

**Town of Calmar  
Consolidated Financial  
Statements**

**December 31, 2017**



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## **Management's Responsibility**

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To the Mayor and Councilors of the Town of Calmar:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for the appointment of the Town's external auditors.

MNP LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

March 5, 2018

*Harry Rodberg, CLM*

Town Manager

## Independent Auditors' Report

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To the Mayor and Councilors of the Town of Calmar:

We have audited the accompanying consolidated financial statements of the Town of Calmar, which comprise the consolidated statement of financial position at December 31, 2017, the consolidated statements of operations, change in net financial assets (debt), cash flows, and schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Calmar as at December 31, 2017, and the results of its operations, change in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

March 5, 2018  
Leduc, Alberta


*MNP* LLP  
Chartered Professional Accountants

**Town of Calmar**  
**Consolidated Statement of Financial Position**

*As at December 31, 2017*

	2017	2016
<b>Financial assets</b>		
Cash and equivalents <i>(Note 2)</i>	2,108,230	932,558
Investments <i>(Note 3)</i>	256,843	458,194
Property taxes receivable <i>(Note 4)</i>	396,081	474,112
Trade and other accounts receivable	1,131,542	1,270,547
Tax sale proceeds	-	43,932
Other financial assets	10	10
	<b>3,892,706</b>	<b>3,179,353</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	480,845	409,042
Deposit liabilities	703,266	392,817
Tax sale proceeds liability	-	43,932
Deferred revenue <i>(Note 6)</i>	294,799	25,276
Long-term debt <i>(Note 7)</i>	2,281,782	2,837,377
	<b>3,760,692</b>	<b>3,708,444</b>
<b>Net financial assets (debt)</b>	<b>132,014</b>	<b>(529,091)</b>
<b>Non-financial assets</b>		
Tangible capital assets <i>(Schedule II)</i>	21,693,675	20,691,166
Prepaid expenses	30,196	88,278
	<b>21,723,871</b>	<b>20,779,444</b>
<b>Accumulated surplus</b> <i>(Schedule I)</i>	<b>21,855,885</b>	<b>20,250,353</b>
Contingencies <i>(Note 11)</i>		
Commitments <i>(Note 14)</i>		
Subsequent event <i>(Note 16)</i>		

Approved on behalf of Council:

 Mayor

 Councilor

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Consolidated Statement of Operations**  
*For the year ended December 31, 2017*

	2017 <i>Budget</i> <i>(Note 15)</i>	2017	2016
<b>Revenue</b>			
Net municipal property taxes <i>(Schedule III)</i>	2,622,007	<b>2,621,155</b>	2,550,113
Sales, user charges and costs recovered	1,366,350	<b>1,566,486</b>	1,588,348
Government transfers <i>(Schedule IV)</i>	413,259	<b>393,297</b>	399,460
Franchise and concession contracts	376,992	<b>364,166</b>	336,716
Penalties and costs on taxes	143,000	<b>132,098</b>	116,659
Tax recovery	44,700	<b>44,635</b>	19,060
Interest income	15,000	<b>32,121</b>	7,374
Licenses and permits	48,500	<b>29,187</b>	47,686
Fines	24,000	<b>8,981</b>	18,352
	5,053,808	<b>5,192,126</b>	5,083,768
<b>Expenses</b>			
Transportation, roads, streets, walks and lighting	698,006	<b>1,014,188</b>	845,226
Parks and recreation	834,373	<b>789,271</b>	792,577
Water	699,523	<b>871,072</b>	788,990
Administrative	429,892	<b>508,499</b>	490,222
Fire and disaster services	264,859	<b>537,565</b>	475,601
Sewer	433,603	<b>496,800</b>	474,031
Land use, planning and development	329,102	<b>346,176</b>	247,506
Waste management	273,937	<b>255,627</b>	247,466
Library	190,856	<b>187,775</b>	185,504
By-law enforcement	174,998	<b>175,850</b>	141,996
Economic development	217,550	<b>165,361</b>	133,906
Legislative	149,885	<b>142,141</b>	124,414
Community support services	106,220	<b>104,477</b>	93,165
	4,802,804	<b>5,594,802</b>	5,040,604
<b>Excess (deficiency) of revenue before other</b>	251,004	<b>(402,676)</b>	43,164
<b>Other</b>			
Government transfers for capital <i>(Schedule IV)</i>	1,592,176	<b>1,880,420</b>	1,775,543
Other capital contributions	8,181	<b>127,788</b>	449,167
	1,600,357	<b>2,008,208</b>	2,224,710
<b>Excess of revenue over expenses</b>	1,851,361	<b>1,605,532</b>	2,267,874
<b>Accumulated surplus, beginning of year</b>	20,250,353	<b>20,250,353</b>	17,982,479
<b>Accumulated surplus, end of year</b>	22,101,714	<b>21,855,885</b>	20,250,353

