

TOWN OF CANMORE

Non-Consolidated Financial Statements

For the year ended December 31, 2016

TOWN OF CANMORE
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For the year ended December 31, 2016

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Finance Committee of
the Town of Canmore

We have audited the accompanying non-consolidated financial statements of the Town of Canmore which comprise the non-consolidated statement of financial position as at December 31, 2016, and the non-consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Town of Canmore as at December 31, 2016 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

We draw attention to note 18 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

Lethbridge, Alberta

April 25, 2017

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

Chartered Professional Accountants

MANAGEMENT REPORT

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

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

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

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



Manager of Financial Services



Chief Administrative Officer

April 25, 2017

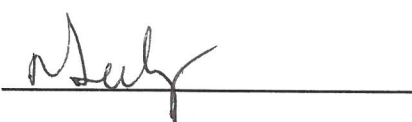
TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016

	2016	2015 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 27,707,213	\$ 37,194,803
Taxes and grants in place of taxes receivable (note 3)	585,801	433,429
Trade and other receivables (note 4)	5,418,165	5,083,153
Debt charges recoverable (note 5)	4,700,842	4,866,132
Investments (note 6)	28,386,226	15,606,059
	66,798,247	63,183,576
Liabilities		
Accounts payable and accrued liabilities	4,281,721	4,160,386
Employee benefit obligations (note 7)	276,712	289,174
Deferred revenue (note 8)	20,541,122	22,349,262
Long-term debt (note 9)	22,443,292	24,370,434
	47,542,847	51,169,256
Net financial assets	19,255,400	12,014,320
Non-financial assets		
Prepaid expenses	57,403	33,955
Inventory for consumption	118,154	101,543
Tangible capital assets (schedule 2)	276,332,333	269,819,673
	276,507,890	269,955,171
Accumulated surplus (note 13)	\$ 295,763,290	\$ 281,969,491

Commitments and contingencies (note 19)

Approved on behalf of Council:

Councillor 

Councillor 

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015 (Restated)
Revenue			
Net municipal property taxes (note 14)	\$ 20,982,141	\$ 20,879,815	\$ 19,877,963
User fees and sales of goods	15,769,540	15,598,139	15,243,268
Government transfers for operating (note 15)	1,378,696	1,408,769	1,425,347
Investment income	865,000	770,896	582,898
Penalties and costs of taxes	220,000	212,948	209,801
Development levies	540,000	2,009,718	563,420
Licenses and permits	954,035	1,482,861	1,056,566
Franchise and concession contracts	2,049,300	2,079,936	1,593,718
Rental	1,381,510	1,383,260	1,290,473
Other	424,961	1,412,074	2,517,885
	44,565,183	47,238,416	44,361,339
Expenses (note 16)			
Legislative	495,795	455,628	468,782
Administration	6,690,376	7,516,016	6,959,680
Protective services	5,841,093	5,745,953	5,466,112
Common and equipment pool	557,266	651,277	514,536
Roads, streets, walks and lighting	3,571,881	4,370,122	4,180,044
Public transit	487,600	343,856	-
Waste management	3,078,634	3,410,223	4,019,339
Other environmental use and protection	-	292,820	582,091
Family and community support services	418,463	425,708	392,068
Cemeteries and crematoriums	60,461	54,121	60,391
Other public health and welfare	837,327	821,230	789,904
Land use planning, zoning and development	1,203,891	1,192,620	1,068,734
Economic and agricultural development	320,000	262,749	400,000
Public housing operations	790,301	1,139,940	1,447,891
Other planning and development	927,361	922,598	1,131,729
Parks and recreation	3,423,153	3,809,042	3,752,293
Culture - libraries, museums, halls	1,166,129	1,225,824	1,413,373
Other recreation and culture	6,425,565	6,103,127	6,050,964
Utilities	6,615,809	6,807,876	6,364,851
	42,911,105	45,550,730	45,062,782
Excess (deficiency) of revenue over expenses before other	1,654,078	1,687,686	(701,443)
Other			
Government transfers for capital (note 15)	3,327,580	9,568,190	11,470,402
Contributed tangible capital assets	-	2,537,923	68,984
	3,327,580	12,106,113	11,539,386
Excess of revenue over expenses	4,981,658	13,793,799	10,837,943
Accumulated surplus, beginning of year			
As previously stated	280,783,190	280,783,190	269,945,247
Prior period adjustment (note 18)	-	1,186,301	1,186,301
As restated	280,783,190	281,969,491	271,131,548
Accumulated surplus, end of year	\$ 285,764,848	\$ 295,763,290	\$ 281,969,491

