

TOWN OF CANMORE

Consolidated Financial Statements

For the year ended December 31, 2022

TOWN OF CANMORE
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For the year ended December 31, 2022

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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, 2022, 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, 2022, 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 25, 2023



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.

Pbiswas

Manager of Financial Services

Sally Caudill

Chief Administrative Officer

April 25, 2023

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
Financial assets		
Cash and temporary investments (note 2)	\$ 62,476,151	\$ 47,961,452
Taxes and grants in place of taxes receivable (note 3)	714,097	697,125
Trade and other receivables (note 4)	6,920,136	6,034,956
Investment in future housing developments	297,137	2,841,131
Investments (note 5)	33,754,123	38,666,964
	104,161,644	96,201,628
Liabilities		
Accounts payable and accrued liabilities	12,674,480	5,785,175
Employee benefit obligations (note 6)	263,817	235,700
Deposits	2,925,702	2,184,293
Deferred revenue (note 7)	18,860,979	19,031,448
Long-term debt (note 8)	42,520,127	47,730,011
	77,245,105	74,966,627
Net financial assets	26,916,539	21,235,001
Non-financial assets		
Prepaid expenses	336,780	356,968
Inventory for consumption	2,411,687	3,588,423
Tangible capital assets (schedule 2)	393,264,208	381,928,903
	396,012,675	385,874,294
Accumulated surplus (note 12 and schedule 1)	\$ 422,929,214	\$ 407,109,295

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor  _____

Mayor  _____

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
Revenue			
Net municipal property taxes (note 13)	\$ 28,252,906	\$ 28,375,164	\$ 26,517,543
User fees and sales of goods	20,721,018	26,443,592	21,647,079
Government transfers for operating (note 14)	1,494,980	1,611,405	1,474,921
Investment income	1,015,450	1,559,601	1,109,763
Penalties and costs of taxes	242,000	276,572	306,945
Development levies	490,000	1,942,764	1,418,332
Licenses and permits	1,895,853	2,528,826	2,461,006
Franchise and concession contracts	3,240,250	3,360,069	2,850,055
Rental	3,080,538	3,201,922	2,822,203
Other	649,216	448,247	878,168
	61,082,211	69,748,162	61,486,015
Expenses (note 15)			
General government			
Legislative	561,771	537,629	492,457
Administration	8,747,048	11,370,708	9,880,545
Protective services			
Other protective services	8,529,294	8,505,192	7,012,464
Transportation services			
Common and equipment pool	847,484	884,338	710,405
Roads, streets, walks and lighting	5,563,861	6,552,682	5,697,886
Public transit	1,534,671	1,515,700	1,221,707
Environmental use and protection			
Utilities	9,567,079	9,405,245	8,656,502
Waste management	4,184,893	4,355,986	4,026,521
Other environmental use and protection	-	6,865	35,442
Public health and welfare			
Family and community support services	507,321	512,995	504,010
Cemeteries and crematoriums	61,965	63,647	59,721
Other public health and welfare	855,638	1,028,680	887,259
Planning and development			
Land use planning, zoning and development	1,516,918	1,334,459	1,211,456
Economic and agricultural development	647,805	603,179	558,875
Public housing operations	2,107,571	6,952,005	5,118,412
Other planning and development	1,136,916	1,232,576	1,087,467
Recreation and culture			
Parks and recreation	4,238,830	4,390,926	4,265,356
Culture - libraries, museums, halls	1,617,064	1,654,274	1,513,276
Other recreation and culture	7,060,412	6,877,684	4,791,698
	59,286,541	67,784,770	57,731,459
Excess of revenue over expenses before other	1,795,670	1,963,392	3,754,556
Other			
Government transfers for capital (note 14)	11,935,000	11,946,297	18,152,523
Contributed tangible capital assets	-	1,910,230	1,282,691
	11,935,000	13,856,527	19,435,214
Excess of revenue over expenses	13,730,670	15,819,919	23,189,770
Accumulated surplus, beginning of year	407,109,295	407,109,295	383,919,525
Accumulated surplus, end of year	\$ 420,839,965	\$ 422,929,214	\$ 407,109,295