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**

*For the year ended December 31, 2017*

	<b>2017 Budget (Note 15)</b>	<b>2017</b>	<b>2016</b>
<b>Excess of revenue over expenses</b>	1,851,361	<b>1,605,532</b>	2,267,874
Acquisition of tangible capital assets	(2,518,358)	<b>(2,546,688)</b>	(2,246,752)
Proceeds on disposal of tangible capital assets	-	<b>426,872</b>	65,848
Amortization of tangible capital assets	-	<b>747,652</b>	770,295
Loss on sale of tangible capital assets	-	<b>369,655</b>	13,887
Use (acquisition) of prepaid assets	-	<b>58,081</b>	(51,135)
<b>Change in net financial assets (debt)</b>	(666,997)	<b>661,104</b>	820,017
<b>Net debt, beginning of year</b>	(529,091)	<b>(529,091)</b>	(1,349,108)
<b>Net financial assets (debt), end of year</b>	(1,196,088)	<b>132,013</b>	(529,091)

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2017*

	2017	2016
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses	1,605,532	2,267,874
Non-cash items:		
Amortization of tangible capital assets	747,652	770,295
Interest earned on short-term notes	(4,714)	(190)
Net loss on disposal of tangible capital assets	369,655	13,887
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	39,523	(250,698)
Decrease (increase) in prepaid expenses	58,082	(51,135)
Increase in accounts payable and accrued liabilities	110,540	85,433
Decrease (increase) in trade and other accounts receivable	139,005	(203,635)
Decrease (increase) in property taxes receivable	78,031	(195,695)
Increase (decrease) in deposit liabilities	310,449	(122,695)
	3,453,755	2,313,441
<b>Capital</b>		
Acquisition of tangible capital assets <i>(Schedule II)</i>	(2,585,426)	(2,337,443)
Proceeds on sale of tangible capital assets	656,872	65,848
	(1,928,554)	(2,271,595)
<b>Investing</b>		
Decrease in investments	206,066	-
<b>Financing</b>		
Proceeds from long-term debt	-	300,000
Repayment of long-term debt	(555,595)	(222,373)
	(555,595)	77,627
<b>Increase in cash and equivalents</b>	<b>1,175,672</b>	<b>119,473</b>
<b>Cash and equivalents, beginning of year</b>	<b>932,559</b>	<b>813,086</b>
<b>Cash and equivalents, end of year <i>(Note 2)</i></b>	<b>2,108,231</b>	<b>932,559</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Schedule I - Schedule of Changes in Accumulated Surplus**  
*For the year ended December 31, 2017*

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>Balance, beginning of year</b>	(155,263)	2,551,826	17,853,789	20,250,352	17,982,480
Excess of revenue over expenses	1,605,532	-	-	1,605,532	2,267,873
Unrestricted funds designated for future use	(1,217,121)	1,217,121	-	-	-
Restricted funds for operations	281,608	(281,608)	-	-	-
Restricted funds used for tangible capital assets	-	(1,121,095)	1,121,095	-	-
Current year funds used for tangible capital assets	(1,425,593)	-	1,425,593	-	-
Net book value of tangible capital assets disposed	796,527	-	(796,527)	-	-
Annual amortization expense	747,652	-	(747,652)	-	-
Long-term debt repaid	(555,595)	-	555,595	-	-
<b>Change in accumulated surplus</b>	<b>233,010</b>	<b>(185,582)</b>	<b>1,558,104</b>	<b>1,605,532</b>	<b>2,267,873</b>
<b>Balance, end of year</b>	<b>77,747</b>	<b>2,366,244</b>	<b>19,411,893</b>	<b>21,855,884</b>	<b>20,250,353</b>

