

TOWN OF CANMORE

Non-Consolidated Financial Statements

For the year ended December 31, 2019

TOWN OF CANMORE
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For the year ended December 31, 2019

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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, 2019, 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, 2019, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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 21, 2020



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 21, 2020

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
Revenue			
Net municipal property taxes (note 14)	\$ 24,519,292	\$ 24,487,006	\$ 23,098,534
User fees and sales of goods	18,095,864	18,075,978	17,145,561
Government transfers for operating (note 15)	1,492,688	1,617,760	1,598,861
Investment income	1,000,000	1,330,916	1,038,847
Penalties and costs of taxes	222,000	264,350	239,355
Development levies	490,000	2,052,530	1,485,593
Licenses and permits	1,485,620	2,087,339	1,831,815
Franchise and concession contracts	2,267,377	2,337,354	2,118,484
Rental	1,272,057	1,225,105	1,316,364
Other	494,310	1,027,059	967,383
	51,339,208	54,505,397	50,840,797
Expenses (note 16)			
Legislative	542,854	474,696	485,593
Administration	7,759,499	8,635,985	8,037,443
Protective services	6,616,208	6,366,138	6,219,719
Common and equipment pool	741,752	636,668	617,291
Roads, streets, walks and lighting	4,367,996	4,881,030	4,211,673
Public transit	1,077,873	1,032,465	958,487
Waste management	3,541,967	3,748,458	3,736,881
Other environmental use and protection	-	671,205	501,034
Family and community support services	470,135	467,099	518,251
Cemeteries and crematoriums	97,206	51,815	51,857
Other public health and welfare	901,232	936,920	857,247
Land use planning, zoning and development	1,682,911	1,483,283	1,595,078
Economic and agricultural development	326,261	258,207	64,255
Public housing operations	689,018	985,386	947,815
Other planning and development	1,089,795	948,634	994,709
Parks and recreation	3,706,695	4,673,419	3,929,385
Culture - libraries, museums, halls	1,325,767	1,390,305	1,291,433
Other recreation and culture	6,650,287	6,324,779	6,255,070
Utilities	8,243,156	7,572,742	8,541,591
	49,830,612	51,539,234	49,814,812
Excess of revenue over expenses before other	1,508,596	2,966,163	1,025,985
Other			
Government transfers for capital (note 15)	7,357,000	9,521,691	2,741,754
Contributed tangible capital assets	-	1,317,503	115,028
	7,357,000	10,839,194	2,856,782
Excess of revenue over expenses	8,865,596	13,805,357	3,882,767
Accumulated surplus, beginning of year	317,764,847	317,764,847	313,882,080
Accumulated surplus, end of year	\$ 326,630,443	\$ 331,570,204	\$ 317,764,847

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
Excess of revenue over expenses	\$ 8,865,596	\$ 13,805,357	\$ 3,882,767
Acquisition of tangible capital assets	(20,663,000)	(23,007,079)	(15,142,723)
Amortization of tangible capital assets	8,305,780	8,584,491	8,305,780
Contributed tangible capital assets	-	(1,317,503)	(115,028)
Loss on disposal of tangible capital assets	-	1,697,153	654,321
Proceeds on disposal of tangible capital assets	-	114,097	38,848
	(12,357,220)	(13,928,841)	(6,258,802)
Net change in inventory for consumption	-	26,224	(12,606)
Net change in prepaid expense	-	2,760	733,082
	-	28,984	720,476
Increase in net financial assets	(3,491,624)	(94,500)	(1,655,559)
Net financial assets, beginning of year	28,660,361	28,660,361	30,315,920
Net financial assets, end of year	\$ 25,168,737	\$ 28,565,861	\$ 28,660,361

