

TOWN OF CANMORE

Consolidated Financial Statements

For the year ended December 31, 2021

TOWN OF CANMORE
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For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To: The Finance Committee of
the Town of Canmore

Opinion

We have audited the consolidated financial statements of the Town of Canmore which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 2021, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town 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 these 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used 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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 9.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 16.

Lethbridge, Alberta

April 26, 2022



Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Canmore and have been approved by Council.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Canmore is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through review of financial information prepared by management and through the Finance Committee. Relevant matters are discussed with these parties as well as the external auditors.



Manager of Financial Services



Chief Administrative Officer

April 26, 2022

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
Financial assets		
Cash and temporary investments (note 2)	\$ 47,961,452	\$ 55,412,424
Taxes and grants in place of taxes receivable (note 3)	697,125	924,552
Trade and other receivables (note 4)	6,034,956	7,971,219
Investment in future housing developments	2,841,131	573,603
Investments (note 5)	38,666,964	36,983,078
	96,201,628	101,864,876
Liabilities		
Accounts payable and accrued liabilities	5,785,175	9,925,069
Employee benefit obligations (note 6)	235,699	216,548
Deposits	2,184,293	2,793,313
Deferred revenue (note 7)	19,031,448	28,931,819
Long-term debt (note 8)	47,730,011	46,181,022
	74,966,626	88,047,771
Net financial assets	21,235,002	13,817,105
Non-financial assets		
Prepaid expenses	356,968	416,861
Inventory for consumption	3,588,423	4,245,949
Tangible capital assets (schedule 2)	381,928,903	365,439,611
	385,874,294	370,102,421
Accumulated surplus (note 12 and schedule 1)	\$ 407,109,296	\$ 383,919,526

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor



Mayor



TOWN OF CANMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020
Revenue			
Net municipal property taxes (note 13)	\$ 26,500,244	\$ 26,517,543	\$ 25,001,133
User fees and sales of goods	18,538,535	21,647,079	17,958,846
Government transfers for operating (note 14)	1,523,766	1,474,921	5,652,069
Investment income	1,023,500	1,109,763	1,694,849
Penalties and costs of taxes	222,000	306,945	204,231
Development levies	490,000	1,418,332	2,215,421
Licenses and permits	1,418,018	2,461,006	1,328,651
Franchise and concession contracts	2,948,000	2,850,055	2,335,204
Rental	2,699,188	2,822,203	2,884,286
Other	651,331	878,168	1,000,249
	56,014,582	61,486,015	60,274,939
Expenses (note 15)			
General government			
Legislative	480,136	492,457	422,262
Administration	8,843,069	9,880,545	8,446,838
Protective services			
Other protective services	7,476,816	7,012,464	6,859,699
Transportation services			
Common and equipment pool	819,269	710,405	641,040
Roads, streets, walks and lighting	5,051,578	5,697,886	5,277,572
Public transit	1,223,380	1,221,707	1,428,319
Environmental use and protection			
Utilities	9,524,520	8,656,502	8,501,567
Waste management	3,812,612	4,026,521	4,112,451
Other environmental use and protection	-	35,442	7,714
Public health and welfare			
Family and community support services	473,985	504,010	476,264
Cemeteries and crematoriums	60,626	59,721	78,054
Other public health and welfare	821,677	887,259	849,571
Planning and development			
Land use planning, zoning and development	1,338,138	1,211,456	1,421,757
Economic and agricultural development	601,913	558,875	532,584
Public housing operations	2,221,221	5,118,412	3,336,661
Other planning and development	1,026,149	1,087,467	1,079,501
Recreation and culture			
Parks and recreation	4,173,676	4,265,356	4,265,869
Culture - libraries, museums, halls	1,562,709	1,513,276	1,477,206
Other recreation and culture	6,337,387	4,791,698	5,525,784
	55,848,861	57,731,459	54,740,713
Excess of revenue over expenses before other	165,721	3,754,556	5,534,226
Other			
Government transfers for capital (note 14)	6,697,000	18,152,523	23,078,733
Contributed tangible capital assets	-	1,282,691	6,561,271
	6,697,000	19,435,214	29,640,004
Excess of revenue over expenses	6,862,721	23,189,770	35,174,230
Accumulated surplus, beginning of year	383,919,526	383,919,526	348,745,296
Accumulated surplus, end of year	\$ 390,782,247	\$ 407,109,296	\$ 383,919,526

