

**TOWN OF CARDSTON**  
Consolidated Financial Statements  
For the Year Ended December 31, 2017

**Town of Cardston**  
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**For the year ended December 31, 2017**

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Chartered Professional Accountants

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## Independent Auditor's Report

To the Members of Council of the Town of Cardston:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Cardston, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's 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 the audit to obtain reasonable assurance about whether the consolidated 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 auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

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

*Nyrose McKenzie Alexander LLP*

Lethbridge, Alberta  
April 10, 2018

Chartered Professional Accountants

## Management Report

The consolidated financial statements are the responsibility of the management of the Town of Cardston.

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

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

The elected Council of the Town of Cardston is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Audit Committee. The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council considers the engagement or reappointment of the external auditors; Council also reviews the monthly financial reports.

The consolidated financial statements have been audited by Nyrose McKenzie Alexander LLP, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Nyrose McKenzie Alexander LLP has full and free access to the Council.



Chief Administrative Officer

**Town of Cardston**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2017**

	2017	2016
<b>Financial assets</b>		
Cash and temporary investments (Note 2)	\$ 322,941	\$ 694,207
Taxes and grants in places of taxes (Note 3)	94,799	99,400
Trade and other receivables (Note 4)	1,503,157	1,210,150
Land for resale inventory	423,767	423,767
Notes receivable (Note 5)	-	273,649
Investments (Note 6)	3,433,705	3,056,170
	<b>5,778,369</b>	<b>5,757,343</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	581,260	475,752
Employee benefit obligations (Note 7)	129,231	117,279
Deferred revenue (Note 8)	856,524	1,298,497
Long-term debt (Note 9)	838,599	816,963
	<b>2,405,614</b>	<b>2,708,491</b>
<b>Net financial assets</b>	<b>3,372,755</b>	<b>3,048,852</b>
<b>Non-financial assets</b>		
Prepaid expenses	1,931	6,202
Inventory for consumption	604,984	486,160
Tangible capital assets (Schedule 2)	46,355,616	45,740,873
	<b>46,962,531</b>	<b>46,233,235</b>
<b>Accumulated surplus (Schedule 1)</b>	<b>\$ 50,335,286</b>	<b>\$ 49,282,087</b>

*Commitments and contingencies* (Note 19)

Approved on behalf of Council:

Councilor



Councilor



**Town of Cardston**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2017**

	Budget (Unaudited)	2017	2016
<b>Revenue</b>			
Net municipal taxes (Note 13)	\$ 2,498,454	\$ 2,501,244	\$ 2,434,124
User fees and sales of goods	4,766,318	5,241,637	5,204,096
Government transfers for operating (Note 14)	970,505	698,899	1,672,244
Investment income	55,000	109,459	92,714
Penalties and costs of taxes	25,000	29,365	29,404
Licenses and permits	35,500	45,054	36,110
Franchise and concession contracts	125,100	132,434	125,546
Donations	1,200	1,050	1,100
	8,477,077	8,759,142	9,595,338
<b>Expenses (Schedule 3)</b>			
Legislative	144,650	122,637	111,577
Administration	993,895	873,085	923,809
Fire	174,200	129,744	135,305
Emergency measures and disaster service	400,000	137,517	869,118
Ambulance services and first aid	4,600	4,581	4,581
Bylaw enforcement	145,300	119,660	114,013
Roads, streets, walks, lighting	1,246,350	1,452,349	1,392,636
Airport	17,650	9,824	11,282
Water supply and distribution	963,300	1,027,807	985,588
Wastewater treatment and disposal	1,088,945	817,937	838,003
Waste management	357,100	322,091	371,115
Family and community support services	277,518	301,484	264,372
Cemeteries and crematoriums	63,100	50,901	73,789
Other public health and welfare	500	500	500
Land use planning and development	169,850	158,439	199,880
Economic and agricultural development	220,550	208,198	205,791
Parks and recreation	1,271,650	1,380,777	1,209,187
Culture - libraries, museums, halls	302,481	302,540	286,277
Electrical distribution	1,783,425	1,611,803	1,624,915
	9,625,064	9,031,874	9,621,738
<b>Deficiency of revenue over expenses before other</b>	(1,147,987)	(272,732)	(26,400)
<b>Other</b>			
Government transfers for capital (Note 14)	1,159,000	1,173,844	1,085,789
Contributed assets	100,000	123,500	223,041
Gain (loss) on disposal of capital assets	-	28,587	87,250
	1,259,000	1,325,931	1,396,080
<b>Excess of revenue over expenses</b>	111,013	1,053,199	1,369,680
<b>Accumulated surplus, beginning of year</b>	49,282,087	49,282,087	47,912,407
<b>Accumulated surplus, end of year</b>	\$ 49,393,100	\$ 50,335,286	\$ 49,282,087

