



FINANCIAL STATEMENTS

**Town of Coaldale, Alberta, Canada
For the Year Ended December 31, 2018**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Coaldale is responsible for the integrity of the accompanying financial statements and the notes thereto. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

To assist in meeting its responsibility, management maintains appropriate system of internal and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of the financial statements necessarily includes amounts which are based on the best estimates and judgements of management.

The Town Council is responsible for overseeing management in the performance of its responsibilities and for approving the 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 recommending the appointment of the Town's external auditors.

The financial statements have been audited by the independent firm of Avail CPA, Chartered Professional Accountants. Their report to the Mayor and Town Council, stating the scope of their examination and opinion on the financial statements, follows.



Kalen Hastings, M.A.
Chief Administrative Officer

April 23, 2019
Coaldale, Canada



Kyle Beauchamp, CPA, CA
Director of Corporate Services

April 23, 2019
Coaldale, Canada



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Coaldale

Opinion

We have audited the consolidated financial statements of the Town of Coaldale which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of financial activities, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Coaldale as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Town of Coaldale for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on May 14, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 16.

Lethbridge, Alberta

April 23, 2019



Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	2018	2017 Restated
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 16,437,256	\$ 15,963,856
Receivables		
Taxes and grants in place of taxes (Note 3)	540,786	513,836
Trade and other receivables	2,125,643	1,277,063
Land held for resale	3,855,780	2,356,150
Investments (Note 4)	1,135,798	1,112,347
	24,095,263	21,223,252
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,824,956	1,546,492
Deposit liabilities	96,290	155,604
Deferred revenue (Note 5)	3,045,183	1,797,382
Employee benefit obligations (Note 6)	312,828	286,796
Long-term debt (Note 7)	4,066,414	4,357,150
	9,345,671	8,143,424
NET FINANCIAL ASSETS	14,749,592	13,079,828
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	96,439,632	91,333,320
Other assets (Note 8)	1,279,609	4,862
Inventory for consumption	268,620	269,958
	97,987,861	91,608,140
ACCUMULATED SURPLUS (Schedule 1, Note 11)	\$ 112,737,453	\$ 104,687,968

Commitments & Contingencies (Note 17, 18)

Approved on behalf of Town Council:



Mayor - Kim Craig



Chief Administrative Officer - Kalen Hastings

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2018

	Budget (Note 21)	2018	2017 Restated
REVENUES			
Net taxes available for municipal purposes (Note 12)	\$ 7,991,260	\$ 8,187,577	\$ 7,503,297
User fees and sale of goods and services	5,241,007	5,578,776	5,666,678
Government transfers relating to operating (Note 13)	669,090	792,917	870,224
Land development	-	3,362,235	1,512,933
Franchise fees	575,000	668,742	635,373
Investment income	157,800	336,003	239,534
Development levies	-	799,430	160,430
Fines and penalties	761,500	711,695	750,451
Licences, permits and fees	139,000	160,761	148,609
Other	14,890	41,121	158,181
	15,549,547	20,639,257	17,645,710
EXPENSES			
Legislative	476,106	399,061	413,236
Administration	1,459,848	1,846,404	1,323,872
Policing, regulatory and emergency management	2,757,382	2,276,307	2,280,947
Fire	935,169	816,620	695,181
Roads, streets, walks and lighting	3,207,378	2,903,844	3,392,085
Storm and drainage	576,600	777,039	542,132
Water supply and distribution	1,456,962	1,617,023	1,624,329
Waste management	1,352,463	1,370,341	962,356
Wastewater treatment and disposal	1,107,044	908,113	1,098,247
Family and community support	85,860	85,310	83,626
Land use planning, zoning and development	1,240,433	941,436	849,166
Parks, recreation and culture	3,265,422	2,827,902	2,917,850
	17,920,667	16,769,400	16,183,027
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	(2,371,120)	3,869,857	1,462,683
OTHER			
Contributed tangible capital assets	600,000	1,021,783	243,208
Government transfers related to capital (Note 13)	1,629,000	3,157,845	931,239
	2,229,000	4,179,628	1,174,447
ANNUAL SURPLUS (DEFICIT)	(142,120)	8,049,485	2,637,130
ACCUMULATED SURPLUS, BEGINNING OF YEAR	104,687,968	104,687,968	102,050,838
ACCUMULATED SURPLUS, END OF YEAR	\$ 104,545,848	\$ 112,737,453	\$ 104,687,968

