 15% of the total cost of the project 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 Caribou Creek Housing Corporation. The Municipality would be required to perform under the guarantee if it became apparent that the Caribou Creek Housing Corporation was unable to make payments on its debt; it is administration's opinion that the Corporation will be able to make payments.

12. Commitments

The Municipality has entered into the following multiple year contracts:

i. Accurate Assessment Group

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

ii. Nexen Energy

Five year agreement ending 2011 for the supply of electricity.
 Five year agreement ending 2013 for the supply of natural gas.

iii. Jasper Volunteer Fire Brigade Society

2011	\$	59,850
2012		61,795
2013		63,803

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

iv. Parks Canada

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

v. MFA-BC Lease Management System

Operating lease commitment requiring monthly payments of \$949 ending August 2012.

2011	\$	11,388
2012		6,643

vi. IOS Financial Services

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

2011	\$	6,184
2012		6,184
2013		6,184
2014		1,542

13. Budget figures

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

Municipality of Jasper
Notes to the Financial Statements
For the year ended December 31, 2010

14. Other revenue

	<i>2010</i> Budget	2010	2009
Operating			
Rentals	488,357	482,667	501,954
Franchise and concession contracts	325,000	357,357	315,238
Other	83,175	345,420	356,748
Sales to other governments	59,638	58,806	57,923
Fines	41,000	40,278	52,937
Interest	41,000	38,816	40,538
Penalties and interest on taxes	27,500	35,055	32,771
Contributions to Parking Authority	25,000	13,824	10,475
	1,090,670	1,372,223	1,368,584
Capital			
Cost recoveries	-	120,638	5,711
Other	-	10,000	41,000
Interest	-	6,853	-
	-	137,491	46,711
	1,090,670	1,509,714	1,415,295

15. Financial instruments

The Municipality of Jasper as part of its operations carries a number of financial instruments which include cash and equivalents, taxes and grants in lieu of taxes receivable, trade and other accounts receivable, other financial assets, accounts payable and accrued liabilities, 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, other than long-term debt, approximates their fair value due to their short-term maturities. The fair value of the Municipality's long-term debt is not determinable, as there is no market to trade these items.

The Municipality is subject to credit risk with respect to trade and other accounts receivable. Credit risk arises from the possibility that entities to which the Municipality provides services may be unable to fulfil their expectations. The large number and diversity of taxpayers minimizes the credit risk.

16. Local Authorities Pension Plan

Employees of the Municipality participate in the Local Authorities Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 199,849 employees of approximately 418 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 Yearly 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 2010 were \$224,050 (2009 - \$191,472). Total current service contributions by the employees of the Municipality to the LAPP in 2010 were \$201,001 (2009 - \$170,404).

At December 31, 2009, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$3,998 million.

Municipality of Jasper
Notes to the Financial Statements
For the year ended December 31, 2010

17. Trust funds

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

	2010	2009
<i>Scholarships:</i>		
Balance, beginning of the year	111,267	112,832
Deduct - scholarships awarded	(2,500)	(8,336)
Add - income from investments	3,020	5,038
Add - contributions	3,351	1,733
	<hr/>	<hr/>
Balance, end of the year	115,138	111,267

18. Segments

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.

20. Correction of an error in prior period financial statements

During the year, it was determined that the application of the revenue recognition criteria for government transfers was incorrect for 2009 and prior years. As a result, the comparative figures have been restated. The effect of the correction of this error is a decrease in 2009 trade and other accounts receivable in the amount of \$3,195,428, an increase in 2009 deferred revenue in the amount of \$2,725,114, and a decrease in 2009 government transfers revenue in the amount of \$2,994,008. The cumulative effect of this change is a decrease in 2009 opening accumulated surplus in the amount of \$2,926,534 and a decrease in 2009 closing accumulated surplus in the amount of \$5,920,542.