

**MUNICIPALITY OF JASPER
FINANCIAL STATEMENTS**

DECEMBER 31, 2007





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 Finance Committee has 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 Finance Committee and administration to discuss their audit findings.

March 25, 2008

Manager



MEYERS NORRIS PENNY LLP

AUDITORS' REPORT

To the Mayor and Council of the Municipality of Jasper

We have audited the consolidated statement of financial position of the Municipality of Jasper as at December 31, 2007 the consolidated statements of financial activities and changes in fund balances, and cash flows, and schedules I through VII for the year then ended. These statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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, 2007, and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

March 25, 2008
Leduc, Alberta

CHARTERED ACCOUNTANTS

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

	2007	2006
Assets		
Financial assets		
Cash and cash equivalents (Note 2)	\$ 4,045,299	\$ 1,450,915
Taxes and grants in lieu of taxes receivable (Note 3)	97,199	101,017
Trade and other receivables	5,443,118	4,191,272
Prepaid expenses	236,222	224,483
Other financial assets	<u>128,756</u>	<u>161,764</u>
	9,950,594	6,129,451
Tangible Capital Assets (Note 4)	<u>43,025,535</u>	<u>39,855,644</u>
Total Assets	<u>\$ 52,976,129</u>	<u>\$ 45,985,095</u>
Liabilities and Municipal Equity		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,651,488	\$ 1,096,014
Deposits	373,623	7,678
Deferred revenue (Note 5)	4,155,924	1,297,798
Tax over-levies (Note 6)	213,044	187,798
Obligations under capital lease (Note 7)	47,594	78,210
Long-term debt (Note 8)	<u>7,850,100</u>	<u>8,242,188</u>
	14,291,773	10,909,686
Municipal Equity		
Fund Balances		
Operating fund (Schedule I)	898,725	1,541,887
Capital fund (Schedule II)	1,198,230	1,350,339
Reserves (Schedule III)	<u>1,459,560</u>	<u>647,938</u>
	3,556,515	3,540,164
Equity in Capital Assets (Schedule IV)	<u>35,127,841</u>	<u>31,535,245</u>
	38,684,356	35,075,409
Total Liabilities and Municipal Equity	<u>\$ 52,976,129</u>	<u>\$ 45,985,095</u>

Contingencies (Note 13)

Commitments (Note 14)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ Councilor

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES
IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2007

	Unaudited Budget 2007	Actual 2007	Actual 2006
Revenue			
Net property taxes (Schedule V)	\$ 4,622,179	\$ 4,636,782	\$ 4,265,459
Government grants (Schedule VI)	3,265,951	2,881,152	5,065,064
Sales and user charges	3,449,654	3,641,883	3,284,697
Other revenues (Note 16)	<u>961,543</u>	<u>1,241,284</u>	<u>1,125,223</u>
	<u>12,299,327</u>	<u>12,401,101</u>	<u>13,740,443</u>
Expenditures			
Utilities	4,771,977	3,534,861	4,718,830
Recreation and parks	2,364,629	2,559,706	1,838,889
Public health and welfare	1,192,380	1,355,392	1,286,421
Roads, streets and equipment	1,277,842	1,230,888	1,374,641
Administration	1,006,004	1,019,485	919,824
Planning and development	1,075,089	1,005,777	206,070
Protective services	861,816	869,608	804,644
Legislative	276,371	230,459	199,399
Library and culture	<u>154,226</u>	<u>155,870</u>	<u>139,562</u>
	<u>12,980,334</u>	<u>11,962,046</u>	<u>11,488,280</u>
Excess of Revenue over Expenditures	(681,007)	439,055	2,252,163
Proceeds from debentures	-	-	17,500
Capital debt repaid	(351,303)	(392,088)	(369,297)
Capital lease obligations repaid	<u>(30,000)</u>	<u>(30,616)</u>	<u>(29,786)</u>
Change in Fund Balances	<u>\$ (1,062,310)</u>	<u>\$ 16,351</u>	<u>\$ 1,870,580</u>
Represented By:			
Change in Operating Fund (Schedule I)	(672,551)	(643,162)	244,936
Change in Capital Fund (Schedule II)	(1,127,450)	(152,109)	1,356,218
Change in Reserves (Schedule III)	<u>737,691</u>	<u>811,622</u>	<u>269,426</u>
	<u>\$ (1,062,310)</u>	<u>\$ 16,351</u>	<u>\$ 1,870,580</u>

MUNICIPALITY OF JASPER
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

	2007	2006
Cash Provided by (Used in):		
Operating Activities:		
Excess of revenues over expenditures	\$ 439,055	\$ 2,252,163
Net Change in non-cash operating working capital balances:		
Increase in deferred revenue	2,858,127	314,824
Decrease (increase) in prepaid expenses	(11,739)	26,934
Increase in accounts payable and accrued liabilities	555,474	20,077
Decrease in trade and other accounts receivable	(1,251,846)	(2,214,326)
Decrease (increase) in tax receivables	3,818	(32,594)
Decrease in tax over-levies	25,246	339,900
Increase (decrease) in deposit liabilities	365,945	(957)
Increase in long-term investments	<u>33,008</u>	<u>32,851</u>
	<u>3,017,088</u>	<u>738,872</u>
Financing Activities:		
Proceeds from debentures	-	17,500
Repayment of capital debt	(392,088)	(369,297)
Repayment of capital lease obligations	<u>(30,616)</u>	<u>(29,786)</u>
	<u>(422,704)</u>	<u>(381,583)</u>
Change in Cash and Equivalents During the Year	2,594,384	357,289
Cash and Equivalents at Beginning of Year	<u>1,450,915</u>	<u>1,093,626</u>
Cash and Equivalents at End of Year (Note 2)	<u>\$ 4,045,299</u>	<u>\$ 1,450,915</u>

