

TOWN OF CANMORE

Consolidated Financial Statements

For the year ended December 31, 2020

TOWN OF CANMORE
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For the year ended December 31, 2020

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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, 2020, 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, 2020, 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 Town'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 20, 2021



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.

Chelsey Richardson

Manager of Financial Services

Lisa de Soto

Chief Administrative Officer

April 20, 2021

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019
Financial assets		
Cash and temporary investments (note 2)	\$ 55,412,424	\$ 40,169,943
Taxes and grants in place of taxes receivable (note 3)	924,552	667,602
Trade and other receivables (note 4)	7,953,766	6,099,891
Investment in future housing developments	573,603	387,081
Investments (note 5)	36,983,078	50,993,155
	101,847,423	98,317,672
Liabilities		
Accounts payable and accrued liabilities	9,907,615	5,361,589
Employee benefit obligations (note 6)	216,549	217,397
Deposits	2,793,313	2,250,335
Deferred revenue (note 7)	28,931,819	36,013,368
Long-term debt (note 8)	46,181,022	37,750,057
	88,030,318	81,592,746
Net financial assets	13,817,105	16,724,926
Non-financial assets		
Prepaid expenses	416,861	416,904
Inventory for consumption	4,245,949	4,133,816
Tangible capital assets (schedule 2)	365,439,611	327,469,650
	370,102,421	332,020,370
Accumulated surplus (note 12 and schedule 1)	\$ 383,919,526	\$ 348,745,296

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor *Nesbitt*

Mayor *John Borrowman*

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Revenue			
Net municipal property taxes (note 13)	\$ 24,988,024	\$ 25,001,133	\$ 24,590,556
User fees and sales of goods	19,087,307	17,958,846	29,935,339
Government transfers for operating (note 14)	1,374,372	5,652,069	1,752,728
Investment income	1,005,150	1,694,849	1,386,087
Penalties and costs of taxes	222,000	204,231	264,350
Development levies	490,000	2,215,421	2,052,530
Licenses and permits	1,368,170	1,328,651	2,087,339
Gain on disposal of tangible capital assets	-	-	1,261,714
Franchise and concession contracts	2,367,377	2,335,204	2,337,354
Rental	2,963,439	2,884,286	3,029,629
Other	903,660	1,000,249	819,948
	54,769,499	60,274,939	69,517,574
Expenses (note 15)			
Legislative	548,834	422,262	474,696
Administration	8,042,246	8,446,838	8,635,985
Other protective services	7,053,419	6,859,699	6,366,138
Common and equipment pool	761,352	641,040	636,668
Roads, streets, walks and lighting	4,625,552	5,277,572	4,881,030
Public transit	1,233,552	1,428,319	1,032,465
Waste management	3,803,395	4,112,451	3,748,458
Other environmental use and protection	-	7,714	671,205
Family and community support services	489,988	476,264	467,099
Cemeteries and crematoriums	98,055	78,054	51,815
Other public health and welfare	820,818	849,571	936,920
Land use planning, zoning and development	1,549,109	1,421,757	1,483,283
Economic and agricultural development	540,088	532,584	404,699
Public housing operations	2,265,698	3,336,661	13,153,845
Other planning and development	1,075,332	1,079,501	948,634
Parks and recreation	3,859,204	4,265,869	4,673,419
Culture - libraries, museums, halls	1,547,234	1,477,206	1,574,585
Other recreation and culture	6,854,354	5,525,784	6,324,779
Utilities	9,016,660	8,501,567	7,572,742
	54,184,890	54,740,713	64,038,465
Excess of revenue over expenses before other	584,609	5,534,226	5,479,109
Other			
Government transfers for capital (note 14)	7,335,281	23,078,733	9,521,691
Contributed tangible capital assets	-	6,561,271	1,317,503
	7,335,281	29,640,004	10,839,194
Excess of revenue over expenses	7,919,890	35,174,230	16,318,303
Accumulated surplus, beginning of year	348,745,296	348,745,296	332,426,993
Accumulated surplus, end of year	\$ 356,665,186	\$ 383,919,526	\$ 348,745,296