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
Excess of revenue over expenses	\$ 13,730,670	\$ 15,819,919	\$ 23,189,770
Acquisition of tangible capital assets	(26,726,952)	(20,682,101)	(25,973,138)
Amortization of tangible capital assets	10,524,878	10,983,835	10,576,940
Contributed tangible capital assets	-	(1,910,230)	(1,282,691)
Loss on disposal of tangible capital assets	-	160,366	76,740
Proceeds on disposal of tangible capital assets	-	112,825	112,858
	(16,202,074)	(11,335,305)	(16,489,291)
Net change in inventory for consumption	-	1,176,736	657,524
Net change in prepaid expense	-	20,188	59,893
	-	1,196,924	717,417
Change in net financial assets	(2,471,404)	5,681,538	7,417,896
Net financial assets, beginning of year	21,235,001	21,235,001	13,817,105
Net financial assets, end of year	\$ 18,763,597	\$ 26,916,539	\$ 21,235,001

TOWN OF CANMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2022

	2022	2021
Operating transactions		
Excess of revenue over expenses	\$ 15,819,919	\$ 23,189,770
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	160,366	76,740
Amortization of tangible capital assets	10,983,835	10,576,940
Contributed tangible capital assets	(1,910,230)	(1,282,691)
	25,053,890	32,560,759
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(16,972)	227,427
Trade and other receivables	(885,180)	1,936,264
Inventory for consumption	1,176,736	657,524
Prepaid expenses	20,188	59,893
Accounts payable and accrued liabilities	6,889,305	(4,139,894)
Employee benefit obligations	28,117	19,151
Deposits	741,409	(609,020)
Deferred revenue	(170,469)	(9,900,371)
	32,837,024	20,811,733
Capital transactions		
Proceeds on disposal of tangible capital assets	112,825	112,858
Acquisition of tangible capital assets	(20,682,101)	(25,973,138)
Investment in future housing developments	2,543,987	(2,267,526)
	(18,025,289)	(28,127,806)
Investing transactions		
Purchase of investments	(1,786,303)	(37,619,147)
Proceeds on sale of investments	6,699,151	35,935,258
	4,912,848	(1,683,889)
Financing transactions		
Proceeds of long-term debt	270,493	10,300,373
Repayment of long-term debt	(5,480,377)	(8,751,383)
	(5,209,884)	1,548,990
Increase (decrease) in cash and temporary investments	14,514,699	(7,450,972)
Cash and temporary investments, beginning of year	47,961,452	55,412,424
Cash and temporary investments, end of year	\$ 62,476,151	\$ 47,961,452

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

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, 2022

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, 2022

2. Cash and temporary investments

	2022	2021
Cash	\$ 29,592,939	\$ 29,679,117
Temporary investments	32,883,212	18,282,335
	\$ 62,476,151	\$ 47,961,452

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 0.35% to 3.60%.

In order to facilitate temporary financing for expenses, the Town has credit facilities totaling \$2,500,000 that could be utilized. An updated borrowing bylaw passed by Council would be required to access these facilities. As at December 31, 2022, there were no amounts drawn on these credit facilities (2021 - nil).

3. Taxes and grants in place of taxes receivables

	2022	2021
Taxes and grants in place of taxes receivable	\$ 597,029	\$ 519,197
Arrears	117,068	177,928
	\$ 714,097	\$ 697,125

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

4. Trade and other receivables

	2022	2021
Trades receivables	\$ 2,199,393	\$ 1,858,339
Utilities	1,808,243	1,809,461
Accrued receivables	1,258,995	1,473,466
Accrued interest	736,249	393,456
Goods and Services Tax (GST)	616,964	261,967
Other receivables	327,063	239,528
Due from related organizations	58,183	63,134
Local improvement tax	14,046	46,605
Allowance for doubtful accounts	(99,000)	(111,000)
	\$ 6,920,136	\$ 6,034,956

5. Investments

	2022		2021	
	Cost	Market value	Cost	Market value
	\$ 33,754,123	\$ 30,862,148	\$ 38,666,964	\$ 38,269,340

Principal protected notes and government guaranteed bonds have effective interest rates of 1.65% to 3.45% (2021 - 1.65% to 3.06%) with maturity dates from 2031 to 2033.