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015
Excess of revenue over expenses	\$ 4,981,658	\$ 13,793,799	\$ 10,837,943
Acquisition of tangible capital assets	(15,130,580)	(13,035,675)	(15,297,235)
Amortization of tangible capital assets	7,491,878	7,778,962	7,491,878
Contributed tangible capital assets	-	(2,537,923)	(68,984)
Loss on disposal of tangible capital assets	-	849,777	1,292,612
Proceeds on disposal of tangible capital assets	-	432,199	52,496
	(7,638,702)	(6,512,660)	(6,529,233)
Net change in inventory for consumption	-	(16,611)	(8,452)
Net change in prepaid expense	-	(23,448)	(2,474)
	-	(40,059)	(10,926)
Increase in net financial assets	(2,657,044)	7,241,080	4,297,784
Net financial assets, beginning of year	12,014,320	12,014,320	7,716,536
Net financial assets, end of year	\$ 9,357,276	\$ 19,255,400	\$ 12,014,320

TOWN OF CANMORE
NON-CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2016

	2016	2015
Operating transactions		
Excess of revenue over expenses	\$ 13,793,799	\$ 10,837,943
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	849,777	1,292,612
Amortization of tangible capital assets	7,778,962	7,491,878
Contributed tangible capital assets	(2,537,923)	(68,984)
	19,884,615	19,553,449
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(152,372)	226,415
Trade and other receivables	(335,013)	6,319,351
Debt charges recoverable	165,290	157,356
Inventory for consumption	(16,611)	(8,452)
Prepaid expenses	(23,448)	(2,474)
Accounts payable and accrued liabilities	121,335	(300,949)
Employee benefit obligations	(12,462)	(64,812)
Deferred revenue	(1,808,140)	(4,682,715)
	17,823,194	21,197,169
Capital transactions		
Proceeds on disposal of tangible capital assets	432,199	52,496
Acquisition of tangible capital assets	(13,035,675)	(15,297,235)
	(12,603,476)	(15,244,739)
Investing transactions		
Purchase of investments	(25,072,652)	(3,838,920)
Proceeds on sale of investments	12,292,485	4,845,309
	(12,780,167)	1,006,389
Financing transactions		
Proceeds of long-term debt	-	2,040,241
Repayment of long-term debt	(1,927,141)	(3,361,422)
	(1,927,141)	(1,321,181)
(Decrease) increase in cash and temporary investments	(9,487,590)	5,637,638
Cash and temporary investments, beginning of year	37,194,803	31,557,165
Cash and temporary investments, end of year	\$ 27,707,213	\$ 37,194,803

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies

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

(a) Basis of accounting

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

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

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

(b) Reporting entity

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

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

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

(c) Use of estimates

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

(d) Investments

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

1. Significant accounting policies, continued

- (e) **Debt charges recoverable**
Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.
- (f) **Development levies**
Development levies are recorded when the amount can be reasonably estimated and collection is reasonably assured. All levies are due within 24 months of the signing date of the respective agreement.
- (g) **Tax revenue**
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.
- Requisitions operate as a flow through and are excluded from municipal revenue.
- (h) **Contaminated sites liability**
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.
- (i) **Requisition over-levy and under-levy**
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.
- If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.
- Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.
- (j) **Government transfers**
Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.
- Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies, continued

(k) Non-financial assets

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

(i) Tangible capital assets

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

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

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

(ii) Contributions of tangible capital assets

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

(iii) Leases

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

(iv) Inventories

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

(v) Cultural and historical tangible capital assets

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

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

2. Cash and temporary investments

	2016	2015
Cash	\$ 7,841,426	\$ 7,779,944
Temporary investments	19,865,787	29,414,859
	\$ 27,707,213	\$ 37,194,803

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

In order to facilitate temporary financing for expenses, the Town has credit facilities totaling \$5,000,000 that could be utilized. An updated borrowing bylaw passed by Council would be required to access these facilities. As at December 31, 2016, there were no amounts drawn on these credit facilities (2015 - nil).