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Excess of revenue over expenses	\$ 7,919,890	\$ 35,174,230	\$ 16,318,303
Acquisition of tangible capital assets	(22,395,770)	(41,844,334)	(23,050,812)
Amortization of tangible capital assets	9,135,076	9,829,639	9,179,652
Contributed tangible capital assets	-	(6,561,271)	(1,317,503)
Loss on disposal of tangible capital assets	-	597,551	435,439
Proceeds on disposal of tangible capital assets	-	8,455	1,414,097
	(13,260,694)	(37,969,960)	(13,339,127)
Net change in inventory for consumption	-	(112,134)	(135,207)
Net change in prepaid expense	-	43	(1,901)
	-	(112,091)	(137,108)
Change in net financial assets	(5,340,804)	(2,907,821)	2,842,068
Net financial assets, beginning of year	16,724,926	16,724,926	13,882,858
Net financial assets, end of year	\$ 11,384,122	\$ 13,817,105	\$ 16,724,926

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019
Operating transactions		
Excess of revenue over expenses	\$ 35,174,230	\$ 16,318,303
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	597,551	435,439
Amortization of tangible capital assets	9,829,639	9,179,652
Contributed tangible capital assets	(6,561,271)	(1,317,503)
	39,040,149	24,615,891
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(256,950)	19,700
Trade and other receivables	(1,853,875)	(173,084)
Inventory for consumption	(112,134)	(135,207)
Prepaid expenses	43	(1,901)
Accounts payable and accrued liabilities	4,546,026	(1,916,912)
Employee benefit obligations	(848)	15,416
Deposits	542,978	(461,409)
Deferred revenue	(7,081,549)	2,894,502
	34,823,840	24,856,996
Capital transactions		
Proceeds on disposal of tangible capital assets	8,455	1,414,097
Acquisition of tangible capital assets	(41,844,334)	(23,050,812)
Investment in future housing developments	(186,522)	4,663,874
	(42,022,401)	(16,972,841)
Investing transactions		
Purchase of investments	(36,832,695)	(14,606,112)
Proceeds on sale of investments	50,842,773	22,681,193
	14,010,078	8,075,081
Financing transactions		
Proceeds of long-term debt	11,305,000	5,350,000
Repayment of long-term debt	(2,874,036)	(6,675,267)
	8,430,964	(1,325,267)
Increase in cash and temporary investments	15,242,481	14,633,969
Cash and temporary investments, beginning of year	40,169,943	25,535,974
Cash and temporary investments, end of year	\$ 55,412,424	\$ 40,169,943

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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, 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.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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, 2020

2. Cash and temporary investments

	2020	2019
Cash	\$ 37,157,213	\$ 13,467,363
Temporary investments	18,255,211	26,702,580
	\$ 55,412,424	\$ 40,169,943

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 1.30% to 2.25%.

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, 2020, there were no amounts drawn on these credit facilities (2019 - nil).

3. Taxes and grants in place of taxes receivables

	2020	2019
Taxes and grants in place of taxes receivable	\$ 811,540	\$ 512,429
Arrears	113,012	155,173
	\$ 924,552	\$ 667,602

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

4. Trade and other receivables

	2020	2019
Accrued receivables	\$ 2,724,373	\$ 260,763
Trades receivables	1,849,814	2,180,261
Utilities	1,817,306	1,652,666
Goods and Services Tax (GST)	901,757	365,165
Other receivables	395,006	418,883
Accrued interest	302,598	574,206
Local improvement tax	79,164	126,865
Due from related organizations	62,201	441,708
Over (under) collection of requisitions	(17,453)	204,374
Allowance for doubtful accounts	(161,000)	(125,000)
	\$ 7,953,766	\$ 6,099,891

5. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
	\$ 36,983,078	\$ 37,369,705	\$ 50,993,155	\$ 51,661,165

Principal protected notes and government guaranteed bonds have effective interest rates of 2.50% to 3.45% (2019 - 2.50% to 4.48%) with maturity dates from 2022 to 2035.