*The accompanying notes are an integral part of these financial statements*



**Town of Calmar**  
**Schedule II - Schedule of Tangible Capital Assets**  
*For the year ended December 31, 2017*

	Land	Land Improvements	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction In Progress	2017	2016
<b>Cost:</b>										
Balance, beginning of year	1,166,123	194,525	7,314,878	22,031,656	1,924,724	1,213,687	1,794,586	35,640,179	33,809,429	
Acquisition of tangible capital assets	227,000	16,836	1,610,810	496,051	109,238	86,753	-	2,546,688	2,246,752	
Construction-in-progress	-	-	1,794,586	-	-	-	(1,794,586)	-	-	
Disposal of tangible capital assets	(250,000)	-	(94,621)	-	(45,330)	(850,533)	-	(1,240,484)	(416,002)	
Balance, end of year	1,143,123	211,361	10,625,653	22,527,707	1,988,632	449,907	-	36,946,383	35,640,179	
<b>Accumulated amortization:</b>										
Balance, beginning of year	-	51,490	4,093,792	9,071,730	1,163,016	568,983	-	14,949,011	14,514,985	
Annual amortization	-	11,043	136,015	427,300	142,123	31,171	-	747,652	770,295	
Accumulated amortization on disposals	-	-	(54,609)	-	(45,331)	(344,015)	-	(443,955)	(336,267)	
Balance, end of year	-	62,533	4,175,198	9,499,030	1,259,808	256,139	-	15,252,708	14,949,013	
<b>Net book value</b>	<b>1,143,123</b>	<b>148,828</b>	<b>6,450,455</b>	<b>13,028,677</b>	<b>728,824</b>	<b>193,768</b>	<b>-</b>	<b>21,693,675</b>	<b>20,691,166</b>	
2016 net book value	1,166,123	143,033	3,221,086	12,959,926	761,708	644,704	1,794,586	20,691,166		

During the year, tangible capital assets were acquired at an aggregate cost of \$2,546,688 (2016 - \$2,246,752), of which there was \$116,385 (2016 - \$155,123) in accounts payable at year end, the remaining \$2,585,426 (2016 - \$2,337,443) was acquired by cash. During the year, total proceeds on sale of tangible capital assets were \$656,872 of which \$230,000 were made up of restricted funds. The restricted funds have been deferred for future use.

The accompanying notes are an integral part of these financial statements

**Town of Calmar**  
**Schedule III - Schedule of Property Taxes Levied**  
*For the year ended December 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Taxation</b>			
Real property taxes	3,361,422	<b>3,360,569</b>	3,261,368
<b>Requisitions</b>			
Alberta School Foundation Fund	734,754	<b>734,753</b>	706,492
Leduc Foundation	4,661	<b>4,661</b>	4,763
	739,415	<b>739,414</b>	711,255
<b>Net municipal property taxes</b>	<b>2,622,007</b>	<b>2,621,155</b>	<b>2,550,113</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Schedule IV - Schedule of Government Transfers**  
*For the year ended December 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Operating</b>			
Local	368,836	<b>348,847</b>	354,987
Provincial	44,423	<b>44,450</b>	44,473
	413,259	<b>393,297</b>	399,460
<b>Capital</b>			
Provincial	716,110	<b>932,831</b>	1,644,923
Federal	500,000	<b>613,641</b>	113,271
Local	376,066	<b>333,948</b>	17,349
	1,592,176	<b>1,880,420</b>	1,775,543
<b>Total government transfers</b>	<b>2,005,435</b>	<b>2,273,717</b>	<b>2,175,003</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Schedule V - Consolidated Schedule of Expenses by Object**  
*For the year ended December 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	1,952,895	<b>1,804,647</b>	1,886,644
Contracted and general services	1,617,415	<b>1,377,229</b>	1,182,575
Amortization of tangible capital assets	-	<b>747,652</b>	770,295
Materials, goods and utilities	775,940	<b>733,656</b>	669,591
Net loss on disposal of tangible capital assets	-	<b>369,654</b>	13,887
Purchases from other governments	345,000	<b>361,110</b>	335,597
Interest on long-term debt	102,354	<b>98,176</b>	104,735
Provision for allowances	1,800	<b>97,545</b>	71,190
Bank charges and short-term interest	4,000	<b>2,733</b>	3,690
Transfers to individuals and organizations	3,400	<b>2,400</b>	2,400
	<b>4,802,804</b>	<b>5,594,802</b>	<b>5,040,604</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Calmar**  
**Schedule VI - Schedule of Segmented Disclosure**  
*For the year ended December 31, 2017*