MUNICIPALITY OF JASPER
SCHEDULE OF OPERATING FUND ACTIVITIES
YEAR ENDED DECEMBER 31, 2007
SCHEDULE I

	Unaudited Budget 2007	Actual 2007	Actual 2006
Revenue			
Net municipal property taxes (Schedule V)	\$ 4,622,179	\$ 4,636,782	\$ 4,265,459
Sales and user charges	3,449,654	3,641,883	3,284,697
Other revenues (Note 16)	894,643	1,155,633	1,124,476
Government grants (Schedule VI)	<u>800,693</u>	<u>921,283</u>	<u>1,022,070</u>
	<u>9,767,169</u>	<u>10,355,581</u>	<u>9,696,702</u>
Expenditures			
Recreation and parks	2,164,129	2,340,877	1,629,005
Utilities	2,108,719	2,241,632	2,563,337
Public health and welfare	1,173,380	1,355,392	1,286,421
Administration	946,004	982,721	892,042
Protective services	839,816	840,413	750,948
Roads, streets and equipment	477,842	513,988	460,127
Legislative	276,371	230,459	199,399
Library and culture	154,226	155,870	139,562
Planning and development	<u>184,889</u>	<u>130,215</u>	<u>206,070</u>
	<u>8,325,376</u>	<u>8,791,567</u>	<u>8,126,911</u>
Excess of Revenue over Expenditures	1,441,793	1,564,014	1,569,791
Financing and transfers:			
Capital debt repaid	(351,303)	(392,088)	(369,297)
Capital lease obligations repaid	(30,000)	(30,616)	(29,786)
Transfers to Capital fund (Schedule II)	(138,700)	(138,700)	(352,346)
Transfer to reserve fund (Schedule III)	<u>(1,594,341)</u>	<u>(1,645,772)</u>	<u>(573,426)</u>
Change in Operating Fund	(672,551)	(643,162)	244,936
Operating fund, opening	<u>1,541,887</u>	<u>1,541,887</u>	<u>1,296,951</u>
Operating Fund, Closing	<u>\$ 869,336</u>	<u>\$ 898,725</u>	<u>\$ 1,541,887</u>

MUNICIPALITY OF JASPER
SCHEDULE OF CAPITAL FUND ACTIVITIES
 YEAR ENDED DECEMBER 31, 2007
 SCHEDULE II

	Unaudited Budget 2007	Actual 2007	Actual 2006
Revenue			
Government grants (Schedule VI)	\$ 2,465,258	\$ 1,959,869	\$ 4,042,994
Other revenues (Note 16)	<u>66,900</u>	<u>85,651</u>	<u>747</u>
	<u>2,532,158</u>	<u>2,045,520</u>	<u>4,043,741</u>
Expenditures			
Utilities	2,663,258	1,293,229	2,155,493
Planning and development	890,200	875,562	-
Roads, streets and equipment	800,000	716,900	914,514
Recreation and parks	200,500	218,829	209,884
Administration	60,000	36,764	27,782
Protective services	22,000	29,195	53,696
Public health and welfare	<u>19,000</u>	<u>-</u>	<u>-</u>
	<u>4,654,958</u>	<u>3,170,479</u>	<u>3,361,369</u>
Excess (Deficiency) of Revenue	(2,122,800)	(1,124,959)	682,372
Net Interfund Transfers:			
Transfer from operating fund (Schedule I)	138,700	138,700	352,346
Transfer from reserves (Schedule III)	856,650	834,150	304,000
Proceeds from debentures (Schedule IV)	<u>-</u>	<u>-</u>	<u>17,500</u>
Change in Capital Fund	(1,127,450)	(152,109)	1,356,218
Capital fund, opening	<u>1,350,339</u>	<u>1,350,339</u>	<u>(5,879)</u>
Capital Fund, Closing	<u>\$ 222,889</u>	<u>\$ 1,198,230</u>	<u>\$ 1,350,339</u>

MUNICIPALITY OF JASPER
SCHEDULE OF RESERVES
 YEAR ENDED DECEMBER 31, 2007
 SCHEDULE III

	Unaudited Budget 2007	Actual 2007	Actual 2006
Net Interfund Transfers			
Transfers from operating fund (Schedule I)	\$ 1,594,341	\$ 1,645,772	\$ 573,426
Transfers to capital fund (Schedule II)	<u>(856,650)</u>	<u>(834,150)</u>	<u>(304,000)</u>
Change in Reserves	737,691	811,622	269,426
Reserves, opening	<u>647,938</u>	<u>647,938</u>	<u>378,512</u>
Reserves, Closing (Note 10)	<u>\$ 1,385,629</u>	<u>\$ 1,459,560</u>	<u>\$ 647,938</u>

MUNICIPALITY OF JASPER
SCHEDULE OF EQUITY IN CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2007
SCHEDULE IV

	Unaudited Budget 2007	Actual 2007	Actual 2006
Acquisition of Capital Assets			
Utilities	\$ 2,663,258	\$ 1,293,229	\$ 2,155,493
Planning and development	890,200	875,562	-
Roads, streets, walks, lighting	800,000	716,900	914,514
Recreation	200,500	218,829	209,884
Administration	60,000	36,177	27,773
Protective services	22,000	29,195	53,696
Public health and welfare	19,000	-	-
	<u>4,654,958</u>	<u>3,169,892</u>	<u>3,361,360</u>
Capital Financing			
Capital debt repaid (Schedule I)	351,303	392,088	369,297
Capital leases repaid (Schedule I)	30,000	30,616	29,786
Proceeds from debentures (Schedule II)	-	-	(17,500)
	<u>381,303</u>	<u>422,704</u>	<u>381,583</u>
Change in Equity Balance	5,036,261	3,592,596	3,742,943
Equity balance, opening	<u>31,535,245</u>	<u>31,535,245</u>	<u>27,792,302</u>
Equity Balance, Closing (Note 12)	<u>\$ 36,571,506</u>	<u>\$ 35,127,841</u>	<u>\$ 31,535,245</u>

