

TOWN OF CANMORE

Non-Consolidated Financial Statements

For the year ended December 31, 2017

TOWN OF CANMORE
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For the year ended December 31, 2017

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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 non-consolidated financial statements of the Town of Canmore which comprise the non-consolidated statement of financial position as at December 31, 2017, and the non-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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-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 non-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 non-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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-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 non-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 non-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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 2017 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.

Other matter

A set of audited financial statements for the Town of Canmore, prepared on a consolidated basis, have been issued with an unmodified opinion dated April 24, 2018.

Lethbridge, Alberta

April 24, 2018

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

Chartered Professional Accountants

MANAGEMENT REPORT

The non-consolidated financial statements are the responsibility of the management of the Town of Canmore.

These non-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 non-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 24, 2018

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

	2017	2016
Financial assets		
Cash and temporary investments (note 2)	\$ 31,548,330	\$ 27,707,213
Taxes and grants in place of taxes receivable (note 3)	566,538	585,801
Trade and other receivables (note 4)	8,507,231	5,418,165
Debt charges recoverable (note 5)	4,527,218	4,700,842
Investments (note 6)	47,721,606	28,386,226
	92,870,923	66,798,247
Liabilities		
Accounts payable and accrued liabilities	5,721,606	4,281,724
Employee benefit obligations (note 7)	196,907	276,711
Deferred revenue (note 8)	31,551,383	20,541,122
Long-term debt (note 9)	25,085,108	22,443,292
	62,555,004	47,542,849
Net financial assets	30,315,919	19,255,398
Non-financial assets		
Prepaid expenses	833,851	57,403
Inventory for consumption	88,854	118,154
Tangible capital assets (schedule 2)	282,643,456	276,332,335
	283,566,161	276,507,892
Accumulated surplus (note 13 and schedule 1)	\$ 313,882,080	\$ 295,763,290

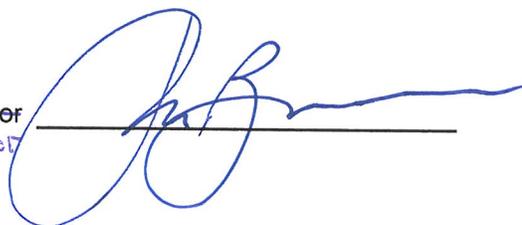
Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor



Councillor
Mayor



TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2017

	Budget (Unaudited)	2017	2016
Revenue			
Net municipal property taxes (note 14)	\$ 22,021,083	\$ 21,997,234	\$ 20,879,815
User fees and sales of goods	16,292,493	16,504,351	15,598,139
Government transfers for operating (note 15)	1,433,295	1,412,900	1,408,769
Investment income	865,000	1,124,752	770,896
Penalties and costs of taxes	205,000	224,538	212,948
Development levies	440,000	3,000,175	2,009,718
Licenses and permits	967,257	1,953,973	1,482,861
Gain on disposal of tangible capital assets	-	1,095,023	-
Franchise and concession contracts	2,027,100	2,313,166	2,079,936
Rental	1,495,662	1,395,328	1,383,260
Other	421,361	1,671,905	1,412,074
	46,168,251	52,693,345	47,238,416
Expenses (note 16)			
Legislative	535,717	484,398	455,628
Administration	7,025,190	7,524,001	7,516,016
Protective services	6,212,824	5,968,406	5,745,953
Common and equipment pool	611,515	575,633	651,277
Roads, streets, walks and lighting	3,814,255	3,797,679	4,370,122
Public transit	789,981	855,703	343,856
Waste management	3,194,514	3,632,977	3,410,223
Other environmental use and protection	-	942,392	292,820
Family and community support services	451,224	439,082	425,708
Cemeteries and crematoriums	63,013	56,651	54,121
Other public health and welfare	816,083	819,080	821,230
Land use planning, zoning and development	1,708,312	1,504,354	1,192,620
Economic and agricultural development	-	25,519	262,749
Public housing operations	701,967	710,856	1,139,940
Other planning and development	932,731	963,922	922,598
Parks and recreation	3,570,135	3,878,943	3,809,042
Culture - libraries, museums, halls	1,226,051	1,335,369	1,225,824
Other recreation and culture	6,255,746	5,969,266	6,103,127
Utilities	6,864,177	6,223,938	6,807,876
	44,773,435	45,708,169	45,550,730
Excess of revenue over expenses before other	1,394,816	6,985,176	1,687,686
Other			
Government transfers for capital (note 15)	15,201,489	7,029,005	9,568,190
Contributed tangible capital assets	-	1,715,784	2,537,923
Other capital revenue	-	2,388,825	-
	15,201,489	11,133,614	12,106,113
Excess of revenue over expenses	16,596,305	18,118,790	13,793,799
Accumulated surplus, beginning of year	295,763,290	295,763,290	281,969,491
Accumulated surplus, end of year	\$ 312,359,595	\$ 313,882,080	\$ 295,763,290

