

TOWN OF CANMORE

Consolidated Financial Statements

For the year ended December 31, 2016

TOWN OF CANMORE
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For the year ended December 31, 2016

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Finance Committee of
the Town of Canmore

We have audited the accompanying consolidated financial statements of the Town of Canmore which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 2016 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

We draw attention to note 17 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

Lethbridge, Alberta

April 25, 2017

A handwritten signature in cursive script that reads "Avail LLP".

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 25, 2017

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016

	2016	2015 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 29,178,012	\$ 38,809,192
Taxes and grants in place of taxes receivable (note 3)	585,801	433,429
Trade and other receivables (note 4)	4,801,106	4,325,763
Investments (note 5)	28,386,226	15,606,059
	62,951,145	59,174,443
Liabilities		
Accounts payable and accrued liabilities	5,041,316	5,184,256
Employee benefit obligations (note 6)	276,718	289,181
Deferred revenue (note 7)	20,820,489	22,633,701
Long-term debt (note 8)	28,338,961	25,131,710
	54,477,484	53,238,848
Net financial assets	8,473,661	5,935,595
Non-financial assets		
Prepaid expenses	159,441	89,685
Inventory for consumption	122,729	103,209
Tangible capital assets (schedule 2)	302,393,030	290,975,368
	302,675,200	291,168,262
Accumulated surplus (note 12)	\$ 311,148,861	\$ 297,103,857

Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor



Councillor



TOWN OF CANMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015 (Restated)
Revenue			
Net municipal property taxes (note 13)	\$ 22,415,851	\$ 20,983,665	\$ 19,982,363
User fees and sales of goods	15,840,540	15,707,834	15,315,311
Government transfers for operating (note 14)	1,494,553	1,541,235	1,543,884
Investment income	870,750	778,244	604,482
Penalties and costs of taxes	220,000	213,048	209,801
Development levies	540,000	2,009,718	563,420
Licenses and permits	954,035	1,482,861	1,056,566
Franchise and concession contracts	2,049,300	2,079,936	1,593,718
Rental	2,388,113	2,185,155	1,952,362
Other	426,961	1,183,751	2,273,390
	47,200,103	48,165,447	45,095,297
Expenses (note 15)			
Legislative	500,795	458,025	469,279
Administration	6,749,376	7,569,674	6,959,958
Other protective services	5,841,093	5,745,953	5,466,112
Common and equipment pool	557,266	651,277	514,536
Roads, streets, walks and lighting	3,571,881	4,370,122	4,180,044
Public transit	487,600	343,856	-
Waste management	3,078,634	3,410,223	4,019,339
Other environmental use and protection	-	292,820	582,091
Family and community support services	418,463	425,708	392,068
Cemeteries and crematoriums	60,461	54,121	60,391
Other public health and welfare	837,327	821,230	789,904
Land use planning, zoning and development	1,203,891	1,192,620	1,068,734
Economic and agricultural development	368,850	301,894	489,275
Public housing operations	2,580,252	1,504,824	955,984
Other planning and development	927,361	922,598	1,131,729
Parks and recreation	3,423,153	3,809,042	3,752,293
Culture - libraries, museums, halls	2,177,381	1,441,566	1,657,787
Other recreation and culture	6,425,565	6,103,127	6,050,964
Utilities	6,615,809	6,807,876	6,368,316
	45,825,158	46,226,556	44,908,804
Excess of revenue over expenses before other	1,374,945	1,938,891	186,493
Other			
Government transfers for capital (note 14)	3,327,580	9,568,190	11,470,402
Contributed tangible capital assets	-	2,537,923	68,984
	3,327,580	12,106,113	11,539,386
Excess of revenue over expenses	4,702,525	14,045,004	11,725,879
Accumulated surplus, beginning of year			
As previously stated	295,917,556	295,917,556	284,191,677
Prior period adjustment (note 17)	-	1,186,301	1,186,301
As restated	295,917,556	297,103,857	285,377,978
Accumulated surplus, end of year	\$ 300,620,081	\$ 311,148,861	\$ 297,103,857