**Town of Cardston**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2017**

	Budget (Unaudited)	2017	2016
<b>Excess of revenue over expenses</b>	\$ 111,013	<b>\$ 1,053,199</b>	\$ 1,369,680
Acquisition of tangible capital assets	(2,559,000)	<b>(2,766,328)</b>	(2,664,184)
Amortization	1,957,300	<b>2,119,791</b>	2,032,217
Gain on disposal of tangible capital assets	-	<b>(28,587)</b>	(87,250)
Proceeds on disposal of tangible capital assets	-	<b>60,381</b>	132,556
	(601,700)	<b>(614,743)</b>	(586,661)
Net Change in inventory for consumption	-	<b>(118,824)</b>	59,301
Net change in prepaid expense	-	<b>4,271</b>	31,538
	-	<b>(114,553)</b>	90,839
<b>Increase in net financial assets</b>	(490,687)	<b>323,903</b>	873,858
<b>Net financial assets, beginning of year</b>	3,048,852	<b>3,048,852</b>	2,174,994
<b>Net financial assets, end of year</b>	\$ 2,558,165	<b>\$ 3,372,755</b>	\$ 3,048,852

**Town of Cardston**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

	2017	2016
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 1,053,199	\$ 1,369,680
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(28,587)	(87,250)
Amortization	2,119,791	2,032,217
	<b>3,144,403</b>	3,314,647
Net change in non-cash working capital items		
Taxes and grants in places of taxes	4,601	7,055
Trade and other receivables	(293,007)	(609,252)
Land for resale inventory	-	(33,477)
Prepaid expenses	4,271	31,538
Inventory for consumption	(118,824)	59,301
Accounts payable and accrued liabilities	105,509	132,136
Employee benefit obligations	11,952	8,706
Deferred revenue	(441,973)	(301,286)
Cash provided from operating transactions	<b>2,416,932</b>	2,609,368
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	60,381	132,555
Acquisition of tangible capital assets	(2,766,328)	(2,664,184)
Cash applied to capital transactions	<b>(2,705,947)</b>	(2,531,629)
<b>Investing transactions</b>		
Purchase of investments	(1,454,296)	(1,354,831)
Proceeds on sale of investments	1,076,761	309,998
Payment on notes receivable	273,649	10,722
Cash applied to investing transactions	<b>(103,886)</b>	(1,034,111)
<b>Financing transactions</b>		
Long-term debt issued	177,623	-
Repayment of capital lease	-	(4,048)
Repayment of long-term debt	(155,988)	(152,452)
Cash applied to financing transactions	<b>21,635</b>	(156,500)
<b>Increase (decrease) in cash and temporary investments</b>	<b>(371,266)</b>	(1,112,872)
<b>Cash and temporary investments, beginning of year</b>	<b>694,207</b>	1,807,079
<b>Cash and temporary investments, end of year</b>	<b>\$ 322,941</b>	\$ 694,207



**Town of Cardston**  
**Schedules to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**Schedule 1 - Change in accumulated surplus**

