

TOWN OF CANMORE

Non-Consolidated Financial Statements

For the year ended December 31, 2018

TOWN OF CANMORE
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For the year ended December 31, 2018

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Finance Committee of
the Town of Canmore

Opinion

We have audited the non-consolidated financial statements of the Town of Canmore which comprise the non-consolidated statement of financial position as at December 31, 2018, and the non-consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, continued

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

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

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 10.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 17.

Lethbridge, Alberta

April 23, 2019



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.



General Manager of Corporate Services



Chief Administrative Officer

April 23, 2019

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	2018	2017
Financial assets		
Cash and temporary investments (note 2)	\$ 23,237,772	\$ 31,548,330
Taxes and grants in place of taxes receivable (note 3)	687,302	566,538
Trade and other receivables (note 4)	12,175,042	8,507,231
Debt charges recoverable (note 5)	4,344,840	4,527,218
Investments (note 6)	59,068,241	47,721,606
	99,513,197	92,870,923
Liabilities		
Accounts payable and accrued liabilities	5,250,922	5,721,605
Employee benefit obligations (note 7)	198,065	196,906
Deferred revenue (note 8)	35,967,264	31,551,383
Long-term debt (note 9)	29,436,585	25,085,108
	70,852,836	62,555,002
Net financial assets	28,660,361	30,315,921
Non-financial assets		
Prepaid expenses	100,769	833,851
Inventory for consumption	101,464	88,854
Tangible capital assets (schedule 2)	288,902,253	282,643,454
	289,104,486	283,566,159
Accumulated surplus (note 13 and schedule 1)	\$ 317,764,847	\$ 313,882,080

Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor  _____

Mayor  _____

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2018

	Budget (Unaudited)	2018	2017
Revenue			
Net municipal property taxes (note 14)	\$ 22,984,689	\$ 23,098,534	\$ 21,997,234
User fees and sales of goods	17,095,665	17,145,561	16,504,351
Government transfers for operating (note 15)	1,500,445	1,598,861	1,412,900
Investment income	865,000	1,038,847	1,124,752
Penalties and costs of taxes	205,000	239,355	224,538
Development levies	480,000	1,485,593	3,000,175
Licenses and permits	958,255	1,831,815	1,953,973
Gain on disposal of tangible capital assets	-	-	1,095,023
Franchise and concession contracts	2,342,600	2,118,484	2,313,166
Rental	1,557,207	1,316,364	1,395,328
Other	421,041	967,383	1,671,905
	48,409,902	50,840,797	52,693,345
Expenses (note 16)			
Legislative	551,163	485,593	484,398
Administration	7,171,640	8,037,443	7,524,001
Protective services	6,366,306	6,219,719	5,968,406
Common and equipment pool	640,153	617,291	575,633
Roads, streets, walks and lighting	3,988,462	4,211,673	3,797,679
Public transit	928,142	958,487	855,703
Waste management	3,371,642	3,736,881	3,632,977
Other environmental use and protection	-	501,034	942,392
Family and community support services	468,637	518,251	439,082
Cemeteries and crematoriums	61,118	51,857	56,651
Other public health and welfare	861,204	857,247	819,080
Land use planning, zoning and development	1,649,200	1,595,078	1,504,354
Economic and agricultural development	280,000	64,255	25,519
Public housing operations	698,213	947,815	710,856
Other planning and development	971,745	994,709	963,922
Parks and recreation	3,634,412	3,929,385	3,878,943
Culture - libraries, museums, halls	1,238,370	1,291,433	1,335,369
Other recreation and culture	6,412,419	6,255,070	5,969,266
Utilities	7,142,738	8,541,591	6,223,938
	46,435,564	49,814,812	45,708,169
Excess of revenue over expenses before other	1,974,338	1,025,985	6,985,176
Other			
Government transfers for capital (note 15)	10,618,500	2,741,754	7,029,005
Contributed tangible capital assets	-	115,028	1,715,784
Other capital revenue	-	-	2,388,825
	10,618,500	2,856,782	11,133,614
Excess of revenue over expenses	12,592,838	3,882,767	18,118,790
Accumulated surplus, beginning of year	313,882,080	313,882,080	295,763,290
Accumulated surplus, end of year	\$ 326,474,918	\$ 317,764,847	\$ 313,882,080