TOWN OF CANMORE

NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2017

	Budget (Unaudited)	2017	2016
Excess of revenue over expenses	\$ 16,596,305	\$ 18,118,790	\$ 13,793,799
Acquisition of tangible capital assets	(23,438,029)	(15,851,440)	(13,035,677)
Amortization of tangible capital assets	7,778,962	7,987,606	7,778,962
Contributed tangible capital assets	-	(1,715,784)	(2,537,923)
(Gain) loss on disposal of tangible capital assets	-	(830,630)	849,777
Proceeds on disposal of tangible capital assets	-	4,099,127	432,199
	(15,659,067)	(6,311,121)	(6,512,662)
Net change in inventory for consumption	-	29,300	(16,611)
Net change in prepaid expense	-	(776,448)	(23,448)
	-	(747,148)	(40,059)
Increase in net financial assets	937,238	11,060,521	7,241,078
Net financial assets, beginning of year	19,255,398	19,255,398	12,014,320
Net financial assets, end of year	\$ 20,192,636	\$ 30,315,919	\$ 19,255,398

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2017

	2017	2016
Operating transactions		
Excess of revenue over expenses	\$ 18,118,790	\$ 13,793,799
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(830,630)	849,777
Amortization of tangible capital assets	7,987,606	7,778,962
Contributed tangible capital assets	(1,715,784)	(2,537,923)
	23,559,982	19,884,615
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	19,263	(152,372)
Trade and other receivables	(3,089,064)	(335,010)
Debt charges recoverable	173,624	165,290
Inventory for consumption	29,300	(16,611)
Prepaid expenses	(776,448)	(23,448)
Accounts payable and accrued liabilities	1,439,882	121,338
Employee benefit obligations	(79,804)	(12,465)
Deferred revenue	11,010,261	(1,808,140)
	32,286,996	17,823,197
Capital transactions		
Proceeds on disposal of tangible capital assets	4,099,127	432,199
Acquisition of tangible capital assets	(15,851,440)	(13,035,677)
	(11,752,313)	(12,603,478)
Investing transactions		
Purchase of investments	(27,680,356)	(25,072,652)
Proceeds on sale of investments	8,344,974	12,292,485
	(19,335,382)	(12,780,167)
Financing transactions		
Proceeds of long-term debt	4,525,041	-
Repayment of long-term debt	(1,883,225)	(1,927,142)
	2,641,816	(1,927,142)
Increase (decrease) in cash and temporary investments	3,841,117	(9,487,590)
Cash and temporary investments, beginning of year	27,707,213	37,194,803
Cash and temporary investments, end of year	\$ 31,548,330	\$ 27,707,213

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

1. Significant accounting policies

The non-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 the 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 non-consolidated financial statements do not include the assets, liabilities, revenue and expenses of the Canmore Community Housing Corporation, the Downtown Canmore Business Revitalization Zone, and the Canmore Public Library, which are all controlled by the Town; however, the details regarding transactions with these entities are disclosed in the notes.

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) **Debt charges recoverable**
Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.
- (f) **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.
- (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 NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

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 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.