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Economic Development	Total
<b>Revenue</b>											
Net municipal taxes	2,621,155	-	-	-	-	-	-	-	-	-	2,621,155
Government transfers	-	398,708	27,800	376,666	1,339,746	-	93,252	37,545	-	-	2,273,717
Sale, user charges, and costs	-	560	17,654	1,286,530	100,636	40,429	2,451	1,000	114,914	2,310	1,566,484
Franchise and concession contracts	364,166	-	-	-	-	-	-	-	-	-	364,166
Penalties and costs on taxes	132,098	-	-	-	-	-	-	-	-	-	132,098
Other capital contributions	-	1,607	-	-	126,181	-	-	-	-	-	127,788
Tax recovery	44,635	-	-	-	-	-	-	-	-	-	44,635
Interest income	32,121	-	-	-	-	-	-	-	-	-	32,121
Licenses and permits	-	-	-	-	-	15,485	-	-	-	-	15,485
Fines	-	-	-	-	-	8,981	-	-	13,704	-	29,189
	3,194,175	400,875	45,454	1,663,196	1,566,563	64,895	95,703	38,545	128,618	2,310	7,200,334
<b>Expenses</b>											
Salaries, wages, and benefits	-	186,067	214,838	420,234	398,940	137,333	103,043	67,121	180,842	96,229	1,804,647
Contracted and general services	-	130,059	241,517	270,947	194,283	241,669	36,076	34,642	161,747	66,289	1,377,229
Materials, goods, and utilities	-	279,534	50,881	191,865	140,655	23,640	37,937	2,714	3,587	2,843	733,656
Loss on disposal of tangible capital assets	-	43,367	-	24,851	13,893	287,543	-	-	-	-	369,654
Purchases from other governments	-	-	-	361,110	-	-	-	-	-	-	361,110
Interest on long-term debt	-	34,026	-	62,646	-	1,504	-	-	-	-	98,176
Provision for allowances	-	-	97,545	-	-	-	-	-	-	-	97,545
Bank charges and short-term interest	-	-	2,733	-	-	-	-	-	-	-	2,733
Transfers to individuals and organizations	-	-	-	-	-	2,400	-	-	-	-	2,400
	-	673,053	607,514	1,331,653	747,771	694,089	177,056	104,477	346,176	165,361	4,847,150
<b>Net revenue, before amortization</b>	<b>3,194,175</b>	<b>(272,178)</b>	<b>(562,060)</b>	<b>331,543</b>	<b>818,792</b>	<b>(629,194)</b>	<b>(81,353)</b>	<b>(65,932)</b>	<b>(217,556)</b>	<b>(163,051)</b>	<b>2,353,184</b>
Amortization expense	-	341,135	43,126	291,846	41,500	19,326	10,719	-	-	-	747,652
<b>Net revenue</b>	<b>3,194,175</b>	<b>(613,313)</b>	<b>(605,186)</b>	<b>39,697</b>	<b>777,292</b>	<b>(648,520)</b>	<b>(92,072)</b>	<b>(65,932)</b>	<b>(217,556)</b>	<b>(163,051)</b>	<b>1,605,532</b>

The accompanying notes are an integral part of these financial statements

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

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**1. Significant accounting policies**

The consolidated financial statements of the Town of Calmar (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Town of Calmar are as follows:

***Reporting entity***

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources, including the Calmar Public Library.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Cash and cash equivalents exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

***Basis of accounting***

The consolidated 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.