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	2018	2017 Restated
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual surplus	\$ 8,049,485	\$ 2,637,130
Deduct items not affecting cash:		
Amortization of tangible capital assets	2,671,072	2,624,202
Net loss on disposal of tangible capital assets	(19,814)	-
Contributed assets	(1,021,783)	(243,208)
Change in non-cash items:		
Receivables	(875,530)	(304,597)
Land for resale	(1,499,630)	(2,116,363)
Inventory for consumption	1,338	(8,636)
Other assets	(1,274,747)	-
Accounts payable and accrued liabilities	278,464	182,016
Deposit liabilities	(59,314)	35,765
Deferred revenue	1,247,801	405,124
Employee benefit obligation	26,032	36,132
	7,523,374	3,247,565
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(6,926,651)	(3,408,269)
Proceeds on sale of tangible capital assets	190,864	262,958
	(6,735,787)	(3,145,311)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	-	1,495,903
Long-term debt repaid	(290,736)	(1,377,595)
	(290,736)	118,308
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	496,851	220,562
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,076,203	16,855,641
CASH AND CASH EQUIVALENTS, END OF YEAR	17,573,054	17,076,203
Cash and temporary investments (Note 2)	16,437,256	15,963,856
Investments (Note 4)	1,135,798	1,112,347
	\$ 17,573,054	\$ 17,076,203

STATEMENT OF NET FINANCIAL ASSETS

For the year ended December 31, 2018

	Budget (Note 21)	2018	2017 Restated
ANNUAL SURPLUS	\$ (142,120)	\$ 8,049,485	\$ 2,637,130
Acquisition of tangible capital assets	(5,345,627)	(6,926,651)	(3,408,269)
Tangible capital assets received as contributions	(600,000)	(1,021,783)	(243,208)
Capital lease	-	-	8,626
Proceeds on sale of tangible capital assets	-	190,864	262,958
Amortization of tangible capital assets	2,671,072	2,671,072	2,624,202
Loss on disposal of tangible capital assets	-	(19,814)	-
	(3,274,555)	(5,106,312)	(755,691)
Acquisition of supplies inventory	-	(268,620)	(269,958)
Use of supplies inventory	-	269,958	261,322
Acquisition of other assets	-	(1,279,609)	-
Use of other assets	-	4,862	-
	-	(1,273,409)	(8,636)
INCREASE IN NET FINANCIAL ASSETS	(3,416,675)	1,669,764	1,872,803
NET FINANCIAL ASSETS, BEGINNING OF YEAR	13,079,828	13,079,828	11,207,025
NET FINANCIAL ASSETS, END OF YEAR	\$ 9,663,153	\$ 14,749,592	\$ 13,079,828

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2018

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017 Restated
ANNUAL SURPLUS					
	\$ 8,049,485	\$ -	\$ -	\$ 8,049,485	\$ 2,637,130
Unrestricted funds designated for future use	(4,418,450)	4,418,450	-	-	-
Restricted funds for operations	1,843,169	(1,843,169)	-	-	-
Restricted funds for tangible capital assets	-	(685,085)	685,085	-	-
Current year funds used for tangible capital assets	(6,241,566)	-	6,241,566	-	-
Contributed tangible capital assets	(1,021,783)	-	1,021,783	-	-
Disposal of tangible capital assets	72,462	98,588	(171,050)	-	-
Amortization expense	2,671,072	-	(2,671,072)	-	-
Long term debt issued	-	-	-	-	-
Long term debt repaid (capital)	(239,613)	-	239,613	-	-
	(7,334,709)	1,988,784	5,345,925	-	-
CHANGE IN ACCUMULATED SURPLUS					
	714,776	1,988,784	5,345,925	8,049,485	2,637,130
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED					
PRIOR PERIOD ADJUSTMENT (Note 22)	3,017,823	13,546,690	87,043,524	103,608,037	101,808,057
	(348,618)	-	1,428,549	1,079,931	242,781
BALANCE, BEGINNING OF YEAR AS RESTATED	2,669,205	13,546,690	88,472,073	104,687,968	102,050,838
BALANCE, END OF YEAR	\$ 3,383,981	\$ 15,535,474	\$ 93,817,998	\$ 112,737,453	\$ 104,687,968