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020
Excess of revenue over expenses	\$ 6,862,721	\$ 23,189,770	\$ 35,174,230
Acquisition of tangible capital assets	(15,829,750)	(25,973,138)	(41,844,334)
Amortization of tangible capital assets	9,785,886	10,576,940	9,829,639
Contributed tangible capital assets	-	(1,282,691)	(6,561,271)
Loss on disposal of tangible capital assets	-	76,740	597,551
Proceeds on disposal of tangible capital assets	-	112,858	8,455
	(6,043,864)	(16,489,291)	(37,969,960)
Net change in inventory for consumption	-	657,525	(112,134)
Net change in prepaid expense	-	59,893	43
	-	717,418	(112,091)
Change in net financial assets	818,857	7,417,897	(2,907,821)
Net financial assets, beginning of year	13,817,105	13,817,105	16,724,926
Net financial assets, end of year	\$ 14,635,962	\$ 21,235,002	\$ 13,817,105

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2021

	2021	2020
Operating transactions		
Excess of revenue over expenses	\$ 23,189,770	\$ 35,174,230
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	76,740	597,551
Amortization of tangible capital assets	10,576,940	9,829,639
Contributed tangible capital assets	(1,282,691)	(6,561,271)
	32,560,759	39,040,149
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	227,427	(256,950)
Trade and other receivables	1,936,263	(2,075,702)
Inventory for consumption	657,525	(112,134)
Prepaid expenses	59,893	43
Accounts payable and accrued liabilities	(4,139,894)	4,767,854
Employee benefit obligations	19,151	(849)
Deposits	(609,020)	542,978
Deferred revenue	(9,900,371)	(7,081,549)
	20,811,733	34,823,840
Capital transactions		
Proceeds on disposal of tangible capital assets	112,858	8,455
Acquisition of tangible capital assets	(25,973,138)	(41,844,334)
Investment in future housing developments	(2,267,526)	(186,522)
	(28,127,806)	(42,022,401)
Investing transactions		
Purchase of investments	(37,619,147)	(36,832,695)
Proceeds on sale of investments	35,935,258	50,842,773
	(1,683,889)	14,010,078
Financing transactions		
Proceeds of long-term debt	10,300,373	11,305,000
Repayment of long-term debt	(8,751,383)	(2,874,036)
	1,548,990	8,430,964
(Decrease) increase in cash and temporary investments	(7,450,972)	15,242,481
Cash and temporary investments, beginning of year	55,412,424	40,169,943
Cash and temporary investments, end of year	\$ 47,961,452	\$ 55,412,424

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

1. Significant accounting policies

The consolidated financial statements of the Town of Canmore are the representations of management prepared in accordance with generally accepted principles for local government established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Basis of accounting

The 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.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. These financial statements include the Canmore Community Housing, the Downtown Business Improvement Area, and the Canmore Public Library.

Taxes levied also includes requisitions for educational, health care, 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.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense 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.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

1. Significant accounting policies, continued

(e) Development levies
Development levies are recorded when the amount can be reasonably estimated and collection is reasonably assured. All levies are due within 24 months of the signing date of the respective agreement.

(f) Inventories for resale
Housing inventory held for resale is recorded at the lower of the purchase price of the property and its net realizable value. Other costs related to the purchase of the PAH units are recorded as resale administration costs. These administration costs include prorated property taxes, legal fees, and other administrative fees.

(g) Tax revenue
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Contaminated sites liability
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(i) Requisition over-levy and under-levy
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

(j) 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 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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

1. Significant accounting policies, continued

(k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the estimated useful life as follows:

	Years
Land improvements	8 - 30
Buildings	25 - 50
Engineered structures	5 - 90
Machinery and equipment	2 - 40
Vehicles	10 - 40

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

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

(iv) Inventories

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

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets. Cultural and historical tangible capital assets are comprised of buildings, bridges, sculptures and artwork.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

2. Cash and temporary investments

	2021	2020
Cash	\$ 29,679,117	\$ 37,157,213
Temporary investments	18,282,335	18,255,211
	\$ 47,961,452	\$ 55,412,424

Temporary investments are short-term guaranteed investment certificates, term deposits and government guaranteed bonds with original maturities of twelve months or less with interest rates of 0.30% to 1.85%.