(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 NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

2. Cash and temporary investments

	2017	2016
Cash	\$ 5,700,799	\$ 7,841,426
Temporary investments	25,847,531	19,865,787
	\$ 31,548,330	\$ 27,707,213

Temporary investments are short-term deposits with original maturities of twelve months or less.

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, 2017, there were no amounts drawn on these credit facilities (2016 - nil).

3. Taxes and grants in place of taxes receivables

	2017	2016
Taxes and grants in place of taxes receivable	\$ 433,596	\$ 497,381
Arrears	132,942	88,420
	\$ 566,538	\$ 585,801

4. Trade and other receivables

	2017	2016
Due from related organizations	\$ 2,529,014	\$ 924,948
Trade receivables	1,611,316	872,025
Utilities	1,456,737	1,382,527
Accrued receivables	1,286,520	726,000
Other receivable	662,735	476,337
Accrued interest	553,046	568,266
Local improvement tax	281,237	358,215
Goods and Services Tax (GST)	259,314	210,031
Over collection of requisitions	24,312	72,816
Allowance for doubtful accounts	(157,000)	(173,000)
	\$ 8,507,231	\$ 5,418,165

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

5. Debt charges recoverable

	2017	2016
Current debt charges recoverable	\$ 182,378	\$ 173,624
Non-current debt charges recoverable	4,344,840	4,527,218
	\$ 4,527,218	\$ 4,700,842

The Town sold the Hector property to Canmore Community Housing Corporation (CCHC) for the assumption of the outstanding debenture. Long-term financing totaling \$4,527,218 (2016 - \$4,700,842) plus interest at 4.98% is recoverable from CCHC with respect to this financing. Amounts are recoverable in semi-annual blended installments of \$202,795, and mature June 15, 2034.

	Principal	Interest	Total
2018	\$ 182,378	\$ 223,213	\$ 405,591
2019	191,573	214,017	405,590
2020	201,233	204,358	405,591
2021	211,379	194,212	405,591
2022	222,036	183,554	405,590
Thereafter	3,518,619	2,351,120	5,869,739
	\$ 4,527,218	\$ 3,370,474	\$ 7,897,692

6. Investments

	2017		2016	
	Cost	Market value	Cost	Market value
Investments	\$ 47,721,606	\$ 47,418,964	\$ 28,386,226	\$ 31,580,761

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 2.20% to 9.98% (2016 - 2.25% to 9.98%) with maturity dates from 2019 to 2027.

7. Employee benefit obligations

	2017	2016
Vacation	\$ 196,907	\$ 276,711

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 NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

8. 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.

	2017	2016
Flood Recovery Erosion Control Program (FRECP)	\$ 15,350,644	\$ 15,458,488
Alberta Community Resilience Program (ACRP)	6,376,417	-
Municipal Sustainability Initiative (MSI) - Capital	5,580,612	495,481
Deposits	2,883,834	2,179,715
Federal Gas Tax Fund (FGTF)	788,031	292,911
Legacy Trail	293,852	332,548
Disaster Recovery Program (DRP)	119,737	1,183,734
Firesmart	50,467	53,067
Family & Community Support Services (FCSS)	50,258	32,854
Municipal Affairs	30,000	-
Dyrgas Gate	27,531	206,926
Southern Alberta Flood Response Program (SAFRP)	-	16,573
Banff Canmore Community Foundation	-	15,000
Flood insurance	-	223,825
Stoneworks Creek	-	50,000
	\$ 31,551,383	\$ 20,541,122

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

9. Long-term debt

	2017	2016
Tax supported debentures - capital	\$ 20,557,890	\$ 17,742,450
Self supported debentures - operating	4,527,218	4,700,842
	\$ 25,085,108	\$ 22,443,292
Current portion	\$ 2,224,523	\$ 1,883,225

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2018	\$ 2,224,523	\$ 996,280	\$ 3,220,803
2019	2,215,133	899,160	3,114,293
2020	1,994,188	802,876	2,797,064
2021	1,940,579	714,246	2,654,825
2022	1,669,045	622,665	2,291,710
Thereafter	15,041,640	4,052,375	19,094,015
	\$ 25,085,108	\$ 8,087,602	\$ 33,172,710

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 0.708% to 8.375% per annum and matures in periods 2018 through 2042. The average annual interest rate is 4.19% for 2017 (4.77% for 2016). Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$941,648 (2016 - \$1,029,083).