See accompanying notes to the financial statements

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2018

Schedule 2

	December 31, 2017 - Previously Reported	Adjustments	December 31, 2017 - As Restated	Additions	Disposals	December 31, 2018
COST						
Land	\$ 13,562,650	\$ 783,131	\$ 14,345,781	\$ 908,124	\$ -	\$ 15,253,905
Land improvements	3,172,027	-	3,172,027	77,337	-	3,249,364
Engineered structures	104,622,882	645,418	105,268,300	5,974,724	(105,209)	111,137,815
Buildings	9,775,639	-	9,775,639	112,815	(67,602)	9,820,852
Machinery and equipment	3,297,585	-	3,297,585	144,363	(306,979)	3,134,969
Vehicles	2,662,459	-	2,662,459	511,978	(97,211)	3,077,226
Work in progress	-	-	-	-	-	-
Engineered structures	-	-	-	8,904	-	8,904
Buildings	-	-	-	210,189	-	210,189
	137,093,242	1,428,549	138,521,791	7,948,434	(577,001)	145,893,224
ACCUMULATED AMORTIZATION						
Land improvements	1,104,555	-	1,104,555	105,828	-	1,210,383
Engineered structures	36,262,622	-	36,262,622	2,009,987	(19,992)	38,252,617
Buildings	6,127,304	-	6,127,304	222,849	(58,810)	6,291,343
Machinery and equipment	1,775,019	-	1,775,019	162,920	(235,904)	1,702,035
Vehicles	1,918,971	-	1,918,971	169,488	(91,245)	1,997,214
	47,188,471	-	47,188,471	2,671,072	(405,951)	49,453,592
NET BOOK VALUE	\$ 89,904,771	\$ -	\$ 91,333,320		\$ -	\$ 96,439,632

See accompanying notes to the financial statements

SCHEDULE OF SEGMENTED DISCLOSURES

For the year ended December 31, 2018

Schedule 3

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
REVENUE							
Net taxes available for municipal purposes (Note 12)	\$ 8,187,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,187,577
Sale of goods and services	54,664	604,791	15,266	10,400	473,423	4,420,232	5,578,776
Government transfers relating to operating (Note 13)	85,725	423,382	92,958	71,178	102,167	17,507	792,917
Land development	-	-	-	4,161,665	-	-	4,161,665
Franchise fees	668,742	-	-	-	-	-	668,742
Investment income	336,003	-	-	-	-	-	336,003
Other	184,514	585,747	847	95,901	46,568	-	913,577
	9,517,225	1,613,920	109,071	4,339,144	622,158	4,437,739	20,639,257
EXPENSES							
Salaries and wages	1,015,479	1,240,761	801,877	508,788	1,566,185	556,483	5,689,573
Contracted and general services	592,276	396,994	381,673	306,027	303,493	1,759,322	3,739,785
Materials, goods and utilities	407,038	1,438,945	539,909	10,221	586,157	1,055,057	4,037,327
Transfers to local boards	85,309	-	-	-	137,539	7,624	230,472
Interest and bank charges	3,435	-	20,717	95,315	11,679	52,103	183,249
Amortization of tangible capital assets	35,656	16,227	1,159,668	-	222,849	1,236,672	2,671,072
Other expenses	191,582	-	-	21,085	-	5,255	217,922
	2,330,775	3,092,927	2,903,844	941,436	2,827,902	4,672,516	16,769,400
OTHER							
Contributed assets	-	426,590	-	-	-	595,193	1,021,783
Government transfers relating to capital (Note 13)	-	-	-	-	-	3,157,845	3,157,845
	-	426,590	-	-	-	3,753,038	4,179,628
ANNUAL SURPLUS (DEFICIT)	\$ 7,186,450	\$ (1,052,417)	\$ (2,794,773)	\$ 3,397,708	\$ (2,205,744)	\$ 3,518,261	\$ 8,049,485

See accompanying notes to the financial statements

SCHEDULE OF SEGMENTED DISCLOSURES
For the year ended December 31, 2017 - Restated
Schedule 3

