



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, 2013, 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, 2013 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.

Hawkings Epp Dumont LLP

Edmonton, Alberta
 April 15, 2014

HAWKINGS EPP DUMONT LLP
 Chartered Accountants

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Municipality of Jasper
Consolidated Statement of Financial Position

As at December 31, 2013

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	\$6,163,544	\$3,902,577
Taxes and grants in lieu of taxes receivable (Note 3)	\$111,041	\$139,289
Trade and other accounts receivable	\$1,288,578	\$2,616,956
Tax under-levies (Note 4)	-\$1,396	-\$3,849
Deposit (Note 5)	\$275,000	\$275,000
Other financial assets	\$69,830	\$94,972
	<u>\$7,906,597</u>	<u>\$7,024,945</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$2,181,901	\$2,376,429
Deposit liabilities	\$139,120	\$108,816
Deferred revenue (Note 7)	\$906,201	\$603,900
Long-term debt (Note 8)	\$5,520,117	\$6,230,078
	<u>\$8,747,339</u>	<u>\$9,319,223</u>
NET FINANCIAL DEBT	-\$840,742	-\$2,294,278
Non-financial assets		
Tangible capital assets (Schedule II)	\$58,229,989	\$58,603,070
Inventory for consumption	\$47,638	\$64,237
Prepaid expenses	\$233,632	\$275,611
	<u>\$58,511,259</u>	<u>\$58,942,918</u>
ACCUMULATED SURPLUS (Note 10)	\$57,670,517	\$56,648,640

Contingencies (Note 13)

Commitments (Note 14)

Approved on behalf of Council

 Mayor

 Councillor

Municipality of Jasper

Consolidated Statement of Operations

For the year ended December 31, 2013

	Budget 2013 Unaudited	2013	2012
Revenue			
Net municipal property taxes (Schedule III)	\$5,821,945	\$5,831,136	\$5,604,299
Sales, user charges and costs recovered	\$4,363,052	\$4,362,860	\$4,189,978
Other (Note 16)	\$1,492,279	\$1,503,065	\$1,442,973
Government transfers for operating (Schedule IV)	\$1,087,038	\$1,203,446	\$1,075,665
	\$12,764,314	\$12,900,507	\$12,312,915
Expenses			
Parks and recreation	\$3,250,738	\$3,269,715	\$3,341,624
Utilities	\$3,130,724	\$3,218,283	\$3,057,213
Public health and welfare	\$1,971,634	\$1,992,813	\$1,860,964
Roads, streets and equipment	\$1,689,903	\$1,628,985	\$1,651,846
Administration	\$1,163,925	\$1,099,521	\$1,120,592
Protective Services	\$969,323	\$971,392	\$966,070
Planning and development	\$466,133	\$384,941	\$260,195
Legislative	\$278,957	\$241,893	\$227,608
Library and culture	\$325,688	\$237,891	\$216,990
	\$13,247,025	\$13,045,434	\$12,703,102
Excess (shortfall) of revenue over Expenses - Before Other	-\$482,711	-\$144,927	-\$390,187
Other			
Government transfers for capital (Schedule IV)	\$1,797,153	\$1,100,967	\$6,248,949
Other (Note 16)	\$49,400	\$65,837	\$364,651
	\$1,846,553	\$1,166,804	\$6,613,600
Excess of revenue over expenses	\$1,363,842	\$1,021,877	\$6,223,413
Accumulated surplus, beginning of year	\$56,648,640	\$56,648,640	\$50,425,227
Accumulated surplus, end of year	\$58,012,482	\$57,670,517	\$56,648,640