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2019

	2019	2018
Operating transactions		
Excess of revenue over expenses	\$ 13,805,357	\$ 3,882,767
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	1,697,153	654,321
Amortization of tangible capital assets	8,584,491	8,305,780
Contributed tangible capital assets	(1,317,503)	(115,028)
	22,769,498	12,727,840
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	19,700	(120,764)
Trade and other receivables	1,225,559	(3,667,812)
Land held for resale	(82,603)	-
Debt charges recoverable	191,573	182,378
Inventory for consumption	26,224	(12,606)
Prepaid expenses	2,760	733,082
Accounts payable and accrued liabilities	(179,231)	(470,682)
Employee benefit obligations	14,520	1,157
Deferred revenue	2,089,972	4,415,881
	26,077,972	13,788,474
Capital transactions		
Proceeds on disposal of tangible capital assets	114,097	38,848
Acquisition of tangible capital assets	(23,007,079)	(15,142,723)
	(22,892,982)	(15,103,875)
Investing transactions		
Purchase of investments	(14,606,112)	(18,989,811)
Proceeds on sale of investments	22,681,193	7,643,177
	8,075,081	(11,346,634)
Financing transactions		
Proceeds of long-term debt	5,350,000	6,576,000
Repayment of long-term debt	(2,650,766)	(2,224,523)
	2,699,234	4,351,477
Increase (decrease) in cash and temporary investments	13,959,305	(8,310,558)
Cash and temporary investments, beginning of year	23,237,772	31,548,330
Cash and temporary investments, end of year	\$ 37,197,077	\$ 23,237,772

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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, 2019

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, 2019

2. Cash and temporary investments

	2019	2018
Cash	\$ 11,591,077	\$ 8,408,829
Temporary investments	25,606,000	14,828,943
	\$ 37,197,077	\$ 23,237,772

Temporary investments are short-term guaranteed investment certificates and government guaranteed bonds 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, 2019, there were no amounts drawn on these credit facilities (2018 - nil).

3. Taxes and grants in place of taxes receivables

	2019	2018
Taxes and grants in place of taxes receivable	\$ 512,429	\$ 436,791
Arrears	155,173	250,511
	\$ 667,602	\$ 687,302

4. Trade and other receivables

	2019	2018
Due from related organizations	\$ 5,683,106	\$ 7,076,427
Trade receivables	1,821,592	1,273,527
Utilities	1,652,666	1,539,129
Accrued interest	565,792	563,479
Other receivable	418,883	620,722
Goods and Services Tax (GST)	340,448	463,473
Accrued receivables	260,763	614,995
Over (under) collection of requisitions	204,373	(39,761)
Local improvement tax	126,865	204,051
Allowance for doubtful accounts	(125,000)	(141,000)
	\$ 10,949,488	\$ 12,175,042

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

5. Debt charges recoverable

	2019	2018
Current debt charges recoverable	\$ 201,233	\$ 191,573
Non-current debt charges recoverable	3,952,034	4,153,267
	\$ 4,153,267	\$ 4,344,840

The Town sold the Hector property to Canmore Community Housing Corporation (CCHC) for the assumption of the outstanding debenture. Long-term financing totaling \$4,153,267 (2018 - \$4,344,840) 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
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
2024	244,991	160,600	405,591
Thereafter	3,040,396	2,018,162	5,058,558
	\$ 4,153,267	\$ 2,933,245	\$ 7,086,512

6. Investments

	2019		2018	
	Cost	Market value	Cost	Market value
Investments	\$ 50,993,155	\$ 51,661,165	\$ 59,068,241	\$ 57,387,057

Principal protected notes and government guaranteed bonds have effective interest rates of 2.50% to 4.86% (2018 - 2.30% to 9.98%) with maturity dates from 2022 to 2032.

7. Employee benefit obligations

	2019	2018
Vacation	\$ 212,584	\$ 198,064

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, 2019

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.