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2018

	Budget (Unaudited)	2018	2017
Excess of revenue over expenses	\$ 12,592,838	\$ 3,882,767	\$ 18,118,790
Acquisition of tangible capital assets	(33,331,500)	(15,142,722)	(15,851,438)
Amortization of tangible capital assets	7,987,606	8,305,780	7,987,606
Contributed tangible capital assets	-	(115,028)	(1,715,784)
Loss (gain) on disposal of tangible capital assets	-	654,321	(830,630)
Proceeds on disposal of tangible capital assets	-	38,848	4,099,127
	(25,343,894)	(6,258,801)	(6,311,119)
Net change in inventory for consumption	-	(12,608)	29,300
Net change in prepaid expense	-	733,082	(776,448)
	-	720,474	(747,148)
Increase in net financial assets	(12,751,056)	(1,655,560)	11,060,523
Net financial assets, beginning of year	30,315,921	30,315,921	19,255,398
Net financial assets, end of year	\$ 17,564,865	\$ 28,660,361	\$ 30,315,921

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2018

	2018	2017
Operating transactions		
Excess of revenue over expenses	\$ 3,882,767	\$ 18,118,790
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	654,321	(830,630)
Amortization of tangible capital assets	8,305,780	7,987,606
Contributed tangible capital assets	(115,028)	(1,715,784)
	12,727,840	23,559,982
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(120,764)	19,263
Trade and other receivables	(3,667,812)	(3,089,061)
Debt charges recoverable	182,378	173,624
Inventory for consumption	(12,608)	29,300
Prepaid expenses	733,082	(776,448)
Accounts payable and accrued liabilities	(470,683)	1,439,881
Employee benefit obligations	1,159	(79,806)
Deferred revenue	4,415,881	11,010,261
	13,788,473	32,286,996
Capital transactions		
Proceeds on disposal of tangible capital assets	38,848	4,099,127
Acquisition of tangible capital assets	(15,142,722)	(15,851,438)
	(15,103,874)	(11,752,311)
Investing transactions		
Purchase of investments	(18,989,811)	(27,680,356)
Proceeds on sale of investments	7,643,177	8,344,972
	(11,346,634)	(19,335,384)
Financing transactions		
Proceeds of long-term debt	6,576,000	4,525,041
Repayment of long-term debt	(2,224,523)	(1,883,225)
	4,351,477	2,641,816
(Decrease) increase in cash and temporary investments	(8,310,558)	3,841,117
Cash and temporary investments, beginning of year	31,548,330	27,707,213
Cash and temporary investments, end of year	\$ 23,237,772	\$ 31,548,330

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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 Business Improvement Area, 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, 2018

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, 2018

2. Cash and temporary investments

	2018	2017
Cash	\$ 8,408,829	\$ 5,700,799
Temporary investments	14,828,943	25,847,531
	\$ 23,237,772	\$ 31,548,330

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 \$2,500,000 that could be utilized. An updated borrowing bylaw passed by Council would be required to access these facilities. As at December 31, 2018, there were no amounts drawn on these credit facilities (2017 - nil).

3. Taxes and grants in place of taxes receivables

	2018	2017
Taxes and grants in place of taxes receivable	\$ 436,792	\$ 433,596
Arrears	250,510	132,942
	\$ 687,302	\$ 566,538

4. Trade and other receivables

	2018	2017
Due from related organizations	\$ 7,076,427	\$ 2,529,014
Utilities	1,539,129	1,456,737
Trade receivables	1,273,527	1,611,316
Other receivable	620,722	662,735
Accrued receivables	614,995	1,286,520
Accrued interest	563,479	553,046
Goods and Services Tax (GST)	463,473	259,314
Local improvement tax	204,051	281,237
(Under) over collection of requisitions	(39,761)	24,312
Allowance for doubtful accounts	(141,000)	(157,000)
	\$ 12,175,042	\$ 8,507,231

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

5. Debt charges recoverable

	2018	2017
Current debt charges recoverable	\$ 191,573	\$ 182,378
Non-current debt charges recoverable	4,153,267	4,344,840
	\$ 4,344,840	\$ 4,527,218

The Town sold the Hector property to Canmore Community Housing Corporation (CCHC) for the assumption of the outstanding debenture. Long-term financing totaling \$4,344,840 (2017 - \$4,527,218) 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
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
2023	233,232	172,359	405,591
Thereafter	3,285,387	2,178,761	5,464,148
	\$ 4,344,840	\$ 3,147,261	\$ 7,492,101

6. Investments

	2018		2017	
	Cost	Market value	Cost	Market value
Investments	\$ 59,068,241	\$ 57,387,057	\$ 47,721,606	\$ 47,418,964

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 2.30% to 9.98% (2017 - 2.20% to 9.98%) with maturity dates from 2020 to 2031.