Municipality of Jasper

Consolidated Statement of Change in Net Financial Debt

For the year ended December 31, 2013

	Budget 2013 Unaudited	2013	2012
Excess of revenue over expenses	\$1,363,842	\$1,021,877	\$6,223,413
Acquisition of tangible capital assets	-\$2,703,033	-\$1,653,449	-\$7,303,385
Amortization of tangible capital assets	\$2,100,000	\$2,026,530	\$2,094,014
Loss (gain) on disposal of tangible capital assets			
Acquisition of inventory for consumption		\$16,599	-\$64,237
Use of prepaid assets		\$41,979	\$88,924
Decrease in net debt	\$760,809	\$1,453,536	\$1,038,729
Net financial debt, beginning of year	-\$2,294,278	-\$2,294,278	-\$3,333,007
Net financial debt, end of year	-\$1,533,469	-\$840,742	-\$2,294,278

Municipality of Jasper
Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating		
Excess of revenue over expenses	\$1,021,877	\$6,223,413
Non-cash items:		
Amortization of tangible capital assets	\$2,026,530	\$2,094,014
 Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	\$302,301	-\$1,872,207
Decrease (increase) in prepaid expenses	\$41,979	\$88,924
(Decrease)increase in accounts payable and accrued liabilities	-\$194,528	-\$9,106
Decrease(increase) in trade and other accounts receivable	\$1,328,378	-\$501,864
Decrease (increase) in tax and grants in lieu of taxes receivable	\$28,248	-\$27,131
Decrease (increase) in tax over-levies	-\$2,453	\$4,578
Increase (decrease) in deposit liabilities	\$30,304	\$95,280
Decrease(increase) in other financial assets	\$25,142	\$32,940
Decrease(increase) in inventory for consumption	\$16,599	-\$64,237
	<u>\$4,624,377</u>	<u>\$6,064,605</u>
 Capital		
Acquisition of tangible capital assets	-\$1,653,449	-\$7,303,385
	-\$1,653,449	-\$7,303,385
 Financing		
Repayment of long-term debt	-\$709,961	-\$679,160
	<u>-\$709,961</u>	<u>-\$679,160</u>
 Change in cash during the year	\$2,260,967	-\$1,917,940
Cash, beginning of year	<u>\$3,902,577</u>	<u>\$5,820,517</u>
Cash, end of year (Note 2)	<u>\$6,163,544</u>	<u>\$3,902,577</u>

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

For the year ended December 31,2013

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2013	2012
Balance, beginning of year 2013	\$1,505,635	\$2,770,013	\$52,372,992	\$56,648,640	\$50,425,227
Excess of revenues over expenses	\$1,021,877			\$1,021,877	\$6,223,413
Unrestricted funds designated for future use	-\$1,091,115	\$1,091,115			
Unrestricted funds used for tangible capital assets	-\$118,447		\$118,447		
Restricted funds used for operations	\$101,949	-\$101,949			
Restricted funds used for tangible capital assets		-\$377,924	\$377,924		
Current year funds used for tangible capital assets	-\$1,157,078		\$1,157,078		
Annual amortization expense	\$2,026,530		-\$2,026,530		
Long term debt repaid	-\$709,961		\$709,961		
Change in accumulated surplus	\$73,755	\$611,242	\$336,880	\$1,021,877	\$6,223,413
Balance, end of year	\$1,579,390	\$3,381,255	\$52,709,872	\$57,670,517	\$56,648,640