***Management uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenses during the year. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Trade and other accounts receivable and property taxes receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Cash and equivalents***

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less.

***Investments***

Investment premiums and discounts are amortized 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.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

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**1. Significant accounting policies (continued)**

***Tax sale proceeds***

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the Town is required to hold these funds for up to 10 years and attempt to disperse them to the former property owners.

***Property tax requisition over-levy and under-levy***

Over-levies and under-levies arise from the difference between the actual 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.

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2017.

At each financial reporting date, the Town reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

***Revenue recognition***

**i. 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.

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenue as the liability is settled.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

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**1. Significant accounting policies (continued)**

**ii. Tax revenue**

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

**iii. Fines and penalties**

Traffic fine revenue is recorded as cash is received, which is not materially different than recording such revenue on an accrual basis.

**iv. Other revenue**

Other sources of revenue are recorded when received or receivable.

***Non-financial assets***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

**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 using the straight-line method over the estimated useful life as follows:

Buildings	40-65 years
Land improvements	15-60 years
Engineered structures:	
Water system	40 years
Wastewater system	40 years
Other engineered structures	10-40 years
Machinery and equipment	5-20 years
Vehicles	5-20 years

Amortization is not charged in the year of acquisition. 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 are also recorded as revenue.



**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

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**1. Significant accounting policies** *(continued)*

**ii. Cultural and historical tangible capital assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

**iii. Prepaid expenses**

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

**Segments**

The Town conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

**2. Cash and equivalents**

	<i>2017</i>	<i>2016</i>
Petty cash and floats	730	730
Cash	357,432	453,654
Short-term notes	1,750,068	478,174
	<hr/> <b>2,108,230</b>	<hr/> <b>932,558</b>

Short-term notes have an average effective interest rate of 1.23% (2016 - 0.86%) and mature in three months or less.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

**3. Investments**

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
Government bonds	295,260	246,257	296,352	261,555
Cash	10,586	10,586	196,639	196,639
	<b>305,846</b>	<b>256,843</b>	<b>492,991</b>	<b>458,194</b>

Government bonds have effective interest rates of 7.24% to 10.22% (2016 - 7.24% to 10.22%) with maturity dates from December 29, 2049 to December 31, 2107.

**4. Property taxes receivable**

	<b>2017</b>	<b>2016</b>
Current taxes	<b>353,574</b>	414,582
Arrears taxes	<b>137,407</b>	277,706
	<b>490,981</b>	692,288
Less allowance for doubtful accounts	<b>(94,900)</b>	(218,176)
	<b>396,081</b>	474,112

**5. Bank indebtedness**

The Town has a revolving line of credit with ATB Financial with a maximum limit of \$3,224,000 (2016 - \$2,741,000). Interest accrues monthly on the outstanding balance at a rate of prime. The line of credit arrangement is reviewed annually by the bank with the most recent review date of December 31, 2017. As at December 31, 2017, the prime rate was 3.20% (2016 - 2.70%).

As of December 31, 2017 the Town had drawn \$0 (2016 - \$0) on the line of credit.

**6. Deferred revenue**

	<b>2017</b>	<b>2016</b>
Municipal Sustainability Initiative	<b>246,721</b>	17,801
Building permits	<b>46,078</b>	5,475
Developer contribution	<b>2,000</b>	2,000
	<b>294,799</b>	25,276

Included in the Town's deferred revenue are government transfers, developer contributions and other funds received, including interest, that are restricted to eligible capital projects as approved under the funding agreements.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

**7. Long-term debt**

	<b>2017</b>	<b>2016</b>
Tax-supported debentures	<b>2,281,782</b>	2,837,377

Payments of interest and principal are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	231,270	87,365	318,635
2019	240,859	77,695	318,554
2020	250,863	68,151	319,014
2021	196,279	59,842	256,121
2022	187,000	51,682	238,682
To maturity	1,175,511	195,552	1,371,063
	<b>2,281,782</b>	<b>540,287</b>	<b>2,822,069</b>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.27% to 5.18% per annum before Provincial subsidy, and mature in periods 2020 through 2036. The average annual interest rate is 3.66% for 2017 (2016 - 3.58%). Debenture debt is issued on the credit and security of the Town of Calmar at large.