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
REVENUE							
Net taxes available for municipal purposes (Note 12)	\$ 7,503,297	\$ -	\$ -	\$ -	\$ -	\$ -	7,503,297
Sale of goods and services	32,737	845,172	277,259	32,272	503,815	3,975,423	5,666,678
Government transfers relating to operating (Note 13)	12,181	397,367	51,178	147,975	85,868	175,655	870,224
Land development	-	-	-	1,673,363	-	-	1,673,363
Franchise fees	635,373	-	-	-	-	-	635,373
Investment income	239,534	-	-	-	-	-	239,534
Other	255,843	643,021	1,127	80,241	77,009	-	1,057,241
	8,678,965	1,885,560	329,564	1,933,851	666,692	4,151,078	17,645,710
EXPENSES							
Salaries and wages	861,993	1,150,255	979,878	212,621	1,568,026	569,901	5,342,674
Contracted and general services	451,049	416,542	708,288	174,487	478,748	1,339,936	3,569,050
Materials, goods and utilities	299,443	1,376,361	485,140	11,962	451,747	944,712	3,569,365
Transfers to local boards	79,015	-	-	-	173,978	-	252,993
Interest and bank charges	1,992	629	28,315	66,887	9,760	247,615	355,198
Amortization of tangible capital assets	38,473	32,341	1,190,464	-	235,591	1,124,900	2,621,769
Other expenses	88,769	-	-	383,209	-	-	471,978
	1,820,734	2,976,128	3,392,085	849,166	2,917,850	4,227,064	16,183,027
OTHER							
Contributed assets	-	-	-	-	86,387	156,821	243,208
Government transfers relating to capital (Note 13)	-	142,600	-	-	99,448	689,191	931,239
	-	142,600	-	-	185,835	846,012	1,174,447
ANNUAL SURPLUS (DEFICIT)	\$ 6,858,231	\$ (947,968)	\$ (3,062,521)	\$ 1,084,685	\$ (2,065,323)	\$ 770,026	\$ 2,637,130

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

The Town of Coaldale (the Town) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards (PSAS). Significant aspects of the accounting policies adopted by the Town are as follows:

A. Reporting Entity

The financial statements reflect the revenues, expenses, assets, liabilities and accumulated surplus of the reporting entity. The reporting entity is comprised of the Town 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.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances have been eliminated.

B. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

C. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates for amortization and estimated employee benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

D. Tax Revenue

Annually, the Town bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the MGA and annually established tax rates. Municipal tax rates are set each year by Town Council in accordance with legislation and Town Council approved policies to raise the tax revenue required to meet the Town's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Tax revenues are recognized net of an allowance for anticipated uncollectable amounts. Requisitions operate as a flow through and are excluded from the municipal revenue.

E. Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Town receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Town are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Town to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Town are in the form of grants.

F. Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

G. 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.

H. Non-Financial Assets

Non-financial assets are not available to discharge 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.

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 following estimated useful lives of the assets.

Land improvements	15 - 45 years
Buildings	25 - 50 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 40 years
Engineered structures	5 - 75 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

ii. Contributed Tangible Capital Assets

Tangible capital assets acquired as contributions are recorded at their fair value on the date received and corresponding revenues are recorded as contributed tangible capital assets on the Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all benefits and risks to the Town 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, net of tenant inducements, are charged to expenses on a straight-line basis over the lease term.

iv. Inventory of Materials and Supplies

Inventory of materials and supplies are valued at the lower of average cost and net realizable value.

v. Culture, Historical and Works of Art

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

I. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, 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. Equity in Tangible Capital Assets

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets, after deducting the portion financed by long-term debt.

K. Reserves for Future Expenditures

Certain amounts, as approved by Town Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017 Restated
Cash	\$ 9,165,361	\$ 8,865,299
Temporary investments	7,271,895	7,098,557
	\$ 16,437,256	\$ 15,963,856

Temporary investments consist of short-term deposits, at cost, which approximates market value. These investments have effective interest rates ranging from the bank's prime rate less 1.40% to 1.80% (2017 - bank's prime rate less 1.40% to 1.80%) and requires 30 - 90 day notice for redemption of the investment.

Temporary investments are capable of reasonably prompt liquidation and may be used to manage the Town's cash position throughout the year from the date of purchase.

Cash on deposit earns interest at the bank's prime rate less 1.75% (2017 - bank's prime rate less 1.75%).