Municipality of Jasper
Schedule II - Schedule of Tangible Capital Assets

For the year ended December 31, 2013

	Land	Buildings	Engineering Structures	Machinery & Equipment	Vehicles	Land Improvements	2013	2012
COST								
BALANCE, BEGINNING OF YEAR	\$403,759	\$30,157,064	\$40,516,784	\$3,923,359	\$2,388,901	\$4,018,337	\$81,408,204	\$71,943,157
Acquisition of tangible capital assets	\$0		\$84,971	\$230,942	\$144,230	\$85,524	\$545,667	\$2,039,687
Assets under construction	\$0	\$1,092,457	\$12,000	\$3,325			\$1,107,782	\$7,425,360
Disposal of tangible capital assets	\$0	\$0	\$0	\$0	\$14,000	\$0	\$14,000	\$0
BALANCE, END OF YEAR	\$403,759	\$31,249,521	\$40,613,755	\$4,157,626	\$2,519,131	\$4,103,861	\$83,047,653	\$81,408,204
ACCUMULATED DEPRECIATION								
BALANCE, BEGINNING OF YEAR		\$7,573,496	\$10,230,872	\$1,939,327	\$1,198,574	\$1,862,865	\$22,805,134	\$20,711,120
Annual amortization		\$485,852	\$969,163	\$250,526	\$140,293	\$180,696	\$2,026,530	\$2,094,014
Accumulated amortization on disposals		\$0	\$0	\$0	\$14,000	\$0	\$14,000	\$0
BALANCE, END OF YEAR		\$8,059,348	\$11,200,035	\$2,189,853	\$1,324,867	\$2,043,561	\$24,817,664	\$22,805,134
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$403,759	\$23,190,173	\$29,413,720	\$1,967,773	\$1,194,264	\$2,060,300	\$58,229,989	\$58,603,070
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$403,759	\$22,583,568	\$30,285,912	\$1,984,032	\$1,190,327	\$2,155,472		\$58,603,070

Municipality of Jasper
Schedule III- Schedule of Property and Other Taxes Levied

For the year ended December 31, 2013

	Budget 2013 Unaudited	2013	2012
Taxation			
Real property taxes	\$9,347,063	\$9,326,051	\$8,649,565
Government grants in lieu of property taxes	\$560,000	\$569,882	\$540,733
Linear property taxes	\$510,000	\$526,336	\$493,225
To reserve for over/under tax levy			-\$4,579
	<u>\$10,417,063</u>	<u>\$10,422,269</u>	<u>\$9,678,944</u>
Requisitions			
Alberta School Foundation Fund	\$3,816,550	\$3,816,550	\$3,306,968
Land rent to Parks Canada	\$412,405	\$409,656	\$402,435
Planning reserves to Parks Canada	\$185,285	\$184,049	\$180,804
Evergreens Foundation	\$180,878	\$180,878	\$184,438
	<u>\$4,595,118</u>	<u>\$4,591,133</u>	<u>\$4,074,645</u>
Net municipal property taxes	<u>\$5,821,945</u>	<u>\$5,831,136</u>	<u>\$5,604,299</u>

Municipality of Jasper

Schedule IV - Schedule of Government Transfers

For the year ended December 31, 2013

	Budget 2013 Unaudited	2013	2012
Operating			
Provincial	\$751,038	\$849,134	\$808,936
Federal	\$336,000	\$354,312	\$266,729
	<u>\$1,087,038</u>	<u>\$1,203,446</u>	<u>\$1,075,665</u>
Capital			
Provincial	\$1,633,740	\$937,554	\$5,260,146
Federal	\$163,413	\$163,413	\$988,803
	<u>\$1,797,153</u>	<u>\$1,100,967</u>	<u>\$6,248,949</u>
Total government transfers	<u>\$2,884,191</u>	<u>\$2,304,413</u>	<u>\$7,324,614</u>