6. Employee benefit obligations

	2022	2021
Vacation	\$ 263,817	\$ 235,700

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, 2022

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.

	2022	2021
Alberta Community Resilience Program (ACRP) - Steep Creek	\$ 7,015,350	\$ 6,845,513
Alberta Community Resilience Program (ACRP) - Cougar Creek	6,513,032	7,700,633
Municipal Sustainability Initiative (MSI) - Capital	3,785,467	3,180,989
Canada Community Building Fund (CCBF)	511,210	748,351
Canmore Transit Partnership	370,000	-
Disaster Recovery Program (DRP)	268,067	272,667
Clean Energy Improvement Program (CEIP)	175,689	-
Municipal Climate Change Action Centre (MCCAC)	59,405	-
Municipal Stimulus Program	52,054	68,846
Labour Market Partnership	50,000	-
Family Resource Network (FRN) - Caregiver	35,668	9,478
Family Resource Network (FRN) - Child Development	22,552	37,851
Lafarge	2,000	2,000
Family Resource Network (FRN) - Hub	485	9,788
Ravens Ridge deposits	-	50,000
Flood Recovery Erosion Control Program (FRECP)	-	46,761
Economic Development and Trade	-	11,918
Mountain Pine Beetle (MPB)	-	46,653
	\$ 18,860,979	\$ 19,031,448

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. Long-term debt

	2022	2021
Tax supported debentures	\$ 33,245,752	\$ 36,188,983
Self supported debentures	3,518,619	3,740,655
Bow Valley Credit Union - operating	-	2,022,891
Bank of Montreal	5,485,263	5,777,482
Federation of Canadian Municipalities - operating	270,493	-
	\$ 42,520,127	\$ 47,730,011
	\$ 3,420,822	\$ 3,357,322

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 3,420,822	\$ 1,202,290	\$ 4,623,112
2024	2,637,990	1,097,907	3,735,897
2025	2,716,553	1,019,344	3,735,897
2026	2,803,987	938,199	3,742,186
2027	2,879,106	869,372	3,748,478
Thereafter	28,061,669	4,549,134	32,610,803
	\$ 42,520,127	\$ 9,676,246	\$ 52,196,373

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 1.789% to 6% per annum and matures in periods 2023 through 2045. The average annual interest rate is 3.18% for 2022 (3.77% for 2021).

Bank of Montreal (BMO) debt is repayable at \$26,483 monthly including interest at 2.21%. The loan is matures in 2026.

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

Interest on long-term debt amounted to \$1,302,007 (2021 - \$1,394,845).

The Town's total cash payments for interest in 2022 were \$1,496,278 (2021 - \$1,620,935).

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

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:

	2022	2021
Total debt limit	\$ 93,341,307	\$ 84,427,658
Total debt	36,764,372	39,929,639
	\$ 56,576,935	\$ 44,498,019
Debt servicing limit	\$ 15,556,885	\$ 14,071,276
Debt servicing	4,305,313	4,352,926
	\$ 11,251,572	\$ 9,718,350

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, 2022

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.

	2022	2021
Operating		
Downtown Business Improvement Area	\$ 24,758	\$ 24,758
General operating	2,561,740	2,918,553
Library	160,000	154,896
Tax stabilization	4,633,019	4,916,934
	7,379,517	8,015,141
Capital		
Accessory dwelling grant - CCH	100,000	160,000
Art trust fund	312,526	327,554
Asset replacement	14,005,913	11,406,544
Cash in lieu - bear bins	77,793	27,078
Cash in lieu - municipal reserve	186,437	181,923
Cash in lieu - parking	507,241	510,559
Development Application Reserve	1,120,130	-
Economic development	894,930	846,127
Flood mitigation maintenance	1,072,506	799,265
General capital	8,705,156	7,987,670
Housing development - CCH	1,409,855	1,248,357
Matching down deposit - CCH	422,947	437,947
Offsite levies	7,514,536	6,718,589
Paid Parking	548,160	230,276
Photo radar	414,357	538,901
Recreation levy	49,051	47,864
Solid waste - collection	836,893	798,107
Solid waste - recycling	1,017,556	1,007,323
Special Initiatives - CCH	372,000	372,000
Sustainability	201,393	84,664
Vital homes	2,018,852	1,488,664
Water utility	4,285,844	4,179,145
Wastewater utility	8,341,078	6,629,757
Work in progress - debt	2,450,132	3,599,344
Work in progress - taxes	915,328	786,835
	57,780,614	50,414,493
	\$ 65,160,131	\$ 58,429,634

