

MUNICIPALITY OF JASPER
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Municipality of Jasper

Opinion

We have audited the accompanying consolidated financial statements of the Municipality of Jasper (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and the results of its consolidated operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

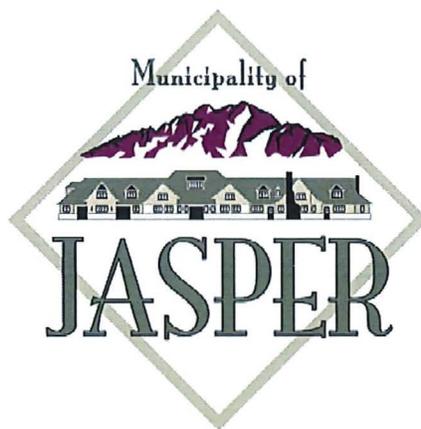
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
May 5, 2020



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management 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 public sector accounting standards. 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 responsibility for the integrity and fairness of the consolidated financial statements, management 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 management nor employees of the Municipality. The Mayor and Council have the responsibility of meeting with management 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.

Metrix Group LLP, an independent firm of Chartered Professional 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 management to discuss their audit findings.

Mark Fercho, Chief Administrative Officer

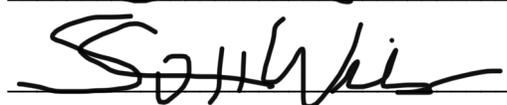
Natasha Malenchak, Director of Finance and Administration

Jasper, Alberta
May 5, 2020

MUNICIPALITY OF JASPER
Consolidated Statement of Financial Position
As at December 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash	\$ 19,696,895	\$ 14,130,381
Taxes and grants in place of taxes receivable (Note 2)	255,996	170,262
Trade and other receivables (Note 3)	2,089,390	1,464,819
Debt recoverable - local improvements	<u>27,035</u>	<u>35,200</u>
	<u>22,069,316</u>	<u>15,800,662</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 4,189,776	\$ 2,081,630
Employee benefit obligations (Note 6)	409,550	415,104
Deposit liabilities	79,563	121,166
Deferred revenue (Note 7)	6,038,882	6,077,064
Long-term debt (Note 8)	<u>7,350,727</u>	<u>2,276,286</u>
	<u>18,068,498</u>	<u>10,971,250</u>
NET FINANCIAL ASSETS	<u>4,000,818</u>	<u>4,829,412</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	58,451,403	57,254,092
Inventory for consumption	-	40,133
Prepaid expenses	<u>432,846</u>	<u>351,255</u>
	<u>58,884,249</u>	<u>57,645,480</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>\$ 62,885,067</u>	<u>\$ 62,474,892</u>
CONTINGENCIES (Note 14)		
SUBSEQUENT EVENTS (Note 20)		

APPROVED ON BEHALF OF COUNCIL:

MUNICIPALITY OF JASPER
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2019

	<u>2019</u> (Budget) (Note 18)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
REVENUE			
Net municipal property taxes (<i>Schedule 2</i>)	\$ 7,325,319	\$ 7,276,681	\$ 6,978,262
User fees and sales of goods	6,392,459	6,292,124	6,053,973
Government transfers for operating (<i>Schedule 3</i>)	3,100,043	3,158,736	2,726,217
Other	1,042,924	1,020,190	399,139
Rentals	649,270	602,504	628,305
Franchise and concession contracts (<i>Note 13</i>)	443,135	442,901	409,719
Investment income	200,000	302,590	199,946
Fines, licenses and permits	203,703	201,497	217,704
Penalties and costs on taxes	<u>80,000</u>	<u>98,225</u>	<u>74,929</u>
	<u>19,436,853</u>	<u>19,395,448</u>	<u>17,688,194</u>
EXPENSES			
Utilities	3,370,062	5,431,018	3,906,405
Parks and recreation	3,634,974	4,290,267	4,053,419
Public health	3,749,054	3,853,955	3,633,957
Roads, streets, walks, lighting	1,057,551	2,383,106	2,179,206
Protective services	1,982,188	2,189,096	1,848,915
General government	1,349,483	1,424,276	1,427,540
Library and museum	414,413	623,123	591,758
Legislative	568,573	513,741	463,311
Economic development	<u>322,678</u>	<u>364,182</u>	<u>357,008</u>
	<u>16,448,976</u>	<u>21,072,764</u>	<u>18,461,519</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>2,987,877</u>	<u>(1,677,316)</u>	<u>(773,325)</u>
OTHER INCOME			
Government transfers for capital (<i>Schedule 3</i>)	5,246,723	2,104,889	1,360,508
Loss on disposal of tangible capital assets	<u>-</u>	<u>(17,398)</u>	<u>(241,904)</u>
	<u>5,246,723</u>	<u>2,087,491</u>	<u>1,118,604</u>
ANNUAL SURPLUS	8,234,600	410,175	345,279
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>62,474,892</u>	<u>62,474,892</u>	<u>62,129,613</u>
ACCUMULATED SURPLUS, END OF YEAR (<i>Schedule 1, Note 11</i>)	<u>\$ 70,709,492</u>	<u>\$ 62,885,067</u>	<u>\$ 62,474,892</u>

MUNICIPALITY OF JASPER
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2019

	2019 (Budget) (Note 18)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ <u>8,234,600</u>	\$ <u>410,175</u>	\$ <u>345,279</u>
Acquisition of tangible capital assets	(4,222,540)	(3,900,687)	(2,187,839)
Proceeds on disposal of tangible capital assets	-	8,500	56,285
Amortization of tangible capital assets	-	2,677,478	2,630,493
Loss on disposal of tangible capital assets	<u>-</u>	<u>17,398</u>	<u>241,904</u>
	<u>(4,222,540)</u>	<u>(1,197,311)</u>	<u>740,843</u>
Net change in inventory for consumption	-	40,133	680
Net change in prepaid expenses	<u>-</u>	<u>(81,591)</u>	<u>(6,855)</u>
	<u>-</u>	<u>(41,458)</u>	<u>(6,175)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	4,012,060	(828,594)	1,079,947
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>4,829,412</u>	<u>4,829,412</u>	<u>3,749,465</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>8,841,472</u></u>	\$ <u><u>4,000,818</u></u>	\$ <u><u>4,829,412</u></u>

MUNICIPALITY OF JASPER
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 410,175	\$ 345,279
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	2,677,478	2,630,493
Loss on disposal of tangible capital assets	17,398	241,904
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(85,734)	108,454
Trade and other receivables	(624,571)	1,310,322
Debt recoverable - local improvements	8,165	11,775
Accounts payable and accrued liabilities	2,108,146	598,317
Employee benefit obligations	(5,554)	27,937
Deposit liabilities	(41,603)	74,237
Deferred revenue	(38,182)	1,533,544
Inventory for consumption	40,133	680
Prepaid expenses	(81,591)	(6,855)
	<u>4,384,260</u>	<u>6,876,087</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,900,687)	(2,187,839)
Proceeds on disposal of tangible capital assets	8,500	56,285
	<u>(3,892,187)</u>	<u>(2,131,554)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(525,559)	(499,460)
Long-term debt issued	5,600,000	-
	<u>5,074,441</u>	<u>(499,460)</u>
CHANGE IN CASH DURING THE YEAR	5,566,514	4,245,073
CASH, BEGINNING OF YEAR	<u>14,130,381</u>	<u>9,885,308</u>
CASH, END OF YEAR	<u>\$ 19,696,895</u>	<u>\$ 14,130,381</u>