Municipality of Jasper
 Schedule VI - Schedule of Segmented Disclosure

For the year ended December 31, 2012

	General Government	Transportation, roads and streets	Legislative & Administration	Environmental Services	Parks and Recreation	Protective Services	Library & Museum	Public Health and Welfare	Economic Development	Total
Revenue										
Net municipal taxes	\$5,604,299	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,604,299
Sale, user charges and costs	\$3,954	\$0	\$5,417	\$2,858,571	\$643,285	\$36,686	\$0	\$630,422	\$11,643	\$4,189,978
Government transfers	\$98,911	\$1,200,055	\$0	\$78,000	\$116,000	\$286,299	\$4,959,826	\$737,670	\$16,992	\$7,493,753
Franchise and concessions contracts	\$366,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$366,125
Penalties and costs on taxes	\$44,802	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,802
Sales to other governments	\$0	\$0	\$0	\$63,397	\$0	\$0	\$0	\$0	\$0	\$63,397
Rent	\$217	\$2,635	\$0	\$13,026	\$313,272	\$83,461	\$0	\$0	\$73,261	\$485,872
Fines	\$0	\$0	\$0	\$0	\$0	\$28,749	\$0	\$0	\$0	\$28,749
Licenses and permits	\$30,552	\$0	\$0	\$0	\$0	\$81,093	\$0	\$0	\$0	\$111,645
Interest income	\$59,159	\$14,232	\$0	\$0	\$0	\$0	\$3,872	\$0	\$0	\$77,263
Other	\$10,628	\$63,097	\$0	\$0	\$5,524	\$0	\$300,000	\$81,383	\$0	\$460,632
	\$6,218,647	\$1,280,019	\$5,417	\$3,012,994	\$1,078,081	\$516,288	\$5,263,698	\$1,449,475	\$101,896	\$18,926,515
Expenses										
Salaries, wages and benefits	\$710,353	\$246,663	\$165,986	\$827,397	\$1,582,335	\$447,494	\$123,085	\$1,524,005	\$67,247	\$5,694,566
Contracted and general services	\$279,740	\$216,790	\$32,810	\$866,298	\$322,736	\$149,282	\$0	\$96,931	\$61,365	\$2,025,952
Provision for allowances	\$0	\$0	\$0	\$92	\$76	\$0	\$0	\$1,834	\$0	\$2,002
Materials, goods, and utilities	\$93,446	\$379,766	\$28,812	\$603,842	\$934,299	\$114,870	\$0	\$95,148	\$75,285	\$2,325,468
Interest on long term debt	\$0	\$25,399	\$0	\$243,698	\$18,355	\$43,992	\$0	\$0	\$0	\$331,444
Bank charges and short term interest	\$8,553	\$0	\$0	\$0	\$5,718	\$0	\$0	\$4,692	\$0	\$18,963
Transfers to individuals and organizations	\$0	\$0	\$0	\$500	\$7,900	\$61,795	\$0	\$16,839	\$13,365	\$100,399
Transfers to local boards and agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$83,905	\$26,390	\$0	\$110,294
	\$1,092,092	\$868,619	\$227,608	\$2,541,827	\$2,871,418	\$817,433	\$206,990	\$1,765,839	\$217,262	\$10,609,088
Net revenue before amortization	\$5,126,555	\$411,400	-\$222,191	\$471,167	-\$1,793,337	-\$301,145	\$5,056,708	-\$316,364	-\$115,366	\$8,317,427
Amortization expense	\$28,500	\$783,227	\$0	\$515,386	\$470,206	\$148,637	\$10,000	\$95,125	\$42,933	\$2,094,014
Net revenue (expense)	5,098,055	- 371,827	- 222,191	- 44,219	- 2,263,543	- 449,782	5,046,708	- 411,489	- 158,299	6,223,413

