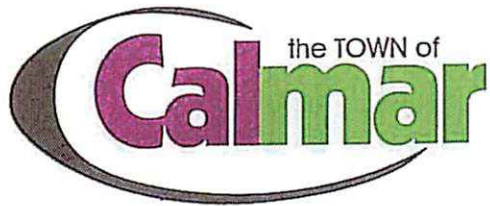


**Town of Calmar
Consolidated Financial
Statements**

December 31, 2019



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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 2, 2020


Town Manager

Independent Auditor's Report

To the Mayor and Councilors of the Town of Calmar:

Opinion

We have audited the consolidated financial statements of the Town of Calmar (the "Town"), which comprise the consolidated statement of financial position at December 31, 2019, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Calmar as at December 31, 2019, the results of its operations, change 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 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 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 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 relating 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.

Independent Auditor's Report

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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.

March 2, 2020
Leduc, Alberta



MNP LLP
Chartered Professional Accountants

Town of Calmar
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
Financial assets		
Cash and equivalents (Note 2)	4,884,910	2,875,294
Investments (Note 3)	233,318	-
Property taxes receivable (Note 4)	482,760	482,585
Trade and other accounts receivable	686,982	530,434
Other financial assets	10	10
	6,287,980	3,888,323
Liabilities		
Accounts payable and accrued liabilities	397,900	362,236
Deposit liabilities	703,764	673,023
Deferred revenue (Note 6)	562,921	262,434
Long-term debt (Note 7)	4,812,653	2,050,512
	6,477,238	3,348,205
Net financial assets (net debt)	(189,258)	540,118
Non-financial assets		
Tangible capital assets (Schedule II)	23,412,820	22,527,525
Prepaid expenses	47,811	30,940
	23,460,631	22,558,465
Accumulated surplus (Schedule I)	23,271,373	23,098,583

Contingencies (Note 11)
 Commitments (Note 14)

Approved on behalf of Council:


 _____ Mayor

 _____ Councilor

The accompanying notes are an integral part of these financial statements

WJY

Town of Calmar
Consolidated Statement of Operations

For the year ended December 31, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	2,767,893	2,765,783	2,686,811
Sales, user charges and costs recovered	2,103,633	1,576,293	1,546,067
Government transfers <i>(Schedule IV)</i>	496,022	471,706	472,250
Franchise and concession contracts	407,956	402,081	381,196
Penalties and costs on taxes	120,000	130,564	103,215
Licenses and permits	109,260	70,538	88,033
Interest income	35,000	62,129	49,086
Gain on disposal of assets	-	39,160	-
Fines	65,000	31,794	61,804
	6,104,764	5,550,048	5,388,462
Expenses			
Transportation, roads, streets, walks and lighting	787,259	1,060,648	986,887
Water	812,283	970,179	950,180
Parks and recreation	927,267	936,605	929,195
Sewer	421,585	495,007	465,078
Administrative	424,914	406,366	415,954
Land use, planning and development	432,226	346,094	344,200
Waste management	281,271	269,194	258,325
Fire and disaster services	269,532	258,097	290,286
Economic development	286,715	238,315	181,035
By-law enforcement	205,534	221,677	213,834
Library	207,290	215,622	196,224
Legislative	141,670	125,144	128,369
Community support services	112,665	110,379	107,388
	5,310,211	5,653,327	5,466,955
Excess (deficiency) of revenue before other	794,553	(103,279)	(78,493)
Other			
Government transfers for capital <i>(Schedule IV)</i>	952,680	272,898	1,110,165
Other capital contributions	-	3,174	211,022
	952,680	276,072	1,321,187
Excess of revenue over expenses	1,747,233	172,793	1,242,694
Accumulated surplus, beginning of year	23,098,578	23,098,578	21,855,884
Accumulated surplus, end of year	24,845,811	23,271,371	23,098,578

