

**TOWN OF CANMORE**

**Consolidated Financial Statements**

**For the year ended December 31, 2019**

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**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 consolidated financial statements of the Town of Canmore which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT, continued

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

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

### *Report on Other Legal and Regulatory Requirements*

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

Lethbridge, Alberta

April 21, 2020



Chartered Professional Accountants

## MANAGEMENT REPORT

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

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

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

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



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Manager of Financial Services



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Chief Administrative Officer

April 21, 2020

**TOWN OF CANMORE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2019

	2019	2018
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 40,169,943	\$ 25,535,974
Taxes and grants in place of taxes receivable (note 3)	667,602	687,302
Trade and other receivables (note 4)	6,099,891	5,926,803
Investment in future housing developments	387,081	5,050,955
Investments (note 5)	50,993,155	59,068,241
	98,317,672	96,269,275
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,361,589	7,278,501
Employee benefit obligations (note 6)	217,397	201,982
Deferred revenue (note 7)	38,263,703	35,830,610
Long-term debt (note 8)	37,750,057	39,075,324
	81,592,746	82,386,417
<b>Net financial assets</b>	16,724,926	13,882,858
<b>Non-financial assets</b>		
Prepaid expenses	416,904	415,003
Inventory for consumption	4,133,816	3,998,614
Tangible capital assets (schedule 2)	327,469,650	314,130,518
	332,020,370	318,544,135
<b>Accumulated surplus</b> (note 12 and schedule 1)	\$ 348,745,296	\$ 332,426,993

*Commitments and contingencies* (note 17)

Approved on behalf of Council:

Councillor     *r Seely*    

Mayor     *John Barron*

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

	Budget (Unaudited)	2019	2018
<b>Revenue</b>			
Net municipal property taxes (note 13)	\$ 25,097,841	\$ 24,590,556	\$ 23,202,084
User fees and sales of goods	17,645,364	29,935,339	23,891,515
Government transfers for operating (note 14)	1,618,683	1,752,728	1,726,340
Investment income	1,005,150	1,386,087	1,060,939
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
Gain on disposal of tangible capital assets	-	1,261,714	-
Franchise and concession contracts	2,267,377	2,337,354	2,118,484
Rental	2,793,658	3,029,629	2,828,272
Other	508,951	819,948	759,876
	<b>53,134,644</b>	<b>69,517,574</b>	<b>59,144,273</b>
<b>Expenses (note 15)</b>			
Legislative	542,854	474,696	485,596
Administration	7,759,499	8,635,985	8,037,443
Other 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	479,751	404,699	197,190
Public housing operations	2,308,752	13,153,845	8,406,507
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	1,526,708	1,574,585	1,533,720
Other recreation and culture	6,650,287	6,324,779	6,255,070
Utilities	8,243,156	7,572,742	8,541,591
	<b>51,804,777</b>	<b>64,038,465</b>	<b>57,648,729</b>
<b>Excess of revenue over expenses before other</b>	<b>1,329,867</b>	<b>5,479,109</b>	<b>1,495,544</b>
<b>Other</b>			
Government transfers for capital (note 14)	7,357,000	9,521,691	2,741,754
Contributed tangible capital assets	-	1,317,503	115,028
	<b>7,357,000</b>	<b>10,839,194</b>	<b>2,856,782</b>
<b>Excess of revenue over expenses</b>	<b>8,686,867</b>	<b>16,318,303</b>	<b>4,352,326</b>
<b>Accumulated surplus, beginning of year</b>	<b>332,426,993</b>	<b>332,426,993</b>	<b>328,074,667</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 341,113,860</b>	<b>\$ 348,745,296</b>	<b>\$ 332,426,993</b>