MUNICIPALITY OF JASPER
Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2019

SCHEDULE 1

	<u>Unrestricted</u>	<u>Restricted for Operating</u>	<u>Restricted for Capital</u>	<u>Equity in Tangible Capital Assets</u>	<u>2019</u>	<u>2018</u>
BALANCE, BEGINNING OF YEAR	\$ 2,461,375	\$ 1,774,678	\$ 3,225,833	\$ 55,013,006	\$ 62,474,892	\$ 62,129,613
Annual surplus	410,175	-	-	-	410,175	345,279
Purchase of tangible capital assets	(3,900,687)	-	-	3,900,687	-	-
Annual amortization	2,677,478	-	-	(2,677,478)	-	-
Disposal of tangible capital assets (net of amortization)	25,898	-	-	(25,898)	-	-
Unrestricted funds designated for future use	(423,067)	(100,051)	523,118	-	-	-
Long-term debt issued net of repayment	5,074,441	-	-	(5,074,441)	-	-
Levied portion of debt recoverable - local improvements	<u>8,165</u>	<u>-</u>	<u>-</u>	<u>(8,165)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 6,333,778</u>	<u>\$ 1,674,627</u>	<u>\$ 3,748,951</u>	<u>\$ 51,127,711</u>	<u>\$ 62,885,067</u>	<u>\$ 62,474,892</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, 2019

SCHEDULE 2

	<u>2019</u> (Budget) (Note 18)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
TAXATION			
Real property taxes	\$ 11,810,146	\$ 11,793,255	\$ 11,328,891
Linear property taxes	605,279	605,279	418,025
Designated industrial property	-	5,344	1,907
Government grants in place of property taxes	<u>648,167</u>	<u>648,167</u>	<u>654,174</u>
	<u>13,063,592</u>	<u>13,052,045</u>	<u>12,402,997</u>
REQUISITIONS			
Alberta School Foundation Fund	4,440,589	4,475,990	4,209,089
Land rent to Parks Canada	453,056	450,620	442,870
Planning reserves to Parks Canada	203,654	202,436	199,075
Evergreen Foundation	640,974	640,974	571,860
Designated industrial property	<u>-</u>	<u>5,344</u>	<u>1,841</u>
	<u>5,738,273</u>	<u>5,775,364</u>	<u>5,424,735</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 7,325,319</u>	<u>\$ 7,276,681</u>	<u>\$ 6,978,262</u>

MUNICIPALITY OF JASPER
Schedule of Government Transfers
For The Year Ended December 31, 2019

SCHEDULE 3

	2019 (Budget) (Note 18)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,248,987	\$ 2,418,491	\$ 2,014,974
Federal government	<u>851,056</u>	<u>740,245</u>	<u>711,243</u>
	<u>3,100,043</u>	<u>3,158,736</u>	<u>2,726,217</u>
TRANSFERS FOR CAPITAL			
Provincial government	4,196,723	2,054,889	1,306,927
Federal government	<u>1,050,000</u>	<u>50,000</u>	<u>53,581</u>
	<u>5,246,723</u>	<u>2,104,889</u>	<u>1,360,508</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 8,346,766</u>	<u>\$ 5,263,625</u>	<u>\$ 4,086,725</u>

MUNICIPALITY OF JASPER
Schedule of Segmented Disclosure
For The Year Ended December 31, 2019