In order to facilitate temporary financing for expenses, the Town has credit facilities totaling \$2,500,000 that could be utilized. An updated borrowing bylaw passed by Council would be required to access these facilities. As at December 31, 2021, there were no amounts drawn on these credit facilities (2020 - nil).

3. Taxes and grants in place of taxes receivables

	2021	2020
Taxes and grants in place of taxes receivable	\$ 519,197	\$ 811,540
Arrears	177,928	113,012
	\$ 697,125	\$ 924,552

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

4. Trade and other receivables

	2021	2020
Trades receivables	\$ 1,858,339	\$ 1,849,814
Utilities	1,809,461	1,817,306
Accrued receivables	1,473,466	2,724,373
Accrued interest	393,456	302,598
Goods and Services Tax (GST)	261,967	901,757
Other receivables	239,528	395,006
Due from related organizations	63,134	62,201
Local improvement tax	46,605	79,164
Allowance for doubtful accounts	(111,000)	(161,000)
	\$ 6,034,956	\$ 7,971,219

5. Investments

	2021		2020	
	Cost	Market value	Cost	Market value
	\$ 38,666,964	\$ 38,269,340	\$ 36,983,078	\$ 37,369,705

Principal protected notes and government guaranteed bonds have effective interest rates of 1.65% to 3.06% (2020 - 2.50% to 3.45%) with maturity dates from 2026 to 2035.

6. Employee benefit obligations

	2021	2020
Vacation	\$ 235,699	\$ 216,548

The vacation liability is comprised of the vacation 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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

7. Deferred revenue

Deferred revenue consists of deposits and government transfers.

Government transfers consist of funding received from the federal and provincial governments for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

	2021	2020
Alberta Community Resilience Program (ACRP) - Cougar Creek	\$ 7,700,633	\$ 11,195,829
Alberta Community Resilience Program (ACRP) - Steep Creek	6,845,513	6,714,406
Municipal Sustainability Initiative (MSI) - Capital	3,180,989	6,401,804
Canada Community Bulding Fund (CCBF)/Federal Gas Tax Fund (FGTF)	748,351	733,743
Disaster Recovery Program (DRP)	272,667	305,039
Municipal Stimulus Program	68,846	50,000
Ravens Ridge deposits	50,000	-
Flood Recovery Erosion Control Program (FRECP)	46,761	3,379,707
Mountain Pine Beetle (MPB)	46,653	59,409
Family Resource Network (FRN) - Child Development	37,851	21,473
Economic Development and Trade	11,918	11,918
Family Resource Network (FRN) - Hub	9,788	34,901
Family Resource Network (FRN) - Caregiver	9,478	19,147
Lafarge	2,000	-
Travel Alberta Canada	-	3,348
Friends of the Library	-	1,095
	\$ 19,031,448	\$ 28,931,819

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

8. Long-term debt

	2021	2020
Tax supported debentures	\$ 36,188,983	\$ 36,748,672
Self supported debentures	3,740,655	3,952,034
Bow Valley Credit Union	2,022,891	5,480,316
Bank of Montreal	5,777,482	-
	\$ 47,730,011	\$ 46,181,022
Current portion	\$ 3,357,322	\$ 3,455,922

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2022	\$ 3,357,322	\$ 1,313,403	\$ 4,670,725
2023	3,418,585	1,204,527	4,623,112
2024	2,635,704	1,100,193	3,735,897
2025	2,714,216	1,021,682	3,735,898
2026	2,787,443	948,454	3,735,897
Thereafter	32,816,741	7,428,722	40,245,463
	\$ 47,730,011	\$ 13,016,981	\$ 60,746,992

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 1.789% to 6% per annum and matures in periods 2023 through 2045. The average annual interest rate is 3.77% for 2021 (3.61% for 2020).

Bow Valley Credit Union (BVCU) debt is repayable at interest only at 2.7% until construction of Peaks Landing is complete, at which point it will be converted to a term loan. This loan is to finance up to \$4,200,000 in construction costs.

Bank of Montreal (BMO) debt is repayable at \$26,483 monthly including interest at 2.21%. The loan is due in 2026.

All debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$1,394,845 (2020 - \$1,349,144).

The Town's total cash payments for interest in 2021 were \$1,620,935 (2020 - \$1,562,199).