3. Taxes and grants in place of taxes receivables

	2016	2015
Taxes and grants in place of taxes receivable	\$ 497,381	\$ 374,814
Arrears	88,420	58,615
	\$ 585,801	\$ 433,429

4. Trade and other receivables

	2016	2015
Utilities	\$ 1,382,527	\$ 1,333,675
Due from related organizations	924,948	1,195,050
Trade receivables	872,025	439,102
Accrued receivables	726,000	773,542
Accrued interest	568,266	19,925
Other receivable	476,337	576,920
Local improvement tax	358,215	452,925
Goods and Services Tax (GST)	210,031	395,600
Over collection of requisitions	72,816	66,202
Municipal District of Bighorn No.8	-	3,212
Allowance for doubtful accounts	(173,000)	(173,000)
	\$ 5,418,165	\$ 5,083,153

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

5. Debt charges recoverable

	2016	2015
Current debt charges recoverable	\$ 173,624	\$ 165,290
Non-current debt charges recoverable	4,527,218	4,700,842
	\$ 4,700,842	\$ 4,866,132

The Town sold the Hector property to Canmore Community Housing Corporation (CCHC) for the assumption of the outstanding debenture. Long-term financing totaling \$4,700,842 (2015 - \$4,866,132) plus interest at 4.98% is recoverable from CCHC with respect to this financing. Amounts are recoverable in semi-annual blended installments of \$202,795, and mature June 15, 2034.

	Principal	Interest	Total
2017	\$ 173,624	\$ 231,967	\$ 405,591
2018	182,378	223,213	405,591
2019	191,573	214,017	405,590
2020	201,233	204,358	405,591
2021	211,379	194,212	405,591
Thereafter	3,740,655	2,534,675	6,275,330
	\$ 4,700,842	\$ 3,602,442	\$ 8,303,284

6. Investments

	2016		2015	
	Cost	Market value	Cost	Market value
Investments	\$ 28,386,226	\$ 31,580,761	\$ 15,606,059	\$ 15,644,738

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 2.25% to 9.98% (2015 - 1.50% to 9.98%) with maturity dates from 2019 to 2108.

7. Employee benefit obligations

	2016	2015
Vacation	\$ 276,712	\$ 289,174

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

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

8. Deferred revenue

Deferred revenue consists of deposits and government transfers.

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

	2016	2015
Flood Recovery Erosion Control Program (FRECP)	\$ 15,458,488	\$ 16,804,295
Deposits	2,179,715	1,671,396
Disaster Recovery Program (DRP)	1,183,734	104,667
Municipal Sustainability Initiative (MSI) - Capital	495,481	2,430,863
Legacy Trail	332,548	341,505
Federal Gas Tax Fund (FGTF)	292,911	507,711
Flood insurance	223,825	-
Dyrgas Gate	206,926	279,416
Firesmart	53,067	103,672
Stoneworks Creek	50,000	-
Family & Community Support Services (FCSS)	32,854	7,075
Southern Alberta Flood Response Program (SAFRP)	16,573	53,662
Banff Canmore Community Foundation	15,000	-
Calgary Foundation - Human use management	-	45,000
	\$ 20,541,122	\$ 22,349,262

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

9. Long-term debt

	2016	2015
Tax supported debentures - capital	\$ 17,742,450	\$ 19,504,302
Self supported debentures - operating	4,700,842	4,866,132
	\$ 22,443,292	\$ 24,370,434
Current portion	\$ 1,883,225	\$ 1,927,142

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2017	\$ 1,883,225	\$ 955,284	\$ 2,838,509
2018	1,969,270	869,239	2,838,509
2019	1,953,344	778,655	2,731,999
2020	1,725,692	689,079	2,414,771
2021	1,758,391	606,884	2,365,275
Thereafter	13,153,370	3,682,634	16,836,004
	\$ 22,443,292	\$ 7,581,775	\$ 30,025,067

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 0.708% to 10.000% per annum and matures in periods 2018 through 2040. The average annual interest rate is 4.77% for 2016 (4.63% for 2015). Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$1,029,083 (2015 - \$1,082,173).

The Town's total cash payments for interest in 2016 were \$1,047,639 (2015 - \$1,098,521).

