

**Town of Calmar
Consolidated Financial
Statements**

December 31, 2020



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Management's Responsibility

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 1, 2021

 E-SIGNED by Kathy Krawchuck

Town Manager

Independent Auditor's Report

To the Mayor and Councilors of Town of Calmar:

Opinion

We have audited the consolidated financial statements of Town of Calmar (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, accumulated surplus, changes in net financial assets (debt), cash flows and schedules I through VI for the year then ended, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, and the results of its operations, changes in its net financial assets (debt) 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 Consolidated 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 Consolidated 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 the consolidated 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 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 Consolidated 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 consolidated 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:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Leduc, Alberta

March 1, 2021

MNP LLP

Chartered Professional Accountants

MNP

Town of Calmar
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial assets		
Cash and equivalents <i>(Note 2)</i>	2,018,196	4,884,910
Investments <i>(Note 3)</i>	236,439	233,318
Property taxes receivable <i>(Note 4)</i>	610,856	482,760
Trade and other accounts receivable	593,839	686,982
Tax sale proceeds <i>(Note 5)</i>	167,914	-
Other financial assets	-	10
	3,627,244	6,287,980
Liabilities		
Accounts payable and accrued liabilities	400,723	397,900
Deposit liabilities	571,682	703,764
Tax sale proceeds liability <i>(Note 5)</i>	167,914	-
Deferred revenue <i>(Note 7)</i>	540,153	562,921
Long-term debt <i>(Note 8)</i>	4,443,985	4,812,653
	6,124,457	6,477,238
Net financial assets (net debt)	(2,497,213)	(189,258)
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	26,675,338	23,412,820
Land inventory	200,000	-
Prepaid expenses	17,542	47,810
	26,892,880	23,460,630
Accumulated surplus <i>(Schedule I)</i>	24,395,667	23,271,372

Contingencies *(Note 12)*
 Commitments *(Note 15)*

Approved on behalf of Council:

E-SIGNED by Wally Yachimetz

 Mayor

E-SIGNED by Krista Gardner

 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, 2020

	2020 Budget (Note 16)	2020	2019
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	2,852,359	2,852,771	2,765,783
Sales, user charges and costs recovered	1,577,421	1,556,224	1,576,293
Government transfers <i>(Schedule IV)</i>	529,951	521,943	471,706
Franchise and concession contracts	418,122	423,172	402,081
Penalties and costs on taxes	118,750	113,891	130,564
Gain on disposal of assets	-	71,480	39,160
Tax recovery	-	67,812	-
Licenses and permits	79,000	51,007	70,538
Interest income	25,000	32,192	62,129
Fines	35,000	32,767	31,794
	5,635,603	5,723,259	5,550,048
Expenses			
Transportation, roads, streets, walks and lighting	880,347	1,134,938	1,060,649
Parks and recreation	1,045,249	985,055	936,605
Water	831,491	984,125	970,179
Sewer	429,549	520,533	495,006
Administrative	437,783	443,370	406,365
Economic development	379,767	287,385	238,315
Land use, planning and development	410,165	285,593	346,094
Waste management	287,751	275,789	269,194
Library	204,111	217,351	215,622
By-law enforcement	188,940	197,253	221,677
Fire and disaster services	278,991	184,138	258,097
Legislative	157,594	122,710	125,144
Community support services	116,204	105,590	110,379
	5,647,942	5,743,830	5,653,326
Deficiency of revenue before other	(12,339)	(20,571)	(103,278)
Other			
Government transfers for capital <i>(Schedule IV)</i>	835,132	1,142,313	272,898
Other capital contributions	-	2,553	3,174
	835,132	1,144,866	276,072
Excess of revenue over expenses	822,793	1,124,295	172,794
Accumulated surplus, beginning of year	23,271,372	23,271,372	23,098,578
Accumulated surplus, end of year	24,094,165	24,395,667	23,271,372

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, 2020

	2020 Budget (Note 16)	2020	2019
Excess of revenue over expenses	822,793	1,124,295	172,794
Acquisition of tangible capital assets	(1,326,290)	(4,174,461)	(1,790,154)
Proceeds on disposal of tangible capital assets	-	71,480	39,160
Amortization of tangible capital assets	-	911,944	904,856
Acquisition of land inventory	-	(200,000)	-
Gain on sale of tangible capital assets	-	(71,480)	(39,160)
Use (acquisition) of prepaid assets	-	30,267	(16,872)
Change in net financial debt	(503,497)	(2,307,955)	(729,376)
Net financial assets (deficit), beginning of year	(189,258)	(189,258)	540,118
Net financial debt, end of year	(692,755)	(2,497,213)	(189,258)