SCHEDULE 4

	General Government	Roads, Streets Walks, Lighting	Legislative	Utilities	Parks and Recreation	Protective Services	Library and Museum	Public Health	Economic Development	Total
REVENUE										
Net municipal property taxes	\$ 7,276,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,276,681
User fees and sales of goods	2,610	-	6,689	4,228,513	723,634	106,078	-	1,223,835	765	6,292,124
Government transfers	61,269	359,615	-	1,127,520	312,831	1,352,089	-	2,050,301	-	5,263,625
Other	7,801	8,779	-	89,656	806,370	-	-	101,891	5,693	1,020,190
Rentals	-	-	5,402	-	373,103	109,803	-	-	114,196	602,504
Franchise and concession contracts	442,901	-	-	-	-	-	-	-	-	442,901
Investment income	302,590	-	-	-	-	-	-	-	-	302,590
Fines, licenses and permits	37,070	-	-	-	-	164,427	-	-	-	201,497
Penalties and costs on taxes	98,225	-	-	-	-	-	-	-	-	98,225
Gain (loss) on disposal of tangible capital assets	-	(17,698)	-	50	250	-	-	-	-	(17,398)
	<u>8,229,147</u>	<u>350,696</u>	<u>12,091</u>	<u>5,445,739</u>	<u>2,216,188</u>	<u>1,732,397</u>	<u>-</u>	<u>3,376,027</u>	<u>120,654</u>	<u>21,482,939</u>
EXPENSES										
Salaries, wages and benefits	862,550	788,217	403,497	1,197,212	1,835,352	629,917	252,383	2,712,454	33,363	8,714,945
Contracted and general services	326,040	602,518	61,577	1,584,534	723,391	1,097,181	16,919	250,395	98,017	4,760,572
Materials, goods, and utilities	99,997	(23,350)	48,667	1,884,604	1,305,889	168,398	50,072	821,410	189,869	4,545,556
Amortization	50,869	1,012,744	-	608,852	410,044	293,600	211,119	47,317	42,933	2,677,478
Transfers to local boards and agencies	-	-	-	47,667	-	-	77,630	-	-	125,297
Interest on long-term debt	-	2,977	-	106,756	-	-	-	-	-	109,733
Provision for allowances	73,921	-	-	1,393	-	-	-	614	-	75,928
Transfers to individuals and organizations	-	-	-	-	5,800	-	15,000	11,838	-	32,638
Bank charges and short-term interest	10,899	-	-	-	9,791	-	-	9,927	-	30,617
	<u>1,424,276</u>	<u>2,383,106</u>	<u>513,741</u>	<u>5,431,018</u>	<u>4,290,267</u>	<u>2,189,096</u>	<u>623,123</u>	<u>3,853,955</u>	<u>364,182</u>	<u>21,072,764</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 6,804,871</u>	<u>\$ (2,032,410)</u>	<u>\$ (501,650)</u>	<u>\$ 14,721</u>	<u>\$ (2,074,079)</u>	<u>\$ (456,699)</u>	<u>\$ (623,123)</u>	<u>\$ (477,928)</u>	<u>\$ (243,528)</u>	<u>\$ 410,175</u>

MUNICIPALITY OF JASPER
Schedule of Segmented Disclosure
For The Year Ended December 31, 2018

SCHEDULE 4

	General Government	Roads, Streets Walks, Lighting	Legislative	Utilities	Parks and Recreation	Protective Services	Library and Museum	Public Health	Economic Development	Total
REVENUE										
Net municipal property taxes	\$ 6,978,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,978,262
User fees and sales of goods	3,480	-	8,698	3,988,562	706,465	141,778	-	1,201,064	3,926	6,053,973
Government transfers	93,584	54,565	-	703,678	279,071	1,080,654	-	1,875,173	-	4,086,725
Rentals	-	-	4,764	-	419,304	104,857	-	-	99,380	628,305
Franchise and concession contracts	409,719	-	-	-	-	-	-	-	-	409,719
Other	6,939	45,709	-	86,398	62,985	93,100	-	99,677	4,331	399,139
Fines, licenses and permits	36,788	-	-	-	-	180,916	-	-	-	217,704
Investment income	199,946	-	-	-	-	-	-	-	-	199,946
Penalties and costs on taxes	74,929	-	-	-	-	-	-	-	-	74,929
Gain (loss) on disposal of tangible capital assets	-	(98,186)	-	(154,596)	9,793	1,085	-	-	-	(241,904)
	<u>7,803,647</u>	<u>2,088</u>	<u>13,462</u>	<u>4,624,042</u>	<u>1,477,618</u>	<u>1,602,390</u>	<u>-</u>	<u>3,175,914</u>	<u>107,637</u>	<u>18,806,798</u>
EXPENSES										
Salaries, wages, and benefits	839,135	757,030	357,318	1,179,534	1,834,179	673,713	244,312	2,540,675	27,097	8,452,993
Contracted and general services	345,147	453,688	54,400	1,227,658	682,077	741,222	10,090	221,731	103,164	3,839,177
Materials, goods, and utilities	84,917	12,410	51,593	730,095	1,115,221	155,801	47,159	735,685	183,814	3,116,695
Amortization	42,154	949,037	-	608,961	402,691	278,179	211,119	95,419	42,933	2,630,493
Provision for allowances (recovery)	105,842	-	-	31,056	10	-	-	877	-	137,785
Interest on long-term debt	-	7,041	-	129,101	-	-	-	-	-	136,142
Transfers to local boards and agencies	-	-	-	-	-	-	79,077	7,140	-	86,217
Transfers to individuals and organizations	-	-	-	-	8,200	-	-	23,942	-	32,142
Bank charges and short-term interest	10,345	-	-	-	11,042	-	-	8,488	-	29,875
	<u>1,427,540</u>	<u>2,179,206</u>	<u>463,311</u>	<u>3,906,405</u>	<u>4,053,420</u>	<u>1,848,915</u>	<u>591,757</u>	<u>3,633,957</u>	<u>357,008</u>	<u>18,461,519</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 6,376,107</u>	<u>\$ (2,177,118)</u>	<u>\$ (449,849)</u>	<u>\$ 717,637</u>	<u>\$ (2,575,802)</u>	<u>\$ (246,525)</u>	<u>\$ (591,757)</u>	<u>\$ (458,043)</u>	<u>\$ (249,371)</u>	<u>\$ 345,279</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, 2019