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

	Budget (Unaudited)	2019	2018
<b>Excess of revenue over expenses</b>	\$ 8,686,867	\$ 16,318,303	\$ 4,352,326
Acquisition of tangible capital assets	(20,693,550)	(23,050,812)	(15,179,242)
Amortization of tangible capital assets	8,873,626	9,179,652	8,920,358
Contributed tangible capital assets	-	(1,317,503)	(115,028)
Net loss on disposal of tangible capital assets	-	435,439	656,444
Proceeds on disposal of tangible capital assets	-	1,414,097	38,848
	(11,819,924)	(13,339,127)	(5,678,620)
Net change in inventory for consumption	-	(135,207)	(3,909,758)
Net change in prepaid expense	-	(1,901)	(359,901)
	-	(137,108)	(4,269,659)
<b>Change in net financial assets</b>	(3,133,057)	2,842,068	(5,595,953)
<b>Net financial assets, beginning of year</b>	13,882,858	13,882,858	19,478,811
<b>Net financial assets, end of year</b>	\$ 10,749,801	\$ 16,724,926	\$ 13,882,858



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

	2019	2018
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 16,318,303	\$ 4,352,326
Adjustments for items which do not affect cash		
Net loss on disposal of tangible capital assets	435,439	656,444
Amortization of tangible capital assets	9,179,652	8,920,358
Contributed tangible capital assets	(1,317,503)	(115,028)
	24,615,891	13,814,100
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	19,700	(120,764)
Trade and other receivables	(173,083)	579,034
Inventory for consumption	(135,207)	(3,909,758)
Prepaid expenses	(1,901)	(359,901)
Accounts payable and accrued liabilities	(1,916,912)	799,729
Employee benefit obligations	15,415	3,958
Deferred revenue	2,433,093	4,408,476
	24,856,996	15,214,874
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	1,414,097	38,848
Acquisition of tangible capital assets	(23,050,812)	(15,179,242)
Investment in future housing developments	4,663,874	(3,409,427)
	(16,972,841)	(18,549,821)
<b>Investing transactions</b>		
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)
<b>Financing transactions</b>		
Proceeds of long-term debt	5,350,000	13,870,432
Repayment of long-term debt	(6,675,267)	(7,481,512)
	(1,325,267)	6,388,920
<b>Increase (decrease) in cash and temporary investments</b>	14,633,969	(8,292,661)
<b>Cash and temporary investments, beginning of year</b>	25,535,974	33,828,635
<b>Cash and temporary investments, end of year</b>	\$ 40,169,943	\$ 25,535,974

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

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**1. Significant accounting policies**

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

(a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

(b) Reporting entity

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

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

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

**1. Significant accounting policies, continued**

- (e) **Development levies**  
Development levies are recorded when the amount can be reasonably estimated and collection is reasonably assured. All levies are due within 24 months of the signing date of the respective agreement.
- (f) **Inventories for resale**  
Housing inventory held for resale is recorded at the lower of the purchase price of the property and its net realizable value. Other costs related to the purchase of the PAH units are recorded as resale administration costs. These administration costs include prorated property taxes, legal fees, and other administrative fees.
- (g) **Tax revenue**  
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

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

- (h) **Contaminated sites liability**  
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.
- (i) **Requisition over-levy and under-levy**  
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

- (j) **Government transfers**  
Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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

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**1. Significant accounting policies, continued**

(k) Non-financial assets

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

(i) Tangible capital assets

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

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

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

(ii) Contributions of tangible capital assets

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

(iii) Leases

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

(iv) Inventories

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

(v) Cultural and historical tangible capital assets

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

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

**2. Cash and temporary investments**

	2019	2018
Cash	\$ 13,467,363	\$ 9,781,362
Temporary investments	26,702,580	15,754,612
	\$ 40,169,943	\$ 25,535,974

Temporary investments are short-term guaranteed investment certificates, term deposits and government guaranteed bonds with original maturities of twelve months or less with interest rates of 2.25% to 2.60%.

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

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

**4. Trade and other receivables**

	2019	2018
Trades receivables	\$ 2,180,261	\$ 1,627,691
Utilities	1,652,666	1,539,129
Accrued interest	574,206	570,878
Due from related organizations	441,708	541,078
Other receivables	418,883	620,722
Goods and Services Tax (GST)	365,165	389,020
Accrued receivables	260,763	614,995
Over (under) collection of requisitions	204,374	(39,761)
Local improvement tax	126,865	204,051
Allowance for doubtful accounts	(125,000)	(141,000)
	<b>\$ 6,099,891</b>	<b>\$ 5,926,803</b>

**5. Investments**

	2019		2018	
	Cost	Market value	Cost	Market value
	\$ 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.