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

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 Town be disclosed as follows:

	2021	2020
Total debt limit	\$ 84,427,658	\$ 85,084,029
Total debt	39,929,639	40,700,706
	\$ 44,498,019	\$ 44,383,323
Debt servicing limit	\$ 14,071,276	\$ 14,180,672
Debt servicing	4,352,926	4,506,070
	\$ 9,718,350	\$ 9,674,602

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 at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

A municipality may choose to calculate its debt limit on a consolidated basis with its government reporting entities as per subsection 6(1) of Alberta's Debt Limit Regulation. The Town has elected not to include the government reporting entities in the debt limit calculation. The debt limit calculation includes the Town's revenue and debt only.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

10. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2021	2020
Operating		
Downtown Business Improvement Area	\$ 24,758	\$ 24,758
General operating	2,918,553	2,861,584
Library	154,896	160,000
Tax stabilization	4,916,934	6,906,503
	8,015,141	9,952,845
Capital		
Accessory dwelling grant - CCH	160,000	285,000
Art trust fund	327,554	303,278
Asset replacement	11,406,544	9,088,905
Cash in lieu - bear bins	27,078	109,863
Cash in lieu - municipal reserve	181,923	178,372
Cash in lieu - parking	510,559	484,810
Economic development	846,127	680,145
Flood mitigation maintenance	799,265	585,615
General capital	7,987,670	7,630,065
Housing development - CCH	1,248,357	699,775
Matching down deposit - CCH	437,947	407,947
Offsite levies	6,718,589	5,832,416
Paid Parking	230,276	-
Photo radar	538,901	808,377
Recreation levy	47,864	46,930
Solid waste - collection	798,107	635,613
Solid waste - recycling	1,007,323	925,416
Special Initiatives - CCH	372,000	-
Sustainability	84,664	-
Vital homes	1,488,664	870,745
Water utility	4,179,145	2,895,178
Wastewater utility	6,629,757	5,513,988
Work in progress - debt	3,599,344	5,161,053
Work in progress - taxes	786,835	892,483
	50,414,493	44,035,974
	\$ 58,429,634	\$ 53,988,819

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

11. Equity in tangible capital assets

	2021	2020
Tangible capital assets (schedule 2)	\$ 520,166,099	\$ 493,684,926
Accumulated amortization (schedule 2)	(138,237,196)	(128,245,315)
Long-term debt (note 8)	(47,730,011)	(46,181,022)
Long-term debt - operating (note 8)	2,022,891	-
	\$ 336,221,783	\$ 319,258,589

12. Accumulated surplus

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

	2021	2020
Unrestricted surplus	\$ 12,457,879	\$ 10,672,118
Internally restricted surplus (reserves) (note 10)	58,429,634	53,988,819
Equity in tangible capital assets (note 11)	336,221,783	319,258,589
	\$ 407,109,296	\$ 383,919,526

13. Net municipal property taxes

	Budget (Unaudited)	2021	2020
Taxation			
Real property taxes	\$ 50,387,296	\$ 50,422,119	\$ 46,443,558
Requisitions			
Alberta School Foundation Fund	22,321,842	22,337,853	20,520,662
Bow Valley Regional Housing Authority	1,561,399	1,562,773	917,952
Designated Industrial Property Tax	3,811	3,950	3,811
	23,887,052	23,904,576	21,442,425
	\$ 26,500,244	\$ 26,517,543	\$ 25,001,133

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

14. Government transfers

	Budget (Unaudited)	2021	2020
Transfers for operating:			
Provincial conditional grants	\$ 1,523,766	\$ 1,468,621	\$ 5,649,269
Federal conditional grants	-	6,300	2,800
	1,523,766	1,474,921	5,652,069
Transfers for capital:			
Provincial government	6,697,000	14,703,332	17,297,768
Federal government	-	3,449,191	5,780,965
	6,697,000	18,152,523	23,078,733
	\$ 8,220,766	\$ 19,627,444	\$ 28,730,802

15. Expenses by object

	Budget (Unaudited)	2021	2020
Salaries, wages and benefits	\$ 21,122,422	\$ 20,110,357	\$ 19,327,715
Contracted and general services	17,604,372	15,568,520	15,463,810
Materials, goods, supplies and utilities	4,261,340	7,092,617	5,018,131
Bank charges and short term interest	61,500	65,518	49,801
Interest on long term debt	1,690,726	1,394,845	1,349,144
Other expenses	675,791	2,224,458	2,237,477
Transfers to organizations and others	646,824	621,464	867,445
Amortization of tangible capital assets	9,785,886	10,576,940	9,829,639
Loss on disposal of tangible capital assets	-	76,740	597,551
	\$ 55,848,861	\$ 57,731,459	\$ 54,740,713