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>Construction in progress</u>	<u>2019</u>	<u>2018</u>
COST:									
Balance, Beginning of Year	\$ 403,759	\$ 4,795,767	\$ 33,023,675	\$ 43,532,348	\$ 6,713,080	\$ 3,863,549	\$ 560,876	\$ 92,893,054	\$ 91,273,812
Additions	-	88,986	-	-	291,945	1,073,263	2,446,493	3,900,687	2,187,839
Disposals	-	-	-	-	(39,598)	(34,198)	-	(73,796)	(568,597)
Transfers	-	25,989	28,022	3,678	34,312	-	(92,001)	-	-
Balance, End of Year	<u>403,759</u>	<u>4,910,742</u>	<u>33,051,697</u>	<u>43,536,026</u>	<u>6,999,739</u>	<u>4,902,614</u>	<u>2,915,368</u>	<u>96,719,945</u>	<u>92,893,054</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	2,890,232	10,537,668	16,373,844	3,952,019	1,885,199	-	35,638,962	33,278,877
Amortization expense	-	180,615	667,905	1,074,606	507,070	247,282	-	2,677,478	2,630,493
Disposals	-	-	-	-	(29,659)	(18,239)	-	(47,898)	(270,408)
Balance, End of Year	-	<u>3,070,847</u>	<u>11,205,573</u>	<u>17,448,450</u>	<u>4,429,430</u>	<u>2,114,242</u>	-	<u>38,268,542</u>	<u>35,638,962</u>
2019 NET BOOK VALUE	\$ <u>403,759</u>	\$ <u>1,839,895</u>	\$ <u>21,846,124</u>	\$ <u>26,087,576</u>	\$ <u>2,570,309</u>	\$ <u>2,788,372</u>	\$ <u>2,915,368</u>	\$ <u>58,451,403</u>	\$ <u>-</u>
2018 NET BOOK VALUE	\$ <u>403,759</u>	\$ <u>1,905,535</u>	\$ <u>22,486,007</u>	\$ <u>27,158,504</u>	\$ <u>2,761,061</u>	\$ <u>1,978,350</u>	\$ <u>560,876</u>	\$ <u>-</u>	\$ <u>57,254,092</u>

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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 public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, 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.

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

(c) Cash

Cash consists of deposits held with a Canadian financial institution less any cheques written in excess of the bank balance.

(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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Use of Estimates

The preparation of consolidated 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 consolidated 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 collectability 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.

(f) Government Transfers

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

Government transfers are recognized in the 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.

(g) Requisition Over-Levies and Under-Levies

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.

(i) 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.

(CONT'D)

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Non-Financial Assets (cont'd)

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 - 25
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.