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, 2019

	2019 <i>Budget</i> <i>(Note 15)</i>	2019	2018
Excess of revenue over expenses	1,747,233	172,793	1,242,693
Acquisition of tangible capital assets	(5,671,996)	(1,790,154)	(1,680,948)
Proceeds on disposal of tangible capital assets	-	39,160	-
Amortization of tangible capital assets	-	904,856	847,103
Gain on sale of tangible capital assets	-	(39,160)	-
Acquisition of prepaid assets	-	(16,871)	(744)
Change in net financial assets (debt)	(3,924,763)	(729,376)	408,104
Net financial assets, beginning of year	540,118	540,118	132,014
Net financial assets (debt), end of year	(3,384,645)	(189,258)	540,118

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, 2019

	2019	2018
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	172,793	1,242,693
Non-cash items:		
Amortization of tangible capital assets	904,856	847,103
Interest earned on investments	-	(16,333)
Net gain on disposal of tangible capital assets	(39,160)	-
Tangible capital assets received as contributions	-	(206,000)
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	300,491	(32,365)
Increase in prepaid expenses	(16,874)	(744)
Increase (decrease) in accounts payable and accrued liabilities	38,796	(81,042)
Decrease (increase) in trade and other accounts receivable	(156,549)	601,108
Increase in property taxes receivable	(175)	(86,504)
Increase (decrease) in deposit liabilities	30,741	(30,242)
	1,234,919	2,237,674
Capital		
Acquisition of tangible capital assets (<i>Schedule II</i>)	(1,757,286)	(1,515,647)
Proceeds on sale of tangible capital assets	3,160	-
	(1,754,126)	(1,515,647)
Investing		
Decrease (increase) in investments	(233,318)	273,175
Financing		
Proceeds from long-term debt	3,003,000	-
Repayment of long-term debt	(240,859)	(231,270)
	2,762,141	(231,270)
Increase in cash and equivalents	2,009,616	763,932
Cash and equivalents, beginning of year	2,875,294	2,108,230
Cash and equivalents, end of year (<i>Note 2</i>)	4,884,910	2,875,294

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, 2019

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2019	2018
Balance, beginning of year	76,512	2,545,058	20,477,008	23,098,578	21,855,885
Excess of revenue over expenses	172,793	-	-	172,793	1,242,693
Unrestricted funds designated for future use	(631,662)	631,662	-	-	-
Restricted funds for operations	112,506	(112,506)	-	-	-
Restricted funds used for tangible capital assets	-	(612,012)	612,012	-	-
Current year funds used for tangible capital assets	(1,178,143)	-	1,178,143	-	-
Annual amortization expense	904,856	-	(904,856)	-	-
Proceeds of long-term debt	3,003,000	-	(3,003,000)	-	-
Long-term debt repaid	(240,860)	-	240,860	-	-
Change in accumulated surplus	2,142,490	(92,856)	(1,876,841)	172,793	1,242,693
Balance, end of year	2,219,002	2,452,202	18,600,167	23,271,371	23,098,578

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, 2019

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	2019	2018
Cost:								
Balance, beginning of year	1,292,123	211,360	10,964,660	23,483,246	2,219,102	449,904	38,620,397	36,946,383
Acquisition of tangible capital assets	-	-	114,968	569,002	226,716	-	910,686	802,477
Construction-in-progress	-	-	860,719	-	18,748	-	879,467	878,471
Disposal of tangible capital assets	-	-	-	-	(141,631)	(10,510)	(152,141)	(6,934)
Balance, end of year	1,292,123	211,360	11,940,347	24,052,248	2,322,935	439,394	40,258,409	38,620,397
Accumulated amortization:								
Balance, beginning of year	-	73,574	4,398,286	9,938,729	1,400,074	282,209	16,092,872	15,252,703
Annual amortization	-	11,604	231,563	442,096	158,820	60,773	904,856	847,103
Accumulated amortization on disposals	-	-	-	-	(141,630)	(10,509)	(152,139)	(6,934)
Balance, end of year	-	85,178	4,629,849	10,380,825	1,417,264	332,473	16,845,589	16,092,872
Net book value	1,292,123	126,182	7,310,498	13,671,423	905,671	106,921	23,412,820	22,527,525
2018 net book value	1,292,123	137,785	6,566,373	13,544,520	819,029	167,695	22,527,525	

During the year, tangible capital assets were acquired at an aggregate cost of \$1,790,154 (2018 - \$1,680,948), of which there was \$75,686 (2018 - \$78,818) in accounts payable at year end, \$nil (2018 - \$208,000) was contributed to the Town, there was a trade in for \$36,000 (2018 - \$nil), and the remaining \$1,757,286 (2018 - \$1,512,515) 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, 2019