7. Employee benefit obligations

	2018	2017
Vacation	\$ 198,065	\$ 196,906

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, 2018

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.

	2018	2017
Flood Recovery Erosion Control Program (FRECP)	\$ 15,173,187	\$ 15,350,644
Alberta Community Resilience Program (ACRP)	10,524,944	6,376,417
Municipal Sustainability Initiative (MSI) - Capital	5,378,528	5,580,612
Deposits	3,111,744	2,883,834
Federal Gas Tax Fund (FGTF)	1,506,273	788,031
Legacy Trail	189,076	293,852
Alberta Environment & Parks Wildlife Fencing	75,000	-
Municipal Affairs	8,512	30,000
Family & Community Support Services (FCSS)	-	50,258
Firesmart	-	50,467
Dyrgas Gate	-	27,531
Disaster Recovery Program (DRP)	-	119,737
	\$ 35,967,264	\$ 31,551,383

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

9. Long-term debt

	2018	2017
Tax supported debentures - capital	\$ 25,091,745	\$ 20,557,890
Self supported debentures - operating	4,344,840	4,527,218
	\$ 29,436,585	\$ 25,085,108
Current portion	\$ 2,650,766	\$ 2,224,523

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2019	\$ 2,650,766	\$ 1,103,040	\$ 3,753,806
2020	2,443,240	993,338	3,436,578
2021	2,403,466	890,873	3,294,339
2022	2,146,196	785,028	2,931,224
2023	2,180,115	703,497	2,883,612
Thereafter	17,612,802	3,611,828	21,224,630
	\$ 29,436,585	\$ 8,087,604	\$ 37,524,189

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 2019 through 2042. The average annual interest rate is 4.04% for 2018 (4.19% for 2017). Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$983,428 (2017 - \$941,648).

The Town's total cash payments for interest in 2018 were \$993,157 (2017 - \$970,517).

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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:

	2018	2017
Total debt limit	\$ 76,261,197	\$ 82,623,252
Total debt	29,436,585	25,085,108
	<u>\$ 46,824,612</u>	<u>\$ 57,538,144</u>
Debt servicing limit	\$ 12,710,200	\$ 13,770,542
Debt servicing	3,753,806	3,220,803
	<u>\$ 8,956,394</u>	<u>\$ 10,549,739</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, 2018

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.

	2018	2017
Operating		
General operating	\$ 2,849,909	\$ 2,698,570
Tax stabilization	2,131,683	1,811,062
	4,981,592	4,509,632
Capital		
Art trust fund	350,764	350,441
Asset replacement	3,005,075	1,216,236
Cash in lieu - bear bins	150,262	169,896
Cash in lieu - municipal reserve	2,230,869	2,181,032
Cash in lieu - parking	493,950	482,915
Economic development	414,293	253,527
Flood mitigation maintenance	258,590	153,930
General capital	14,018,286	14,815,199
Offsite levies	5,662,103	5,164,112
Perpetually affordable housing (PAH)	424,269	3,962,829
Photo radar	813,667	690,398
Recreation levy	44,118	23,130
Solid waste - collection	652,337	479,551
Solid waste - recycling	498,419	441,962
Water utility	4,216,305	3,428,832
Wastewater utility	5,402,893	6,001,950
Work in progress - debt	308,665	245,026
Work in progress - taxes	284,580	376,062
	39,229,445	40,437,028
	\$ 44,211,037	\$ 44,946,660

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

12. Equity in tangible capital assets

	2018	2017
Tangible capital assets (schedule 2)	\$ 399,249,572	\$ 385,343,117
Accumulated amortization (schedule 2)	(110,347,319)	(102,699,663)
Long-term debt (note 9)	(29,436,585)	(25,085,108)
Debt charges recoverable (note 5)	4,344,840	4,527,218
	\$ 263,810,508	\$ 262,085,564