MUNICIPALITY OF JASPER
SCHEDULE OF PROPERTY TAXES LEVIED
 YEAR ENDED DECEMBER 31, 2007
 SCHEDULE V

	Unaudited Budget 2007	Actual 2007	Actual 2006
Taxation			
Real property taxes	\$ 7,720,625	\$ 7,689,715	\$ 7,684,682
Government grants in place of property taxes	550,000	544,582	563,671
Linear property taxes	380,000	373,155	380,213
To reserve for over/under tax levy	<u>-</u>	<u>(25,246)</u>	<u>(419,117)</u>
	<u>8,650,625</u>	<u>8,582,206</u>	<u>8,209,449</u>
Requisitions			
Alberta School Foundation Fund	3,390,000	3,341,774	3,357,433
Land rent to Parks Canada	376,913	370,514	362,415
Planning services to Parks Canada	161,534	158,792	155,321
Evergreens Foundation	<u>100,000</u>	<u>74,345</u>	<u>68,821</u>
	<u>4,028,446</u>	<u>3,945,424</u>	<u>3,943,990</u>
Net Municipal Property Taxes	<u>\$ 4,622,179</u>	<u>\$ 4,636,782</u>	<u>\$ 4,265,459</u>

MUNICIPALITY OF JASPER
CONSOLIDATED SCHEDULE OF GOVERNMENT GRANTS
 YEAR ENDED DECEMBER 31, 2007
 SCHEDULE VI

	Unaudited Budget 2007	Actual 2007	Actual 2006
Operating fund			
Provincial grants	\$ 471,250	\$ 618,318	\$ 689,998
Federal grants	<u>329,443</u>	<u>302,965</u>	<u>332,072</u>
	<u>800,693</u>	<u>921,283</u>	<u>1,022,070</u>
Capital fund			
Provincial grants	2,250,583	1,958,969	2,736,434
Federal grants	<u>214,675</u>	<u>900</u>	<u>1,306,560</u>
	<u>2,465,258</u>	<u>1,959,869</u>	<u>4,042,994</u>
Total Government Grants	<u>\$ 3,265,951</u>	<u>\$ 2,881,152</u>	<u>\$ 5,065,064</u>

MUNICIPALITY OF JASPER
CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
 YEAR ENDED DECEMBER 31, 2007
 SCHEDULE VII

	Unaudited Budget 2007	Actual 2007	Actual 2006
Consolidated Expenditures by Object			
Salaries, wages and benefits	\$ 4,042,609	\$ 4,213,232	\$ 3,965,356
Capital assets acquired	4,654,958	3,169,892	3,361,360
Contracted and general services	1,898,092	2,137,281	1,935,123
Materials, goods, supplies and utilities	1,639,404	1,654,430	1,370,755
Interest on long-term debt	469,065	428,627	446,317
Transfers to local boards and agencies	216,956	283,109	330,338
Transfers to individuals and organizations	46,250	45,609	37,842
Bank charges and short-term interest	9,400	12,319	11,671
Other	-	11,458	24,782
Provision for allowances	<u>3,600</u>	<u>6,089</u>	<u>4,736</u>
	<u>\$ 12,980,334</u>	<u>\$ 11,962,046</u>	<u>\$ 11,488,280</u>

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:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances 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 the Council for the administration of their financial affairs and resources.

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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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

Government grants are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

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 financial statements, and the reported amounts of revenue and expenditure 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 is stated based on administration's estimates of collectibility.

Fund Accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity accounts.

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

Capital assets for municipal purposes are not amortized.

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.

Tangible Capital Assets

Effective January 1, 2007, the Municipality of Jasper adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - *Tangible Capital Assets* of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

The Municipality has not changed the way it has recorded its capital assets in 2007. During the year, The Municipality of Jasper continued to work towards compliance with the new recommendations for accounting for tangible capital assets. A complete listing of assets and values for the land, buildings, vehicles, machinery and equipment and engineering structures was obtained from Parks Canada when the Municipality was incorporated in July 2001. The Municipality has maintained records of purchases and disposals of tangible capital assets since that time.

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.

Deferred Revenue

Receipts that are restricted by legislation of senior government or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenditures are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenditures that will be incurred in a later period are deferred until they are earned and are matched against those expenditures.

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. Significant Accounting Policies (continued)

Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

Reserves

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and from reserve funds are reflected as an adjustment to the respective fund.

Equity in Capital Assets

Equity in capital assets represents the Municipality's net investment in its total capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the Municipality.

2. Cash and Equivalents

Cash and equivalents consists of the following:

	<u>2007</u>	<u>2006</u>
Cash on hand and deposits	\$ 4,164,342	\$ 1,532,984
Trust funds (Note 20)	<u>(119,043)</u>	<u>(82,069)</u>
	<u>\$ 4,045,299</u>	<u>\$ 1,450,915</u>

The Municipality has an authorized overdraft limit of \$800,000. The overdraft bears interest at the bank's prime rate, and was not drawn on at December 31, 2007.

3. Taxes and Grants in lieu of Taxes Receivable

	<u>2007</u>	<u>2006</u>
Current taxes	\$ 67,723	\$ 66,898
Arrears taxes	<u>29,476</u>	<u>34,119</u>
	<u>\$ 97,199</u>	<u>\$ 101,017</u>

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

4. Tangible Capital Assets

	<u>2007</u>			
	<u>Cost</u> <u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>Closing</u>
Land	\$ 414,879	\$ -	\$ -	\$ 414,879
Buildings	24,572,846	877,562	-	25,450,408
Engineering structures	10,805,184	1,956,713	-	12,761,897
Machinery and equipment	2,231,772	138,814	-	2,370,586
Vehicles	<u>1,830,963</u>	<u>196,802</u>	<u>-</u>	<u>2,027,765</u>
	<u>\$ 39,855,644</u>	<u>\$ 3,169,891</u>	<u>\$ -</u>	<u>\$ 43,025,535</u>

	<u>2006</u>			
	<u>Cost</u> <u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Cost</u> <u>Closing</u>
Land	\$ 414,879	\$ -	\$ -	\$ 414,879
Buildings	24,437,637	135,209	-	24,572,846
Engineering structures	7,662,722	3,142,462	-	10,805,184
Machinery and equipment	2,148,084	83,688	-	2,231,772
Vehicles	<u>1,830,963</u>	<u>-</u>	<u>-</u>	<u>1,830,963</u>
	<u>\$ 36,494,285</u>	<u>\$ 3,361,359</u>	<u>\$ -</u>	<u>\$ 39,855,644</u>