3. TAXES AND GRANTS IN PLACE OF TAXES

	2018	2017
Current taxes and grants in place of taxes	\$ 423,933	\$ 397,669
Arrears taxes and interest and penalties	116,853	116,167
	\$ 540,786	\$ 513,836

4. INVESTMENTS

	2018	2017
ATB Financial non-redeemable GIC maturing on November 21, 2019, earning interest at the rate of 2.92%	\$ 112,210	\$ 109,027
BNS non-redeemable GIC maturing on November 2, 2019, earning interest at the rate of 2.02%	1,023,588	1,003,320
	\$ 1,135,798	\$ 1,112,347

5. DEFERRED REVENUE

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

Interest earned on contributions is included in contributions received. Certain deferred revenues relate to government transfers as further described in Note 13.

	2017	Externally Restricted Contributions Received	Revenue Recognized	2018
Operating:				
Revenue in advance of service performed and other	\$ 168,878	\$ 491,912	\$ 551,831	\$ 108,959
MSI Operating	1,942	252,564	201,095	53,411
Wetland Enhancement Program	-	39,000	-	39,000
	170,820	783,476	752,926	201,370
Capital:				
Federal Gas Tax	445,975	881,908	-	1,327,883
MSI Capital	1,139,040	20,962	-	1,160,002
Other	41,547	355,928	41,547	355,928
	1,626,562	1,258,798	41,547	2,843,813
	\$ 1,797,382	\$ 2,042,274	\$ 794,473	\$ 3,045,183

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

6. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
Accrued vacation	\$ 167,736	\$ 200,989
Accrued wages	139,841	77,306
Banked time	5,251	8,501
	\$ 312,828	\$ 286,796

7. LONG-TERM DEBT

A. Debt Payable

Debt payable includes the following amounts:

	2018	2017
Tax supported debentures	\$ 2,363,274	\$ 2,582,237
Utility supported debentures	258,360	279,010
Operating debentures	1,444,780	1,495,903
	\$ 4,066,414	\$ 4,357,150

Principal and interest payments on long-term debt for the next five years and thereafter are as follows:

	Principal	Interest	Total
2019	\$ 291,812	\$ 173,994	\$ 465,806
2020	305,113	160,693	465,806
2021	312,430	146,801	459,231
2022	320,131	132,594	452,725
2023	314,154	118,048	432,202
Thereafter	2,522,774	628,483	3,151,257
	\$ 4,066,414	\$ 1,360,613	\$ 5,427,027

Debenture debt is repayable to Alberta Capital Finance Authority \$2,621,634 (2017 - \$2,861,247) and ATB Financial \$1,444,780 (2017 - \$1,495,903), bearing interest at rates ranging from 2.79% to 6.25% and matures in annual amounts in periods 2021 through 2037. The average annual interest rate is 4.28% (2017 - 5.37%).

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

Interest on long-term debt amounted to \$183,249 (2017 - \$349,140)

B. Debt and Debt Service 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:

	2018	2017
Total debt limit per Regulation	\$ 30,958,889	\$ 26,468,565
Total debt	4,066,414	4,357,150
Percentage used (%)	13.13	16.46
Total debt service limit per Regulation	\$ 5,159,815	\$ 4,411,428
Total debt service	465,805	465,805
Percentage used (%)	9.03	10.56

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

8. OTHER ASSETS

	2018	2017
Deposits:		
Vehicles	\$ 1,218,746	\$ -
Buildings	30,000	-
Other	7,142	-
Prepaid expenses - operational	23,721	4,862
	\$ 1,279,609	\$ 4,862

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017 Restated
Tangible capital assets (Schedule 2)	\$ 145,893,224	\$ 138,521,791
Accumulated amortization (Schedule 2)	(49,453,592)	(47,188,471)
Long-term debt (Note 7)	(2,621,634)	(2,861,247)
	\$ 93,817,998	\$ 88,472,073

10. TRUSTS UNDER ADMINISTRATION

The Town acts as a trustee for a number of third parties, holding assets comprised of cash and temporary investments, and administering them on their behalf. Amounts held in trust at year-end are as follows:

	2018	2017 Restated
Friends of the Arena:		
Local community groups	\$ 59,216	\$ 7,848
Town of Coaldale portion	29,300	3,909
Communities in Bloom	-	23,397
	\$ 88,516	\$ 35,154

11. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets.