13. Accumulated surplus

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

	2018	2017
Unrestricted surplus	\$ 9,743,302	\$ 6,849,856
Internally restricted surplus (reserves) (note 11)	44,211,037	44,946,660
Equity in tangible capital assets (note 12)	263,810,508	262,085,564
	\$ 317,764,847	\$ 313,882,080

14. Net municipal property taxes

	Budget (Unaudited)	2018	2017
Taxation			
Real property taxes	\$ 41,986,480	\$ 42,076,778	\$ 39,994,209
Requisitions			
Alberta School Foundation Fund	17,969,335	17,944,521	16,859,135
Bow Valley Regional Housing Authority	928,056	928,557	1,033,890
Downtown Business Improvement Area	104,400	103,550	103,950
Designated Industrial Property Tax	-	1,616	-
	19,001,791	18,978,244	17,996,975
	\$ 22,984,689	\$ 23,098,534	\$ 21,997,234

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

15. Government transfers

	Budget (Unaudited)	2018	2017
Transfers for operating:			
Provincial conditional grants	\$ 1,500,445	\$ 1,598,861	\$ 1,412,900
Transfers for capital:			
Provincial government	10,618,500	2,287,088	6,998,755
Federal government	-	454,666	30,250
	10,618,500	2,741,754	7,029,005
	\$ 12,118,945	\$ 4,340,615	\$ 8,441,905

16. Expenditures by object

	Budget (Unaudited)	2018	2017
Salaries, wages and benefits	\$ 17,400,110	\$ 17,350,525	\$ 16,192,936
Contracted and general services	14,525,886	15,075,530	12,650,004
Materials, goods, supplies and utilities	3,487,059	3,325,556	3,246,466
Bank charges and short term interest	15,500	78,723	12,432
Interest on long term debt	1,019,575	983,428	941,648
Other expenditures	237,564	2,044,156	2,658,440
Transfers to organizations and others	1,762,264	1,996,793	1,754,245
Amortization of tangible capital assets	7,987,606	8,305,780	7,987,606
Loss on disposal of tangible capital assets	-	654,321	264,392
	\$ 46,435,564	\$ 49,814,812	\$ 45,708,169

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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	2018	2017
Council				
Borrowman, John	\$ 80,581	\$ 11,737	\$ 92,318	\$ 91,228
McCallum, Joanna	37,556	8,719	46,275	44,700
Seeley, Robert	34,956	8,719	43,675	44,550
Sandford, Vi	33,856	8,719	42,575	42,375
Comfort, Esme	32,856	6,903	39,759	38,802
Hilstad, Jeffrey	35,656	8,719	44,375	7,753
Marra, Karen	36,856	6,903	43,759	6,289
Krausert, Sean	-	-	-	35,585
Russell, Edward	-	-	-	33,435
Chief administrative officer (1)	213,836	28,575	242,411	233,712
Designated officers (13)	\$ 1,595,122	\$ 249,981	\$ 1,845,103	\$ 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, 2018

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 \$2,873,960 for the 2018 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 \$37,512 per quarter for the 2019 - 2020 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 2019.
- (e) The Town has approved the Cougar Creek Debris Flood Retention Structure capital project for an estimated cost of \$49,000,000. The construction for the capital project is expected to begin in 2020.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

19. Related party transactions

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

	2018	2017
Canmore Community Housing Corporation		
Start up advances receivable	\$ 162,500	\$ 162,500
Debenture receivable	4,344,840	4,527,218
Loan receivable	600,000	600,000
Appropriation	475,000	470,000
Old Daycare Lands proceeds receivable	1,298,000	1,298,000
Development deposit	400,000	400,000
Mountain Haven Cooperative Homes acquisition receivable	4,245,000	-
Mountain Haven Cooperative Homes development contribution	250,000	-
PAH line of credit	175,878	-

The Canmore Community Housing Corporation (CCHC) is a non-profit organization which was established in 2000 to provide housing solutions for a healthy and balanced community in Canmore. CCHC 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 advanced a total of \$600,000 (2017 - \$600,000) to assist with the construction of the McArthur Place. The loan bears interest at 2%. The principal plus accrued interest is repayable in 2020.

The Town guarantees CCHC's debt with Bow Valley Credit Union in the amount of \$1,575,000 for the McArthur Place.