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015
Excess of revenue over expenses	\$ 4,702,525	\$ 14,045,004	\$ 11,725,879
Acquisition of tangible capital assets	(15,157,237)	(18,474,589)	(19,781,609)
Amortization of tangible capital assets	8,015,885	8,304,379	7,696,590
Contributed tangible capital assets	-	(2,537,923)	(68,984)
Loss on disposal of tangible capital assets	-	858,272	1,299,083
Proceeds on disposal of tangible capital assets	-	432,198	52,497
	(7,141,352)	(11,417,663)	(10,802,423)
Net change in inventory for consumption	-	(19,519)	(10,117)
Net change in prepaid expense	-	(69,756)	(2,308)
	-	(89,275)	(12,425)
Change in net financial assets	(2,438,827)	2,538,066	911,031
Net financial assets, beginning of year	5,935,595	5,935,595	5,024,564
Net financial assets, end of year	\$ 3,496,768	\$ 8,473,661	\$ 5,935,595

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2016

	2016	2015
Operating transactions		
Excess of revenue over expenses	\$ 14,045,004	\$ 11,725,879
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	858,272	1,299,083
Amortization of tangible capital assets	8,304,379	7,696,590
Contributed tangible capital assets	(2,537,923)	(68,984)
	20,669,732	20,652,568
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(152,372)	226,415
Trade and other receivables	(475,343)	6,784,287
Inventory for consumption	(19,519)	(10,117)
Prepaid expenses	(69,756)	(2,308)
Accounts payable and accrued liabilities	(142,940)	638,178
Employee benefit obligations	(12,463)	(70,914)
Deferred revenue	(1,813,212)	(4,694,507)
	17,984,127	23,523,602
Capital transactions		
Proceeds on disposal of tangible capital assets	432,198	52,497
Acquisition of tangible capital assets	(18,474,589)	(19,781,609)
	(18,042,391)	(19,729,112)
Investing transactions		
Purchase of investments	(25,072,652)	(3,838,920)
Proceeds on sale of investments	12,292,485	4,845,309
	(12,780,167)	1,006,389
Financing transactions		
Proceeds of long-term debt	5,134,393	2,801,517
Repayment of long-term debt	(1,927,142)	(3,361,422)
	3,207,251	(559,905)
(Decrease) increase in cash and temporary investments	(9,631,180)	4,240,974
Cash and temporary investments, beginning of year	38,809,192	34,568,218
Cash and temporary investments, end of year	\$ 29,178,012	\$ 38,809,192

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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 Corporation, the Downtown Canmore Business Revitalization Zone, 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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies, continued

- (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.
- (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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies, continued

(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.

(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 on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	8 - 30
Buildings	25 - 50
Engineered structures	5 - 90
Machinery and equipment	5 - 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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies, continued

- (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.

2. Cash and temporary investments

	2016	2015
Cash	\$ 8,525,315	\$ 8,433,913
Temporary investments	20,652,697	30,375,279
	\$ 29,178,012	\$ 38,809,192

Temporary investments are short-term deposits with original maturities of twelve months or less. The temporary investments are comprised of GICs and short term securities with interest rates of 0.25% to 1.70%.

In order to facilitate temporary financing for expenses, the Town has credit facilities totaling \$5,000,000 that could be utilized. An updated borrowing bylaw passed by Council would be required to access these facilities. As at December 31, 2016, there were no amounts drawn on these credit facilities (2015 - nil).

3. Taxes and grants in place of taxes receivables

	2016	2015
Taxes and grants in place of taxes receivable	\$ 497,381	\$ 374,814
Arrears	88,420	58,615
	\$ 585,801	\$ 433,429

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

4. Trade and other receivables

	2016	2015
Utilities	\$ 1,382,527	\$ 1,333,675
Trades receivables	877,380	440,427
Accrued receivables	726,000	773,542
Accrued interest	570,370	27,054
Other receivables	476,337	576,920
Goods and Services Tax (GST)	400,112	561,131
Local improvement tax	358,215	452,925
Due from related organizations	110,350	263,674
Under collection of requisitions	72,815	66,202
Municipal District of Bighorn No.8	-	3,213
Allowance for doubtful accounts	(173,000)	(173,000)
	\$ 4,801,106	\$ 4,325,763

5. Investments

	2016		2015	
	Cost	Market value	Cost	Market value
	\$ 28,386,226	\$ 31,580,761	\$ 15,606,059	\$ 15,644,738

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 2.25% to 9.98% (2015 - 1.50% to 9.98%) with maturity dates from 2019 to 2108.

6. Employee benefit obligations

	2016	2015
Vacation	\$ 276,718	\$ 289,181

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, 2016

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.