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

16. 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:

	(1) Salary	(2) Benefits & allowances	2021	2020
Council				
Borrowman, John	\$ 84,620	\$ 11,049	\$ 95,669	\$ 117,587
McCallum, Joanna	42,463	8,353	50,816	52,289
Hilstad, Jeffrey	42,372	8,353	50,725	48,616
Marra, Karen	41,647	6,819	48,466	45,461
Seeley, Robert	35,866	7,106	42,972	49,866
Sandford, Vi	32,764	7,106	39,870	47,766
Comfort, Esme	27,861	5,807	33,668	37,931
Krausert, Sean	17,938	2,812	20,750	-
Graham, Wade	9,415	1,701	11,116	-
Mah, Jeff	9,415	1,701	11,116	-
Foubert, Tanya	8,690	1,154	9,844	-
Chief administrative officer (1)	226,123	29,079	255,202	256,699
Designated officers (17)	\$ 1,955,109	\$ 291,940	\$ 2,247,049	\$ 2,344,381

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

17. Commitments and contingencies

- (a) The Town has entered into an agreement with EPCOR Water Services Inc. to take over all aspects of the management, operation and maintenance relating to the operation of the water works system, the waste water system, the storm drainage system, and the utility metering system for and on behalf of the Town. The term of the agreement is five years and four months from the commencement date of September 1, 2021 ending on December 31, 2026. The annual charges for core services work was \$3,450,579 for the 2021 year not including Rehabilitation Fund Maintenance and Repairs, Biosolids Services, Out-of-Scope Work or Capital Work.
- (b) The Town has entered into a contract with Superior Safety Codes Inc. to provide professional safety code services. The contract is from August 2019 to August 2022. The contractor shall be paid for services as follows:
- (i) Inspections and plan reviews - \$110/hour and,
 - (ii) Enforcement (after an order has been issued) - no charge up to 8 hours; \$125/hour after 8 hours.
- (c) The Town has entered into an agreement with RCMP to provide policing services. The Town pays 90% of the actual Full-Time Equivalent utilization each quarter and actual overtime hours plus quarterly accommodation charges for the 2022 - 2023 contract year.
- In addition, with the changes to the collective agreement with the National Police Federation, the Town could have a potential liability for the retroactive pay increases identified in the agreement. The specific amounts associated with the retroactive pay rates are not yet finalized and the amount is unknown at this time. As a result, the town has accrued an estimated \$417,000 in the financial statements as at December 31, 2021.
- (d) The Town has an agreement with Benchmark Assessment Consultants Inc. to provide assessment services. Assessment services are required by the municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. The contract is from October 7, 2019 to October 31, 2022. Under the terms of the agreement the Town is committed to \$190,883 for 2022.
- (e) Land held by Canmore Community Housing (Palliser Lot 7) suffered flood damage in June, 2013 and its value is currently in question. Presently, the land is valued at \$1,768,000. Based on the available information, it is reasonably possible that an impairment in value has occurred. Management is currently in the process of determining how much, if any, impairment has occurred. It is not possible at this time to estimate the dollar value of potential impairment.
- (f) The Town approved the Cougar Creek Debris Flow Retention Structure capital project for an estimated cost of \$49,000,000. The construction for the capital project began in 2020 where \$37,200,000 has been spent as of year end. The capital project is expected to be completed in 2023.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

18. Related party transactions

During the year the Town entered into the following transactions with related parties:

	2021	2020
Bow Valley Regional Housing Association		
Included in accounts payable	\$ -	\$ 319
Included in accounts receivable	191	-

The Bow Valley Regional Housing Association was established as a management body by a Provincial Ministerial Order dated June 19, 1997, and is regulated by the Alberta Housing Act and its regulations. The management body operates and maintains social housing accommodations and is administered by a Board comprised of seven members, two of which are appointed by the Town. The management body requisitions the member municipalities to fund operations.

Centennial Museum Society of Canmore

Appropriation	\$ 185,000	\$ 185,000
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The Centennial Museum Society of Canmore is a non-profit organization registered in the Province of Alberta. The Town supports the museum through funding operations. Council reviews the program plan annually and approves funding.