The Town's cash payments for interest in 2017 were \$102,356 (2016 - \$106,224).

**8. 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 of Calmar be disclosed as follows:

	<b>2017</b>	<b>2016</b>
Total debt limit	<b>7,788,189</b>	7,625,652
Total debt	<b>2,281,782</b>	2,837,377
Amount of debt limit unused	<b>5,506,407</b>	4,788,275
Service on debt limit	<b>1,298,032</b>	1,270,942
Service on debt	<b>318,635</b>	346,873
Amount of debt servicing limit unused	<b>979,397</b>	924,069

The debt limit is calculated at 1.5 times revenue of the Town (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 a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

**9. Equity in tangible capital assets**

	<b>2017</b>	<b>2016</b>
Tangible capital assets ( <i>Schedule II</i> )	<b>36,946,383</b>	35,640,179
Accumulated amortization ( <i>Schedule II</i> )	<b>(15,252,708)</b>	(14,949,013)
Long-term debt ( <i>Note 7</i> )	<b>(2,281,782)</b>	(2,837,377)
	<b>19,411,893</b>	17,853,789

**10. 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:

	<i>Months</i>	<i>Salary/ remuneration</i>	<i>Benefits &amp; allowances</i>	<b>2017</b>	<b>2016</b>
Mayor Yachimetz	12	<b>24,408</b>	<b>798</b>	<b>25,206</b>	24,781
Councilor Balaban	12	<b>13,103</b>	<b>425</b>	<b>13,528</b>	12,902
Councilor Gardner	12	<b>12,103</b>	<b>392</b>	<b>12,495</b>	4,169
Councilor Sekora	10	<b>7,141</b>	<b>230</b>	<b>7,371</b>	11,104
Councilor Borodawka	10	<b>7,111</b>	<b>229</b>	<b>7,340</b>	9,131
Councilor Rehn	2	<b>2,572</b>	<b>84</b>	<b>2,656</b>	-
Councilor Sargent	2	<b>2,372</b>	<b>77</b>	<b>2,449</b>	-
Town Manager	12	<b>135,776</b>	<b>9,205</b>	<b>144,981</b>	137,770

Salary/remuneration includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP's, dental coverage, vision coverage, group life insurance and accidental disability and dismemberment insurance.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits.

**11. Contingencies**

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

In the normal conduct of operations, there are pending claims by and against the Town. Litigation subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the Town's financial position or results of operations.

**Town of Calmar**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2017*

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**12. Guarantees**

The Town guarantees the balances of its credit cards to a maximum of \$37,000 (2016 - \$37,000).

**13. Segments**

The Town of Calmar provides a range of services to its ratepayers. For each reported segment, the revenue 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 Schedule VI - Schedule of Segmented Disclosure.

**14. Commitments**

The Town has entered into a Disaster Services Agreement with Leduc County with annual payments of \$20,000 until 2021.

**15. Budget information**

The disclosed budget information has been approved by Council. The following is a reconciliation between the budget approved and that showing in the consolidated financial statements:

	<i><b>Budget</b></i>
Approved budgeted operating surplus	119,297
Debenture repayment	555,595
Operating draw from reserve	(423,888)
Operating transfer to reserve	-
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Excess of revenue over expenses before other <i>(Consolidated Statement of Operations)</i>	251,004
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Approved budgeted capital surplus	-
Capital reserve transfer	918,001
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Capital surplus	918,001
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Increase in net debt <i>(Consolidated Statement of Change in Net Debt)</i>	(666,997)
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**16. Subsequent event**

Subsequent to the yearend, an oil company donated land to the Town to be used as greenspace. This was as a result of negotiations with the oil company after reclaiming land for old oil wells within Town limits.