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. Equity in tangible capital assets

	2022	2021
Tangible capital assets (schedule 2)	\$ 540,964,425	\$ 520,166,099
Accumulated amortization (schedule 2)	(147,700,217)	(138,237,196)
Long-term debt (note 8)	(42,520,127)	(47,730,011)
Federation of Canadian Municipalities - operating (note 8)	270,493	-
Bow Valley Credit Union - operating (note 8)	-	2,022,891
	\$ 351,014,574	\$ 336,221,783

12. Accumulated surplus

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

	2022	2021
Unrestricted surplus	\$ 6,754,509	\$ 12,457,878
Internally restricted surplus (reserves) (note 10)	65,160,131	58,429,634
Equity in tangible capital assets (note 11)	351,014,574	336,221,783
	\$ 422,929,214	\$ 407,109,295

13. Net municipal property taxes

	Budget (Unaudited)	2022	2021
Taxation			
Real property taxes	\$ 53,644,687	\$ 53,799,634	\$ 50,422,119
Requisitions			
Alberta School Foundation Fund	23,903,070	23,927,648	22,337,853
Bow Valley Regional Housing Authority	1,484,761	1,492,772	1,562,773
Designated Industrial Property Tax	3,950	4,050	3,950
	25,391,781	25,424,470	23,904,576
	\$ 28,252,906	\$ 28,375,164	\$ 26,517,543

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

14. Government transfers

	Budget (Unaudited)	2022	2021
Transfers for operating:			
Provincial conditional grants	\$ 1,494,980	\$ 1,610,905	\$ 1,468,621
Federal conditional grants	-	500	6,300
	1,494,980	1,611,405	1,474,921
Transfers for capital:			
Provincial government	11,935,000	11,041,245	14,703,332
Federal government	-	905,052	3,449,191
	11,935,000	11,946,297	18,152,523
	\$ 13,429,980	\$ 13,557,702	\$ 19,627,444

15. Expenses by object

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 22,958,627	\$ 23,231,409	\$ 20,110,356
Contracted and general services	18,850,906	18,609,013	15,568,520
Materials, goods, supplies and utilities	4,534,074	9,596,834	7,092,617
Bank charges and short term interest	153,842	164,869	65,518
Interest on long term debt	1,515,505	1,302,007	1,394,845
Other expenses	91,960	3,103,056	2,224,459
Transfers to organizations and others	656,749	633,381	621,464
Amortization of tangible capital assets	10,524,878	10,983,835	10,576,940
Loss on disposal of tangible capital assets	-	160,366	76,740
	\$ 59,286,541	\$ 67,784,770	\$ 57,731,459

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

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	2022	2021
Council				
Krausert, Sean	\$ 102,909	\$ 15,406	\$ 118,315	\$ 20,750
McCallum, Joanna	43,446	9,031	52,477	50,816
Graham, Wade	41,729	9,031	50,760	11,116
Mah, Jeff	41,654	9,031	50,685	11,116
Marra, Karen	42,557	7,290	49,847	48,466
Foubert, Tanya	43,271	5,328	48,599	9,844
Hilstad, Jeffrey	39,404	9,031	48,435	50,725
Borrowman, John	-	-	-	95,669
Seeley, Robert	-	-	-	42,972
Sandford, Vi	-	-	-	39,870
Comfort, Esme	-	-	-	33,668
Chief administrative officer (2)	233,522	30,753	264,275	255,202
Designated officers (25)	\$ 2,469,967	\$ 379,538	\$ 2,849,505	\$ 2,247,049