The Town has established a repurchasing line of credit to CCHC 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, 2018 the line of credit balance was \$175,878 (2017 - unused).

The Town sold land to CCHC 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, CCHC 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.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

19. Related party transactions, continued

The Town guarantees CCHC's debt with BMO Bank of Montreal up to 35% (\$5,645,500) of the total loan amount of \$16,130,393 to be borrowed by CCHC. The loan is for the construction of CCHC's affordable housing project on the Old Daycare Lands.

The Town advanced \$4,245,000 to CCHC for the purpose of acquiring 17 rental units from Mountain Haven Cooperative Homes (MHCH). The full amount is to be repaid to the Town by CCHC from any eventual proceeds from the sale of the 17 rental units. There are no fixed repayment terms and the receivable is non-interest bearing.

The Town contributed \$250,000 to CCHC to implement actions and activities required to transition MHCH to a managed PAH development. This amount is not repayable to the Town.

Bow Valley Regional Housing Association

Included in accounts payable	\$	510	\$	996
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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	\$	155,000	\$	145,000
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The Centennial Museum Society of Canmore is a non-profit organization registered in the Province of Alberta. The Town supports the museum through funding of operations. Council reviews the program plan annually and approves funding.

Canmore Public Library

Appropriation	\$	784,123	\$	773,374
Included in accounts receivable		7,533		5,559
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 Improvement Area

Appropriation	\$	103,550	\$	103,950
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The Downtown Business Improvement Area was established by adoption of a municipal bylaw by the Town effective January 1, 2006. Appropriations made to the Downtown Business Improvement Area 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, 2018

19. Related party transactions, continued

Bow Valley Regional Transit Services Commission

Appropriation	\$ 910,771	\$ 752,314
Included in accounts receivable	463,152	399,969

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

Bow Valley Regional Waste Management Commission

Appropriation	\$ 84,500	\$ 84,520
Included in accounts payable	1,315	1,584

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	\$ 220,000	\$ 230,000
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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, 2018

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 2018 (2017 - nil) as a result of this standard.

23. Budget amounts

The 2018 budget for the Town was approved by Council on December 19, 2017 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 2017 amortization expense has been included as a budget amount.

	Budgeted surplus per financial statements	\$ 12,592,838
Less:	Capital expenditures	(33,331,500)
	Long-term debt repayments	(2,295,676)
Add:	Amortization	7,987,606
	Transfers from reserves	4,614,232
	Proceeds from long-term debt	10,432,500
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Equals:	Balanced budget	\$ -
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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, 2018

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2018	2017
Balance, beginning of year	\$ 6,849,854	\$ 44,946,660	\$ 262,085,566	\$ 313,882,080	\$ 295,763,290
Excess of revenue over expenses	3,882,767	-	-	3,882,767	18,118,790
Unrestricted funds designated for future use	(11,385,345)	11,385,345	-	-	-
Restricted funds used for operations	5,549,217	(5,549,217)	-	-	-
Restricted funds used for tangible capital assets	-	(6,571,751)	6,571,751	-	-
Current year funds used for tangible capital assets	(8,570,971)	-	8,570,971	-	-
Contributed tangible capital assets	(115,028)	-	115,028	-	-
Disposal of tangible capital assets	693,170	-	(693,170)	-	-
Amortization of tangible capital assets	8,305,780	-	(8,305,780)	-	-
Long-term debt repaid	(2,224,523)	-	2,224,523	-	-
Debt charges recoverable	182,381	-	(182,381)	-	-
Long-term debt proceeds	6,576,000	-	(6,576,000)	-	-
Change in accumulated surplus	2,893,448	(735,623)	1,724,942	3,882,767	18,118,790
Balance, end of year	\$ 9,743,302	\$ 44,211,037	\$ 263,810,508	\$ 317,764,847	\$ 313,882,080