5. Deferred Revenue

	<u>2007</u>	<u>2006</u>
Government Grants		
Alberta Municipal Infrastructure Program grant	\$ 1,664,556	\$ -
Province of Alberta - Banff / Jasper Grant	1,200,000	145,000
Municipal Sustainability Initiative grant	638,655	-
Province of Alberta - Street Improvements Grant	270,660	270,660
Community Facility Enhancement Program grant	124,500	-
CAMRIFF grant	69,998	-
FCSS	67,454	28,235
Daycare	15,385	16,650
MIMs grant	12,000	-
Alberta Infrastructure - new Administration building	-	832,278
Community outreach services	45,209	2,909
Prepayment of business licences	26,771	-
Recreation	18,736	66
Supernet POP site	<u>2,000</u>	<u>2,000</u>
	<u>\$ 4,155,924</u>	<u>\$ 1,297,798</u>

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

6. Tax Over-levies

	<u>2007</u>	<u>2006</u>
Education tax under (over) levy	\$ 41,410	\$ 118,817
Current year adjustments	<u>(50,930)</u>	<u>(77,407)</u>
	<u>(9,520)</u>	<u>41,410</u>
Evergreen under (over) levy	(229,208)	168,859
Current year adjustments	<u>25,684</u>	<u>(398,067)</u>
	<u>(203,524)</u>	<u>(229,208)</u>
Municipal under (over) levy	-	(135,574)
Current year adjustments	<u>-</u>	<u>135,574</u>
	<u>-</u>	<u>-</u>
	<u>\$ (213,044)</u>	<u>\$ (187,798)</u>

The balance of the 2007 overlevies will be subtracted from future Education and Evergreen tax requisitions.

7. Obligations Under Capital Lease

	<u>2007</u>	<u>2006</u>
Total long term capital leases (Tax supported debt)	\$ 47,594	\$ 78,211
Less: principal portions due within one year	<u>(31,469)</u>	<u>(30,616)</u>
Long term portion	<u>\$ 16,125</u>	<u>\$ 47,595</u>

Capital lease interest payments are recorded as expenditures in the Consolidated Statement of Financial Activities and Changes in Fund Balances. Principal repayments on obligations under capital lease are recorded as a reduction in the obligation and as a debt repayment expenditure.

Capital leases are repayable to MFA Leasing Corporation and bear interest at 2.75% per annum, and mature in 2009. The cost of the assets under capital lease is \$151,113. Capital leases are issued on the credit of the Municipality of Jasper at large and secured by the individual leased assets.

Lease principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 31,469	\$ 500	\$ 31,969
2009	<u>16,125</u>	<u>131</u>	<u>16,256</u>
	<u>\$ 47,594</u>	<u>\$ 631</u>	<u>\$ 48,225</u>

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. Long-term Debt

	<u>2007</u>	<u>2006</u>
Tax-supported debentures	\$ 2,109,473	\$ 2,267,989
Self-supported debentures	<u>5,740,627</u>	<u>5,974,199</u>
	<u>7,850,100</u>	<u>8,242,188</u>

Payments of interest and principal are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 412,864	\$ 412,114	\$ 824,978
2009	434,751	391,043	825,794
2010	439,626	368,834	808,460
2011	463,197	345,423	808,620
2012	484,066	320,746	804,812
To maturity	5,615,596	1,650,225	7,265,821

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 3.98% to 5.875% per annum, and mature in periods 2009 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 \$432,105 (2006 - \$453,700).

9. Debt Limits

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

	<u>2007</u>	<u>2006</u>
Total debt limit	\$15,661,848	\$14,546,178
Total debt	<u>7,929,278</u>	<u>8,363,927</u>
Amount of debt limit unused	<u>\$ 7,732,570</u>	<u>\$ 6,182,251</u>
Service on debt limit	\$ 2,610,308	\$ 2,424,363
Service on debt	<u>856,947</u>	<u>856,576</u>
Amount of debt servicing limit unused	<u>\$ 1,753,361</u>	<u>\$ 1,567,787</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.

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

10. Reserves

Reserves for capital and operating activities changed as follows:

	<u>2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>2007</u>
Operating reserves	\$ 10,184	\$ 2,530,900	\$(1,874,000)	\$ 667,084
Capital reserves	<u>637,754</u>	<u>198,922</u>	<u>(44,200)</u>	<u>792,476</u>
	<u>\$ 647,938</u>	<u>\$ 2,729,822</u>	<u>\$(1,918,200)</u>	<u>\$ 1,459,560</u>

11. 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:

	<u>Salary</u>	<u>Benefits & allowances</u>	<u>2007</u>	<u>2006</u>
Mayor				
Ireland	\$ <u>19,352</u>	\$ <u>6,452</u>	\$ <u>25,804</u>	\$ <u>23,087</u>
Councillors				
Day	9,316	6,121	15,437	12,806
Kongsrud	10,261	3,988	14,249	11,689
Zinck	9,643	3,968	13,611	12,219
Couture	9,850	3,366	13,216	16,497
Walker	7,824	3,886	11,710	11,514
Nesbitt	5,304	5,020	10,324	11,441
Melnyk	3,641	1,079	4,720	-
Skehill	3,625	264	3,889	-
Damota	<u>2,380</u>	<u>49</u>	<u>2,429</u>	<u>-</u>
	<u>\$ 61,844</u>	<u>\$ 27,741</u>	<u>\$ 89,585</u>	<u>\$ 76,166</u>
 Municipal Manager	 \$ <u>106,447</u>	 \$ <u>4,611</u>	 \$ <u>111,058</u>	 \$ <u>83,018</u>

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.

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

12. Equity in Capital Assets

	<u>2007</u>	<u>2006</u>
Tangible capital assets (Note 4)	\$ 43,025,535	\$ 39,855,644
Obligations under capital lease (Note 7)	(47,594)	(78,211)
Long-term debt (Note 8)	<u>(7,850,100)</u>	<u>(8,242,188)</u>
	<u>\$ 35,127,841</u>	<u>\$ 31,535,245</u>

13. 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 has guaranteed a loan for the Jasper Tourism and Commerce for \$31,584. No liability has been recorded in these financial statements in relation to this guarantee. The Municipality would be required to perform under this guarantee if it became apparent that the Jasper Tourism and Commerce was unable to continue to make payments on this loan.