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

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
Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. The Municipality will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2021.

ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2021.

iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2021.

iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021.

v) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2021.

vi) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2022.

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2019</u>	<u>2018</u>
Current taxes and grants in place of taxes	\$ 193,786	\$ 97,716
Arrears taxes	<u>102,345</u>	<u>76,021</u>
	296,131	173,737
Less: Allowance for doubtful accounts	<u>(40,135)</u>	<u>(3,475)</u>
	<u>\$ 255,996</u>	<u>\$ 170,262</u>

3. TRADE AND OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
Trade accounts receivable	\$ 1,016,776	\$ 1,069,966
Receivables from governments	968,402	380,448
Goods and Services Tax recoverable	<u>254,398</u>	<u>127,541</u>
	2,239,576	1,577,955
Less: Allowance for doubtful accounts	<u>(150,186)</u>	<u>(113,136)</u>
	<u>\$ 2,089,390</u>	<u>\$ 1,464,819</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, 2019 (2018 - \$NIL) and is unsecured.

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade and other accounts payable	\$ 3,734,161	\$ 1,522,417
Payables to other governments	130,828	252,149
Holdbacks payable	167,794	144,402
Accrued salaries and wages	133,297	132,843
Accrued interest on long-term debt	<u>23,696</u>	<u>29,819</u>
	<u>\$ 4,189,776</u>	<u>\$ 2,081,630</u>

6. EMPLOYEE BENEFITS OBLIGATION

	<u>2019</u>	<u>2018</u>
Vacation	\$ 346,352	\$ 353,785
Overtime	<u>63,198</u>	<u>61,319</u>
	<u>\$ 409,550</u>	<u>\$ 415,104</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.

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>2018</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2019</u>
Operating				
Municipal Sustainability Initiative Grant	\$ 31,841	\$ 60,776	\$ 48,819	\$ 43,798
Early Learning and Childcare Grant	201,862	737,276	759,601	179,537
Municipal Information Mapping Grant	2,385	-	-	2,385
Other operating grants	<u>351,174</u>	<u>926,240</u>	<u>812,771</u>	<u>464,643</u>
	<u>587,262</u>	<u>1,724,292</u>	<u>1,621,191</u>	<u>690,363</u>
Capital				
Municipal Sustainability Initiative Grant	3,678,049	962,016	1,445,867	3,194,198
Basic Municipal Transportation Grant	230,355	-	-	230,355
Federal Gas Tax Fund	1,055,407	529,227	10,000	1,574,634
Offsite levies	291,359	16,083	-	307,442
Other capital grants	<u>234,632</u>	<u>829,999</u>	<u>1,022,741</u>	<u>41,890</u>
	<u>5,489,802</u>	<u>2,337,325</u>	<u>2,468,608</u>	<u>5,348,519</u>
	<u>\$ 6,077,064</u>	<u>\$ 4,061,617</u>	<u>\$ 4,089,799</u>	<u>\$ 6,038,882</u>

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

8. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$137,118 including interest at 2.552%; due December 2034; issued to finance the renovations of the Jasper wastewater treatment plant.	\$ 3,400,000	\$ -
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$88,723 including interest at 2.552%; due December 2034; issued to finance the renovations of the Jasper recreation complex.	2,200,000	-
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.	840,413	1,004,040
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.	910,314	1,182,022
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$46,682 including interest at 4.654%; repaid December 2019; issued to finance the Public Works Building.	-	90,224
	<u>\$ 7,350,727</u>	<u>\$ 2,276,286</u>

The current portion of the long-term debt amounts to \$769,325 (2018 - \$525,599).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 769,325	\$ 230,407	\$ 999,732
2021	801,775	197,957	999,732
2022	835,742	163,990	999,732
2023	533,105	128,430	661,535
2024	446,388	110,220	556,608
Thereafter	<u>3,964,392</u>	<u>552,430</u>	<u>4,516,822</u>
	<u>\$ 7,350,727</u>	<u>\$ 1,383,434</u>	<u>\$ 8,734,161</u>

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

Interest on long-term debt amounted to \$109,733 (2018 - \$136,142)

The Municipality's total cash payments for interest amounted to \$115,856 (2018 - \$137,899).