	Unrestricted	Internally restricted (reserves) (Note 12)	Equity in tangible capital assets (Note 11)	<b>2017</b>	2016
<b>Balance, beginning of year</b>	\$ 1,458,374	\$2,899,803	\$ 44,923,910	<b>\$ 49,282,087</b>	\$ 47,912,407
Excess of revenue over expenses	1,053,199	-	-	<b>1,053,199</b>	1,369,680
Unrestricted funds designated for future use	(1,499,411)	1,499,411	-	-	-
Restricted funds used for operations	82,500	(82,500)	-	-	-
Restricted funds used for tangible capital assets	-	(630,731)	630,731	-	-
Current year funds used for tangible capital assets	(2,135,596)	-	2,135,596	-	-
Disposal of tangible capital assets	31,794	-	(31,794)	-	-
Annual amortization expense	2,119,791	-	(2,119,791)	-	-
Long-term debt issued	177,623	-	(177,623)	-	-
Long-term debt repaid	(155,988)	-	155,988	-	-
Change in accumulated surplus	(326,088)	786,180	593,107	<b>1,053,199</b>	1,369,680
<b>Balance, end of year</b>	<b>\$ 1,132,286</b>	<b>\$3,685,983</b>	<b>45,517,017</b>	<b>\$ 50,335,286</b>	<b>49,282,087</b>

**Town of Cardston**  
**Schedules to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**Schedule 2 - Tangible capital assets**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2017	2016
<b>Cost</b>									
Balance, beginning of year	\$ 2,027,646	\$ 2,532,438	\$ 8,793,340	\$ 67,708,721	\$ 3,437,577	\$ 1,132,751	\$ 420,383	\$ <b>86,052,856</b>	\$ 83,828,999
Acquisitions	-	81,288	86,786	820,384	895,178	79,643	803,049	<b>2,766,328</b>	2,664,184
Construction-in-progress	-	-	85,537	141,224	68,064	-	(294,825)	-	-
Disposals	(24,660)	-	-	(165,517)	(52,500)	-	-	<b>(242,677)</b>	(433,880)
Write downs	-	-	-	-	-	-	-	-	(6,447)
<b>Balance, end of year</b>	<b>2,002,986</b>	<b>2,613,726</b>	<b>8,965,663</b>	<b>68,504,812</b>	<b>4,348,319</b>	<b>1,212,394</b>	<b>928,607</b>	<b>88,576,507</b>	<b>86,052,856</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	-	1,154,140	3,420,585	33,605,543	1,446,582	685,133	-	<b>40,311,983</b>	38,674,787
Annual amortization	-	117,984	190,479	1,498,145	226,690	86,493	-	<b>2,119,791</b>	2,032,217
Disposals	-	-	-	(158,383)	(52,500)	-	-	<b>(210,883)</b>	(395,021)
<b>Balance, end of year</b>	<b>-</b>	<b>1,272,124</b>	<b>3,611,064</b>	<b>34,945,305</b>	<b>1,620,772</b>	<b>771,626</b>	<b>-</b>	<b>42,220,891</b>	<b>40,311,983</b>
<b>2017 net book value</b>	<b>\$ 2,002,986</b>	<b>\$ 1,341,602</b>	<b>\$ 5,354,599</b>	<b>\$ 33,559,507</b>	<b>\$ 2,727,547</b>	<b>\$ 440,768</b>	<b>\$ 928,607</b>	<b>\$ 46,355,616</b>	
<b>2016 net book value</b>	<b>\$ 2,027,646</b>	<b>\$ 1,487,631</b>	<b>\$ 5,096,770</b>	<b>\$ 34,256,614</b>	<b>\$ 1,304,410</b>	<b>\$ 529,561</b>	<b>\$ 451,580</b>		<b>\$ 45,740,873</b>

**Town of Cardston**  
**Schedules to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**Schedule 3 - Consolidated expenses by object**