During the year, the Municipality agreed to provide a short-term loan guarantee to the Sweetgrass Housing Cooperative, or its successor, for development of restricted gain housing. The guarantee is for 15% of the total cost of the project 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 lenders' loans. Interest on the short-term loan and the loan guarantee, if drawn upon, are to be paid for by the Sweetgrass Housing Cooperative. The Municipality would be required to perform under the guarantee if it became apparent that the Jasper Tourism and Commerce was unable to continue to make payments on its debt.

14. Commitments

The Municipality has entered into the following multiple year contracts:

1. *Associated Ambulance Services (Whitecourt) Ltd.*

Five year agreement ending July 31, 2012.

2. *Accurate Assessment Group*

Three year agreement with option to renew for a further two years.

2008	\$	53,760
2009		55,400
2010		57,240

3. *Constellation NewEnergy Canada Inc.*

Five year agreement (ending 2011) for the supply of electricity.

4. *Nexen Inc.*

Five year agreement (ending 2008) for the supply of natural gas.

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

14. Commitments (continued)

5. *Jasper Volunteer Fire Brigade Society*

Three year agreement ending 2010.

2008	\$ 50,647
2009	52,167
2010	53,732

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

6. *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.

7. *IOS Financial Services*

Operating lease commitments requiring quarterly payments of \$1,295 ending October 2010.

2008	\$ 5,184
2009	5,184
2010	5,184

15. Budget Figures

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

16. Other Revenues

	<u>Budget</u>	<u>2007</u>	<u>2006</u>
Operating			
Rentals	\$ 366,650	\$ 387,360	\$ 369,710
Franchise and concession contracts	250,000	246,085	342,603
Other	58,060	219,260	177,661
Interest income	60,695	137,537	118,620
Contributions to parking Authority	25,000	68,077	-
Sales to other governments	49,738	38,516	49,505
Fines	59,500	32,512	33,600
Penalties and interest on taxes	<u>25,000</u>	<u>26,286</u>	<u>32,777</u>
	<u>894,643</u>	<u>1,155,633</u>	<u>1,124,476</u>
Capital			
Cost recoveries	66,900	66,598	-
Interest income	-	16,778	-
Donations	-	2,275	-
Other	<u>-</u>	<u>-</u>	<u>747</u>
	<u>66,900</u>	<u>85,651</u>	<u>747</u>
	<u>\$ 961,543</u>	<u>\$ 1,241,284</u>	<u>\$ 1,125,223</u>

17. 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, tax over-levies, obligations under capital lease, and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risk arising from these financial instruments. The carrying value of the Municipality's financial instruments approximates their fair value.

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

18. Related Party

During the year, the Municipality incorporated the Jasper Community Housing Corporation, a municipal corporation established with the objective of contributing affordable, sustainable housing. The Jasper Municipal Housing Corporation is controlled by the Municipality, and its financial statements should therefore be consolidated into the financial statements of the Municipality. However, the Corporation was inactive during the year, so there are no transactions or balances to consolidate.

19. 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 168,000 employees of approximately 408 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund

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

The Municipality is required to make current service contributions to the LAPP of 7.75% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% of the excess. Employees of the Municipality are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2007 were \$150,045 (2006 - \$136,353). Total current service contributions by the employees of the Municipality to the LAPP in 2007 were \$131,975 (2006 - \$119,726).

At December 31, 2006, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$746.6 million.

MUNICIPALITY OF JASPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

20. Trust Funds

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

	<u>2007</u>	<u>2006</u>
<i>Scholarships:</i>		
Balance, beginning of the year	\$ 82,069	\$ 77,045
Deduct - scholarships awarded	(2,650)	(3,873)
Add - income from investments	3,969	4,148
Add - contributions	<u>35,655</u>	<u>4,749</u>
Balance, end of the year	\$ <u>119,043</u>	\$ <u>82,069</u>



March 25, 2008

Meyers Norris Penny LLP
200 - 5019 49th Avenue
Leduc, Alberta T9E 6T5

To Whom It May Concern:

In connection with your audit of the financial statements of **Municipality of Jasper** ("the Municipality") as at December 31, 2007 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements and Records:

1. We believe that the comparative financial statements are complete and present fairly, in all material respects, the financial position of the Municipality as at December 31, 2007, and the results of its operations and its cash flows, in accordance with generally accepted accounting principles.
2. Our method of applying accounting principles is consistent with the prior year, except as disclosed in the financial statements. The effect of any change in accounting policies, and the basis on which any change was applied, has been properly described.
3. The financial statement note and supporting schedule disclosures are consistent with the financial statement accounting treatment.
4. As members of management of the Municipality, we believe that the Municipality has an accounting system and systems of controls sufficient to permit the preparation of accurate financial statements.
5. We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures, as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, errors, illegal acts, fraud or other irregularities, should there be any.
6. We have responded fully to all enquiries made to us and have made available to you a complete record of all financial records, and related data and minutes of the meetings of Council held throughout the year to the present date.
7. We are aware of and concur with the contents and results of the journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.

8. All off-balance sheet and derivative financial instruments have been made known to you, and our objectives and all terms associated with such instruments have been appropriately and completely disclosed in the financial statements.
9. There have been no exchanges of goods or services with any related party for which accounting recognition has not been given.
10. All amounts due to and from the Municipality are denominated in Canadian currency, except as otherwise disclosed.
11. All known related parties (including all related and controlled entities in which the Municipality has an economic interest, as well as, entities and individuals that have significant influence over the Municipality) have been disclosed to you and all related party transactions, including guarantees, non-monetary and no consideration transactions, have been measured and disclosed in accordance with Canadian generally accepted accounting principles.
12. All known non-monetary transactions have been disclosed to you and have been measured and disclosed in accordance with Canadian generally accepted accounting principles.
13. The use of the going concern assumption is appropriate and the Municipality will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business.
14. All restricted funds employed were utilized for the purposes intended.
15. The financial statements of the Municipality:
 - Present on a fair and consistent basis all assets and all known liabilities of the Municipality at the year-end.
 - Fairly reflect and summarize on a consistent basis the results of all transactions entered into by the Municipality during the year.
 - Segregate, where appropriate, all transactions between, and all balances due to and from, the Municipality and its council, staff, management, etc. and their immediate families, affiliates and all other related parties.
 - Record only those assets to which the Municipality has title and reflect only those transactions properly related to the activities of the Municipality.
 - Properly describe all materials and services contributed to the Municipality.
 - Disclose, when appropriate, the nature of recognized material measurement uncertainty including all estimates where it is reasonably possible that the estimate will change in the near term and, when determinable, the extent of the possible change.