	2019	2018
Flood Recovery Erosion Control Program (FRECP)	\$ 14,972,899	\$ 15,173,187
Alberta Community Resilience Program (ACRP)	10,834,125	10,524,944
Municipal Sustainability Initiative (MSI) - Capital	8,256,971	5,378,528
Deposits	2,292,835	3,111,744
Federal Gas Tax Fund (FGTF)	1,276,480	1,506,273
Disaster Recovery Program (DRP)	312,753	-
Alberta Environment & Parks Wildlife Fencing	75,000	75,000
Legacy Trail	19,945	189,076
Economic Development and Trade	11,918	-
National Disaster Mitigation Program (NDMP)	4,310	-
Municipal Affairs	-	8,512
	\$ 38,057,236	\$ 35,967,264

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

9. Long-term debt

	2019	2018
Tax supported debentures - capital	\$ 27,982,552	\$ 25,091,745
Self supported debentures - operating	4,153,267	4,344,840
	\$ 32,135,819	\$ 29,436,585
Current portion	\$ 2,740,113	\$ 2,650,766

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	\$ 2,740,113	\$ 1,127,982	\$ 3,868,095
2021	2,707,963	1,017,893	3,725,856
2022	2,458,513	904,228	3,362,741
2023	2,500,453	814,676	3,315,129
2024	1,697,814	730,100	2,427,914
Thereafter	20,030,963	4,148,893	24,179,856
	\$ 32,135,819	\$ 8,743,772	\$ 40,879,591

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.124% to 8.375% per annum and matures in periods 2020 through 2042. The average annual interest rate is 3.93% for 2019 (4.04% for 2018). Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$1,086,209 (2018 - \$983,428).

The Town's total cash payments for interest in 2019 were \$1,090,929 (2018 - \$993,157).

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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:

	2019	2018
Total debt limit	\$ 81,758,096	\$ 76,261,197
Total debt	32,135,819	29,436,585
	\$ 49,622,277	\$ 46,824,612
Debt servicing limit	\$ 13,626,349	\$ 12,710,200
Debt servicing	3,868,095	3,753,806
	\$ 9,758,254	\$ 8,956,394

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, 2019

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.

	2019	2018
Operating		
General operating	\$ 3,762,766	\$ 2,849,909
Tax stabilization	2,335,116	2,131,683
	6,097,882	4,981,592
Capital		
Art trust fund	288,789	350,764
Asset replacement	8,206,409	3,005,075
Cash in lieu - bear bins	103,850	150,262
Cash in lieu - municipal reserve	397,872	2,230,869
Cash in lieu - parking	508,457	493,950
Economic development	585,241	414,293
Flood mitigation maintenance	419,122	258,590
General capital	9,119,259	14,018,286
Offsite levies	6,300,072	5,662,103
Perpetually affordable housing (PAH)	610,999	424,269
Photo radar	819,839	813,667
Recreation levy	45,414	44,118
Solid waste - collection	692,110	652,337
Solid waste - recycling	785,958	498,419
Water utility	3,451,027	4,216,305
Wastewater utility	6,302,522	5,402,893
Work in progress - debt	924,306	308,665
Work in progress - taxes	665,211	284,580
	40,226,457	39,229,445
	\$ 46,324,339	\$ 44,211,037

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

12. Equity in tangible capital assets

	2019	2018
Tangible capital assets (schedule 2)	\$ 418,553,302	\$ 399,249,573
Accumulated amortization (schedule 2)	(115,722,204)	(110,347,320)
Long-term debt (note 9)	(32,135,819)	(29,436,585)
Debt charges recoverable (note 5)	4,153,267	4,344,840
	\$ 274,848,546	\$ 263,810,508

13. Accumulated surplus

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

	2019	2018
Unrestricted surplus	\$ 10,397,319	\$ 9,743,302
Internally restricted surplus (reserves) (note 11)	46,324,339	44,211,037
Equity in tangible capital assets (note 12)	274,848,546	263,810,508
	\$ 331,570,204	\$ 317,764,847