The Town's total cash payments for interest in 2017 were \$970,517 (2016 - \$1,047,639).

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

10. 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:

	2017	2016
Total debt limit	\$ 82,668,627	\$ 70,857,624
Total debt	25,085,108	22,443,292
	<u>\$ 57,583,519</u>	<u>\$ 48,414,332</u>
Debt servicing limit	\$ 13,778,105	\$ 11,809,604
Debt servicing	3,220,803	2,838,509
	<u>\$ 10,557,302</u>	<u>\$ 8,971,095</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be 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.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

11. 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.

	2017	2016
Operating		
General operating	\$ 2,698,570	\$ 2,768,088
Tax stabilization	1,811,062	1,799,053
	4,509,632	4,567,141
Capital		
Art trust fund	350,441	318,010
Asset replacement	1,216,236	888,745
Cash in lieu - bear bins	169,896	209,430
Cash in lieu - municipal reserve	2,181,032	413,680
Cash in lieu - parking	482,915	443,762
Economic development	253,527	24,744
Flood mitigation maintenance	153,930	50,755
General capital	14,815,199	14,238,793
Offsite levies	5,164,112	3,600,724
Perpetually affordable housing (PAH)	3,962,829	931,117
Photo radar	690,398	1,128,500
Recreation levy	23,130	22,560
Solid waste - collection	479,551	332,763
Solid waste - recycling	441,962	351,464
Water utility	3,428,832	791,903
Wastewater utility	6,001,950	2,321,875
Work in progress - debt	245,026	245,026
Work in progress - taxes	376,062	562,779
	40,437,028	26,876,630
	\$ 44,946,660	\$ 31,443,771

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

12. Equity in tangible capital assets

	2017	2016
Tangible capital assets (schedule 2)	\$ 385,343,119	\$ 372,035,342
Accumulated amortization (schedule 2)	(102,699,663)	(95,703,007)
Long-term debt (note 9)	(25,085,108)	(22,443,292)
Debt charges recoverable (note 5)	4,527,218	4,700,842
	\$ 262,085,566	\$ 258,589,885

13. Accumulated surplus

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

	2017	2016
Unrestricted surplus	\$ 6,849,854	\$ 5,729,634
Internally restricted surplus (reserves) (note 11)	44,946,660	31,443,771
Equity in tangible capital assets (note 12)	262,085,566	258,589,885
	\$ 313,882,080	\$ 295,763,290

14. Net municipal property taxes

	Budget (Unaudited)	2017	2016
Taxation			
Real property taxes	\$ 38,116,993	\$ 39,994,209	\$ 36,975,175
Requisitions			
Alberta School Foundation Fund	15,239,585	16,859,135	15,239,585
Bow Valley Regional Housing Authority	751,925	1,033,890	751,925
Downtown Business Revitalization Zone	104,400	103,950	103,850
	16,095,910	17,996,975	16,095,360
	\$ 22,021,083	\$ 21,997,234	\$ 20,879,815

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

15. Government transfers

	Budget (Unaudited)	2017	2016
Transfers for operating:			
Provincial conditional grants	\$ 1,433,295	\$ 1,412,900	\$ 1,408,769
Transfers for capital:			
Provincial government	15,201,489	6,998,755	9,568,190
Federal government	-	30,250	-
	15,201,489	7,029,005	9,568,190
	\$ 16,634,784	\$ 8,441,905	\$ 10,976,959