	Budget (Unaudited)	<b>2017</b>	2016
Salaries, wages and benefits	\$ 2,730,876	<b>\$ 2,546,290</b>	\$ 2,453,030
Contracted and general services	2,731,231	<b>2,236,152</b>	3,009,944
Materials, goods, supplies and utilities	1,968,434	<b>1,891,508</b>	1,850,800
Bank charges and short-term interest	8,500	<b>8,037</b>	9,780
Interest on long-term debt	21,545	<b>21,370</b>	21,095
Other expenses	48,450	<b>31,083</b>	63,356
Transfers to organizations and others	158,728	<b>177,643</b>	181,516
Amortization	1,957,300	<b>2,119,791</b>	2,032,217
	<b>\$ 9,625,064</b>	<b>\$ 9,031,874</b>	<b>\$ 9,621,738</b>

**Town of Cardston**  
**Schedules to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**Schedule 4 - Schedule of segmented disclosure**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Electrical	Total
<b>Revenue</b>									
Net municipal taxes	\$ 2,501,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,501,244
User fees and sales of goods	80,038	54,128	101,037	2,642,171	28,926	2,749	298,659	2,033,929	5,241,637
Government transfers for operating	271,664	136,515	-	-	249,980	-	40,740	-	698,899
Investment income	109,459	-	-	-	-	-	-	-	109,459
Penalties and costs of taxes	29,365	-	-	-	-	-	-	-	29,365
Licenses and permits	37,054	-	-	-	-	8,000	-	-	45,054
Franchise and concession contracts	132,434	-	-	-	-	-	-	-	132,434
Donations	-	1,050	-	-	-	-	-	-	1,050
	<u>3,161,258</u>	<u>191,693</u>	<u>101,037</u>	<u>2,642,171</u>	<u>278,906</u>	<u>10,749</u>	<u>339,399</u>	<u>2,033,929</u>	<u>8,759,142</u>
<b>Expenses</b>									
Salaries, wages and benefits	710,097	91,309	364,352	379,560	53,680	192,111	518,190	236,991	2,546,290
Contracted and general services	152,250	235,458	107,491	281,813	12,089	105,913	231,712	1,109,426	2,236,152
Materials, goods, supplies and utilities	74,521	41,726	384,445	557,748	88,071	88,260	564,413	92,324	1,891,508
Bank charges and short-term interest	8,037	-	-	-	-	-	-	-	8,037
Interest on long-term debt	3,582	-	-	17,787	-	-	-	-	21,369
Other expenses	28,132	1,196	-	-	500	1,255	-	-	31,083
Transfers to organizations and others	-	-	-	-	147,643	30,000	-	-	177,643
Amortization	19,104	21,813	636,845	899,966	-	-	369,002	173,062	2,119,792
	<u>995,723</u>	<u>391,502</u>	<u>1,493,133</u>	<u>2,136,874</u>	<u>301,983</u>	<u>417,539</u>	<u>1,683,317</u>	<u>1,611,803</u>	<u>9,031,874</u>
<b>Excess (Deficiency) of revenue over expenses before other</b>	2,165,535	(199,809)	(1,392,096)	505,297	(23,077)	(406,790)	(1,343,918)	422,126	(272,732)
<b>Other</b>									
Government transfers for capital	1,173,844	-	-	-	-	-	-	-	1,173,844
Contributed assets	123,500	-	-	-	-	-	-	-	123,500
Gain (loss) on disposal of capital assets	28,587	-	-	-	-	-	-	-	28,587
<b>Excess of revenue over expense</b>	\$ <u>3,491,466</u>	\$ <u>(199,809)</u>	\$ <u>(1,392,096)</u>	\$ <u>505,297</u>	\$ <u>(23,077)</u>	\$ <u>(406,790)</u>	\$ <u>(1,343,918)</u>	\$ <u>422,126</u>	\$ <u>1,053,199</u>

**1. Significant accounting policies**

The consolidated financial statements of the Town of Cardston are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

**(a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all of the municipal operations and organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

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

**(b) Basis of accounting**

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

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

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

**(c) Use of estimates**

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

**(d) Investments**

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

**(e) Requisition over-levy and under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the underlevy 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.