**6. Employee benefit obligations**

	2019	2018
Vacation	\$ 217,397	\$ 201,982

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

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

**7. Deferred revenue**

Deferred revenue consists of deposits and government transfers.

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

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

	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 Deposits	8,256,971	5,378,528
Federal Gas Tax Fund (FGTF)	2,250,335	2,711,744
Disaster Recovery Program (DRP)	1,276,480	1,506,273
Mountain Haven Cooperative Homes Lease	312,753	-
Alberta Environment & Parks Wildlife Fencing	246,030	254,074
Legacy Trail	75,000	75,000
Economic Development and Trade	19,945	189,076
National Disaster Mitigation Program (NDMP)	11,918	-
Friends of the Library	4,311	-
Municipal Affairs	2,936	9,272
	-	8,512
	<b>\$ 38,263,703</b>	<b>\$ 35,830,610</b>

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

**8. Long-term debt**

	2019	2018
Tax supported debentures	\$ 27,982,552	\$ 25,091,745
Self supported debentures	4,153,267	4,344,840
Bow Valley Credit Union	5,614,238	6,004,380
Bank of Montreal	-	3,634,359
	\$ 37,750,057	\$ 39,075,324
Current portion	\$ 6,363,951	\$ 6,448,741

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	\$ 6,363,951	\$ 1,344,142	\$ 7,708,093
2021	4,698,363	1,126,793	5,825,156
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
	\$ 37,750,057	\$ 9,068,832	\$ 46,818,889

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).

Bow Valley Credit Union debt is repayable upon completion of McArthur Place. Loan repayments includes interest at 3.90%. Loans mature in periods 2020 and 2021.

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

Interest on long-term debt amounted to \$1,323,768 (2018 - \$1,232,480).

The Town's total cash payments for interest in 2019 were \$1,546,249 (2018 - \$1,477,108).



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

**9. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	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.

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

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

**10. Reserves**

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

	2019	2018
<b>Operating</b>		
Downtown Business Improvement Area	\$ 54,758	\$ 54,758
General operating	3,762,766	2,849,909
Library	150,000	150,000
Tax stabilization	2,335,116	2,131,683
	<u>6,302,640</u>	<u>5,186,350</u>
<b>Capital</b>		
Accessory dwelling grant - CCHC	300,000	-
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
Housing development - CCHC	933,569	491,386
Matching down deposit - CCHC	450,000	-
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
	<u>41,910,026</u>	<u>39,720,831</u>
	<u>\$ 48,212,666</u>	<u>\$ 44,907,181</u>

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

**11. Equity in tangible capital assets**

	2019	2018
Tangible capital assets (schedule 2)	\$ 447,194,706	\$ 427,885,530
Accumulated amortization (schedule 2)	(119,725,056)	(113,755,012)
Long-term debt (note 8)	(37,750,057)	(39,075,324)
	\$ 289,719,593	\$ 275,055,194

**12. Accumulated surplus**

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

	2019	2018
Unrestricted surplus	\$ 10,813,037	\$ 12,464,618
Internally restricted surplus (reserves) (note 10)	48,212,666	44,907,181
Equity in tangible capital assets (note 11)	289,719,593	275,055,194
	\$ 348,745,296	\$ 332,426,993

**13. Net municipal property taxes**

	Budget (Unaudited)	2019	2018
<b>Taxation</b>			
Real property taxes	\$ 44,478,999	\$ 44,202,870	\$ 42,076,778
<b>Requisitions</b>			
Alberta School Foundation Fund	18,449,440	18,672,060	17,944,521
Bow Valley Regional Housing Authority	931,718	936,303	928,557
Designated Industrial Property Tax	-	3,951	1,616
	19,381,158	19,612,314	18,874,694
	\$ 25,097,841	\$ 24,590,556	\$ 23,202,084

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

**14. Government transfers**

	Budget (Unaudited)	2019	2018
<b>Transfers for operating:</b>			
Provincial conditional grants	\$ 1,618,683	\$ 1,750,328	\$ 1,726,340
Federal conditional grants	-	2,400	-
	1,618,683	1,752,728	1,726,340
<b>Transfers for capital:</b>			
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
	\$ 8,975,683	\$ 11,274,419	\$ 4,468,094