16. Expenditures by object

	Budget (Unaudited)	2017	2016
Salaries, wages and benefits	\$ 16,430,610	\$ 16,192,936	\$ 15,777,827
Contracted and general services	14,185,176	12,650,004	12,483,949
Materials, goods, supplies and utilities	3,448,510	3,246,466	2,836,291
Bank charges and short term interest	15,000	12,432	11,732
Interest on long term debt	1,092,999	941,648	1,029,083
Other expenditures	87,308	2,658,440	2,790,710
Transfers to organizations and others	1,734,870	1,754,245	1,992,396
Amortization of tangible capital assets	7,778,962	7,987,606	7,778,962
Loss on disposal of tangible capital assets	-	264,392	849,780
	\$ 44,773,435	\$ 45,708,169	\$ 45,550,730

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

17. 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	2017	2016
Council				
Borrowman, John	\$ 79,547	\$ 11,681	\$ 91,228	\$ 89,321
McCallum, Joanna	35,942	8,758	44,700	47,675
Krausert, Sean	28,278	7,307	35,585	45,675
Seeley, Robert	35,792	8,758	44,550	44,475
Sandford, Vi	33,617	8,758	42,375	41,775
Comfort, Esme	31,892	6,910	38,802	36,497
Russell, Edward	26,128	7,307	33,435	44,275
Hilstad, Jeffrey	5,847	1,906	7,753	-
Marra, Karen	4,747	1,542	6,289	-
Chief administrative officer (1)	205,524	28,234	233,758	233,712
Designated officers (13)	\$ 1,459,445	\$ 230,721	\$ 1,690,166	\$ 1,690,134

(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 NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

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 \$2,743,663 for the 2017 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 \$41,606 per quarter for the 2017 - 2018 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 2018.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

19. Related party transactions

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

	2017	2016
Canmore Community Housing Corporation		
Start up advances receivable	\$ 162,500	\$ 162,500
Debenture receivable	4,527,218	4,700,842
Loan receivable	600,000	600,000
Appropriation	470,000	900,000
Included in accounts receivable	-	27,340
McArthur Place advancement	-	350,000
Old Daycare Lands proceeds receivable	1,298,000	-
Development deposit	400,000	-

The Canmore Community Housing Corporation is a non-profit organization which was established in 2000 to provide housing solutions for a healthy and balanced community in Canmore. The housing Corporation is wholly-owned by the Town, which appoints a volunteer Board of Directors to govern and provide direction.

All amounts are non-interest bearing and due on demand, except for the debenture receivable and loan receivable. The debenture receivable is repayable in semi-annual payments of \$202,795 including interest at 4.98%. The loan receivable is repayable within 5 year from the date of the loan December 2, 2015. The funds are being loaned on a simple interest fee basis of 2% per annum.

The Town has established a repurchasing line of credit to the housing Corporation up to a maximum of \$1,500,000 for the purchase of PAH units. These loans are secured by the PAH units until repaid to the Town and do not bear interest. The loans are repayable to the Town 14 days after the resale date of the unit. As at December 31, 2017 the line of credit was unused (2016 - unused).

The Town sold land to the housing Corporation for \$1.3 million during 2017 for the construction of affordable housing. The remaining amount of \$1,298,000 will become repayable in 2019 when phase three of the Old Daycare Land project is complete. The loan is interest free and there are no specific terms of repayment.

In relation to the Old Daycare Land project, the housing Corporation has paid the Town \$400,000 for the development agreement deposit during the year. This will be repaid once the Town is satisfied that the development has been constructed in accordance with the development permit.

The Town guarantees the housing Corporations debt with BMO Bank of Montreal up to 35% (\$5,645,638) of the total loan amount of \$16,130,393 to be borrowed by the housing Corporation. The loan is for the construction of the housing Corporation's affordable housing project on the Old Daycare Lands.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

19. Related party transactions, continued

Bow Valley Regional Housing Association

Included in accounts payable	\$	996	\$	876
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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	\$	145,000	\$	135,800
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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 of operations. Council reviews the program plan annually and approves funding.

Canmore Business and Tourism

Appropriation	\$	-	\$	262,749
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In 2016 the Town retained the services of Canmore Business and Tourism (CBT) to deliver economic development services for the Town. During 2016, CBT ceased operations and the contract was cancelled.