The Canmore Community Housing Corporation (CCHC) has entered into an agreement with Mountain Haven Co-operative Home Ltd. (the "Co-op") to lease Lot 41 of Block 4 (TSMV) for an initial lease term of 45 years. The lease also includes four 25 year renewal terms that can be exercised at the option of the Co-op. The Co-op has paid CCHC \$362,000, which represents the net present value of the lease payments for the entire 45 year initial term of the lease. These lease payments will be recognized as revenue over the initial term of the lease which commenced on August 1, 2005.

	2016	2015
Flood Recovery Erosion Control Program (FRECP)	\$ 15,458,488	\$ 16,804,295
Deposits	2,179,715	1,671,396
Disaster Recovery Program (DRP)	1,183,734	104,667
Municipal Sustainability Initiative (MSI) - Capital	495,481	2,430,863
Legacy Trail	332,548	341,505
Federal Gas Tax Fund (FGTF)	292,911	507,711
Mountain Haven Cooperative Homes Lease	270,162	278,206
Flood insurance	223,825	-
Dyrgas Gate	206,926	279,416
Firesmart	53,067	103,672
Stoneworks Creek	50,000	-
Family & Community Support Services (FCSS)	32,854	7,075
Southern Alberta Flood Response Program (SAFRP)	16,573	53,662
Banff Canmore Community Foundation	15,000	-
Friends of the Library	9,205	6,233
Calgary Foundation - Human use management	-	45,000
	\$ 20,820,489	\$ 22,633,701

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

8. Long-term debt

	2016	2015
Tax supported debentures - capital	\$ 17,742,450	\$ 19,504,302
Self supported debentures - operating	4,700,842	4,866,132
Bow Valley Credit Union - capital	5,895,669	761,276
	\$ 28,338,961	\$ 25,131,710
Current portion	\$ 2,004,343	\$ 1,927,142

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2017	\$ 2,004,343	\$ 1,185,215	\$ 3,189,558
2018	2,095,196	1,099,170	3,194,366
2019	2,084,269	1,008,586	3,092,855
2020	5,542,273	919,010	6,461,283
2021	3,459,510	836,815	4,296,325
Thereafter	13,153,370	3,682,634	16,836,004
	\$ 28,338,961	\$ 8,731,430	\$ 37,070,391

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 0.708% to 10.000% per annum and matures in periods 2018 through 2040. The average annual interest rate is 4.77% for 2016 (4.63% for 2015). Debenture debt is issued on the credit and security of the Town at large.

Bow Valley Credit Union debt is repayable upon completion of McArthur Place. Interest-only payments are being made currently at 3.90%. Loans mature in periods 2020 and 2021.

Interest on long-term debt amounted to \$1,042,113 (2015 - \$1,085,130).

The Town's total cash payments for interest in 2016 were \$1,322,723 (2015 - \$1,346,756).

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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:

	2016	2015 (Restated)
Total debt limit	\$ 70,857,624	\$ 66,542,007
Total debt	22,443,292	24,370,434
	\$ 48,414,332	\$ 42,171,573
Debt servicing limit	\$ 11,809,604	\$ 11,090,335
Debt servicing	2,838,509	2,974,782
	\$ 8,971,095	\$ 8,115,553

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.

The debt limit calculation includes only the Town.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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.

	2016	2015
Operating		
Business Revitalization Zone	\$ 49,630	\$ 49,630
General operating	2,768,088	2,735,616
Library	100,000	100,000
Tax stabilization	1,799,053	1,746,348
	4,716,771	4,631,594
Capital		
Art trust fund	318,010	276,838
Asset replacement	888,745	-
Cash in lieu - bear bins	209,430	230,827
Cash in lieu - municipal reserve	413,680	693,225
Cash in lieu - parking	443,762	490,290
Economic development	24,744	1,333
Flood mitigation maintenance	50,755	-
General capital	14,238,793	10,026,089
Housing development - CCHC	310,210	302,146
Offsite levies	3,600,724	2,821,199
Perpetually affordable housing (PAH)	931,117	337,723
Photo radar	1,128,500	1,032,059
Recreation levy	22,560	21,899
Solid waste - collection	332,763	587,484
Solid waste - recycling	351,464	-
Water utility	791,903	3,989,891
Wastewater utility	2,321,875	-
Work in progress - debt	245,026	408,290
Work in progress - taxes	562,780	585,676
	27,186,841	21,804,969
	\$ 31,903,612	\$ 26,436,563