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

10. Debt limits

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

	2016	2015 (Restated)
Total debt limit	\$ 70,857,624	\$ 66,542,007
Total debt	22,443,292	24,370,434
	\$ 48,414,332	\$ 42,171,573
Debt servicing limit	\$ 11,809,604	\$ 11,090,335
Debt servicing	2,838,509	2,974,782
	\$ 8,971,095	\$ 8,115,553

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

11. Reserves

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

	2016	2015
Operating		
General operating	\$ 2,768,088	\$ 2,735,616
Tax stabilization	1,799,053	1,746,348
	4,567,141	4,481,964
Capital		
Art trust fund	318,010	276,838
Asset replacement	888,745	-
Cash in lieu - bear bins	209,430	230,827
Cash in lieu - municipal reserve	413,680	693,225
Cash in lieu - parking	443,762	490,290
Economic development	24,744	1,333
Flood mitigation maintenance	50,755	-
General capital	14,238,793	10,026,089
Offsite levies	3,600,724	2,821,199
Perpetually affordable housing (PAH)	931,117	337,723
Photo radar	1,128,500	1,032,059
Recreation levy	22,560	21,899
Solid waste - collection	332,763	587,484
Solid waste - recycling	351,464	-
Water utility	791,903	3,989,891
Wastewater utility	2,321,874	-
Work in progress - debt	245,026	408,290
Work in progress - taxes	562,780	585,678
	26,876,630	21,502,825
	\$ 31,443,771	\$ 25,984,789

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

12. Equity in tangible capital assets

	2016	2015 (Restated)
Tangible capital assets (schedule 2)	\$ 372,035,340	\$ 360,183,361
Accumulated amortization (schedule 2)	(95,703,007)	(90,363,688)
Long-term debt (note 9)	(22,443,292)	(24,370,434)
Debt charges recoverable (note 5)	4,700,842	4,866,132
	\$ 258,589,883	\$ 250,315,371

13. Accumulated surplus

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

	2016	2015 (Restated)
Unrestricted surplus	\$ 5,729,636	\$ 5,669,331
Internally restricted surplus (reserves) (note 11)	31,443,771	25,984,789
Equity in tangible capital assets (note 12)	258,589,883	250,315,371
	\$ 295,763,290	\$ 281,969,491

14. Net municipal property taxes

	Budget (Unaudited)	2016	2015
Taxation			
Real property taxes	\$ 36,490,771	\$ 36,975,175	\$ 35,385,993
Requisitions			
Alberta School Foundation Fund	14,604,675	15,239,585	14,604,675
Bow Valley Regional Housing Authority	798,955	751,925	798,955
Downtown Business Revitalization Zone	105,000	103,850	104,400
	15,508,630	16,095,360	15,508,030
	\$ 20,982,141	\$ 20,879,815	\$ 19,877,963

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

15. Government transfers

	Budget (Unaudited)	2016	2015
Transfers for operating:			
Provincial conditional grants	\$ 1,378,696	\$ 1,408,769	\$ 1,425,347
Transfers for capital:			
Provincial government	3,327,580	9,568,190	11,470,402
	\$ 4,706,276	\$ 10,976,959	\$ 12,895,749

16. Expenditures by object

	Budget (Unaudited)	2016	2015 (Restated)
Salaries, wages and benefits	\$ 15,804,328	\$ 15,777,827	\$ 14,775,095
Contracted and general services	13,333,269	12,483,949	12,047,092
Materials, goods, supplies and utilities	3,210,820	2,836,291	2,890,684
Bank charges and short term interest	16,500	11,732	10,554
Interest on long term debt	1,127,023	1,029,083	1,082,173
Other expenditures	195,022	2,790,710	2,813,807
Transfers to organizations and others	1,732,265	1,992,396	2,658,887
Amortization of tangible capital assets	7,491,878	7,778,962	7,491,878
Loss on disposal of tangible capital assets	-	849,780	1,292,612
	\$ 42,911,105	\$ 45,550,730	\$ 45,062,782

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

17. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2016	2015
Council				
Borrowman, John	\$ 78,526	\$ 10,795	\$ 89,321	\$ 87,961
McCallum, Joanna	40,093	7,582	47,675	50,196
Krausert, Sean	38,093	7,582	45,675	47,196
Seeley, Robert	36,893	7,582	44,475	42,996
Sandford, Vi	34,193	7,582	41,775	41,796
Comfort, Esme	30,393	6,104	36,497	41,677
Russell, Edward	36,693	7,582	44,275	39,596
Chief administrative officer (1)	206,072	27,640	233,712	228,682
Designated officers (13)	\$ 1,471,291	\$ 218,843	\$ 1,690,134	\$ 1,671,877

(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.