6. Employee benefit obligations

	2020	2019
Vacation	\$ 216,549	\$ 217,397

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, 2020

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 (CCH) 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 CCH \$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 were to be recognized as revenue over the initial term of the lease which commenced on August 1, 2005. On March 31, 2020, Mountain Haven Cooperative Homes Ltd. completed a conversion to Wolf Willow Condo Corporation, ceasing to exist as an entity. As a result, the entirety of the remaining balance, \$246,030, has been recognized as income in the 2020 year. No new lease terms have been agreed upon with the newly formed Wolf Willow Condo Corporation outside of lease agreements with individual tenants and the common room.

	2020	2019
Alberta Community Resilience Program (ACRP)	\$ 11,195,829	\$ 10,834,125
Alberta Community Resilience Program (ACRP) - Steep Creek	6,714,406	-
Municipal Sustainability Initiative (MSI) - Capital	6,401,804	8,256,971
Flood Recovery Erosion Control Program (FRECP)	3,379,707	14,972,899
Federal Gas Tax Fund (FGTF)	733,743	1,276,480
Disaster Recovery Program (DRP)	305,039	312,753
Mountain Pine Beetle (MPB)	59,409	-
Municipal Stimulus Program	50,000	-
Family Resource Network (FRN) - Hub	34,901	-
Family Resource Network (FRN) - Child Development	21,473	-
Family Resource Network (FRN) - Caregiver	19,147	-
Economic Development and Trade	11,918	11,918
Travel Alberta Canada	3,348	-
Friends of the Library	1,095	2,936
Legacy Trail	-	19,945
National Disaster Mitigation Program (NDMP)	-	4,311
Alberta Environment & Parks Wildlife Fencing	-	75,000
Mountain Haven Cooperative Homes Lease	-	246,030
	\$ 28,931,819	\$ 36,013,368

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

8. Long-term debt

	2020	2019
Tax supported debentures	\$ 36,748,672	\$ 27,982,552
Self supported debentures	3,952,034	4,153,267
Bow Valley Credit Union	5,480,316	5,614,238
	\$ 46,181,022	\$ 37,750,057
Current portion	\$ 3,455,922	\$ 6,363,951

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 3,455,922	\$ 1,367,947	\$ 4,823,869
2022	3,221,248	1,239,506	4,460,754
2023	3,278,260	1,134,881	4,413,141
2024	2,490,996	1,034,931	3,525,927
2025	2,564,987	960,939	3,525,926
Thereafter	31,169,609	5,649,331	36,818,940
	\$ 46,181,022	\$ 11,387,535	\$ 57,568,557

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 1.789% to 8.375% per annum and matures in periods 2021 through 2045. The average annual interest rate is 3.61% for 2020 (3.93% for 2019).

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

Subsequent to year end, BVCU loans were repaid in full and financing was obtained through the Bank of Montreal (BMO). Current portion, principal, and interest payments reflect the BMO financing obtained January 28, 2021. The BMO loan balance is \$6,100,000 repayable at \$26,483 monthly including interest at 2.21%. The loan is due in 2026.

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

Interest on long-term debt amounted to \$1,349,144 (2019 - \$1,323,768).

The Town's total cash payments for interest in 2020 were \$1,562,199 (2019 - \$1,546,249).

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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:

	2020	2019
Total debt limit	\$ 85,084,029	\$ 81,758,096
Total debt	40,700,706	32,135,819
	\$ 44,383,323	\$ 49,622,277
Debt servicing limit	\$ 14,180,672	\$ 13,626,349
Debt servicing	4,506,070	3,868,095
	\$ 9,674,602	\$ 9,758,254

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, 2020

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.