**15. Expenses by object**

	Budget (Unaudited)	2019	2018
Salaries, wages and benefits	\$ 20,413,159	\$ 19,739,664	\$ 18,554,878
Contracted and general services	15,823,285	14,566,485	15,414,325
Materials, goods, supplies and utilities	4,236,916	15,096,470	10,196,162
Bank charges and short term interest	84,342	90,481	79,249
Interest on long term debt	1,729,938	1,323,768	1,232,480
Other expenses	69,964	1,814,515	2,044,154
Transfers to organizations and others	573,547	530,277	550,679
Amortization of tangible capital assets	8,873,626	9,179,652	8,920,358
Loss on disposal of tangible capital assets	-	1,697,153	656,444
	\$ 51,804,777	\$ 64,038,465	\$ 57,648,729

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

**16. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2019	2018
<b>Council</b>				
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.

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

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**17. 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) Land held by Canmore Community Housing Corporation (Palliser Lot 7) suffered flood damage in June, 2013 and its value is currently in question. Presently, the land is valued at \$1,768,000. Based on the available information, it is reasonably possible that an impairment in value has occurred. Management is currently in the process of determining how much, if any, impairment has occurred. It is not possible at this time to estimate the dollar value of potential impairment.
- (f) During 2018, the Town via Canmore Community Housing Corporation has entered into an agreement to purchase 4 PAH units at 7th and 7th in Canmore and 3 units at Lookout Ridge in Canmore. The total cost to the organization is \$1,675,025 plus GST which will be funded by the line of credit. Deposits in the amount of \$175,879 have been paid and are included in prepaid expenses and deposits.
- (g) The Town 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 CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**18. Related party transactions**

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

	2019	2018
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**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 operations. Council reviews the program plan annually and approves funding.

**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.

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

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**18. Related party transactions, continued**

**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.

**19. Financial instruments**

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**20. Approval of financial statements**

These financial statements were approved by Council and Management.

**21. 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.



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

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**22. 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.

**23. Budget amounts**

The 2019 budget for the Town was approved by Council on December 18, 2018 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual 2018 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 8,686,867
Less: Capital expenditures	(20,693,550)
Long-term debt repayments	(3,236,281)
Add: Amortization	8,873,626
Transfers from reserves	3,650,117
Proceeds from long-term debt	2,735,000
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Equals: Budgeted surplus	\$ 15,779
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**24. Segmented disclosure**

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

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

**TOWN OF CANMORE**  
**SCHEDULES TO THE 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	\$ 12,464,618	\$ 44,907,181	\$ 275,055,194	\$ 332,426,993	\$ 328,074,667
Excess of revenue over expenses	16,318,303	-	-	16,318,303	4,352,326
Unrestricted funds designated for future use	(15,275,367)	15,275,367	-	-	-
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	(12,167,633)	-	12,167,633	-	-
Contributed tangible capital assets	(1,317,503)	-	1,317,503	-	-
Disposal of tangible capital assets	1,849,531	-	(1,849,531)	-	-
Amortization of tangible capital assets	9,179,652	-	(9,179,652)	-	-
Long-term debt repaid	(6,675,267)	-	6,675,267	-	-
Proceeds of long-term debt	5,350,000	-	(5,350,000)	-	-
Change in accumulated surplus	(1,651,581)	3,305,485	14,664,399	16,318,303	4,352,326
<b>Balance, end of year</b>	<b>\$ 10,813,037</b>	<b>\$ 48,212,666</b>	<b>\$ 289,719,593</b>	<b>\$ 348,745,296</b>	<b>\$ 332,426,993</b>