Economic Resources:

1. All assets, wherever located, to which the Municipality had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, have been disclosed to you and appropriately reported in the financial statements.
2. Accounts and contributions receivable:
 - Are correctly described in the records and represent valid claims as at the year-end, against the persons or organizations indicated.

- An allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered prior to the year-end.

3. Investments:

- Long-term investments are carried at cost, except when there has been a loss in value that is other than a temporary decline upon which the investment will be written down to recognize the loss.
- All income earned on investments has been reflected in the financial statements.
- Where investments in controlled or significantly influenced entities, or joint ventures, have not been consolidated, accounted for using the equity method, or proportionately consolidated, appropriate and complete disclosure of such investments has been provided in the notes to the financial statements.

4. Capital assets

- All charges to capital assets and additions under capital leases represent actual additions.
- Capital assets sold or dismantled and capital lease terminations during the year have been properly accounted for in the books of the Municipality.
- Contributed capital assets are recorded at their estimated fair market value as at the contribution date.
- Capital assets without long-term service potential have been revalued at their residual value. Unamortized deferred contributions for capital assets written down or disposed of have been recognized as revenue.

Financial Obligations and Net Assets:

1. There were no direct or contingent liabilities, unusual contractual obligations or any substantial commitments, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the Municipality, except as disclosed in the financial statements.
2. The financial statements disclose the nature, effects, and maximum potential liability arising from all guarantees, however remote the probability of performance under such guarantees.
3. We are aware of the environmental laws and regulations that impact the Municipality and we are in compliance. We have accrued the fair value of all known environmental liabilities and legally required asset retirement obligations, or disclosed the reasons for not accruing, and have disclosed significant related details in the financial statements.
4. There are no outstanding legal actions or possible claims that have not been provided for or disclosed in the financial statements.
5. We have complied with all aspects of debt and other contractual agreements that would have a material affect on the financial statements in the event of non-compliance.
6. All restrictions, including endowments, on the use of the Municipality's funds or assets, as well as all requirements or conditions imposed by third parties, have been disclosed to you and are appropriately disclosed in the financial statements. The Municipality has complied with all restrictions, requirements and conditions that could have a material affect on the financial statements in the event of non-compliance.

7. All arrangements conveying a right to use the underlying tangible assets, are accounted for as a lease. A reassessment, after inception, of whether the arrangement contains a lease, is performed when there is a change in contractual terms, a renewal or extension, a change in dependency upon specific tangible assets, and a physical change to the specific tangible assets.

Derivative Financial Instruments:

1. We have appropriately and completely disclosed our objectives with respect to derivative financial instruments, and have sufficiently documented our intentions and support regarding hedges.
2. All transactions involving recognized and unrecognized derivative financial instruments were conducted at arm's length, and are properly recorded at fair value. Embedded derivatives have been separately identified.
3. We acknowledge our responsibility to determine the value of all derivative financial instruments. Assumptions and methodologies used in the valuation models regarding derivative financial instruments are reasonable.

Revenue Recognition:

1. We confirm that:
 - Revenue has been appropriately recognized in the proper periods and amounts, in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.
 - We have appropriately disclosed our revenue by major type or source and our revenue recognition policies for all material transaction streams, including restricted and endowed contributions, and all elements within those transaction streams.

Fair Value Measurement and Disclosure:

1. We acknowledge that we are responsible for:
 - Establishing fair value measurement processes, including valuation method selection and calculations, support for significant assumptions, and consistent application of methods and assumptions;
 - Assessing the reasonableness of significant assumptions underlying fair value measurements and disclosures, including whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Municipality;
 - Establishing financial reporting processes to ensure fair presentation and completeness of fair value measurement and disclosures;
 - Disclosing that fair values are not presented where they cannot be reliably determined due to constraints of cost and timeliness; and,
 - Ensuring that fair value measurements and disclosures are adjusted for subsequent events.

Fraud and Error:

1. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud and error.

2. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
3. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
4. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a contingent loss.

General:

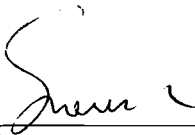
1. We have disclosed to you all significant funding sources and/or suppliers of the Municipality who individually represent a significant volume of transactions with our Municipality. We are of the opinion that the volume of transactions (funding, services, purchases, borrowing and lending) done by the Municipality with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the Municipality.
2. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
3. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date up to the date hereof that would require adjustment to, or disclosure in, the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and notes.
4. We have reviewed the adequacy of our insurance coverage of capital assets and operations.
5. We have disclosed to you any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements.
6. The financial statements we publish include your Auditors' Report, and we have not used your name in connection with these financial statements, except as otherwise agreed with you.
7. The previous year's representation letter dated March 22, 2007, is still applicable to the prior year's comparative financial statements, and no matters have arisen that require restatement of those comparative financial statements.

Professional Services:

1. We acknowledge the engagement letter dated January 7, 2007, which states the terms of reference regarding your professional services.

Yours truly,

Municipality of Jasper



Signature



Title



MEYERS NORRIS PENNY LLP

March 25, 2008

Council
Municipality of Jasper
Box 520, 303 Pyramid Avenue
Jasper, AB T0E 1E0

Dear Ladies and Gentlemen:

Re: Audit Findings Report to the Council - Year ending December 31, 2007

We are pleased to submit to you this report for discussion of our audit of the financial statements of **Municipality of Jasper** (the "Municipality") for the year ended December 31, 2007. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Council.