	2020	2019
Operating		
Downtown Business Improvement Area	\$ 24,758	\$ 54,758
General operating	2,861,584	3,762,766
Library	160,000	150,000
Tax stabilization	6,906,503	2,335,116
	<u>9,952,845</u>	<u>6,302,640</u>
Capital		
Accessory dwelling grant - CCH	285,000	300,000
Art trust fund	303,278	288,789
Asset replacement	9,088,905	8,206,409
Cash in lieu - bear bins	109,863	103,850
Cash in lieu - municipal reserve	178,372	397,872
Cash in lieu - parking	484,810	508,457
Economic development	680,145	585,241
Flood mitigation maintenance	585,615	419,122
General capital	7,630,065	9,119,259
Housing development - CCH	699,775	933,569
Matching down deposit - CCH	407,947	450,000
Offsite levies	5,832,416	6,300,072
Perpetually affordable housing (PAH)	870,745	610,999
Photo radar	808,377	819,839
Recreation levy	46,930	45,414
Solid waste - collection	635,613	692,110
Solid waste - recycling	925,416	785,958
Water utility	2,895,178	3,451,027
Wastewater utility	5,513,988	6,302,522
Work in progress - debt	5,161,053	924,306
Work in progress - taxes	892,483	665,211
	<u>44,035,974</u>	<u>41,910,026</u>
	<u>\$ 53,988,819</u>	<u>\$ 48,212,666</u>

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

11. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 493,684,926	\$ 447,194,706
Accumulated amortization (schedule 2)	(128,245,315)	(119,725,056)
Long-term debt (note 8)	(46,181,022)	(37,750,057)
	\$ 319,258,589	\$ 289,719,593

12. Accumulated surplus

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

	2020	2019
Unrestricted surplus	\$ 10,672,118	\$ 10,813,037
Internally restricted surplus (reserves) (note 10)	53,988,819	48,212,666
Equity in tangible capital assets (note 11)	319,258,589	289,719,593
	\$ 383,919,526	\$ 348,745,296

13. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 46,675,088	\$ 46,443,558	\$ 44,202,870
Requisitions			
Alberta School Foundation Fund	20,769,790	20,520,662	18,672,060
Bow Valley Regional Housing Authority	917,274	917,952	936,303
Designated Industrial Property Tax	-	3,811	3,951
	21,687,064	21,442,425	19,612,314
	\$ 24,988,024	\$ 25,001,133	\$ 24,590,556

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial conditional grants	\$ 1,374,372	\$ 5,649,269	\$ 1,750,328
Federal conditional grants	-	2,800	2,400
	1,374,372	5,652,069	1,752,728
Transfers for capital:			
Provincial government	7,335,281	17,297,768	9,213,482
Federal government	-	5,780,965	308,209
	7,335,281	23,078,733	9,521,691
	\$ 8,709,653	\$ 28,730,802	\$ 11,274,419

15. Expenses by object

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 21,372,583	\$ 19,327,715	\$ 19,739,664
Contracted and general services	16,725,587	15,463,810	14,566,485
Materials, goods, supplies and utilities	4,444,242	5,018,131	15,096,470
Bank charges and short term interest	88,842	49,801	90,481
Interest on long term debt	1,761,499	1,349,144	1,323,768
Other expenses	93,310	2,237,477	1,814,515
Transfers to organizations and others	563,751	867,445	530,277
Amortization of tangible capital assets	9,135,076	9,829,639	9,179,652
Loss on disposal of tangible capital assets	-	597,551	1,697,153
	\$ 54,184,890	\$ 54,740,713	\$ 64,038,465

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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	2020	2019
Council				
Borrowman, John	\$ 103,936	\$ 13,651	\$ 117,587	\$ 111,387
McCallum, Joanna	43,318	8,971	52,289	47,122
Seeley, Robert	40,895	8,971	49,866	49,772
Sandford, Vi	38,795	8,971	47,766	46,247
Comfort, Esme	30,720	7,211	37,931	42,630
Hilstad, Jeffrey	39,645	8,971	48,616	47,168
Marra, Karen	38,225	7,236	45,461	44,594
Chief administrative officer (1)	226,498	30,201	256,699	247,147
Designated officers (17)	\$ 2,040,540	\$ 303,841	\$ 2,344,381	\$ 2,278,434