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

11. Equity in tangible capital assets

	2016	2015 (Restated)
Tangible capital assets (schedule 2)	\$ 400,436,535	\$ 383,188,192
Accumulated amortization (schedule 1)	(98,043,505)	(92,212,824)
Long-term debt (note 8)	(28,338,961)	(25,131,710)
	\$ 274,054,069	\$ 265,843,658

12. Accumulated surplus

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

	2016	2015 (Restated)
Unrestricted surplus	\$ 5,191,180	\$ 4,823,636
Internally restricted surplus (reserves) (note 10)	31,903,612	26,436,563
Equity in tangible capital assets (note 11)	274,054,069	265,843,658
	\$ 311,148,861	\$ 297,103,857

13. Net municipal property taxes

	Budget (Unaudited)	2016	2015
Taxation			
Real property taxes	\$ 37,819,481	\$ 36,975,175	\$ 35,385,993
Requisitions			
Alberta School Foundation Fund	14,604,675	15,239,585	14,604,675
Bow Valley Regional Housing Authority	798,955	751,925	798,955
	15,403,630	15,991,510	15,403,630
	\$ 22,415,851	\$ 20,983,665	\$ 19,982,363

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

14. Government transfers

	Budget (Unaudited)	2016	2015
Transfers for operating:			
Provincial conditional grants	\$ 1,494,553	\$ 1,541,235	\$ 1,543,884
Transfers for capital:			
Provincial government	3,327,580	9,568,190	11,470,402
	\$ 4,822,133	\$ 11,109,425	\$ 13,014,286

15. Expenditures by object

	Budget (Unaudited)	2016	2015 (Restated)
Salaries, wages and benefits	\$ 16,961,604	\$ 16,826,524	\$ 15,693,399
Contracted and general services	13,768,567	12,838,906	12,404,332
Materials, goods, supplies and utilities	3,712,065	3,156,558	3,059,526
Bank charges and short term interest	17,000	11,939	10,749
Interest on long term debt	1,367,323	1,042,113	1,085,130
Other expenses	195,022	2,440,710	2,813,805
Transfers to organizations and others	1,787,692	747,155	846,190
Amortization of tangible capital assets	8,015,885	8,304,379	7,696,590
Loss on disposal of tangible capital assets	-	858,272	1,299,083
	\$ 45,825,158	\$ 46,226,556	\$ 44,908,804

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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	2016	2015
Council				
Borrowman, John	\$ 78,526	\$ 10,795	\$ 89,321	\$ 87,961
Krausert, Sean	38,093	7,582	45,675	47,196
McCallum, Joanna	40,093	7,582	47,675	50,196
Comfort, Esme	30,393	6,104	36,497	41,677
Sandford, Vi	34,193	7,582	41,775	41,796
Seeley, Robert	36,893	7,582	44,475	42,996
Russell, Edward	36,693	7,582	44,275	39,596
Chief administrative officer (1)	206,072	27,640	233,712	228,682
Designated officers (13)	\$ 1,471,291	\$ 218,843	\$ 1,690,134	\$ 1,671,877

(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.

17. Prior period adjustment

The prior year balances have been adjusted to reflect unrecorded land addition and disposal pertaining to a 2014 land trade. The effects of this adjustments are as follows:

- an increase in equity invested in tangible capital assets of \$1,186,301 as of January 1, 2015
- an increase in net tangible capital assets of \$1,186,301 as of December 31, 2014
- an increase in gain on disposal of tangible capital assets of \$1,186,301 as of December 31, 2014

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

18. Commitments and contingencies

- (a) The Town has entered into an agreement with EPCOR Water Services Inc. to take over all aspects of the upgrade, 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 and account management system for and on behalf of the Town. The term of the agreement is ten years from the commencement date of January 1, 2010. The annual charges for basic work was \$2,646,694 for the 2016 year not including Rehabilitation Fund Maintenance and Repairs, Biosolids Services, Out-of-Scope Work or Capital Work. Each year in June, the fee will be adjusted by CPI for the following year.
- (b) The Town has entered into a contract with A.W.B. Building Inspection Service Agency Ltd. to provide professional safety code services. The contract is from October 1, 2016 to September 30, 2019. The contractor shall be paid for services as follows, and the Town shall pay the contractor a minimum fee of \$80,000 per annum for the duration of the contract regardless of the number or value of permits used.
- (i) Safety Codes Officer fees: 30% of the building permit fees when the construction value of the permit is between \$5,000 and \$500,000; plus 10% of the building permit fees when the construction value of the permit is over \$500,000 for the duration of the Contract.
- The value which is used to establish the Building Permit Fee as part of the Building Permit application process shall be the value that determines the fees payable to the Contractor under Article 4.
- (ii) Any additional work requested of the Contractor by the Town shall be billed out by the Contractor to the Town at the rate of \$100 per hour with a minimum one hour charge. Additional work shall be any work required by the Town of the Contractor that is not outlined under Articles 2, 3 and 9 of this contract.
- (c) The Town has entered into an agreement with RCMP to provide policing services. The Town pays 70% of the actual Full-Time Equivalent utilization each quarter and actual overtime hours plus quarterly accommodation charges of \$52,733 per quarter for the 2016 - 2017 contract year.
- (d) The Town has an agreement with Equitable Assessment Group Ltd (EAG) 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. Under the terms of the agreement the Town is committed to \$100,000 for 2017.
- (e) Land held by Canmore Community Housing Corporation (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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