14. Net municipal property taxes

	Budget (Unaudited)	2019	2018
Taxation			
Real property taxes	\$ 44,004,000	\$ 44,202,870	\$ 42,076,778
Requisitions			
Alberta School Foundation Fund	18,449,440	18,672,060	17,944,521
Bow Valley Regional Housing Authority	931,718	936,303	928,557
Downtown Business Improvement Area	103,550	103,550	103,550
Designated Industrial Property Tax	-	3,951	1,616
	19,484,708	19,715,864	18,978,244
	\$ 24,519,292	\$ 24,487,006	\$ 23,098,534

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

15. Government transfers

	Budget (Unaudited)	2019	2018
Transfers for operating:			
Provincial conditional grants	\$ 1,492,688	\$ 1,615,360	\$ 1,598,861
Federal conditional grants	-	2,400	-
	1,492,688	1,617,760	1,598,861
Transfers for capital:			
Provincial government	7,357,000	9,213,482	2,287,088
Federal government	-	308,209	454,666
	7,357,000	9,521,691	2,741,754
	\$ 8,849,688	\$ 11,139,451	\$ 4,340,615

16. Expenditures by object

	Budget (Unaudited)	2019	2018
Salaries, wages and benefits	\$ 19,145,053	\$ 18,560,818	\$ 17,350,525
Contracted and general services	15,439,144	14,127,681	15,075,530
Materials, goods, supplies and utilities	3,693,577	3,509,583	3,325,556
Bank charges and short term interest	83,842	90,040	78,723
Interest on long term debt	1,278,021	1,086,209	983,428
Other expenditures	69,964	1,814,512	2,044,156
Transfers to organizations and others	1,815,231	2,068,747	1,996,793
Amortization of tangible capital assets	8,305,780	8,584,491	8,305,780
Loss on disposal of tangible capital assets	-	1,697,153	654,321
	\$ 49,830,612	\$ 51,539,234	\$ 49,814,812

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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	2019	2018
Council				
Borrowman, John	\$ 98,124	\$ 13,263	\$ 111,387	\$ 92,318
McCallum, Joanna	38,171	8,951	47,122	46,275
Seeley, Robert	40,775	8,997	49,772	43,675
Sandford, Vi	37,296	8,951	46,247	42,575
Comfort, Esme	35,446	7,184	42,630	39,759
Hilstad, Jeffrey	38,171	8,997	47,168	44,375
Marra, Karen	37,396	7,198	44,594	43,759
Chief administrative officer (1)	218,108	29,039	247,147	242,411
Designated officers (17)	\$ 1,970,346	\$ 308,088	\$ 2,278,434	\$ 1,845,103

(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, 2019

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 \$3,030,856 for the 2019 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 Superior Safety Codes Inc. to provide professional safety code services. The contract is from August 2019 to August 2022. The contractor shall be paid for services as follows:
 - (i) Inspections and plan reviews - \$110/hour and,
 - (ii) Enforcement (after an order has been issued) - no charge up to 8 hours; \$125/hour after 8 hours.
- (c) The Town has entered into an agreement with RCMP to provide policing services. The Town pays 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 2020 - 2021 contract year.
- (d) The Town has an agreement with Benchmark Assessment Consultants Inc. to provide assessment services. Assessment services are required by the municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. The contract is from October 7, 2019 to October 31, 2022. Under the terms of the agreement the Town is committed to \$239,836 for 2020, \$229,000 for 2021, and \$190,883 for 2022.
- (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, 2019

19. Related party transactions

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

	2019	2018
Canmore Community Housing Corporation		
Start up advances receivable	\$ 162,500	\$ 162,500
Debenture receivable	4,153,267	4,344,840
Loan receivable	600,000	600,000
Appropriation	475,000	475,000
Old Daycare Lands proceeds receivable	-	1,298,000
Development deposit	42,500	400,000
Mountain Haven Cooperative Homes acquisition receivable	4,245,000	4,245,000
Mountain Haven Cooperative Homes development contribution	-	250,000
PAH line of credit	175,878	175,878
Stewart Creek Community Land transfer	296,786	-

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 (2018 - \$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 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, 2019 the line of credit balance was \$175,878 (2018 - \$175,878).