Canmore Public Library

Appropriation	\$	773,374	\$	754,090
Included in accounts receivable		5,559		1,524
Included in prepaids		784,123		-

The Town provides the Canmore Public Library with significant funding in order to maintain its operations. The Canmore Public Library is a non-profit organization providing library services to the Town.

Downtown Business Revitalization Zone

Appropriation	\$	103,950	\$	103,850
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The Downtown Business Revitalization Zone was established by adoption of a municipal bylaw by the Town effective January 1, 2006. Appropriations made to the Downtown Business Revitalization Zone are made to cover property taxes requisitioned in the same amount.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

19. Related party transactions, continued

Bow Valley Regional Transit Services Commission

Appropriation	\$ 752,314	\$ 327,175
Included in accounts receivable	399,969	-
Included in accounts payable	-	58,725

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	\$ 84,520	\$ 84,500
Included in accounts payable	1,584	1,328

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.

Canadian Mountain Arts Foundation

Appropriation	\$ 230,000	\$ 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.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

21. Approval of financial statements

These financial statements were approved by Council and Management.

22. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2017 (2016 - nil) as a result of this standard.

23. Budget amounts

The 2017 budget for the Town was approved by Council on December 16, 2016 and has been reported in the non-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 non-consolidated financial statements.

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the 2016 amortization expense has been included as a budget amount.

	Budgeted surplus per financial statements	\$ 16,596,305
Less:	Capital expenditures	(23,438,029)
	Long-term debt repayments	(2,168,251)
Add:	Amortization	7,778,962
	Transfers from reserves	587,513
	Proceeds from long-term debt	643,500
Equals:	Balanced budget	\$ -

24. Comparative figures

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

25. 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 non-consolidated financial statements as disclosed in Note 1.

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

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2017	2016
Balance, beginning of year	\$ 5,729,634	\$ 31,443,771	\$ 258,589,885	\$ 295,763,290	\$ 281,969,491
Excess of revenue over expenses	18,118,790	-	-	18,118,790	13,793,799
Unrestricted funds designated for future use	(21,073,096)	21,073,096	-	-	-
Restricted funds used for operations	1,267,063	(1,267,063)	-	-	-
Restricted funds used for tangible capital assets	-	(6,303,144)	6,303,144	-	-
Current year funds used for tangible capital assets	(9,548,296)	-	9,548,296	-	-
Contributed tangible capital assets	(1,715,784)	-	1,715,784	-	-
Disposal of tangible capital assets	3,268,500	-	(3,268,500)	-	-
Amortization of tangible capital assets	7,987,606	-	(7,987,606)	-	-
Long-term debt repaid	(1,883,225)	-	1,883,225	-	-
Debt charges recoverable	173,621	-	(173,621)	-	-
Long-term debt proceeds	4,525,041	-	(4,525,041)	-	-
Change in accumulated surplus	1,120,220	13,502,889	3,495,681	18,118,790	13,793,799
Balance, end of year	\$ 6,849,854	\$ 44,946,660	\$ 262,085,566	\$ 313,882,080	\$ 295,763,290

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2017	2016
Cost:									
Balance, beginning of year	\$ 45,489,199	\$ 18,318,759	\$ 63,291,183	\$ 211,446,406	\$ 14,599,956	\$ 4,228,620	\$ 14,661,219	\$ 372,035,342	\$ 360,183,361
Acquisitions	1,945,893	1,792,431	271,417	7,791,950	1,265,936	1,140,017	3,359,580	17,567,224	15,573,600
Transfers	-	214,621	-	8,097,234	-	134,416	(8,446,271)	-	-
Disposals	(2,338,286)	(246,212)	-	(130,210)	(354,071)	(387,518)	(803,150)	(4,259,447)	(3,721,619)
Balance, end of year	45,096,806	20,079,599	63,562,600	227,205,380	15,511,821	5,115,535	8,771,378	385,343,119	372,035,342
Accumulated amortization:									
Balance, beginning of year	-	8,745,393	12,760,064	64,546,366	6,996,204	2,654,980	-	95,703,007	90,363,688
Annual amortization	-	954,843	1,664,939	4,060,187	958,179	349,457	-	7,987,605	7,778,962
Disposals	-	(226,254)	-	(98,766)	(282,027)	(383,902)	-	(990,949)	(2,439,643)
Balance, end of year	-	9,473,982	14,425,003	68,507,787	7,672,356	2,620,535	-	102,699,663	95,703,007
Net book value	\$ 45,096,806	\$ 10,605,617	\$ 49,137,597	\$ 158,697,593	\$ 7,839,465	\$ 2,495,000	\$ 8,771,378	\$ 282,643,456	\$ 276,332,335
2016 net book value	\$ 45,489,199	\$ 9,573,366	\$ 50,531,119	\$ 146,900,039	\$ 7,603,751	\$ 1,573,640	\$ 14,661,219	\$ 276,332,335	