	2018	2017 Restated
General government operations	\$ 3,383,981	\$ 2,669,205
Restricted surplus:		
Tax rate stabilization	560,590	4,941,504
Reserves for future expenditures	14,974,884	8,605,186
Equity in tangible capital assets (Note 9)	93,817,998	88,472,073
	\$ 112,737,453	\$ 104,687,968

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

12. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget	2018	2017
Taxes:			
Real property taxes	\$ 10,365,127	\$ 10,578,176	\$ 9,692,147
Linear property taxes	118,749	115,206	108,678
Revenue in lieu of taxes	36,985	36,985	35,276
	10,520,861	10,730,367	9,836,101
Less taxes on behalf of:			
Alberta School Foundation Fund	2,091,552	2,122,925	1,951,834
Holy Spirit Roman Catholic Separate Regional District	312,531	294,971	271,999
Green Acres Foundation	125,518	124,894	108,971
	2,529,601	2,542,790	2,332,804
Net taxes available for municipal purposes	\$ 7,991,260	\$ 8,187,577	\$ 7,503,297

13. GOVERNMENT TRANSFERS

	Budget	2018	2017 Restated
Operating transfers:			
Federal	\$ 16,267	\$ 6,878	\$ 5,122
Provincial	617,623	699,752	829,838
Other Local Governments	35,200	86,287	35,264
	669,090	792,917	870,224
Capital transfers:			
Federal	-	-	-
Provincial	1,629,000	3,157,845	931,239
	1,629,000	3,157,845	931,239
Total Government Transfers	\$ 2,298,090	\$ 3,950,762	\$ 1,801,463

14. LOCAL AUTHORITIES PENSION PLAN

All employees of the Town are members of the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Public Sector Pension Plans Act of Alberta.

The Town is required to make current service contributions to the Plan of 10.39% of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 14.84% thereafter. Employees of the Town are required to make current service contributions of 9.39% of pensionable salary up to YMPE and 13.84% thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the Town to the LAPP in 2018 were \$373,584 (2017 - \$371,354) and by the employees to the LAPP in 2018 were \$341,177 (2017 - \$341,474).

The LAPP reported a surplus for the overall plan as at December 31, 2017 of \$4,835,515. Information as at December 31, 2018 was not available at the time of preparing these financial statements.

15. LIABILITY FOR CONTAMINATED SITES

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2018 (2017 - nil) as a result of this standard.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

16. EXECUTIVE SALARIES AND BENEFITS

The following executive salaries and benefits are disclosed as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the MGA.

	Salaries		Benefits		2018	2017
Mayor:						
Craig	\$	35,934	\$	5,389	\$ 41,323	\$ 40,157
Councillors:						
Abrey		21,048		4,652	25,700	26,766
Chapman		21,978		915	22,893	23,936
Hohm		21,048		4,652	25,700	26,766
Lloyd		21,204		2,564	23,768	5,161
Pauls		21,249		1,545	22,794	4,980
Simpson		22,448		4,721	27,169	5,354
Duda		-		-	-	18,069
Martens		-		-	-	21,470
Van Rijn		-		-	-	19,540
		128,975		19,049	148,024	152,042
Chief Administrative Officer		178,367		12,704	191,071	191,657
Designated Officers (3), (2017 - 2)		329,568		69,489	399,057	312,112
Total Government Transfers	\$	672,844	\$	106,631	\$ 779,475	\$ 695,968

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

Benefits include the Town's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, dental coverage, medical coverage, group life insurance, short-term disability insurance and transportation allowances.

17. COMMITMENTS

The Town entered into a Municipal Police Service Agreement with the Government of Canada for the Royal Canadian Mounted Police to provide policing services until March 31, 2032. The agreement may be terminated on March 31 in any year by either party giving 24 months notice prior to the date of the intended termination. As part of the agreement, the Town will pay 100% of the cost of providing the service. The total annual cost for 2019 under the terms of the agreement are estimated to be \$1,325,000.

The Town entered into an agreement with Benchmark Assessment Consultants Inc. for the supply of assessment services of all lands and premises within the Town's boundaries for taxation purposes until December 31, 2021. The total annual cost for 2019 under the terms of the agreement are estimated to be \$98,000.

The Town contracts with the Lethbridge Regional Water Services Commission to supply water to the Town until January 30, 2030. The related agreement may be terminated at any time provided 12 months notice is given. The total annual cost for 2019 under the terms of the agreement are estimated to be \$750,000 for the supply of water and \$33,000 for operating, maintenance and capital costs.

The Town contracts with Collective Waste Solutions Inc. to provide solid waste, composting and recycling collection services until September 30, 2019. The related agreement may be terminated at any time by either party, provided 20 weeks notice is given.