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2018	2017
Cost:									
Balance, beginning of year	\$ 45,096,806	\$ 20,079,599	\$ 63,562,600	\$ 227,205,380	\$ 15,511,821	\$ 5,115,535	\$ 8,771,377	\$ 385,343,117	\$ 372,035,342
Acquisitions	-	755,721	2,198,898	2,832,117	1,167,673	191,170	8,112,171	15,257,750	17,567,222
Transfers	-	(376,222)	459,636	1,130,424	109,586	-	(1,323,424)	-	-
Disposals	-	(142,656)	(2,780)	(188,949)	(332,894)	(186,235)	(497,781)	(1,351,295)	(4,259,447)
Balance, end of year	45,096,806	20,316,442	66,218,354	230,978,972	16,456,186	5,120,470	15,062,343	399,249,572	385,343,117
Accumulated amortization:									
Balance, beginning of year	-	9,473,982	14,425,003	68,507,787	7,672,356	2,620,535	-	102,699,663	95,703,007
Annual amortization	-	928,544	1,713,116	4,266,617	1,006,045	391,457	-	8,305,779	7,987,605
Disposals	-	(116,000)	(2,780)	(97,620)	(274,386)	(167,337)	-	(658,123)	(990,949)
Balance, end of year	-	10,286,526	16,135,339	72,676,784	8,404,015	2,844,655	-	110,347,319	102,699,663
Net book value	\$ 45,096,806	\$ 10,029,916	\$ 50,083,015	\$ 158,302,188	\$ 8,052,171	\$ 2,275,815	\$ 15,062,343	\$ 288,902,253	\$ 282,643,454
2017 net book value	\$ 45,096,806	\$ 10,605,618	\$ 49,137,597	\$ 158,697,592	\$ 7,839,466	\$ 2,495,000	\$ 8,771,377	\$ 282,643,454	

TOWN OF CANMORE
SCHEDULE TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

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	\$ 22,367,976	\$ -	\$ -	\$ -	\$ -	\$ 730,558	\$ -	\$ 23,098,534
User fees and sales of goods	63,327	1,241,466	2,777	12,909,434	101,254	28,551	2,798,751	17,145,561
Government transfers for operating	169,896	411,936	-	-	888,164	43,862	85,003	1,598,861
Investment income	1,038,847	-	-	-	-	-	-	1,038,847
Penalties and costs of taxes	239,355	-	-	-	-	-	-	239,355
Development levies	833,995	-	-	651,598	-	-	-	1,485,593
Licenses and permits	-	60,420	-	-	-	1,771,395	-	1,831,815
Franchise and concession contracts	2,084,061	-	-	-	-	-	34,423	2,118,484
Rental	-	-	-	-	-	26,594	1,289,770	1,316,364
Other	701,600	120	-	-	10,891	224,315	30,458	967,383
	27,499,057	1,713,942	2,777	13,561,032	1,000,309	2,825,275	4,238,405	50,840,797
Expenses								
Salaries, wages and benefits	4,284,198	2,629,702	1,032,482	1,078,533	1,144,413	2,146,283	5,034,914	17,350,525
Contracted and general services	1,911,220	3,056,780	1,667,289	6,317,057	136,053	503,356	1,483,775	15,075,530
Materials, goods, supplies and utilities	148,434	171,060	1,014,455	690,279	130,618	4,403	1,166,307	3,325,556
Bank charges and short term interest	14,127	-	-	-	-	-	64,596	78,723
Interest on long term debt	226,865	-	-	533,748	-	222,815	-	983,428
Other expenditures	886,817	2,910	140,660	763,264	1,155	-	249,350	2,044,156
Transfers to organizations and others	208,670	39,500	-	84,500	-	725,000	939,123	1,996,793
Amortization of tangible capital assets	461,310	319,767	1,879,332	3,148,701	15,116	-	2,481,554	8,305,780
Loss on disposal of tangible capital assets	381,396	-	53,233	163,424	-	-	56,268	654,321
	8,523,037	6,219,719	5,787,451	12,779,506	1,427,355	3,601,857	11,475,887	49,814,812
Excess (deficiency) of revenue over expenses before other	18,976,020	(4,505,777)	(5,784,674)	781,526	(427,046)	(776,582)	(7,237,482)	1,025,985
Other								
Government transfers for capital	21,488	89,612	537,574	2,093,080	-	-	-	2,741,754
Contributed tangible capital assets	-	-	-	115,028	-	-	-	115,028
	21,488	89,612	537,574	2,208,108	-	-	-	2,856,782
Excess (deficiency) of revenue over expenses	\$ 18,997,508	\$ (4,416,165)	\$ (5,247,100)	\$ 2,989,634	\$ (427,046)	\$ (776,582)	\$ (7,237,482)	\$ 3,882,767