Bow Valley Regional Transit Services Commission

Appropriation	\$ 1,206,905	\$ 1,419,297
Included in accounts receivable	69	-

The Bow Valley Regional Transit Services Commission was established as a service commission by a Provincial Ministerial Order dated April 21, 2011, and is regulated by the Municipal Government Act and its regulations. The service commission operates and maintains transit services and is administered by a Board comprised of six members, two of which are appointed by the Town. The service commission requisitions the member municipalities to fund operations.

Bow Valley Regional Waste Management Commission

Appropriation	\$ 84,500	\$ 84,500
Included in accounts payable	2,442	-

The Bow Valley Waste Management Commission is a regional services commission serving the Town of Canmore, Town of Banff and the Municipal District of Bighorn No 8. The commission provides solid waste management services and is administered by a Board comprised of six members, two of which are appointed by the Town. The Town of Canmore operates the Town of Canmore Waste Transfer Station through contract with the Commission.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

18. Related party transactions, continued

Canadian Mountain Arts Foundation

Appropriation	\$	236,000	\$	236,000
Included in accounts receivable		873		-

The Town has retained the services of Canadian Mountain Arts Foundation to create, operate and manage a community arts centre in Canmore Arts Centre Advisory Committee Report. The foundation is administered by a Board comprised of nine members, one of which is appointed by the Town.

The above mentioned transactions occurred in the normal course of operations and were recorded at the exchange amount, which was the amount agreed to between the related parties.

19. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or credit risk arising from these financial instruments.

The Town 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 Town 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 value of the financial instrument approximates fair value.

20. Approval of financial statements

These financial statements were approved by Council and Management.

21. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

22. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Town's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

The situation is continually changing and the future impact on the Town is not readily determinable at this time.

23. Budget amounts

The 2021 budget for the Town was approved by Council on February 23, 2021. The budget has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual 2020 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 6,862,721
Less: Capital expenditures	(15,829,750)
Long-term debt repayments	(3,641,584)
Transfers to reserves	(208,090)
Add: Amortization	9,785,885
Proceeds from long-term debt	3,130,000
<hr/>	
Equals: Budgeted surplus	<u>\$ 99,182</u>

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

24. Segmented disclosure

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

Refer to the schedule of segmented disclosure (schedule 3).

25. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2021	2020
Balance, beginning of year	\$ 10,672,118	\$ 53,988,819	\$ 319,258,589	\$ 383,919,526	\$ 348,745,296
Excess of revenue over expenses	23,189,770	-	-	23,189,770	35,174,230
Unrestricted funds designated for future use	(13,276,910)	13,276,910	-	-	-
Restricted funds used for operations	2,505,654	(2,505,654)	-	-	-
Restricted funds used for tangible capital assets	-	(6,330,441)	6,330,441	-	-
Current year funds used for tangible capital assets	(19,642,700)	-	19,642,700	-	-
Contributed tangible capital assets	(1,282,691)	-	1,282,691	-	-
Disposal of tangible capital assets	189,599	-	(189,599)	-	-
Amortization of tangible capital assets	10,576,940	-	(10,576,940)	-	-
Long-term debt repaid	(8,751,383)	-	8,751,383	-	-
Proceeds of long-term debt	8,277,482	-	(8,277,482)	-	-
Change in accumulated surplus	1,785,761	4,440,815	16,963,194	23,189,770	35,174,230
Balance, end of year	\$ 12,457,879	\$ 58,429,634	\$ 336,221,783	\$ 407,109,296	\$ 383,919,526