18. Prior period adjustment

The prior year balances have been adjusted to reflect unrecorded land addition and disposal pertaining to a 2014 land trade. The effects of this adjustments are as follows:

- an increase in equity invested in tangible capital assets of \$1,186,301 as of January 1, 2015
- an increase in net tangible capital assets of \$1,186,301 as of December 31, 2014
- an increase in gain on disposal of tangible capital assets of \$1,186,301 as of December 31, 2014

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

19. Commitments and contingencies

- (a) The Town has entered into an agreement with EPCOR Water Services Inc. to take over all aspects of the upgrade, management, operation and maintenance relating to the operation of the water works system, the waste water system, the storm drainage system, and the utility metering and account management system for and on behalf of the Town. The term of the agreement is ten years from the commencement date of January 1, 2010. The annual charges for basic work was \$2,646,694 for the 2016 year not including Rehabilitation Fund Maintenance and Repairs, Biosolids Services, Out-of-Scope Work or Capital Work. Each year in June, the fee will be adjusted by CPI for the following year.
- (b) The Town has entered into a contract with A.W.B. Building Inspection Service Agency Ltd. to provide professional safety code services. The contract is from October 1, 2016 to September 30, 2019. The contractor shall be paid for services as follows, and the Town shall pay the contractor a minimum fee of \$80,000 per annum for the duration of the contract regardless of the number or value of permits used.
- (i) Safety Codes Officer fees: 30% of the building permit fees when the construction value of the permit is between \$5,000 and \$500,000; plus 10% of the building permit fees when the construction value of the permit is over \$500,000 for the duration of the contract.
- The value which is used to establish the Building Permit Fee as part of the Building Permit application process shall be the value that determines the fees payable to the contractor under Article 4.
- (ii) Any additional work requested of the Contractor by the Town shall be billed out by the Contractor to the Town at the rate of \$100 per hour with a minimum one hour charge. Additional work shall be any work required by the Town of the Contractor that is not outlined under Articles 2, 3 and 9 of this contract.
- (c) The Town has entered into an agreement with RCMP to provide policing services. The Town pays 70% of the actual Full-Time Equivalent utilization each quarter and actual overtime hours plus quarterly accommodation charges of \$52,733 per quarter for the 2016 - 2017 contract year.
- (d) The Town has an agreement with Equitable Assessment Group Ltd. (EAG) to provide assessment services. Assessment services are required by the municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreement the Town is committed to \$100,000 for 2017.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

20. Related party transactions

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

	2016	2015
Canmore Community Housing Corporation		
Start up advances receivable	\$ 162,500	\$ 162,500
Debenture receivable	4,700,842	4,866,132
Loan receivable	600,000	600,000
Appropriation	550,000	1,200,000
Included in accounts receivable	37,602	130,138
McArthur Place advancement	350,000	-

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

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

The Town guarantees the housing Corporation's debt with Bow Valley Credit Union in the amount of \$550,000.

The Town has established a repurchasing line of credit to the housing Corporation up to a maximum of \$1,500,000 for the purchase of PAH units. These loans are secured by the PAH units until repaid to the Town and do not bear interest. The loans are repayable to the Town 14 days after the resale date of the unit. As at December 31, 2016 the line of credit was unused (2015 - unused).

Bow Valley Regional Housing Association

Included in accounts payable	\$ 876	\$ 954
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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	\$ 135,800	\$ 133,380
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The Centennial Museum Society of Canmore is a non-profit organization registered in the Province of Alberta. The Town supports the museum through funding of operations. Council reviews the program plan annually and approves funding.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

20. Related party transactions, continued

Canmore Business and Tourism

Appropriation	\$ 262,749	\$ 400,000
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The Town has retained the services of Canmore Business and Tourism (CBT) to deliver economic development services for the Town. CBT is administered by a Board comprised of 9 members, one of which is appointed by the Town. During 2016, CBT has ceased operations.