(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 CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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 with an option to extend the agreement for another 10 years. The Town has exercised its right to extend the agreement. The annual charges for basic work was \$3,560,311 for the 2020 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 \$42,029 per quarter for the 2021 - 2022 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 \$229,000 for 2021 and \$190,883 for 2022.
- (e) Land held by Canmore Community Housing (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 has entered into an agreement to purchase 4 PAH units at 7th and 7th in Canmore. The total cost to the organization is \$1,100,159 plus GST which will be funded by the line of credit. Deposits in the amount of \$110,217 have been paid and are included in prepaid expenses and deposits.
- (g) The Town approved the Cougar Creek Debris Flow Retention Structure capital project for an estimated cost of \$49,000,000. The construction for the capital project began in 2020 where \$26,000,000 has been spent as of year end. The capital project is expected to be completed in 2022.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

18. Related party transactions

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

	2020	2019
Bow Valley Regional Housing Association		
Included in accounts payable	\$ 319	\$ 1,050

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	\$ 185,000	\$ 180,000

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	\$ 1,419,297	\$ 1,023,622

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

The Bow Valley Waste Management Commission is a regional services commission serving the Town of Canmore, Town of Banff and the Municipal District of Bighorn No 8. The commission provides solid waste management services and is administered by a Board comprised of 6 members, two of which are appointed by the Town. The Town of Canmore operates the Town of Canmore Waste Transfer Station through contract with the Commission.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

18. Related party transactions, continued

Canadian Mountain Arts Foundation

Appropriation	\$ 236,000	\$ 230,500
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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. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2020 (2019 - nil) as a result of this standard.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

22. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Town's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

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

23. Budget amounts

The 2020 budget for the Town was approved by Council on December 18, 2018, amended December 3, 2019, and amended May 27, 2020. The budget 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 2019 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 7,919,890
Less: Capital expenditures	(22,395,770)
Long-term debt repayments	(3,171,108)
Add: Amortization	9,135,077
Transfers from reserves	3,792,398
Proceeds from long-term debt	4,770,000
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Equals: Budgeted surplus	<u>\$ 50,487</u>

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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).

25. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019
Balance, beginning of year	\$ 10,813,037	\$ 48,212,666	\$ 289,719,593	\$ 348,745,296	\$ 332,426,993
Excess of revenue over expenses	35,174,230	-	-	35,174,230	16,318,303
Unrestricted funds designated for future use	(20,535,228)	20,535,228	-	-	-
Restricted funds used for operations	2,032,690	(2,032,690)	-	-	-
Restricted funds used for tangible capital assets	-	(12,726,385)	12,726,385	-	-
Current year funds used for tangible capital assets	(29,117,949)	-	29,117,949	-	-
Contributed tangible capital assets	(6,561,271)	-	6,561,271	-	-
Disposal of tangible capital assets	606,006	-	(606,006)	-	-
Amortization of tangible capital assets	9,829,639	-	(9,829,639)	-	-
Long-term debt repaid	(2,874,036)	-	2,874,036	-	-
Proceeds of long-term debt	11,305,000	-	(11,305,000)	-	-
Change in accumulated surplus	(140,919)	5,776,153	29,538,996	35,174,230	16,318,303
Balance, end of year	\$ 10,672,118	\$ 53,988,819	\$ 319,258,589	\$ 383,919,526	\$ 348,745,296