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2021	2020
Cost:									
Balance, beginning of year	\$ 52,154,845	\$ 22,856,723	\$ 100,405,813	\$ 260,020,596	\$ 18,416,492	\$ 6,681,077	\$ 33,149,379	\$ 493,684,925	\$ 447,194,706
Acquisitions	1,124,647	1,316,666	502,465	12,834,802	1,356,665	935,711	9,184,873	27,255,829	48,405,605
Transfers	-	619,898	99,315	16,930,674	73,376	-	(17,723,263)	-	-
Disposals	-	(99,264)	(90,179)	(209,961)	(101,776)	(251,380)	(22,095)	(774,655)	(1,915,385)
Balance, end of year	53,279,492	24,694,023	100,917,414	289,576,111	19,744,757	7,365,408	24,588,894	520,166,099	493,684,926
Accumulated amortization:									
Balance, beginning of year	-	12,317,561	22,834,160	80,621,290	9,219,656	3,252,648	-	128,245,315	119,725,056
Annual amortization	-	1,096,272	2,495,260	5,348,454	1,157,425	479,529	-	10,576,940	9,829,639
Disposals	-	(83,791)	(44,031)	(117,845)	(88,011)	(251,381)	-	(585,059)	(1,309,380)
Balance, end of year	-	13,330,042	25,285,389	85,851,899	10,289,070	3,480,796	-	138,237,196	128,245,315
Net book value	\$ 53,279,492	\$ 11,363,981	\$ 75,632,025	\$ 203,724,212	\$ 9,455,687	\$ 3,884,612	\$ 24,588,894	\$ 381,928,903	\$ 365,439,611
2020 net book value	\$ 52,154,845	\$ 10,539,163	\$ 77,571,653	\$ 179,399,306	\$ 9,196,836	\$ 3,428,429	\$ 33,149,379	\$ 365,439,611	

Engineered structures, land, land improvements and machinery and equipment of \$1,282,691 (2020 - \$6,561,271) were acquired as contributed tangible capital assets.

TOWN OF CANMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

Schedule of segmented disclosure								Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 25,817,852	\$ -	\$ -	\$ -	\$ -	\$ 699,691	\$ -	\$ 26,517,543
User fees and sales of goods	100,601	1,216,551	413	15,276,684	136,867	3,277,157	1,638,806	21,647,079
Government transfers for operating	229,262	411,936	-	-	695,615	-	138,108	1,474,921
Investment income	1,082,053	-	-	-	-	24,662	3,048	1,109,763
Penalties and costs of taxes	306,945	-	-	-	-	-	-	306,945
Development levies	898,004	-	-	520,328	-	-	-	1,418,332
Licenses and permits	-	62,078	-	-	-	2,331,459	67,469	2,461,006
Franchise and concession contracts	2,788,095	-	58,500	-	-	-	3,460	2,850,055
Rental	-	-	-	-	-	1,892,007	930,196	2,822,203
Other	616,813	3,434	9,000	-	149,728	16,919	82,274	878,168
	31,839,625	1,693,999	67,913	15,797,012	982,210	8,241,895	2,863,361	61,486,015
Expenses								
Salaries, wages and benefits	5,651,238	3,363,360	1,357,162	1,314,730	1,049,653	2,604,924	4,769,290	20,110,357
Contracted and general services	2,306,702	3,095,920	2,386,135	5,465,832	169,239	646,062	1,498,630	15,568,520
Materials, goods, supplies and utilities	91,404	165,370	1,146,589	881,105	206,589	3,676,059	925,501	7,092,617
Bank charges and short term interest	24,901	8,295	-	-	-	232	32,090	65,518
Interest on long term debt	362,391	-	-	662,331	-	370,123	-	1,394,845
Other expenditures	1,194,384	6,105	603,319	139,607	6,316	65,569	209,158	2,224,458
Transfers to organizations and others	170,840	39,500	-	84,500	-	78,660	247,964	621,464
Amortization of tangible capital assets	501,739	333,913	2,133,466	4,157,260	19,194	534,581	2,896,787	10,576,940
Loss on disposal of tangible capital assets	69,399	-	3,328	13,102	-	-	(9,089)	76,740
	10,372,998	7,012,463	7,629,999	12,718,467	1,450,991	7,976,210	10,570,331	57,731,459
Excess (deficiency) of revenue over expenses before other	21,466,627	(5,318,464)	(7,562,086)	3,078,545	(468,781)	265,685	(7,706,970)	3,754,556
Other								
Government transfers for capital	-	1,984,928	11,396,726	3,922,292	-	-	848,577	18,152,523
Contributed tangible capital assets	-	-	19,006	12,500	-	1,123,500	127,685	1,282,691
	-	1,984,928	11,415,732	3,934,792	-	1,123,500	976,262	19,435,214
Excess (deficiency) of revenue over expenses	\$ 21,466,627	\$ (3,333,536)	\$ 3,853,646	\$ 7,013,337	\$ (468,781)	\$ 1,389,185	\$ (6,730,708)	\$ 23,189,770