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, 2020

	2020	2019
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	1,124,295	172,793
Non-cash items:		
Amortization of tangible capital assets	911,944	904,856
Purchase of land held for inventory	(200,000)	-
Net gain on disposal of tangible capital assets	(71,480)	(39,160)
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	(22,749)	300,491
Decrease (increase) in prepaid expenses	30,265	(16,874)
Increase in accounts payable and accrued liabilities	69,478	38,796
Decrease (increase) in trade and other accounts receivable	93,142	(156,549)
Increase in property taxes receivable	(128,096)	(175)
Increase (decrease) in deposit liabilities	(132,082)	30,741
	1,674,717	1,234,919
Capital		
Acquisition of tangible capital assets <i>(Schedule II)</i>	(4,177,117)	(1,757,286)
Proceeds on sale of tangible capital assets	7,480	3,160
	(4,169,637)	(1,754,126)
Investing		
Increase in investments	(3,121)	(233,318)
Financing		
Proceeds from long-term debt	-	3,003,000
Repayment of long-term debt	(368,668)	(240,859)
	(368,673)	2,762,141
Increase (decrease) in cash and equivalents	(2,866,714)	2,009,616
Cash and equivalents, beginning of year	4,884,910	2,875,294
Cash and equivalents, end of year <i>(Note 2)</i>	2,018,196	4,884,910

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, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
Balance, beginning of year	2,219,002	2,452,202	18,600,168	23,271,372	23,098,579
Excess of revenue over expenses	1,124,295	-	-	1,124,295	172,793
Unrestricted funds designated for future use	(689,556)	689,556	-	-	-
Restricted funds for operations	356,165	(356,165)	-	-	-
Restricted funds used for tangible capital assets	-	(825,985)	825,985	-	-
Current year funds used for tangible capital assets	(3,348,476)	-	3,348,476	-	-
Annual amortization expense	911,944	-	(911,944)	-	-
Long-term debt repaid	(368,668)	-	368,668	-	-
Change in accumulated surplus	(2,014,296)	(492,594)	3,631,185	1,124,295	172,793
Balance, end of year	204,706	1,959,608	22,231,353	24,395,667	23,271,372

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, 2020

	Land	Land Improvements	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction-in-progress	2020	2019
Cost:										
Balance, beginning of year	1,292,123	211,360	11,079,628	24,052,250	2,304,187	439,395	879,466	40,258,409	38,620,396	
Acquisition of tangible capital assets	-	-	2,845,466	552,682	739,513	36,800	-	4,174,461	1,790,154	
Construction-in-progress	-	-	860,718	18,748	-	-	(879,466)	-	-	
Disposal of tangible capital assets	-	-	-	-	(157,367)	(15,497)	-	(172,864)	(152,141)	
Balance, end of year	1,292,123	211,360	14,785,812	24,623,680	2,886,333	460,698	-	44,260,006	40,258,409	
Accumulated amortization:										
Balance, beginning of year	-	85,178	4,629,849	10,380,826	1,417,263	332,472	-	16,845,588	16,092,871	
Annual amortization	-	11,324	228,794	477,815	150,569	43,422	-	911,944	904,856	
Accumulated amortization on disposals	-	-	-	-	(157,367)	(15,497)	-	(172,864)	(152,139)	
Balance, end of year	-	96,502	4,858,643	10,858,641	1,410,485	360,397	-	17,584,668	16,845,588	
Net book value	1,292,123	114,858	9,927,169	13,765,039	1,475,848	100,301	-	26,675,338	23,412,820	
2019 net book value	1,292,123	126,183	6,449,781	13,671,423	886,923	106,921	879,466	23,412,820		

During the year, tangible capital assets were acquired at an aggregate cost of \$4,174,461 (2019 - \$1,790,154), of which there was \$9,029 (2019 - \$75,685) in accounts payable at year end, \$nil (2019 - \$nil) was contributed to the Town, there was a trade in for \$64,000 (2019 - \$36,000), and the remaining \$4,177,117 (2019 - \$1,757,286) was acquired by cash.