TOWN OF CANMORE
SCHEDULE TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

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	\$ 21,277,270	\$ -	\$ -	\$ -	\$ -	\$ 719,964	\$ -	\$ 21,997,234
User fees and sales of goods	85,806	1,250,987	243	12,393,241	86,466	10,793	2,676,815	16,504,351
Government transfers for operating	168,033	404,616	-	-	785,166	-	55,085	1,412,900
Investment income	1,124,752	-	-	-	-	-	-	1,124,752
Penalties and costs of taxes	224,538	-	-	-	-	-	-	224,538
Development levies	1,672,378	-	-	1,327,797	-	-	-	3,000,175
Licenses and permits	-	56,651	-	-	-	1,897,322	-	1,953,973
Gain on disposal of tangible capital assets	1,055,642	-	29,031	10,350	-	-	-	1,095,023
Franchise and concession contracts	2,270,642	-	-	-	-	-	42,524	2,313,166
Rental	-	-	-	-	-	26,144	1,369,184	1,395,328
Other	1,409,559	-	-	-	2,271	231,588	28,487	1,671,905
	29,288,620	1,712,254	29,274	13,731,388	873,903	2,885,811	4,172,095	52,693,345
Expenses								
Salaries, wages and benefits	4,044,564	2,488,681	978,775	937,656	1,059,349	1,876,956	4,806,955	16,192,936
Contracted and general services	1,832,614	2,949,455	1,461,654	4,211,004	123,039	594,484	1,477,755	12,650,004
Materials, goods, supplies and utilities	199,784	182,484	952,236	694,938	117,931	6,624	1,092,469	3,246,466
Bank charges and short term interest	12,432	-	-	-	-	-	-	12,432
Interest on long term debt	250,715	-	-	459,345	-	231,588	-	941,648
Other expenditures	1,017,243	-	74,611	1,195,699	1,353	-	369,533	2,658,440
Transfers to organizations and others	204,851	51,500	-	84,520	-	495,000	918,374	1,754,245
Amortization of tangible capital assets	446,194	296,285	1,761,740	2,997,802	13,141	-	2,472,444	7,987,606
Loss on disposal of tangible capital assets	-	-	-	218,342	-	-	46,050	264,392
	8,008,397	5,968,405	5,229,016	10,799,306	1,314,813	3,204,652	11,183,580	45,708,169
Excess (deficiency) of revenue over expenses before other	21,280,223	(4,256,151)	(5,199,742)	2,932,082	(440,910)	(318,841)	(7,011,485)	6,985,176
Other								
Government transfers for capital	30,250	701,533	2,673,790	3,623,432	-	-	-	7,029,005
Contributed tangible capital assets	1,529,000	-	15,000	45,500	-	-	126,284	1,715,784
Other capital revenue	-	-	2,100,000	273,825	-	-	15,000	2,388,825
	1,559,250	701,533	4,788,790	3,942,757	-	-	141,284	11,133,614
Excess (deficiency) of revenue over expenses	\$ 22,839,473	\$ (3,554,618)	\$ (410,952)	\$ 6,874,839	\$ (440,910)	\$ (318,841)	\$ (6,870,201)	\$ 18,118,790