Canmore Public Library

Appropriation	\$ 754,090	\$ 671,544
Included in accounts receivable	1,524	168,876

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

Downtown Business Revitalization Zone

Appropriation	\$ 103,850	\$ 104,400
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The Downtown Business Revitalization Zone was established by adoption of a municipal bylaw by the Town effective January 1, 2006. Appropriations made to the Downtown Business Revitalization Zone are made to cover property taxes requisitioned in the same amount.

Bow Valley Regional Transit Services Commission

Appropriation	\$ 327,175	\$ 226,778
Included in accounts payable	58,725	126

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	\$ 28,125	\$ 56,375
Included in accounts payable	1,328	2,226

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 NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

20. Related party transactions, continued

Canadian Mountain Arts Foundation

Appropriation	\$	200,000	\$	200,000
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The Town has retained the services of Canadian Mountain Arts Foundation to create, operate and manage a community arts centre in Canmore Arts Centre Advisory Committee Report. The foundation is administered by a Board comprised of 9 members, one of which is appointed by the Town.

The above mentioned transactions occurred in the normal course of operations and were recorded at the exchange amount, which was the amount agreed to between the related parties.

21. 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.

22. Approval of financial statements

These financial statements were approved by Council and Management.

23. Subsequent events

Subsequent to year end, Canmore Community Housing Corporation made an offer for \$1.3 million to the Town to purchase a parcel of land referred to as "the Old Daycare Land". The Town approved the sale March 21, 2017.

24. Contaminated sites liability

The Town adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2016 (2015 - nil) as a result of this standard.

TOWN OF CANMORE
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

25. Budget amounts

The 2016 budget for the Town was approved by Council on December 15, 2015 and has been reported in the non-consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the 2015 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 4,981,658
Less: Capital expenditures	(15,130,580)
Long-term debt repayments	(2,017,667)
Add: Amortization	7,491,878
Transfers from reserves	2,214,711
Proceeds from long-term debt	2,460,000
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Equals: Balanced budget	\$ -
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26. Comparative figures

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

27. Segmented disclosure

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

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

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2016	2015 (Restated)
Balance, beginning of year					
As previously stated	\$ 5,669,331	\$ 25,984,788	\$ 249,129,071	\$ 280,783,190	\$ 269,945,247
Prior period adjustment (note 18)	-	-	1,186,301	1,186,301	1,186,301
As restated	5,669,331	25,984,788	250,315,372	281,969,491	271,131,548
Excess (deficiency) of revenue over expenses	13,793,799	-	-	13,793,799	10,837,943
Unrestricted funds designated for future use	(15,648,545)	15,648,545	-	-	-
Restricted funds used for operations	945,052	(945,052)	-	-	-
Restricted funds used for tangible capital assets	-	(9,244,510)	9,244,510	-	-
Current year funds used for tangible capital assets	(3,791,165)	-	3,791,165	-	-
Contributed tangible capital assets	(2,537,923)	-	2,537,923	-	-
Disposal of tangible capital assets	1,281,976	-	(1,281,976)	-	-
Amortization of tangible capital assets	7,778,962	-	(7,778,962)	-	-
Long term debt repaid	(1,927,141)	-	1,927,141	-	-
Debt charges recoverable	165,290	-	(165,290)	-	-
Change in accumulated surplus	60,305	5,458,983	8,274,511	13,793,799	10,837,943
Balance, end of year	\$ 5,729,636	\$ 31,443,771	\$ 258,589,883	\$ 295,763,290	\$ 281,969,491