Municipality of Jasper
Schedule VI -Schedule of Segmented Disclosure

For the year ended December 31,2013

	General Government	Transportation, roads and streets	Legislative & Administration	Environmental Services	Parks and Recreation	Protective Services	Library & Museum	Public Health and Welfare	Economic Development	Total
Revenue										
Net municipal taxes	\$5,831,136									\$5,831,136
Sale, user charges and costs	\$2,922		\$5,881	\$2,988,586	\$690,914	\$43,361		\$626,613	\$4,583	\$4,362,860
Government transfers	\$90,750	\$11,215		\$81,000	\$113,000	\$212,389	\$1,087,655	\$574,529	\$133,875	\$2,304,413
Franchise and concessions contracts	\$324,324									\$324,324
Penalties and costs on taxes	\$54,644									\$54,644
Sales to other governments				\$65,034						\$65,034
Rent	\$199			\$6,330	\$337,428	\$92,078			\$75,972	\$512,007
Fines						\$71,539				\$71,539
Licenses and permits	\$32,571					\$83,039				\$115,610
Interest income	\$72,251	\$785					\$4,802			\$77,838
Other	\$14,261	\$75,024		\$25,000	\$504			\$231,154	\$1,963	\$347,906
	\$6,423,058	\$87,024	\$5,881	\$3,165,950	\$1,141,846	\$502,406	\$1,092,457	\$1,432,296	\$216,393	\$14,067,311
Expenses										
Salaries, wages and benefits	\$705,870	\$251,328	\$164,106	\$853,386	\$1,587,596	\$449,636	\$143,895	\$1,602,751	\$60,107	\$5,818,675
Contracted and general services	\$204,471	\$159,665	\$57,985	\$960,957	\$314,587	\$144,581		\$192,275	\$180,989	\$2,215,510
Provision for allowances	-\$6,619	\$1,487		\$44				\$533		-\$4,555
Materials, goods, and utilities	\$162,360	\$364,378	\$19,802	\$640,032	\$992,006	\$128,378		\$76,218	\$89,887	\$2,473,061
Interest on long term debt		\$22,176		\$227,498	\$13,562	\$36,977				\$300,213
Bank charges and short term interest	\$8,278				\$6,266			\$4,348		\$18,892
Transfers to individuals and organizations				\$10,000	\$8,500	\$63,803		\$15,838	\$11,025	\$109,166
Transfers to local boards and agencies							\$83,996	\$3,946		\$87,942
	\$1,074,360	\$799,034	\$241,893	\$2,691,917	\$2,922,517	\$823,375	\$227,891	\$1,895,909	\$342,008	\$11,018,904
Net revenue before amortization	\$5,348,698	-\$712,010	-\$236,012	\$474,033	-\$1,780,671	-\$320,969	\$864,566	-\$463,613	-\$125,615	\$3,048,407
Amortization expense	\$25,161	\$829,951		\$526,366	\$347,198	\$148,017	\$10,000	\$96,904	\$42,933	\$2,026,530
Net revenue (expense)	\$5,323,537	-\$1,541,961	-\$236,012	-\$52,333	-\$2,127,869	-\$468,986	\$854,566	-\$560,517	-\$168,548	\$1,021,877

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

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 as described in Note 2. 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, 2013

1. Significant accounting policies

b) Basis of accounting (continued)

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, 2013

d) Non-financial assets (continued)

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 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 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 Consolidated Financial Statements

For the year ended December 31, 2013

iv) Inventory

Inventory held for consumption is recorded at the lower of cost and replacement cost.

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 are 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, 2013

2. Cash

Cash consists of the following:

	2013	2012
Cash on hand and deposits	\$6,297,990	\$4,035,070
Less: Restricted portion of cash	<u>-\$134,446</u>	<u>-\$132,493</u>
	<u>\$6,163,544</u>	<u>\$3,902,577</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, 2013 and December 31, 2012 and is unsecured.

The Municipality administers the following trusts:

	2013	2012
Scholarships		
Balance, Beginning of the Year	\$ 132,493	\$130,632
Deduct - Scholarships Awarded	-\$2,000	-\$2,000
Add - income from investments	\$3,953	\$3,861
Balance, end of the Year	<u>\$ 134,445</u>	<u>\$132,493</u>

3. Taxes and grants in lieu of taxes receivable

	2013	2012
Current taxes	\$77,451	\$95,186
Arrears taxes	<u>\$33,590</u>	<u>\$44,103</u>
	<u>\$111,041</u>	<u>\$139,289</u>

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

4. Tax under-levies and over-levies

	2013	2012
Alberta School Education tax under (over) levy	\$1,023	\$2,956
Current year adjustments	<u>-\$1,648</u>	<u>-\$1,933</u>
	<u>-\$ 625</u>	<u>\$1,023</u>

	2013	2012
Evergreens under (over) levy	-\$4,872	-\$2,226
Current year adjustments	\$4,101	-\$1,706
	<u>-\$ 771</u>	<u>-\$2,646</u>
Total	<u>-\$1,396</u>	<u>-\$3,849</u>

5. Deposit

The Municipality has \$275,000 on deposit with Parks Canada; a compliance deposit related to construction of the Library and Cultural Centre. This deposit will be refunded pending successful completion of this construction.