(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, 2022

17. Commitments and contingencies

- (a) The Town has entered into an agreement with EPCOR Water Services Inc. to take over all aspects of the 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 system for and on behalf of the Town. The term of the agreement is five years and four months from the commencement date of September 1, 2021 ending on December 31, 2026. The annual charges for core services work was \$3,356,781 for the 2022 year not including Rehabilitation Fund Maintenance and Repairs, Biosolids Services, Out-of-Scope Work or Capital Work.
- (b) The Town has entered into a contract with Superior Safety Codes Inc. to provide professional safety code services. The contract is from September 1, 2022 to August 31, 2025. The contractor shall be paid an hourly rate of \$155/hour for inspections, plan reviews, code advice and compliance monitoring.
- (c) The Town has entered into an agreement with RCMP to provide policing services. The Town pays 90% of the actual Full-Time Equivalent utilization each quarter and actual overtime hours plus quarterly accommodation charges for the 2023 - 2024 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 \$325,000 for 2023.
- (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) 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 and \$40,062,000 has been spent as of year end. The capital project is expected to be completed in 2025.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

18. Related party transactions

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

	2022	2021
Bow Valley Regional Housing Association		
Included in accounts payable	\$ 1,351	\$ -
Included in accounts receivable	-	191

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	\$ 185,000
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The Centennial Museum Society of Canmore is a non-profit organization registered in the Province of Alberta. The Town supports the museum through funding operations. Council reviews the program plan annually and approves funding.

Bow Valley Regional Transit Services Commission

Appropriation	\$ 1,503,396	\$ 1,206,905
Included in accounts receivable	-	69

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

Bow Valley Regional Waste Management Commission

Appropriation	\$ 84,500	\$ 84,500
Included in accounts payable	-	2,442

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 six 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, 2022

18. Related party transactions, continued

Canadian Mountain Arts Foundation

Appropriation	\$	236,000	\$	236,000
Included in accounts receivable		-		873
Included in accounts payable		414		-

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 nine 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 2022 (2021 - nil) as a result of this standard.

TOWN OF CANMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

22. Budget amounts

The 2022 budget for the Town was approved by Council on December 14, 2021. 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 2021 amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 13,730,670
Less: Capital expenditures	(26,726,952)
Long-term debt repayments	(3,607,822)
Transfers to reserves	(1,042,994)
Add: Amortization	10,524,878
Proceeds from long-term debt	7,266,500
<hr/>	
Equals: Budgeted surplus	<u>\$ 144,280</u>

23. Segmented disclosure

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

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

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 12,457,878	\$ 58,429,634	\$ 336,221,783	\$ 407,109,295	\$ 383,919,525
Excess of revenue over expenses	15,819,919	-	-	15,819,919	23,189,770
Unrestricted funds designated for future use	(16,532,995)	16,532,995	-	-	-
Restricted funds used for operations	1,606,465	(1,606,465)	-	-	-
Restricted funds used for tangible capital assets	-	(8,196,033)	8,196,033	-	-
Current year funds used for tangible capital assets	(12,486,069)	-	12,486,069	-	-
Contributed tangible capital assets	(1,910,230)	-	1,910,230	-	-
Disposal of tangible capital assets	273,190	-	(273,190)	-	-
Amortization of tangible capital assets	10,983,835	-	(10,983,835)	-	-
Long-term debt repaid	(5,480,377)	-	5,480,377	-	-
Long-term debt repaid - operating	2,022,893	-	(2,022,893)	-	-
Change in accumulated surplus	(5,703,369)	6,730,497	14,792,791	15,819,919	23,189,770
Balance, end of year	\$ 6,754,509	\$ 65,160,131	\$ 351,014,574	\$ 422,929,214	\$ 407,109,295