TOWN OF CANMORE
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2016	2015 (Restated)
Cost:									
Balance, beginning of year	\$ 43,789,338	\$ 17,929,685	\$ 63,156,157	\$ 210,002,350	\$ 13,773,549	\$ 4,215,459	\$ 7,316,824	\$ 360,183,361	\$ 347,308,991
Acquisitions	1,699,861	278,986	135,026	4,163,535	1,112,834	114,775	8,068,581	15,573,598	15,366,219
Transfers	-	136,950	-	305,711	27,609	-	(470,270)	-	-
Disposals	-	(26,862)	-	(3,025,191)	(314,036)	(101,614)	(253,916)	(3,721,619)	(2,491,849)
Balance, end of year	45,489,199	18,318,759	63,291,183	211,446,405	14,599,956	4,228,620	14,661,219	372,035,340	360,183,361
Accumulated amortization:									
Balance, beginning of year	-	7,829,228	11,106,188	62,678,117	6,293,689	2,456,466	-	90,363,688	84,018,552
Annual amortization	-	934,162	1,653,876	3,953,827	942,695	294,402	-	7,778,962	7,491,878
Disposals	-	(17,997)	-	(2,085,578)	(240,180)	(95,888)	-	(2,439,643)	(1,146,742)
Balance, end of year	-	8,745,393	12,760,064	64,546,366	6,996,204	2,654,980	-	95,703,007	90,363,688
Net book value	\$ 45,489,199	\$ 9,573,366	\$ 50,531,119	\$ 146,900,039	\$ 7,603,752	\$ 1,573,640	\$ 14,661,219	\$ 276,332,333	\$ 269,819,673
2015 net book value (Restated)	\$ 43,789,338	\$ 10,100,457	\$ 52,049,969	\$ 147,324,233	\$ 7,479,860	\$ 1,758,993	\$ 7,316,824	\$ 269,819,673	

TOWN OF CANMORE
SCHEDULE TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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	\$ 20,080,815	\$ -	\$ -	\$ -	\$ -	\$ 799,000	\$ -	\$ 20,879,815
User fees and sales of goods	60,157	1,075,363	4,477	11,723,072	97,257	10,193	2,627,620	15,598,139
Government transfers for operating	170,137	409,616	-	-	805,016	24,000	-	1,408,769
Investment income	770,896	-	-	-	-	-	-	770,896
Penalties and costs of taxes	212,948	-	-	-	-	-	-	212,948
Development levies	1,215,868	-	-	793,850	-	-	-	2,009,718
Licenses and permits	-	62,136	-	-	-	1,420,725	-	1,482,861
Franchise and concession contracts	2,036,831	-	-	-	-	-	43,105	2,079,936
Rental	-	-	-	-	-	26,144	1,357,116	1,383,260
Other	1,148,143	250	-	-	3,310	239,940	20,431	1,412,074
	25,695,795	1,547,365	4,477	12,516,922	905,583	2,520,002	4,048,272	47,238,416
Expenses								
Salaries, wages and benefits	3,927,583	2,363,185	915,617	920,109	1,033,272	1,759,223	4,858,838	15,777,827
Contracted and general services	1,933,937	2,927,704	907,918	4,788,813	120,376	350,039	1,455,162	12,483,949
Materials, goods, supplies and utilities	177,051	165,738	674,144	634,891	134,269	5,956	1,044,242	2,836,291
Bank charges and short term interest	11,732	-	-	-	-	-	-	11,732
Interest on long term debt	280,310	-	-	508,833	-	239,940	-	1,029,083
Other expenditures	971,598	-	572,069	472,941	895	350,000	423,207	2,790,710
Transfers to organizations and others	165,757	39,500	-	84,500	-	812,749	889,890	1,992,396
Amortization of tangible capital assets	471,222	249,826	1,770,241	2,830,553	12,247	-	2,444,873	7,778,962
Loss on disposal of tangible capital assets	32,455	-	525,267	270,278	-	-	21,780	849,780
	7,971,645	5,745,953	5,365,256	10,510,918	1,301,059	3,517,907	11,137,992	45,550,730
Excess (deficiency) of revenue over expenses before other	17,724,150	(4,198,588)	(5,360,779)	2,006,004	(395,476)	(997,905)	(7,089,720)	1,687,686
Other								
Government transfers for capital	-	194,603	1,663,057	3,395,570	-	-	4,314,960	9,568,190
Contributed tangible capital assets	986,100	-	998,363	526,388	-	27,072	-	2,537,923
	986,100	194,603	2,661,420	3,921,958	-	27,072	4,314,960	12,106,113
Excess (deficiency) of revenue over expenses	\$ 18,710,250	\$ (4,003,985)	\$ (2,699,359)	\$ 5,927,962	\$ (395,476)	\$ (970,833)	\$ (2,774,760)	\$ 13,793,799