**(f) Tax revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

**(g) Inventories for resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as tangible capital assets under their respective function.

**(h) Government transfers**

Government transfers are the transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**(i) Contaminated sites liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**(j) Non-financial assets**

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

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

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**(i) Tangible capital assets**

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

	Years
Land improvements	10-30
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-40
Vehicles	10-40

Amortization is recorded in the month that the asset is purchased and is prorated in the first and last year, based on the number of months used. Assets under construction are not amortized until the asset is available for productive use.

**(ii) Contributions of tangible capital assets**

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

**(iii) Leases**

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

**(iv) Inventories**

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

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**2. Cash and temporary investments**

	<b>2017</b>		2016
Cash	\$ (43,594)	\$	177,672
Temporary investments	<b>366,535</b>		516,535
	<b>\$ 322,941</b>	\$	694,207

Temporary investments are short-term deposits with original maturities of a year or less and consists of GICs with interest rates of 1.5% and 1.8%. The investments mature in 2018.

The Town has available a \$500,000 overdraft facility with 1st Choice Savings and Credit Union which bears interest 3.2% per annum when in use. The overdraft is issued on the credit and security of the Town of Cardston at large.

Included in cash and temporary investments are deferred revenue amounts for the Municipal Sustainability Initiative and Family and Community Support Services which are held exclusively for approved projects. The total amount of restricted cash and temporary investments is \$237,712 (2016 - \$677,977) (Note 8).

**3. Taxes and grants in place of taxes receivables**

	<b>2017</b>		2016
Taxes and grants in place of taxes receivables	\$ 60,676	\$	73,410
Arrears	<b>34,123</b>		25,990
	<b>\$ 94,799</b>	\$	99,400

**4. Trade and other receivables**

	<b>2017</b>		2016
Electrical and billed services receivable	\$ 382,994	\$	568,192
Grants receivable	<b>872,389</b>		473,020
Trade receivable	<b>185,161</b>		126,084
Goods and Services Tax (GST)	<b>62,613</b>		42,854
	<b>\$ 1,503,157</b>	\$	1,210,150

**5. Notes receivable**

	<b>2017</b>		2016
Black Sands Management Group	\$ -	\$	262,977
Apprenticeship loan	-		10,722
	<b>\$ -</b>	\$	273,699

Effective December 31, 2017 the lease with Black Sands Mangement Group was terminated and the note receivable was repaid by way of receipt of capital equipment and consumable inventory.



**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
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**6. Investments**

	2017		2016	
	Cost	Market value	Cost	Market value
CIBC - 3.7% - 4.09% (due 2019)	\$ 1,080,085	\$ 1,084,103	\$ 1,153,095	\$ 1,155,001
BMO - 2.10% (due 2018)	457,772	456,457	-	-
Scotiabank 3.7% (due 2022)	367,222	377,072	374,780	373,328
TD Capital Trust 2.35% (due 2021)	364,280	357,838	376,848	367,067
TD Bank - 3.19% (due 2024)	302,019	300,558	-	-
TD Bank - 3.83% (due 2026)	301,327	301,097	-	-
National Bank (due 2021)	285,000	297,021	285,000	290,950
Bank of Nova Scotia (due 2020)	276,000	292,118	276,000	282,044
Scotiabank - 3.13% (due 2019)	-	-	182,249	184,240
TD Capital Trust - 3.18% (due 2018)	-	-	408,198	429,571
	<b>\$ 3,433,705</b>	<b>\$ 3,466,264</b>	<b>\$ 3,056,170</b>	<b>\$ 3,082,201</b>

All of the above investments are bonds with the exception of the \$276,000 investment in Bank of Nova Scotia and the \$285,000 investment in National Bank. These amounts are principal protected notes, with guaranteed principal repayment and are cashable on demand, without penalty. Accrued interest on these principal protected notes is not realized until maturity and is based on the performance of the TSX index.