6. Accounts payable and accrued liabilities

	2013	2012
Trade payable and other accrued liabilities	\$886,837	\$1,286,718
Accrued payroll payable	\$111,483	\$107,117
Accrued vacation payable	\$178,901	\$166,181
Accrued interest payable	\$ 73,168	\$81,465
Holdbacks	<u>\$ 931,512</u>	<u>\$734,948</u>
	<u>\$ 2,181,901</u>	<u>\$ 2,376,429</u>

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

7. Deferred revenue	2013	2012
Operating		
Municipal Sustainability Initiative Grant	\$106,652	\$84,942
Day Care Space Creation Grant	\$ 42,953	\$42,953
Municipal Information Mapping Grant	\$ 2,385	\$2,385
	<u>\$151,990</u>	<u>\$130,280</u>
	<u>\$721,741</u>	<u>\$448,904</u>
Capital		
Alberta Municipal Infrastructure Program		\$35,810
Basic Municipal Transportation Grant	\$54,760	\$54,760
Federal Gas Tax Fund	\$514,991	\$225,957
Emergency Generator		\$ 2,097
	<u>\$569,751</u>	<u>\$318,624</u>
Other Deferred Amounts	<u>\$184,460</u>	<u>\$154,996</u>
Total Deferred Revenue	<u>\$906,201</u>	<u>\$603,900</u>

The Basic Municipal Transportation Grant, Municipal Sustainability Initiative Grant and the Federal Gas Tax Fund are multiyear grant programs that remit funding annually but allows funding to be applied to projects over five years.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

8. Long term debt

	2013	2012
Tax-supported debentures	1,466,326	1,857,476
Self-supported debentures	<u>4,053,791</u>	<u>4,372,602</u>
	<u>5,520,117</u>	<u>6,230,078</u>

The current portion of the long-term debt is \$742,286 (2012-\$709,961)

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2014	742,286	276,185	1,018,470
2015	776,215	242,255	1,018,470
2016	596,874	207,939	804,813
2017	628,996	175,818	804,814
2018	499,460	141,954	641,414
To maturity	<u>2,276,286</u>	<u>324,057</u>	<u>2,600,343</u>
	5,520,117	1,368,208	6,888,325

Debenture debt is repayable to the 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.

Interest paid on long-term debt during the year was \$308,510 (2012 - \$339,309)

The average annual interest rate is 4.67%.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

9. Debit 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:

	2013	2012
Total debt limit	\$19,350,761	\$18,469,374
Total debt	<u>\$ 9,120,117</u>	<u>\$ 9,830,078</u>
Amount of debt limit unused	<u>\$10,230,644</u>	<u>\$ 8,639,296</u>
Service on debt limit	\$3,225,127	\$3,078,229
Service on debt	<u>\$1,018,471</u>	<u>\$1,018,470</u>
Amount if debt servicing limit unused	<u>\$2,206,656</u>	<u>\$2,059,759</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 \$3.6 million for the development of sixty four housing units. This amount has been included in the debt limit calculation above.

10. Accumulated surplus

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

	2013	2012
Unrestricted surplus	\$1,579,390	\$1,505,635
Restricted surplus		
Operating	\$822,005	\$ 653,160
Capital	\$2,559,250	\$2,116,853
Equity in tangible capital assets(Note 11)	<u>\$52,709,872</u>	<u>\$52,372,992</u>
	<u>\$57,670,517</u>	<u>\$56,648,640</u>

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

11. Equity in tangible capital assets

	2013	2012
Tangible capital assets (Schedule II)	\$83,047,653	\$81,408,204
Accumulated amortization (Schedule II)	-\$24,817,664	-\$22,805,134
Long -term debt (Note 8)	-\$5,520,117	-\$6,230,078
	<u>\$ 52,709,872</u>	<u>\$52,372,992</u>