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, 2020

	2020 Budget	2020	2019
Taxation			
Real property taxes	3,600,801	3,601,176	3,497,798
Requisitions			
Alberta School Foundation Fund	741,312	741,275	724,935
Leduc Foundation	7,130	7,130	7,080
	748,442	748,405	732,015
Net municipal property taxes	2,852,359	2,852,771	2,765,783

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, 2020

	2020 Budget	2020	2019
Operating			
Local	442,139	436,733	368,028
Provincial	87,812	85,210	103,678
	529,951	521,943	471,706
Capital			
Provincial	541,094	851,449	95,440
Federal	256,327	256,327	122,883
Local	37,711	34,537	54,575
	835,132	1,142,313	272,898
Total government transfers	1,365,083	1,664,256	744,604

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, 2020

	2020		
	<i>Budget</i>	2020	<i>2019</i>
Consolidated expenses by object			
Salaries, wages and benefits	2,222,604	2,033,065	2,017,283
Contracted and general services	1,959,990	1,456,372	1,471,835
Amortization of tangible capital assets	-	911,944	904,856
Materials, goods and utilities	872,653	761,859	730,953
Purchases from other governments	435,010	433,256	406,457
Interest on long-term debt	145,185	140,049	99,205
Bank charges and short-term interest	10,000	4,745	5,138
Transfers to individuals and organizations	2,400	2,400	2,400
Provision for allowances	100	140	15,199
	5,647,942	5,743,830	5,653,326

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, 2020

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Economic Development	Total
Revenue											
Net municipal taxes	2,852,771	-	-	-	-	-	-	-	-	-	2,852,770
Sales, user charges, and costs	-	4,985	26,669	1,431,736	82,172	1,320	-	1,000	8,265	-	1,556,225
Government transfers	-	764,580	28,212	250,168	395,821	37,176	110,406	37,545	2,000	38,349	1,664,256
Franchise and concession contracts	423,172	-	-	-	-	-	-	-	-	-	423,172
Penalties and costs on taxes	113,891	-	-	-	-	-	-	-	-	-	113,891
Gain on sale of tangible capital assets	-	64,000	-	-	7,480	-	-	-	-	-	71,480
Tax recovery	67,812	-	-	-	-	-	-	-	-	-	67,812
Licenses and permits	-	-	-	-	-	18,290	-	-	32,717	-	51,007
Fines	-	-	-	-	-	32,767	-	-	-	-	32,767
Interest income	32,192	-	-	-	-	-	-	-	-	-	32,192
Other capital contributions	-	2,553	-	-	-	-	-	-	-	-	2,553
	3,489,838	836,118	54,881	1,681,904	485,473	89,553	110,431	38,545	42,982	38,402	6,868,125
Expenses											
Salaries, wages, and benefits	-	224,726	260,658	461,524	443,002	148,669	117,038	76,855	110,507	190,087	2,033,066
Contracted and general services	-	158,145	218,150	289,365	271,235	176,025	48,263	25,307	174,276	95,604	1,456,371
Materials, goods, and utilities	-	283,437	37,442	197,004	179,548	19,307	39,189	3,428	810	1,694	761,859
Purchases from other governments	-	-	-	433,256	-	-	-	-	-	-	433,256
Interest on long-term debt	-	93,549	-	46,500	-	-	-	-	-	-	140,049
Bank charges and short-term interest	-	-	4,745	-	-	-	-	-	-	-	4,745
Transfers to individuals and organizations	-	-	-	-	-	2,400	-	-	-	-	2,400
Provision for allowances	-	-	15	126	-	-	-	-	-	-	140
	-	759,857	521,010	1,427,775	893,785	346,401	204,490	105,590	285,593	287,385	4,831,886
Net revenue, before amortization	3,489,838	76,261	(466,129)	254,129	(408,312)	(256,848)	(94,059)	(67,045)	(242,611)	(248,983)	2,036,239
Amortization expense	-	375,081	45,070	352,672	91,270	34,990	12,861	-	-	-	911,844
Net revenue	3,489,838	(298,820)	(511,199)	(98,543)	(499,582)	(291,838)	(106,920)	(67,045)	(242,611)	(248,983)	1,124,295

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, 2020

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 the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town 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 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.

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. Significant accounting policies *(continued)*

Investments

Investments are recorded at amortized cost. 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.

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, 2020.