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

9. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 255/2000*, for the Municipality be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 29,093,172	\$ 26,532,291
Total debt	<u>(7,350,727)</u>	<u>(2,276,286)</u>
Amount of debt limit unused	<u>\$ 21,742,445</u>	<u>\$ 24,256,005</u>
Service on debt limit	\$ 4,848,862	\$ 4,422,049
Service on debt	<u>(999,732)</u>	<u>(641,415)</u>
Amount of service on debt limit unused	<u>\$ 3,849,130</u>	<u>\$ 3,780,634</u>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in *Alberta Regulation 255/2000*) 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 consolidated financial statements must be interpreted as a whole.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Net book value of tangible capital assets	\$ 58,451,403	\$ 57,254,092
Debt recoverable - local improvements	27,035	35,200
Long-term debt related to tangible capital assets	<u>(7,350,727)</u>	<u>(2,276,286)</u>
	<u>\$ 51,127,711</u>	<u>\$ 55,013,006</u>

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	<u>\$ 6,333,778</u>	<u>\$ 2,461,375</u>
Restricted surplus		
Operating		
General	<u>1,674,627</u>	<u>1,774,678</u>
Capital		
Utilities	1,037,047	1,035,927
Recreation	760,022	559,742
Fire	734,958	515,973
Parking Authority	436,461	405,663
Environmental	305,361	324,787
Public housing	234,149	212,114
Library construction fund	167,154	117,154
Public Health	<u>73,799</u>	<u>54,473</u>
	<u>3,748,951</u>	<u>3,225,833</u>
Equity in tangible capital assets	<u>51,127,711</u>	<u>55,013,006</u>
	<u>\$ 62,885,067</u>	<u>\$ 62,474,892</u>

12. TRUST FUNDS

The Municipality administers the following trust funds:

	<u>2019</u>	<u>2018</u>
Jasper Sports and Culture	\$ 101,408	\$ 98,725
Betkowski	17,640	17,173
Atkinson	-	18,736
Mountain Park Lodge Hospitality/Business	-	5,956
Mountain Park Lodge Health Care	<u>-</u>	<u>5,335</u>
	<u>\$ 119,048</u>	<u>\$ 145,925</u>

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

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

13. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2019</u>	<u>2018</u>
Atco Electric Ltd.	\$ 246,557	\$ 236,555
Atco Gas Ltd.	<u>196,344</u>	<u>173,164</u>
	<u>\$ 442,901</u>	<u>\$ 409,719</u>

14. 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's wastewater treatment plant is currently under investigation by Environment Alberta for potential contamination. The Municipality may face penalties and fines that may result from the investigation. At this time, the amount of loss, if any, that the Municipality will be subject to cannot be reasonably estimated. No amounts have been accrued in these consolidated financial statements relating to this investigation. Any loss will be reflected in the Statement of Operations when sufficient information on amounts and likelihood is known.
- c) The Municipality is a defendant in lawsuits arising in the normal course of operations and involving various amounts. Management 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.

15. 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 13.84% of the excess.

Total current service contributions made by the Municipality to the LAPP in 2019 were \$487,019 (2018 - \$419,169). Total current service contributions made by the employees of the Municipality to the LAPP in 2019 were \$439,539 (2018 - \$382,503).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion (2017 - 4.84 billion).

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

16. 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>Benefits</u>	<u>2019</u>	<u>2018</u>
Mayor Ireland	\$ 77,394	\$ 6,512	\$ 83,906	\$ 71,675
Councillor McGrath	24,962	5,290	30,252	26,920
Councillor Kelleher-Empey	21,179	5,097	26,276	25,179
Councillor Wilson	19,534	5,013	24,547	26,302
Councillor Damota	18,835	4,978	23,813	21,032
Councillor Butler	18,506	4,961	23,467	23,857
Councillor Journault	20,702	2,084	22,786	18,378
	<u>\$ 201,112</u>	<u>\$ 33,935</u>	<u>\$ 235,047</u>	<u>\$ 213,343</u>
Chief Administrative Officer	<u>\$ 183,788</u>	<u>\$ 23,750</u>	<u>\$ 207,538</u>	<u>\$ 205,695</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.

17. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the Municipality. Municipality services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of the Office of the CAO, Communications, and Corporate Services. Corporate Services is comprised of Financial Services, Human Resources, and Information Technology Services.

(b) Legislative

Legislative is comprised of Council. Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of Municipality residents in a financially responsible manner.

(CONT'D)

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

17. SEGMENTED INFORMATION (CONT'D)

(c) Protective Services

Protective Services is comprised of Fire, Disaster, and Municipal Enforcement Services. The RCMP division in Jasper includes Federal, Provincial, and Municipal employees and contracted members that serve Jasper and the surrounding area. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires. The mandate of Disaster Services is Emergency Management to help maintain safe communities. The Municipal Enforcement Services provide bylaw enforcement that ranges from public service to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(d) Roads, Streets, Walks, Lighting

Roads, Streets, Walks, Lighting is comprised of Common Services and the Public Works areas. They are responsible for the maintenance of the roadway and storm systems of the Municipality.

(e) Parks and Recreation

Parks and Recreation is comprised of Recreation, Culture and Cultural Facilities. Parks and Recreation provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Municipality. This area also and acts as a liaison between community groups.

(f) Utilities

Utilities are comprised of water, waste water, waste management collection and recycling. The Municipality is responsible for environmental programs such as the introduction of organic carts, bi-weekly garbage pick-up and promoting recycling and other related initiatives.

(g) Economic Development

Economic Development is comprised of Infrastructure and Economic Development. These areas are responsible for the planning and development of the Municipality's infrastructure system and work with developers in planning the growth of the Municipality in a sustainable manner. Engineering is responsible for major capital infrastructure projects. Economic Development works with businesses in the Municipality to encourage economic sustainability.

(h) Public Health

The Public Health area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the Municipality.

(i) Library and Museum

Library and Museum provides Educational and historical services within the Municipality.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Government. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

MUNICIPALITY OF JASPER
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

18. BUDGET DATA

The budget presented in these consolidated financial statements is based on the 2019 operating budget approved by Council on April 2, 2019. 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.

	Budget <u>2019</u>	Actual 2019	Actual <u>2018</u>
Annual surplus	\$ <u>8,234,600</u>	\$ <u>410,175</u>	\$ <u>345,279</u>
Add back:			
Amortization expense	-	2,677,478	2,630,493
Net transfers (to) from reserves	<u>(3,245,478)</u>	<u>(423,067)</u>	<u>(605,645)</u>
	<u>(3,245,478)</u>	<u>2,254,411</u>	<u>2,024,848</u>
Deduct:			
Principal repayment of long-term debt	766,582	525,559	499,460
(Gain) loss on disposal of tangible capital assets	-	17,398	241,904
Acquisition of tangible capital assets	<u>4,222,540</u>	<u>3,900,687</u>	<u>2,187,839</u>
	<u>4,989,122</u>	<u>4,443,644</u>	<u>2,929,203</u>
Results of Operations as Budgeted	\$ <u>-</u>	\$ <u>(1,779,058)</u>	\$ <u>(559,076)</u>

MUNICIPALITY OF JASPER
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19. FINANCIAL INSTRUMENTS

The Municipality's financial instruments include cash, taxes and grants in place of taxes receivable, trade and other accounts receivables, accounts payable and accrued liabilities, employee benefit obligations, and long-term debt. It is management's opinion that the Municipality is not exposed to significant market, liquidity, interest or currency risk arising from these financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in place 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.

20. SUBSEQUENT EVENTS

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") pandemic. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Municipality's future operations. An estimate of the financial effects, if any, cannot be made at this time.

21. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements on May 5, 2020.