TOWN OF CANMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

							Schedule 2
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress
							2021
Cost:							
Balance, beginning of year	\$ 53,279,491	\$ 24,694,024	\$ 100,917,414	\$ 289,576,110	\$ 19,744,758	\$ 7,365,407	\$ 24,588,894
Acquisitions	1,235,519	319,241	256,642	4,537,742	1,111,798	565,608	14,565,781
Transfers	9,861	17,442	74,289	3,194,698	10,338	2,330	(3,308,958)
Disposals	-	(88,554)	-	(204,348)	(677,370)	(638,775)	(184,957)
							(1,794,004)
Balance, end of year	54,524,871	24,942,153	101,248,345	297,104,202	20,189,524	7,294,570	35,660,760
							540,964,425
							520,166,099
Accumulated amortization:							
Balance, beginning of year	-	13,330,041	25,285,389	85,851,899	10,289,070	3,480,796	-
Annual amortization	-	1,106,493	2,492,804	5,694,243	1,210,876	479,419	-
Disposals	-	(88,438)	-	(176,622)	(616,978)	(638,775)	-
							(1,520,813)
Balance, end of year	-	14,348,096	27,778,193	91,369,520	10,882,968	3,321,440	-
							147,700,217
							138,237,195
Net book value	\$ 54,524,871	\$ 10,594,057	\$ 73,470,152	\$ 205,734,682	\$ 9,306,556	\$ 3,973,130	\$ 35,660,760
							\$ 393,264,208
							\$ 381,928,903
2021 net book value	\$ 53,279,491	\$ 11,363,983	\$ 75,632,025	\$ 203,724,211	\$ 9,455,688	\$ 3,884,611	\$ 24,588,894
							\$ 381,928,903

Engineered structures, land and land improvements of \$1,910,230 (2021 - \$1,282,691) were acquired as contributed tangible capital assets.

TOWN OF CANMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

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	\$ 27,926,097	\$ -	\$ -	\$ -	\$ -	\$ 449,067	\$ -	\$ 28,375,164
User fees and sales of goods	88,269	2,059,320	1,648	15,858,802	135,838	5,642,605	2,657,109	26,443,552
Government transfers for operating	205,972	416,225	-	-	678,121	-	311,087	1,611,405
Investment income	1,489,280	-	-	-	-	66,301	4,021	1,559,601
Penalties and costs of taxes	276,572	-	-	-	-	-	-	276,572
Development levies	1,186,325	-	-	756,439	-	-	-	1,942,764
Licenses and permits	13,994	50,472	-	-	-	2,456,537	7,823	2,528,826
Franchise and concession contracts	3,255,674	-	71,400	-	-	-	32,995	3,360,069
Rental	-	-	-	-	-	1,918,851	1,283,071	3,201,922
Other	189,411	2,821	7,579	14,149	169,221	13,204	51,862	448,247
	34,631,594	2,528,838	80,627	16,629,390	983,180	10,546,565	4,347,968	69,748,162
Expenses								
Salaries, wages and benefits	5,938,553	3,809,192	1,508,081	1,500,373	1,140,635	2,924,371	6,410,204	23,231,409
Contracted and general services	2,792,623	3,963,484	2,881,022	6,049,963	263,303	739,928	1,918,690	18,609,013
Materials, goods, supplies and utilities	128,249	269,805	1,294,106	959,818	173,016	5,548,707	1,223,133	9,596,834
Bank charges and short term interest	23,089	68,570	-	50	-	171	72,989	164,869
Interest on long term debt	333,017	-	-	660,370	-	308,620	-	1,302,007
Other expenditures	1,866,279	2,700	997,769	103,121	9,139	460	123,588	3,103,056
Transfers to organizations and others	165,773	39,500	-	84,500	-	90,443	253,165	633,381
Amortization of tangible capital assets	485,555	351,941	2,282,747	4,379,546	19,230	509,518	2,955,298	10,983,835
Loss on disposal of tangible capital assets	175,199	-	(11,007)	30,355	-	-	(34,181)	160,366
	11,908,337	8,505,192	8,952,718	13,768,096	1,605,323	10,122,218	12,922,886	67,784,770
Excess (deficiency) of revenue over expenses before other	22,723,257	(5,976,354)	(8,872,091)	2,861,294	(622,143)	424,347	(8,574,918)	1,963,392
Other								
Government transfers for capital	11,918	6,327,238	4,081,945	905,052	71,006	-	549,138	11,946,297
Contributed tangible capital assets	-	-	231,454	500,726	-	1,159,600	18,450	1,910,230
	11,918	6,327,238	4,313,399	1,405,778	71,006	1,159,600	567,588	13,856,527
Excess (deficiency) of revenue over expenses	\$ 22,735,175	\$ 350,884	\$ (4,558,692)	\$ 4,267,072	\$ (551,137)	\$ 1,583,947	\$ (8,007,330)	\$ 15,819,919