In relation to the Old Daycare Land project, CCHC has paid the Town \$400,000 for the development agreement deposit. The Town has refunded \$357,500 of this deposit during 2019. The remaining balance of \$42,500 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, 2019

19. Related party transactions, continued

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.

During the year, the Town purchased land describe as plan 1611360, block 21, lots 27 and 28 for \$296,786 and transferred it to CCHC for \$1 to use towards future housing developments. CCHC has recognized the land at fair market value of \$1,044,500.

Bow Valley Regional Housing Association

Included in accounts payable	\$ 1,050	\$ 510
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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	\$ 180,000	\$ 155,000
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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	\$ 829,647	\$ 784,123
Included in accounts receivable	-	7,533

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	\$ 103,550
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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, 2019

19. Related party transactions, continued

Bow Valley Regional Transit Services Commission

Appropriation	\$ 1,023,622	\$ 910,771
Included in accounts receivable	372,274	463,152

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

Bow Valley Regional Waste Management Commission

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

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	\$ 230,500	\$ 220,000
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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, 2019

21. Subsequent events

The global coronavirus pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

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

22. Approval of financial statements

These financial statements were approved by Council and Management.

23. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2019 (2018 - nil) as a result of this standard.

24. Budget amounts

The 2019 budget for the Town was approved by Council on December 18, 2018 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 2018 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 8,865,596
Less: Capital expenditures	(20,663,000)
Long-term debt repayments	(2,875,726)
Add: Amortization	8,305,780
Transfers from reserves	3,632,350
Proceeds from long-term debt	2,735,000
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Equals: Balanced budget	<u>\$ -</u>

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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, 2019

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2019	2018
Balance, beginning of year	\$ 9,743,302	\$ 44,211,037	\$ 263,810,508	\$ 317,764,847	\$ 313,882,080
Excess of revenue over expenses	13,805,357	-	-	13,805,357	3,882,767
Unrestricted funds designated for future use	(14,083,184)	14,083,184	-	-	-
Restricted funds used for operations	1,086,703	(1,086,703)	-	-	-
Restricted funds used for tangible capital assets	-	(10,883,179)	10,883,179	-	-
Current year funds used for tangible capital assets	(12,123,900)	-	12,123,900	-	-
Contributed tangible capital assets	(1,317,503)	-	1,317,503	-	-
Disposal of tangible capital assets	1,811,246	-	(1,811,246)	-	-
Amortization of tangible capital assets	8,584,491	-	(8,584,491)	-	-
Long-term debt repaid	(2,650,766)	-	2,650,766	-	-
Debt charges recoverable	191,573	-	(191,573)	-	-
Proceeds of long-term debt	5,350,000	-	(5,350,000)	-	-
Change in accumulated surplus	654,017	2,113,302	11,038,038	13,805,357	3,882,767
Balance, end of year	\$ 10,397,319	\$ 46,324,339	\$ 274,848,546	\$ 331,570,204	\$ 317,764,847

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

Schedule of tangible capital assets							Schedule 2		
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2019	2018
Cost:									
Balance, beginning of year	\$ 45,096,806	\$ 20,316,442	\$ 66,218,354	\$ 230,978,972	\$ 16,456,186	\$ 5,120,470	\$ 15,062,343	\$ 399,249,573	\$ 385,343,117
Acquisitions	157,602	677,353	6,450,837	3,569,752	997,653	1,133,653	11,337,732	24,324,582	15,257,751
Transfers	-	194,325	4,360,724	93,185	106,286	5,100	(4,759,620)	-	-
Disposals	(99,200)	(48,399)	(1,554,994)	(234,990)	(1,544,508)	(497,144)	(1,041,618)	(5,020,853)	(1,351,295)
Balance, end of year	45,155,208	21,139,721	75,474,921	234,406,919	16,015,617	5,762,079	20,598,837	418,553,302	399,249,573
Accumulated amortization:									
Balance, beginning of year	-	10,286,526	16,135,339	72,676,784	8,404,015	2,844,655	-	110,347,320	102,699,663
Annual amortization	-	917,394	1,840,943	4,328,597	1,065,778	431,779	-	8,584,491	8,305,779
Disposals	-	(43,184)	(1,136,963)	(181,900)	(1,355,140)	(492,420)	-	(3,209,607)	(658,122)
Balance, end of year	-	11,160,736	16,839,319	76,823,481	8,114,653	2,784,014	-	115,722,204	110,347,320
Net book value	\$ 45,155,208	\$ 9,978,985	\$ 58,635,602	\$ 157,583,438	\$ 7,900,964	\$ 2,978,065	\$ 20,598,837	\$ 302,831,098	\$ 288,902,253
2018 net book value	\$ 45,096,806	\$ 10,029,917	\$ 50,083,015	\$ 158,302,188	\$ 8,052,171	\$ 2,275,815	\$ 15,062,343	\$ 288,902,253	