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

	Schedule 2								
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2019	2018
<b>Schedule of tangible capital assets</b>									
<b>Cost:</b>									
Balance, beginning of year	\$ 50,309,834	\$ 20,811,258	\$ 88,753,122	\$ 230,978,972	\$ 16,849,530	\$ 5,120,470	\$ 15,062,343	\$ 427,885,530	\$ 413,952,327
Acquisitions	158,696	677,353	6,483,027	3,569,752	1,008,102	1,133,653	11,337,732	24,368,315	15,294,270
Transfers	-	194,325	4,360,724	93,185	106,286	5,100	(4,759,620)	-	-
Disposals	(137,485)	(48,399)	(1,554,995)	(234,990)	(1,544,508)	(497,144)	(1,041,618)	(5,059,139)	(1,361,067)
Balance, end of year	50,331,045	21,634,537	98,041,878	234,406,919	16,419,410	5,762,079	20,598,837	447,194,706	427,885,530
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	10,395,386	19,255,500	72,676,784	8,582,687	2,844,655	-	113,755,012	105,500,428
Annual amortization	-	1,016,357	2,308,408	4,328,597	1,094,511	431,779	-	9,179,652	8,920,358
Disposals	-	(43,184)	(1,136,964)	(181,900)	(1,355,140)	(492,420)	-	(3,209,608)	(665,774)
Balance, end of year	-	11,368,559	20,426,944	76,823,481	8,322,058	2,784,014	-	119,725,056	113,755,012
<b>Net book value</b>	\$ 50,331,045	\$ 10,265,978	\$ 77,614,934	\$ 157,583,438	\$ 8,097,352	\$ 2,978,065	\$ 20,598,837	\$ 327,469,650	\$ 314,130,518
<b>2018 net book value</b>	\$ 50,309,834	\$ 10,415,873	\$ 69,497,622	\$ 158,302,188	\$ 8,266,843	\$ 2,275,815	\$ 15,062,343	\$ 314,130,518	

**TOWN OF CANMORE**  
**SCHEDULE TO THE 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
<b>Revenue</b>								
Net municipal property taxes	\$ 23,865,286	\$ -	\$ -	\$ -	\$ -	\$ 725,270	\$ -	\$ 24,590,556
User fees and sales of goods	70,693	1,187,369	5,994	13,718,842	145,674	11,870,446	2,936,322	29,935,339
Government transfers for operating	174,089	411,936	-	-	869,917	21,500	275,286	1,752,728
Investment income	1,330,916	-	-	-	-	49,475	5,697	1,386,087
Penalties and costs of taxes	264,350	-	-	-	-	-	-	264,350
Development levies	988,269	-	-	1,064,260	-	-	-	2,052,530
Licenses and permits	-	51,491	-	-	-	2,035,848	-	2,087,339
Gain on disposal of capital assets	1,261,714	-	-	-	-	-	-	1,261,714
Franchise and concession contracts	2,307,709	-	-	-	-	-	29,645	2,337,354
Rental	2,288	-	-	-	-	1,834,653	1,192,688	3,029,629
Other	683,096	12,944	1,000	-	7,591	28,800	86,516	819,948
	30,948,410	1,663,740	6,994	14,783,102	1,023,182	16,565,992	4,526,154	69,517,574
<b>Expenses</b>								
Salaries, wages and benefits	4,735,584	2,862,688	1,168,505	1,188,112	1,165,945	2,630,740	5,988,089	19,739,664
Contracted and general services	2,132,320	2,909,492	1,707,289	5,328,314	128,171	750,937	1,609,962	14,566,485
Materials, goods, supplies and utilities	149,582	183,954	1,137,268	759,374	133,165	11,554,414	1,178,713	15,096,470
Bank charges and short term interest	15,204	-	-	-	-	441	74,836	90,481
Interest on long term debt	346,829	-	-	525,780	-	451,159	-	1,323,768
Other expenditures	913,178	-	325,541	306,864	9,564	14,728	244,641	1,814,515
Transfers to organizations and others	146,313	39,500	-	84,500	-	17,000	242,964	530,277
Amortization of tangible capital assets	484,875	370,503	1,901,768	3,235,036	18,989	571,042	2,597,439	9,179,652
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	15,990,461	12,572,783	64,038,465
<b>Excess (deficiency) of revenue over expenses before other</b>	21,837,728	(4,702,397)	(6,543,169)	2,790,697	(432,652)	575,531	(8,046,629)	5,479,109
<b>Other</b>								
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
<b>Excess (deficiency) of revenue over expenses</b>	\$ 21,879,323	\$ (3,679,319)	\$ (4,228,222)	\$ 5,060,842	\$ (432,652)	\$ 575,531	\$ (2,857,200)	\$ 16,318,303