1. The Audit

Our responsibility, as auditor of **Municipality of Jasper**, is to report to the Mayor and Council on the fair presentation of the 2007 financial statements, in accordance with Canadian generally accepted accounting principles. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of **Municipality of Jasper's** controls and accounting systems and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Municipality's internal control as part of the financial statement audit. This included obtaining an understanding of the internal controls relevant to our audit; evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Wherever possible, we relied on the effectiveness of controls within the reporting systems in order to reduce the extent of our audit testing. Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified and therefore differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

2. Audit Results

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Council's review and approval of the financial statements. A substantive approach was used in auditing **Municipality of Jasper's** financial statements; thus, the Municipality's controls were not relied upon. Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$350,000. The audit report will provide an unqualified opinion to the Mayor and Council. Key matters noted during our audit are summarized in the table below.

SUBJECTS	2007	2006
Significant doubt concerning entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None noted	None noted
Fraud by employees/management with key roles in control activities	None noted	None noted
Differences that may: - Cause future statements to be materially misstated - Indicate significant weaknesses in controls	None None	None None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business	None	None
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None noted	None noted
Transactions that increase risk	None	None
Concerns with management breach of corporate conduct	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant weaknesses in the entity's risk assessment process within the design and/or implementation of controls	None	None
Material weaknesses in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

To assist you in the review of the financial statements, we have made the following professional judgments on the qualitative aspects of accounting principles used in the Municipality's financial reporting:

- initial selection of and changes in significant accounting policies, including the adoption of new accounting pronouncements;
- the effect of significant accounting policies in controversial or emerging areas, or those unique to an industry;
- the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by management;
- the basis for our conclusions regarding the reasonableness of the estimates made by management.
- factors affecting asset and liability carrying values, including the Municipality's bases for determining useful lives assigned to tangible and intangible assets; and;
- timing of transactions that affect the recognition of revenues or avoid recognition of expenses.

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods except as described in the Changes to Accounting Policies note to the financial statements. We have issued a letter to management containing our comments with respect to accounting matters and enhancement of controls. Our recommendations were as follows:



- Ensure year-end reconciliations and adjustments are complete and a final trial balance is available by the time the commencement of the audit field work occurs.
- Ensure that the accounts payable subledger is reconciled to the general ledger on a regular basis.
- Consider requiring employees to take vacations on a regular basis, and reconcile holiday accrual on a monthly basis.

We would also like to bring to your attention the following significant audit and financial reporting matters:

The 2007 tax over-levy relating to the Evergreens Foundation is more of an over-requisition than an over-levy. Essentially, the Foundation requisitioned funds from the Municipality, and then did not need the funds until 2008, as construction on the new lodge complex in Jasper was delayed. This leaves the Municipality with a liability, to either the Foundation or the ratepayers of Jasper. Although the effect on revenue is correctly reported, the presentation on the statement of financial position could be treated as an other liability instead of a tax over-levy. Since both treatments are as liabilities, this does not affect our audit opinion; we simply wished to bring it to Council's attention.

Differences identified during our audit were discussed with management. The cumulative net effect of all unadjusted differences has not resulted in material misstatement, and therefore does not affect our audit report. The following table summarizes all non-trivial differences, whether adjusted by management, or not:

Adjusted Differences

Differences Noted	Financial Statement Items Affected	Adjustment to Balance Sheet	Adjustment to Income
<p>Consistent with last year, the accounting records were not complete when we arrived to begin the audit field work. Some of the required adjustments involved recording the balance sheet effect of capital asset additions, debenture and capital lease payments, and equity in capital assets. As well, adjustments were made to accounts payable, to record some reserve transfers, to record tax over/under-levies, and to adjust debenture interest and principal payments to reconcile to the confirmation.</p> <p>A summary of the size and direction of the adjustments posted during the audit is in the column to the right.</p>	<p>Operating revenue decreased by \$40,773.</p> <p>Operating expenditures increased by \$562,587.</p> <p>Assets increased by \$3,180,998.</p> <p>Liabilities and net assets increased by \$3,691,701.</p> <p>Capital revenue and transfers decreased by \$116,780.</p> <p>Capital expenditures and transfers decreased by \$209,438.</p>	-	-

Unadjusted Differences

Differences Noted	Financial Statement Items Affected	Adjustment to Balance Sheet	Adjustment to Income
Revenue for business licenses should be recognized when received, not deferred to match the fiscal year of Parks Canada	Deferred revenue is overstated, operating revenue and municipal position are understated	26,771	(26,771)
2008 expenditures were recorded in 2007 payables	Accounts payable and expenditures are overstated, municipal position is understated	47,239	(47,239)
Potential liability for sick time is not accrued	Accounts payable and expenditures may be understated, municipal position may be overstated	(14,311)	3,536
Total Unadjusted Differences			(70,474)

3. Auditor Independence

We confirm to the Council that we are independent of **Municipality of Jasper**. Our letter to the Council discussing our independence is included under separate cover.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of **Municipality of Jasper**.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,



MEYERS NORRIS PENNY LLP

MNP/sp



MEYERS NORRIS PENNY LLP

March 25, 2008

Council
Municipality of Jasper
Box 520, 303 Pyramid Avenue
Jasper, AB T0E 1E0

Dear Ladies and Gentlemen:

Re: Audit Findings Report to the Council - Year ending December 31, 2007

We are pleased to submit to you this report for discussion of our audit of the financial statements of **Municipality of Jasper** (the "Municipality") for the year ended December 31, 2007. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Council.

1. The Audit

Our responsibility, as auditor of **Municipality of Jasper**, is to report to the Mayor and Council on the fair presentation of the 2007 financial statements, in accordance with Canadian generally accepted accounting principles. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of **Municipality of Jasper's** controls and accounting systems and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Municipality's internal control as part of the financial statement audit. This included obtaining an understanding of the internal controls relevant to our audit; evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Wherever possible, we relied on the effectiveness of controls within the reporting systems in order to reduce the extent of our audit testing. Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified and therefore differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

2. Audit Results

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Council's review and approval of the financial statements. A substantive approach was used in auditing **Municipality of Jasper's** financial statements; thus, the Municipality's controls were not relied upon. Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$350,000. The audit report will provide an unqualified opinion to the Mayor and Council. Key matters noted during our audit are summarized in the table below.