**7. Employee benefit obligations**

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

**8. Deferred revenue**

	2017	2016
Prepaid taxes	\$ 618,812	\$ 606,710
Alberta Community Resilience Program	-	379,928
Municipal Sustainability Initiative	226,607	257,254
Family and Community Support Services	11,105	30,795
Deposit received	-	23,810
	<b>\$ 856,524</b>	<b>\$ 1,298,497</b>

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**9. Long-term debt**

	<b>2017</b>	2016
Wastewater Outfall Line Debenture- Capital	\$ <b>660,976</b>	\$ 816,963
Enmax Solar Panel Loans	\$ <b>177,623</b>	\$ -
	\$ <b>838,599</b>	\$ 816,963
Current portion	\$ <b>169,862</b>	\$ 155,987

Principal and interest repayments are due as follows:

		Principal		Interest		Total
2018	\$	169,862	\$	17,786	\$	187,648
2019		173,771		13,878		187,649
2020		177,762		12,879		190,641
2021		181,870		5,788		187,658
2022		11,111		2,605		13,716
Thereafter		124,223		12,939		137,162
	\$	838,599	\$	65,875	\$	904,474

Debenture debt is repayable to Alberta Capital Finance Authority and matures in 2021. The interest rate is 2.306% before Provincial subsidy. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Cardston at large.

The loans from Enmax for the purchase of solar panels mature in 2032 with annual payments of \$14,400 (including GST) at 2% interest per annum.

Interest on long-term debt amounted to \$21,370 (2016 - \$21,481).

The Town's total cash payments for interest in 2017 were \$20,702 (2016 - \$21,634).

**10. Contaminated sites liability**

The Town did not identify any financial liabilities in 2017 (2016 – nil) for contaminated sites.

**11. Equity in tangible capital assets**

	<b>2017</b>	2016
Tangible capital assets (Schedule 2)	\$ <b>88,576,507</b>	\$ 86,052,856
Accumulated amortization (Schedule 2)	<b>(42,220,891)</b>	(40,311,983)
Long-term debt (Note 9)	<b>(838,599)</b>	(816,963)
	\$ <b>45,517,017</b>	\$ 44,923,910

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**12. Reserves**

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

	2017	2016
General government	\$ 1,044,877	\$ 620,534
Protective and emergency services	161,294	112,724
Public works and transportation	368,113	288,113
Environmental services: water	91,252	106,252
Environmental services: waste water	-	25,240
Environmental services: garbage	62,370	32,370
Public health services	161,154	140,154
Planning and development	519,981	482,013
Parks, recreation and culture	709,298	704,979
Electrical	567,644	387,424
	<b>\$ 3,685,983</b>	<b>\$ 2,899,803</b>

**13. Net municipal property taxes**

	Budget (Unaudited)	2017	2016
<b>Taxation</b>			
Real property taxes	\$ 3,419,272	\$ 3,395,476	\$ 3,320,193
Government grants in place of property taxes	-	26,585	\$ 26,674
	3,419,272	<b>3,422,061</b>	3,346,867
<b>Requisitions</b>			
Alberta School Foundation Fund	854,901	<b>854,901</b>	846,674
Chinook Foundation	65,917	<b>65,917</b>	66,069
	920,818	<b>920,818</b>	912,743
	<b>\$ 2,498,454</b>	<b>\$ 2,501,243</b>	<b>\$ 2,434,124</b>

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**14. Government transfers**