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

							Schedule 2		
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Schedule of tangible capital assets									
Cost:									
Balance, beginning 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
Acquisitions	1,823,800	1,391,921	2,279,317	15,998,009	1,781,307	918,998	24,212,253	48,405,605	24,368,315
Transfers	-	74,798	282,591	10,724,142	468,185	-	(11,549,716)	-	-
Disposals	-	(244,533)	(197,973)	(1,108,474)	(252,410)	-	(111,995)	(1,915,385)	(5,059,139)
Balance, end of year	52,154,845	22,856,723	100,405,813	260,020,596	18,416,492	6,681,077	33,149,379	493,684,926	447,194,706
Accumulated amortization:									
Balance, beginning of year	-	11,368,559	20,426,944	76,823,481	8,322,058	2,784,014	-	119,725,056	113,755,012
Annual amortization	-	1,047,958	2,474,643	4,716,005	1,122,399	468,634	-	9,829,639	9,179,652
Disposals	-	(98,956)	(67,427)	(918,196)	(224,801)	-	-	(1,309,380)	(3,209,608)
Balance, end of year	-	12,317,561	22,834,160	80,621,290	9,219,656	3,252,648	-	128,245,315	119,725,056
Net book value	\$ 52,154,845	\$ 10,539,162	\$ 77,571,653	\$ 179,399,306	\$ 9,196,836	\$ 3,428,429	\$ 33,149,379	\$ 365,439,611	\$ 327,469,650
2019 net book value	\$ 50,331,045	\$ 10,265,978	\$ 77,614,934	\$ 157,583,438	\$ 8,097,353	\$ 2,978,065	\$ 20,598,837	\$ 327,469,650	

TOWN OF CANMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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	\$ 24,300,611	\$ -	\$ -	\$ -	\$ -	\$ 700,522	\$ -	\$ 25,001,133
User fees and sales of goods	81,345	909,740	5,238	14,246,700	124,544	1,472,607	1,118,672	17,958,846
Government transfers for operating	4,386,717	411,936	-	-	677,661	-	175,755	5,652,069
Investment income	1,649,197	-	-	-	-	39,846	5,806	1,694,849
Penalties and costs of taxes	204,231	-	-	-	-	-	-	204,231
Development levies	1,133,624	-	-	1,081,797	-	-	-	2,215,421
Licenses and permits	-	49,598	-	-	-	1,279,053	-	1,328,651
Franchise and concession contracts	2,329,860	-	-	-	-	-	5,344	2,335,204
Rental	-	-	-	-	-	2,028,023	856,263	2,884,286
Other	897,347	2,700	-	-	5,313	20,962	73,927	1,000,249
	34,982,932	1,373,974	5,238	15,328,497	807,518	5,541,013	2,235,767	60,274,939
Expenses								
Salaries, wages and benefits	4,745,066	3,094,667	1,272,384	1,277,445	1,021,515	2,732,310	5,184,328	19,327,715
Contracted and general services	2,030,138	3,228,988	2,114,221	5,712,663	173,384	775,743	1,428,693	15,463,810
Materials, goods, supplies and utilities	87,196	133,084	1,126,588	799,931	148,909	1,773,394	949,029	5,018,131
Bank charges and short term interest	14,557	-	141	-	-	338	34,765	49,801
Interest on long term debt	316,004	-	-	599,310	-	433,830	-	1,349,144
Other expenditures	918,983	20,722	404,630	465,350	40,077	48,170	339,545	2,237,477
Transfers to organizations and others	136,767	39,500	304,714	84,500	-	54,000	247,964	867,445
Amortization of tangible capital assets	504,510	342,737	1,988,677	3,616,970	20,023	552,718	2,804,004	9,829,639
Loss on disposal of tangible capital assets	115,879	-	135,577	65,564	-	-	280,531	597,551
	8,869,100	6,859,698	7,346,932	12,621,733	1,403,888	6,370,503	11,268,859	54,740,713
Excess (deficiency) of revenue over expenses before other	26,113,832	(5,485,724)	(7,341,694)	2,706,764	(596,370)	(829,490)	(9,033,092)	5,534,226
Other								
Government transfers for capital	-	297,644	16,466,390	6,064,063	-	-	250,636	23,078,733
Contributed tangible capital assets	-	-	3,391,210	3,119,177	-	4,601	46,283	6,561,271
	-	297,644	19,857,600	9,183,240	-	4,601	296,919	29,640,004
Excess (deficiency) of revenue over expenses	\$ 26,113,832	\$ (5,188,080)	\$ 12,515,906	\$ 11,890,004	\$ (596,370)	\$ (824,889)	\$ (8,736,173)	\$ 35,174,230