19. Related party transactions

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

	2016	2015
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Bow Valley Regional Housing Association

Included in accounts payable	\$ 876	\$ 954
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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	\$ 135,800	\$ 133,380
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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.

Canmore Business and Tourism

Appropriation	\$ 262,749	\$ 400,000
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The Town has retained the services of Canmore Business and Tourism (CBT) to deliver economic development services for the Town. CBT is administered by a Board comprised of 9 members, one of which is appointed by the Town. During 2016, CBT has ceased operations.

Bow Valley Regional Transit Services Commission

Appropriation	\$ 327,175	\$ 226,778
Included in accounts payable	58,725	126

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	\$ 28,125	\$ 56,375
Included in accounts payable	1,328	2,226

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 6 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, 2016

19. Related party transactions, continued

Canadian Mountain Arts Foundation

Appropriation	\$	200,000	\$	200,000
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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 9 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.

20. 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.

21. Approval of financial statements

These financial statements were approved by Council and Management.

22. Subsequent events

In the prior year, Canmore Community Housing Corporation entered into an agreement to purchase 7 PAH units at Peaks Landing in Canmore, subject to various terms and conditions. The units are to be completed and purchased by September 30, 2017 and will have an approximate cost of \$350,000 each. There has been no change in this event, and the Canmore Community Housing Corporation has not moved forward with the purchases as of December 31, 2016.

23. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2016 (2015 - nil) as a result of this standard.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

24. Budget amounts

The 2016 budget for the Town was approved by Council on December 15, 2015 and 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 2015 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 4,702,525
Less: Capital expenditures	(15,157,237)
Long-term debt repayments	(2,270,610)
Add: Amortization	8,015,885
Transfers from reserves	2,249,437
Proceeds from long-term debt	2,460,000
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Equals: Balanced budget	\$ -
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25. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

26. 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).

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2016	2015 (Restated)
Balance, beginning of year					
As previously stated	\$ 4,823,638	\$ 26,436,562	\$ 264,657,356	\$ 295,917,556	\$ 284,191,677
Prior period adjustment (note 17)	-	-	1,186,301	1,186,301	1,186,301
As restated	4,823,638	26,436,562	265,843,657	297,103,857	285,377,978
of revenue over expenses	14,045,004	-	-	14,045,004	11,725,879
Unrestricted funds					
designated for future use	(15,656,612)	15,656,612	-	-	-
Restricted funds used for operations	945,052	(945,052)	-	-	-
Restricted funds used for tangible capital assets	-	(9,244,510)	9,244,510	-	-
Current year funds used for tangible capital assets	(9,230,079)	-	9,230,079	-	-
Contributed tangible capital assets	(2,537,923)	-	2,537,923	-	-
Disposal of tangible capital assets	1,290,470	-	(1,290,470)	-	-
Amortization of tangible capital assets	8,304,379	-	(8,304,379)	-	-
Long term debt repaid	(1,927,142)	-	1,927,142	-	-
Proceeds of long-term debt	5,134,393	-	(5,134,393)	-	-
Change in accumulated surplus	367,542	5,467,050	8,210,412	14,045,004	11,725,879
Balance, end of year	\$ 5,191,180	\$ 31,903,612	\$ 274,054,069	\$ 311,148,861	\$ 297,103,857