TOWN OF CANMORE
SCHEDULE TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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	\$ 23,761,736	\$ -	\$ -	\$ -	\$ -	\$ 725,270	\$ -	\$ 24,487,006
User fees and sales of goods	70,691	1,187,369	5,994	13,718,842	145,674	57,581	2,889,827	18,075,978
Government transfers for operating	174,089	411,936	-	-	869,917	21,500	140,318	1,617,760
Investment income	1,330,916	-	-	-	-	-	-	1,330,916
Penalties and costs of taxes	264,350	-	-	-	-	-	-	264,350
Development levies	988,269	-	-	1,064,261	-	-	-	2,052,530
Licenses and permits	-	51,491	-	-	-	2,035,848	-	2,087,339
Franchise and concession contracts	2,307,709	-	-	-	-	-	29,645	2,337,354
Rental	2,288	-	-	-	-	31,094	1,191,723	1,225,105
Other	683,096	12,944	1,000	-	7,591	242,549	79,879	1,027,059
	29,583,144	1,663,740	6,994	14,783,103	1,023,182	3,113,842	4,331,392	54,505,397
Expenses								
Salaries, wages and benefits	4,735,585	2,862,688	1,168,505	1,188,112	1,165,945	2,247,203	5,192,780	18,560,818
Contracted and general services	2,132,338	2,909,492	1,707,289	5,328,314	128,171	402,963	1,519,114	14,127,681
Materials, goods, supplies and utilities	149,566	183,954	1,137,268	759,374	133,165	8,230	1,138,026	3,509,583
Bank charges and short term interest	15,204	-	-	-	-	-	74,836	90,040
Interest on long term debt	346,830	-	-	525,780	-	213,599	-	1,086,209
Other expenditures	913,174	-	325,541	306,864	9,564	14,728	244,641	1,814,512
Transfers to organizations and others	146,313	39,500	-	84,500	-	788,787	1,009,647	2,068,747
Amortization of tangible capital assets	484,875	370,503	1,901,768	3,235,036	18,989	-	2,573,320	8,584,491
Loss on disposal of tangible capital assets	186,797	-	309,792	564,425	-	-	636,139	1,697,153
	9,110,682	6,366,137	6,550,163	11,992,405	1,455,834	3,675,510	12,388,503	51,539,234
Excess (deficiency) of revenue over expenses before other	20,472,462	(4,702,397)	(6,543,169)	2,790,698	(432,652)	(561,668)	(8,057,111)	2,966,163
Other								
Government transfers for capital	41,595	1,023,078	1,505,036	1,945,624	-	-	5,006,358	9,521,691
Contributed tangible capital assets	-	-	809,911	324,521	-	-	183,071	1,317,503
	41,595	1,023,078	2,314,947	2,270,145	-	-	5,189,429	10,839,194
Excess (deficiency) of revenue over expenses	\$ 20,514,057	\$ (3,679,319)	\$ (4,228,222)	\$ 5,060,843	\$ (432,652)	\$ (561,668)	\$ (2,867,682)	\$ 13,805,357