	2019 <i>Budget</i>	2019	2018
Taxation			
Real property taxes	3,499,469	3,497,798	3,381,464
Requisitions			
Alberta School Foundation Fund	724,806	724,935	689,914
Leduc Foundation	6,770	7,080	4,739
	731,576	732,015	694,653
Net municipal property taxes	2,767,893	2,765,783	2,686,811

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, 2019

	2019 Budget	2019	2018
Operating			
Local	386,661	368,028	369,539
Provincial	109,361	103,678	102,711
	496,022	471,706	472,250
Capital			
Federal	122,883	122,883	122,883
Provincial	675,519	95,440	754,010
Local	154,278	54,575	233,272
	952,680	272,898	1,110,165
Total government transfers	1,448,702	744,604	1,582,415

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, 2019

	2019 <i>Budget</i>	2019	2018
Consolidated expenses by object			
Salaries, wages and benefits	2,163,460	2,017,287	1,968,065
Contracted and general services	1,815,303	1,471,835	1,444,789
Amortization of tangible capital assets	-	904,856	847,103
Materials, goods and utilities	808,700	730,951	682,890
Purchases from other governments	435,010	406,457	397,262
Interest on long-term debt	79,738	99,205	87,394
Provision for allowances	100	15,198	32,183
Bank charges and short-term interest	3,000	5,138	4,869
Transfers to individuals and organizations	4,900	2,400	2,400
	5,310,211	5,653,327	5,466,955

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, 2019

	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	2,765,783	-	-	-	-	-	-	-	-	-	2,765,783
Sales, user charges, and costs	-	18,818	13,555	1,384,076	141,477	480	3,608	1,224	6,435	6,622	1,576,295
Government transfers	-	218,323	78,403	-	297,024	-	104,884	37,545	-	8,628	744,805
Franchise and concession contracts	402,081	-	-	-	-	-	-	-	-	-	402,081
Penalties and costs on taxes	130,564	-	-	-	-	-	-	-	-	-	130,564
Licenses and permits	-	-	-	-	-	18,870	-	-	51,668	-	70,538
Interest income	62,129	-	-	-	-	-	-	-	-	-	62,129
Gain on sale of tangible capital assets	-	39,157	-	-	-	-	-	-	-	-	39,157
Fines	-	-	-	-	-	31,794	-	-	-	-	31,794
Other capital contributions	-	3,174	-	-	-	-	-	-	-	-	3,174
	3,360,557	279,472	91,958	1,384,076	438,501	51,144	108,292	38,769	58,103	15,248	5,826,120
Expenses											
Salaries, wages, and benefits	-	232,056	238,909	477,870	413,799	147,691	118,151	72,105	139,588	177,117	2,017,287
Contracted and general services	-	160,554	199,093	254,124	259,089	251,347	46,200	36,536	205,670	59,221	1,471,835
Materials, goods, and utilities	-	281,240	30,141	191,032	154,104	31,474	38,410	1,738	837	1,978	730,951
Purchases from other governments	-	-	-	406,457	-	-	-	-	-	-	406,457
Interest on long-term debt	-	47,077	-	52,128	-	-	-	-	-	-	99,205
Provision for allowances	-	-	15,103	96	-	-	-	-	-	-	15,198
Bank charges and short-term interest	-	-	5,138	-	-	-	-	-	-	-	5,138
Transfers to individuals and organizations	-	-	-	-	-	2,400	-	-	-	-	2,400
	-	720,927	488,384	1,381,707	826,992	432,912	202,761	110,379	346,095	238,316	4,748,471
Net revenue, before amortization	3,360,557	(441,455)	(396,426)	2,369	(388,491)	(381,768)	(94,469)	(71,610)	(287,992)	(223,068)	1,077,649
Amortization expense	-	339,721	43,126	352,672	109,613	46,863	12,861	-	-	-	904,856
Net revenue	3,360,557	(781,176)	(439,552)	(350,303)	(498,104)	(428,631)	(107,330)	(71,610)	(287,992)	(223,068)	172,793

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, 2019

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, 2019

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, 2019.