	Budget (Unaudited)	2017	2016
<b>Transfers for operating</b>			
Provincial government	\$ 915,005	\$ <b>634,799</b>	\$ 1,606,623
Local government	55,500	<b>64,100</b>	65,622
	970,505	<b>698,899</b>	1,672,245
<b>Transfers for capital</b>			
Federal government	195,000	<b>195,892</b>	232,434
Provincial government	759,000	<b>785,756</b>	647,233
Local government	205,000	<b>192,196</b>	206,122
	1,159,000	<b>1,173,844</b>	1,085,789
	\$ 2,129,505	\$ <b>1,872,743</b>	\$ 2,758,034

**15. Budget amounts**

The 2017 budget for the Town was approved by Council on May 15, 2017 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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

	Budget	Actual
Surplus per financial statements	\$ 111,013	\$ 1,053,199
Less: Capital expenses, net	(2,559,000)	(2,766,328)
Principal payments on debt	(155,987)	(155,988)
Transfers to reserves	(468,967)	(1,499,411)
Add: Amortization	1,957,300	2,119,791
Transfers from reserves	921,641	713,231
New debt issued	194,000	177,623
<b>Equals approved budget</b>	<b>\$ -</b>	<b>\$ (357,883)</b>

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

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**16. Debt limits**

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

	<b>2017</b>	2016
Total debit limit	\$ <b>13,138,713</b>	\$ 14,393,007
Total debt	<b>(838,599)</b>	(816,963)
Total debt limit available	\$ <b>12,300,114</b>	\$ 13,576,044
Debt servicing limit	\$ <b>2,189,786</b>	\$ 2,398,835
Debt servicing	<b>(175,533)</b>	(173,932)
Debt servicing available	\$ <b>2,014,253</b>	\$ 2,224,903

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

**Town of Cardston**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2017**

**17. Salary and benefits disclosure**

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

	(1) Salary	(2) Benefits & allowances	<b>2017</b>	2016
<b>Council:</b>				
Mayor Maggie Kronen	\$ 17,517	\$ 408	<b>\$ 17,925</b>	\$ 17,958
Councilor Rob Barfuss	8,133	235	<b>8,368</b>	11,366
Councilor Dennis Barnes	12,039	-	<b>12,039</b>	12,078
Councilor Richard Bengry	11,610	210	<b>11,820</b>	12,518
Councilor Bill Creed	8,967	123	<b>9,090</b>	11,204
Councilor David Edmonds	9,647	-	<b>9,647</b>	12,062
Councilor Bill Peavoy	8,221	98	<b>8,319</b>	9,984
Councilor Paula Brown	3,157	-	<b>3,157</b>	-
Councilor Tim Court	3,157	-	<b>3,157</b>	-
Councilor Peter Drew	2,955	-	<b>2,955</b>	-
Councilor Gerry Selk	3,157	-	<b>3,157</b>	-
Chief Administrative Officer	99,333	28,143	<b>127,476</b>	126,366
Designated officers - 3 positions	178,852	33,684	<b>212,536</b>	205,818

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

### **18. Local Authorities Pension Plan**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the Local Authorities Pension Plan in 2017 were \$189,961 (2016 - \$183,044). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2016 were \$174,559 (2016 - \$168,110).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

### **19. Commitments and contingencies**

a) The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of 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.

b) Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2017 the amount of accumulated sick leave was \$586,743 (2016 - \$571,406). The total amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town of Cardston has ongoing agreements for electricity services, recycling services and solid waste collection services, which were renewed in 2016 for five years.

**20. Financial instruments**

The Town's financial instruments consist of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables, notes receivable, investments, land for resale inventory, accounts payable and accrued liabilities, municipal line of credit and long-term debt. It is management's opinion that the Town is not exposed to significant interest or risk arising from these financial instruments.

The Town is subject to credit risk with respect to trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**21. Approval of financial statements**

These financial statements have been approved by Council and Management.

**22. Comparative figures**

Where necessary the comparative figures for the prior year have been reclassified to conform with the current year financial statement presentation.