12. 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	2013	2012
Mayor Ireland	\$34,299	\$5,570	\$39,869	\$41,936
Councillor Zinck	\$18,786	\$4,318	\$23,104	\$27,872
Councillor Day	\$12,448	\$4,110	\$16,558	\$21,552
Councillor Skehill	\$16,497	\$ 400	\$16,897	\$21,275
Councillor Damota	\$14,904	\$ 319	\$15,223	\$15,659
Councillor Wall	\$16,283	\$4,976	\$21,259	\$15,938
Councillor Wacko	\$15,193	\$4,954	\$20,147	\$21,911
Councillor Arsenault	\$3,510	\$ 471	\$ 3,981	-
Councillor Kelleher-Empey	\$4,222	\$ 495	\$ 4,717	-
Councillor Nesbitt	\$3,510	\$ 856	\$ 4,366	-
Chief Administrative Officer	\$141,875	\$14,844	\$156,719	\$186,557

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

*The Municipality of Jasper engages a new Chief Administrative Officer in 2012. This line includes salary, benefits and allowances during the transitional period when two persons were employed in 2012.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

Benefits and allowances include the 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.

13. 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 \$3.6 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 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 early 2014. This amount is included in the Debt Limit (Note 9). Any cost overruns are covered by the Corporation or the Municipality at the time they occur before the next progress advance will be considered.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

14. 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) Access Gas/Enmax Energy

Three year contract with Access Gas starting 2014 for supply of natural gas.
Four year contract with Enmax Energy starting 2014 for supply of electricity.

c) Jasper Volunteer Fire Brigade Society

2014	\$66,355
2015	\$67,682
2016	\$69,036
2017	\$70,416
2018	\$71,825

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. For subsequent years the cost is adjusted for changes in the consumer price index. The 2013 expense for land rent and planning services was \$593,705 (2012 - \$583,239)

e) IOS Financial Services

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

\$ 1,542

f) TD Bank Financial Group

Banking services to November 2016.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

15. Budget figures

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

16. Other Revenue

	<u>2013</u>	<u>2012</u>
Operating		
Other	\$ 403,266	\$ 394,870
Rents	\$ 512,007	\$ 485,872
Franchise and Concession Contracts	\$ 324,324	\$ 366,165
Interest Income	\$ 72,251	\$ 59,159
Sales to other governments	\$ 65,034	\$ 63,397
Fines	\$ 71,539	\$ 28,748
Penalties and interest on taxes	\$ 54,644	\$ 44,802
	<u>\$1,503,065</u>	<u>\$ 1,442,973</u>
Capital		
Cost recoveries	\$60,249	\$ 41,547
Interest income	\$ 5,587	\$ 18,104
Donations	-	\$305,000
	<u>\$65,836</u>	<u>\$364,651</u>
Total	<u>\$1,568,901</u>	<u>\$1,807,624</u>

17. Financial Instruments

The Municipality of Jasper as part of its operations carries a number of financial instruments which include cash, trade and other accounts receivable, accounts payable and accrued liabilities, tax over and under 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.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

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.

18. 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 223,643 employees and approximately 423 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 10.43% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE) and 14.47% of the excess. Employees of the Municipality are required to make current service contributions of 9.43% of pensionable salary up to the YMPE and 13.47% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2013 were \$242,252 (2012-\$221,442). Total current service contributions by the employees of the Municipality to the LAPP in 2013 were \$220,536 (2012 - \$200,910).

At December 31, 2012 the date of the most recent actuarial valuations, the LAPP disclosed an actuarial deficiency of \$4.977 billion.

Municipality of Jasper

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

19. 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

20. Landfill and Post Closure Liabilities

As the Municipality of Jasper does not operate a landfill site, no accrued liability for closure and post closure has been created.

21. Approval of Financial Statements

Council and Management have approved these financial statements on April 15, 2014.