18. CONTINGENT LIABILITIES

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, trade and other receivables, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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

20. SEGMENT DISCLOSURES

The Schedule of Segment Disclosures - Schedule 3 has been prepared in accordance with PS2700 *Segment Disclosures*. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Town. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

A. General Government

General Government consists of Council & other legislative administration, corporate administration and general municipal services. Revenues and expenses that are not directly attributed to another segment are also recorded within this segment.

B. Protective Services

Protective Services is comprised of police, traffic safety, bylaw enforcement, emergency management and fire rescue.

C. Transportation Services

Transportation Services includes roads, bridges, sidewalks and extended shoulders for pedestrian and bike travel.

D. Planning & Development

Planning & Development is comprised of engineering services, land development and municipal use property activities. Land development includes the Town's role as a land developer in the areas of acquisition, development and land sales activities. Municipal use property involves the acquisition of land for municipal purposes and the disposal of land deemed surplus to municipal needs.

E. Recreation & Culture

Recreation & Culture includes parks and recreation, community and family services, recreation programs and facilities. Also included is the Coaldale Public Library, which is managed by a separate board.

F. Environmental Services

Environmental Services provides drinking water, resource recovery, storm water, solid waste collection and disposal, sanitary sewer and wastewater treatment for the Town.

21. BUDGET

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures disclosed in the financial statements. The budget surplus was adopted by Council on March 26, 2018.

Annual surplus (deficit)	\$	(142,120)
Add:		
Transfers from reserves to operations		1,955,315
Transfers to capital projects from reserves		2,710,627
Amortization expense		2,671,072
Debenture for capital projects		1,006,000
Less:		
Capital expenditures		(5,945,627)
Principal debt repayments		(335,715)
Transfer from operations to reserves		(1,919,450)
Approved budget surplus	\$	<u>102</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

22. COMPARATIVE FIGURES

The Town has retrospectively adjusted certain financial statement accounts as at and for the year ended December 31, 2017 due to the following:

During the year, the Town reviewed its inventory listing identified several items within the operational inventory that should have been accrued as inventory for the year ended December 31, 2017 and 2016. This resulted in a \$242,781 increase in accumulated surplus and inventory for consumption effective January 1, 2017, a \$219,718 increase in inventory for consumption and a \$22,063 increased in expenses effective December 31, 2017.

During the year, the Town also identified tangible capital assets related to land and engineered structures (storm) that should have been recorded effective December 31, 2017. This resulted in a \$846,012 increase in tangible capital assets, a \$156,821 in contributed revenue and a \$689,191 increase in government transfers related to capital effective December 31, 2017.

Certain 2017 comparative figures have also been reclassified to conform to the current year's presentation of the financial statements.

	December 31, 2017 (Previously reported)	Adjustments	December 31, 2017 (As adjusted)
Statement of Financial Position			
Financial Assets	\$ 19,105,924	\$ 2,117,328	\$ 21,223,252
Liabilities	8,193,674	(50,250)	8,143,424
Net Financial Assets	10,912,250	2,167,578	13,079,828
Non-financial Assets	92,695,787	(1,087,647)	91,608,140
Accumulated Surplus	\$ 103,608,037	\$ 1,079,931	\$ 104,687,968
Statement of Operations and Accumulated Surplus			
Revenue	\$ 17,866,755	\$ (221,045)	\$ 17,645,710
Expenses	16,395,209	(212,182)	16,183,027
Other	328,434	846,013	1,174,447
Annual Surplus	1,799,980	837,150	2,637,130
Accumulated Surplus, beginning of year	101,808,057	242,781	102,050,838
Accumulated Surplus, end of year	\$ 103,608,037	\$ 1,079,931	\$ 104,687,968

The adjusted amounts relate solely to the accounting for inventory, tangible capital assets, contributed revenue and capital government transfers and have no effect on cash balances, property tax revenues or any other balances influencing the Town's capital and operating budget requirements.

23. SUBSEQUENT EVENTS

Subsequent to year end the Town of Coaldale entered into an agreement with Southwest Design and Construction Ltd. for construction and renovation of the Coaldale and District Emergency Services Fire Hall. Work on the project commenced February 2019. The total value of the contract is estimated at \$4,166,652.

24. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements on April 23, 2019.