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
200, 5019 - 49TH AVENUE, LEDUC, AB T9E 6T5
PH. (780) 986-2626 FAX (780) 986-2621 www.mnp.ca



SUBJECTS	2007	2006
Significant doubt concerning entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None noted	None noted
Fraud by employees/management with key roles in control activities	None noted	None noted
Differences that may: - Cause future statements to be materially misstated - Indicate significant weaknesses in controls	None None	None None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business	None	None
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None noted	None noted
Transactions that increase risk	None	None
Concerns with management breach of corporate conduct	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant weaknesses in the entity's risk assessment process within the design and/or implementation of controls	None	None
Material weaknesses in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

To assist you in the review of the financial statements, we have made the following professional judgments on the qualitative aspects of accounting principles used in the Municipality's financial reporting:

- initial selection of and changes in significant accounting policies, including the adoption of new accounting pronouncements;
- the effect of significant accounting policies in controversial or emerging areas, or those unique to an industry;
- the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by management;
- the basis for our conclusions regarding the reasonableness of the estimates made by management.
- factors affecting asset and liability carrying values, including the Municipality's bases for determining useful lives assigned to tangible and intangible assets; and;
- timing of transactions that affect the recognition of revenues or avoid recognition of expenses.

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods except as described in the Changes to Accounting Policies note to the financial statements. We have issued a letter to management containing our comments with respect to accounting matters and enhancement of controls. Our recommendations were as follows:



- Ensure year-end reconciliations and adjustments are complete and a final trial balance is available by the time the commencement of the audit field work occurs.
- Ensure that the accounts payable subledger is reconciled to the general ledger on a regular basis.
- Consider requiring employees to take vacations on a regular basis, and reconcile holiday accrual on a monthly basis.

We would also like to bring to your attention the following significant audit and financial reporting matters:

The 2007 tax over-levy relating to the Evergreens Foundation is more of an over-requisition than an over-levy. Essentially, the Foundation requisitioned funds from the Municipality, and then did not need the funds until 2008, as construction on the new lodge complex in Jasper was delayed. This leaves the Municipality with a liability, to either the Foundation or the ratepayers of Jasper. Although the effect on revenue is correctly reported, the presentation on the statement of financial position could be treated as an other liability instead of a tax over-levy. Since both treatments are as liabilities, this does not affect our audit opinion; we simply wished to bring it to Council's attention.

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We confirm to the Council that we are independent of **Municipality of Jasper**. Our letter to the Council discussing our independence is included under separate cover.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of **Municipality of Jasper**.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

MeYers Norris Penny LLP

MEYERS NORRIS PENNY LLP

MNP/sp



MEYERS NORRIS PENNY LLP

March 25, 2008

Mr. Keith Shepherd
Municipality of Jasper
Box 520, 303 Pyramid Avenue
Jasper, AB T0E 1E0

Dear Mr. Shepherd:

Audit of 2007 Financial Statements

During the course of our audit of the financial statements for the year ended December 31, 2007, we identified some matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit is not specifically designed to identify all matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose all material fraud, or errors and other irregularities, and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

As a result of our observations, we have outlined below some suggestions for your consideration. This report is not exhaustive, and deals with the most important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

Observation and Possible Effect	Recommendation	Management Response
Year-end adjustments had not been completed by the time the audit work was initiated and a final trial balance was not received until a number of weeks after the field work had been completed. This had the effect of delaying the completion of the audit and hampering the efficiency of the overall audit work.	Ensure year-end reconciliations and adjustments are complete and a final trial balance is available by the time the commencement of the audit field work occurs.	Agree with recommendation. Year-end adjustments will begin earlier in January rather than wait for actual payments and invoices to come in. Key staff holidays will be scheduled at times other than the fiscal year end.

Observation and Possible Effect	Recommendation	Management Response
<p>The accounts payable subledger was not reconciled to the general ledger at year-end. This creates the potential problem of the financial system producing inaccurate information which is then relied upon to make decisions. Note however that it is our understanding that the subledger had been reconciling to the general ledger during the year.</p>	<p>Ensure that the accounts payable subledger is reconciled to the general ledger on a regular basis.</p>	<p>The accounts payable subledger is reconciled on a monthly basis. Unfortunately an accounting software problem in February caused 2007 and 2008 control account errors that were recovered, adjusted and reconciled by the end of March, 2008</p>
<p>Nine employees comprise 51% of the vacation pay liability at year-end. The fact that an employee has the right to take potentially four months of vacation should be a concern from an operational standpoint. Also, from a fraud perspective, employees who do not take vacations are a potentially higher risk.</p>	<p>Consider requiring employees to take vacations on a regular basis and reconcile holiday accrual on a monthly basis. Also, consider developing operational plans to deal with occurrences where an employee goes on long holidays or any similar extended leave.</p>	<p>Software problems in 2006 which failed to accrue all vacation pay have been fixed. Policy changes will be implemented to ensure that no more than one year's vacation has accrued by year-end.</p>

During the audit, we noted the following improvement:

- The Municipality has taken the proactive change to regularly backup their financial data to an off-site location. This should help minimize the potential loss of data should the system fail or get damaged.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from Keith, Diane, Martha, Melody, Judy, Donna, Beryl, and Grace.

We would be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to any third party who uses this communication.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

MNP/sp





MEYERS NORRIS PENNY LLP

March 25, 2008

Council
Municipality of Jasper
Box 520, 303 Pyramid Avenue
Jasper, AB T0E 1E0

Dear Ladies and Gentlemen:

We have been engaged to audit the financial statements of **Municipality of Jasper** (the Municipality) for the year ending December 31, 2007.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2007 to March 25, 2008.

Generally Accepted Auditing Standards require that we confirm our independence to the Council. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Municipality within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta as of March 25, 2008.

The total fees charged to the Municipality for audit services were \$38,000, and for non-audit services were \$7,520, during the period from January 1, 2007 to March 25, 2008. The table below provides a breakdown of these services and fees, according to the types of services and dollar ranges.

Types of Services	Current Year	Prior Year
Audit, including travel and accommodations	\$ 22,000.00	\$ 30,942.00
Total Audit and Non-Audit Fees	\$ 22,000.00	\$ 45,562.00

This report is intended solely for the use of the Council, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

MNP/sp