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.

1. Significant accounting policies (continued)

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.

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.

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, 2019

2. Cash and equivalents

	2019	2018
Petty cash and floats	730	730
Cash	577,695	1,809,053
Investment cash	-	273,175
Short-term notes	4,306,485	792,336
	<u>4,884,910</u>	<u>2,875,294</u>

Short-term notes have an average effective interest rate of 1.95% (2018 - 2.18%) 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 2.18% and mature in six months or less.

4. Property taxes receivable

	2019	2018
Current taxes	342,665	334,565
Arrears taxes	260,095	255,020
	<u>602,760</u>	<u>589,585</u>
Less allowance for doubtful accounts	(120,000)	(107,000)
	<u>482,760</u>	<u>482,585</u>

5. Bank indebtedness

The Town has a revolving line of credit with ATB Financial with a maximum limit of \$3,261,000 (2018 - \$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, 2019. As at December 31, 2019, the prime rate was 3.95% (2018 - 3.95%).

As of December 31, 2019 the Town had drawn \$0 (2018 - \$0) on the line of credit.

Town of Calmar
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

6. Deferred revenue

	<i>2019</i>	<i>2018</i>
Municipal Sustainability Initiative	516,229	218,870
Building permits	44,692	41,564
Developer contribution	2,000	2,000
	562,921	262,434

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.

7. Long-term debt

	<i>2019</i>	<i>2018</i>
Tax-supported debentures	4,812,653	2,050,512

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	368,668	141,423	510,091
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
To maturity	3,174,014	599,000	3,773,014
	4,812,653	1,193,790	6,006,443

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 2039. The average annual interest rate is 3.66% for 2019 (2018 - 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 2019 were \$79,738 (2018 - \$89,327).

Town of Calmar
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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:

	2019	2018
Total debt limit	8,325,072	8,082,693
Total debt	4,812,653	2,050,512
Amount of debt limit unused	3,512,419	6,032,181
Service on debt limit	1,387,512	1,347,116
Service on debt	510,091	318,635
Amount of debt servicing limit unused	877,421	1,028,481

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.

9. Equity in tangible capital assets

	2019	2018
Tangible capital assets (<i>Schedule II</i>)	40,258,409	38,620,397
Accumulated amortization (<i>Schedule II</i>)	(16,845,589)	(16,092,872)
Long-term debt (<i>Note 7</i>)	(4,812,653)	(2,050,512)
	18,600,167	20,477,013

Town of Calmar
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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 & allowances</i>	<i>2019</i>	<i>2018</i>
Mayor Yachimetz	12	25,368	1,318	26,686	25,547
Councilor Balaban	12	12,385	246	12,631	13,528
Councilor Gardner	12	13,205	698	13,903	12,495
Councilor Froese	12	9,715	520	10,235	-
Councilor Rehn	6	5,172	274	5,446	2,656
Councillor Faulkner	4	3,898	191	4,089	-
Councilor Sargent	-	-	-	-	3,077
Town Manager	12	146,530	10,009	156,539	147,978

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 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.

12. Guarantees

The Town guarantees the balances of its credit cards to a maximum of \$37,000 (2018 - \$37,000).

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

13. 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.

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>Budget</i>
Approved budgeted operating surplus	1,693
Debtenture repayment	237,860
Operating draw from reserve	(185,000)
Operating transfer to reserve	740,000
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Excess of revenue over expenses before other (Consolidated Statement of Operations)	794,553
Capital reserve transfer	4,719,316
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Increase in net debt (Consolidated Statement of Change in Net Debt)	(3,924,763)

16. Change in accounting policy

Effective January 1, 2019, the Town adopted the recommendations relating to the following Section, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 3430 *Restructuring Transactions*

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statement of adopting the new Section.

Town of Calmar
Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

17. Subsequent event

On February 7, 2020, the Town purchased a parcel of commercial property on 50th Avenue pursuant to the Tax Recovery process under the *Municipal Government Act*. The Town had taken title to the property in 2019 for "Tax Forfeiture" following a Tax Recovery Public Auction at which the property was not sold. The Town purchased the property for \$200,000 which was the 2019 assessed value of the property.