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, 2020

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. Utility service revenue

The Town recognizes the provision of utility services as assets and revenue when they meet the definition of an asset in the period the utility services are provided to the customers.

iv. 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.

v. 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.

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. Significant accounting policies *(continued)*

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.

iii. Cultural and historical tangible capital assets

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

iv. 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.

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

2. Cash and equivalents

	2020	2019
Petty cash and floats	730	730
Cash	1,292,858	577,695
Short-term notes	724,608	4,306,485
	2,018,196	4,884,910

Short-term notes have an average effective interest rate of 0.34% (2019 - 1.95%) and mature in three months or less.

3. Investments

Investments are made up of guaranteed investment certificates that have an average effective interest rate of 0.45% and mature in six months or less.

4. Property taxes receivable

	2020	2019
Current taxes	321,485	342,665
Arrears taxes	289,371	260,095
	610,856	602,760
Less allowance for doubtful accounts	-	(120,000)
	610,856	482,760

5. Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on 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 attempted to disperse them to the former property owners.

6. Bank indebtedness

The Town has a revolving line of credit with ATB Financial with a maximum limit of \$3,261,000 (2019 - \$3,261,000). Interest accrues monthly on the outstanding balance at a rate of prime minus 0.25%. The line of credit arrangement is reviewed annually by the bank with the most recent review date of December 31, 2020. As at December 31, 2020, the prime rate was 2.45% (2019 - 3.95%).

As of December 31, 2020 the Town had drawn \$0 (2019 - \$0) on the line of credit.

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

7. Deferred revenue

	<i>2020</i>	<i>2019</i>
Municipal Sustainability Initiative	249,489	516,229
Municipal Stimulus Program	264,840	-
Building permits	23,292	44,692
Developer contribution	2,000	2,000
CARES grant	532	-
	540,153	562,921

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.

8. Long-term debt

	<i>2020</i>	<i>2019</i>
Tax-supported debentures	4,443,985	4,812,653

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	317,005	130,194	447,199
2022	310,719	119,042	429,761
2023	315,341	107,848	423,189
2024	326,906	96,283	423,189
2025	262,772	85,225	347,997
To maturity	2,911,242	513,775	3,425,017
	4,443,985	1,052,367	5,496,352

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 2021 through 2039. The average annual interest rate is 3.53% for 2020 (2019 - 3.66%). Debenture debt is issued on the credit and security of the Town of Calmar at large.

The Town's cash payments for interest in 2020 were \$143,007 (2019 - \$79,738).

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9. Debt limits

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

	2020	2019
Total debt limit	8,584,889	8,325,072
Total debt	4,443,985	4,812,653
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Amount of debt limit unused	4,140,904	3,512,419
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Service on debt limit	1,430,815	1,387,512
Service on debt	447,199	510,091
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Amount of debt servicing limit unused	983,616	877,421
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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.

10. Equity in tangible capital assets

	2020	2019
Tangible capital assets (<i>Schedule II</i>)	44,260,006	40,258,409
Accumulated amortization (<i>Schedule II</i>)	(17,584,668)	(16,845,588)
Long-term debt (<i>Note 8</i>)	(4,443,985)	(4,812,653)
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	22,231,353	18,600,168
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Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

11. 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 & allowances</i>	<i>2020</i>	<i>2019</i>
Mayor Yachimetz	12	29,137	1,555	30,692	26,686
Councilor Balaban	12	13,881	121	14,002	12,631
Councilor Gardner	12	13,831	751	14,582	13,903
Councilor Froese	12	9,821	541	10,362	10,235
Councilor Rehn	-	-	-	-	5,446
Councilor Faulkner	12	16,861	910	17,771	4,089
Town Manager	12	158,016	10,658	168,674	156,539

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.

12. 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 is 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.

13. Guarantees

The Town guarantees the balances of its credit cards to a maximum of \$37,000 (2019 - \$37,000).

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

14. Segments

The Town 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.

15. Commitments

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

16. 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>Budget</i>
Approved budgeted operating surplus	353
Debenture repayment	387,706
Operating draw from reserve	(530,398)
Operating transfer to reserve	130,000
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Excess of revenue over expenses before other (Consolidated Statement of Operations)	(12,339)
Capital reserve transfer	491,158
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Increase in net debt (Consolidated Statement of Change in Net Debt)	(503,497)

17. Significant event

During the year, there was an outbreak of COVID-19 (coronavirus). This has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this times, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.