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2016	2015 (Restated)
Cost:									
Balance, beginning of year	\$ 48,958,142	\$ 17,929,685	\$ 75,417,612	\$ 210,002,350	\$ 14,188,346	\$ 4,215,459	\$ 12,476,598	\$ 383,188,192	\$ 365,847,265
Acquisitions	1,702,886	278,986	135,027	4,163,537	1,121,120	114,775	13,496,181	21,012,512	19,850,593
Transfers	-	136,950	6,431,047	305,710	27,609	-	(6,901,316)	-	-
Disposals	-	(26,862)	-	(3,025,191)	(356,586)	(101,614)	(253,916)	(3,764,169)	(2,509,666)
Balance, end of year	50,661,028	18,318,759	81,983,686	211,446,406	14,980,489	4,228,620	18,817,547	400,436,535	383,188,192
Accumulated amortization:									
Balance, beginning of year	-	7,829,228	12,814,795	62,678,117	6,434,218	2,456,466	-	92,212,824	85,674,319
Annual amortization	-	934,162	2,151,748	3,953,827	970,240	294,402	-	8,304,379	7,696,589
Disposals	-	(17,997)	-	(2,085,578)	(274,235)	(95,888)	-	(2,473,698)	(1,158,084)
Balance, end of year	-	8,745,393	14,966,543	64,546,366	7,130,223	2,654,980	-	98,043,505	92,212,824
Net book value	\$ 50,661,028	\$ 9,573,366	\$ 67,017,143	\$ 146,900,040	\$ 7,850,266	\$ 1,573,640	\$ 18,817,547	\$ 302,393,030	\$ 290,975,368
2015 net book value (Restated)	\$ 48,958,142	\$ 10,100,457	\$ 62,602,817	\$ 147,324,233	\$ 7,754,129	\$ 1,758,993	\$ 12,476,598	\$ 290,975,368	

TOWN OF CANMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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	\$ 20,184,665	\$ -	\$ -	\$ -	\$ -	\$ 799,000	\$ -	\$ 20,983,665
User fees and sales of goods	60,157	1,075,363	4,477	11,723,072	97,257	58,744	2,688,764	15,707,834
Government transfers for operating	170,137	409,616	-	-	805,016	24,000	132,466	1,541,235
Investment income	770,896	-	-	-	-	5,773	1,575	778,244
Penalties and costs of taxes	212,948	-	-	-	-	100	-	213,048
Development levies	1,215,868	-	-	793,850	-	-	-	2,009,718
Licenses and permits	-	62,136	-	-	-	1,420,725	-	1,482,861
Franchise and concession contracts	2,036,831	-	-	-	-	-	43,105	2,079,936
Rental	-	-	-	-	-	827,024	1,358,131	2,185,155
Other	1,148,143	250	-	-	3,310	7,541	24,507	1,183,751
	25,799,645	1,547,365	4,477	12,516,922	905,583	3,142,907	4,248,548	48,165,447
Expenses								
Salaries, wages and benefits	3,940,847	2,363,185	915,617	920,109	1,033,272	2,106,119	5,547,375	16,826,524
Contracted and general services	1,976,728	2,927,704	907,918	4,788,813	120,376	560,922	1,556,445	12,838,906
Materials, goods, supplies and utilities	177,050	165,738	674,144	634,891	134,269	231,932	1,138,534	3,156,558
Bank charges and short term interest	11,732	-	-	-	-	207	-	11,939
Interest on long term debt	280,310	-	-	508,833	-	252,970	-	1,042,113
Other expenditures	971,598	-	572,069	472,941	895	-	423,207	2,440,710
Transfers to organizations and others	165,759	39,500	-	84,500	-	262,749	194,647	747,155
Amortization of tangible capital assets	471,222	249,826	1,770,240	2,830,553	12,247	503,009	2,467,282	8,304,379
Loss on disposal of tangible capital assets	32,453	-	525,266	270,278	-	4,030	26,245	858,272
	8,027,699	5,745,953	5,365,254	10,510,918	1,301,059	3,921,938	11,353,735	46,226,556
Excess (deficiency) of revenue over expenses before other	17,771,946	(4,198,588)	(5,360,777)	2,006,004	(395,476)	(779,031)	(7,105,187)	1,938,891
Other								
Government transfers for capital	-	194,603	1,663,057	3,395,570	-	-	4,314,960	9,568,190
Contributed tangible capital assets	986,100	-	998,363	526,388	-	27,072	-	2,537,923
	986,100	194,603	2,661,420	3,921,958	-	27,072	4,314,960	12,106,113
Excess (deficiency) of revenue over expenses	\$ 18,758,046	\$ (4,003,985)	\$ (2,699,357)	\$ 5,927,962	\$ (395,476)	\$ (751,959)	\$ (2,790,227)	\$ 14,045,004