

**TOWN OF COALDALE**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

# TOWN OF COALDALE

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### CONTENTS

<b>Auditor's Report</b>	<b>1</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Schedule 1 - Schedule of Changes in Accumulated Surplus	6
Schedule 2 - Schedule of Tangible Capital Assets	7
Schedule 3 - Schedule of Property and Other Taxes	8
Schedule 4 - Schedule of Government Transfers	9
Schedule 5 - Schedule of Consolidated Expenses by Object	10
Schedule 6 - Schedule of Segment Disclosure	11
Schedule 6A - Schedule of Segment Disclosure	12
Notes to Financial Statements	13 - 23



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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Town of Coaldale, which comprise the statement of financial position as at December 31, 2012, and the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Town of Coaldale as at December 31, 2012 and 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.

*BDO Canada LLP*

Chartered Accountants

Lethbridge, Alberta

April 22, 2013

# TOWN OF COALDALE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

	2012	2011
<b>ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 7,930,721	\$ 8,166,720
Receivables		
Taxes and grants in lieu receivables (Note 3)	661,336	778,068
Trade and other receivables	887,396	1,192,189
Land held for resale	280,504	288,572
Investments (Note 4)	100,000	100,000
	9,859,957	10,525,549
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	513,218	1,644,572
Deposit liabilities	84,475	56,625
Accrued interest payable on long term debt	122,524	140,854
Deferred revenue (Note 5)	735,581	1,080,225
Employee benefit obligations (Note 6)	365,784	311,761
Long term debt (Note 7)	5,701,197	6,185,919
	7,522,779	9,419,956
<b>NET FINANCIAL ASSETS</b>	<b>2,337,178</b>	<b>1,105,593</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	81,812,587	80,650,425
Inventory for consumption	23,263	27,760
Prepaid expenses	4,049	-
	81,839,899	80,678,185
<b>ACCUMULATED SURPLUS (Schedule 1, Note 10)</b>	<b>\$ 84,177,077</b>	<b>\$ 81,783,778</b>

*Commitments and contingencies - See Notes 14 and 15*

**APPROVED BY TOWN COUNCIL:**

\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
TOWN MANAGER

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

# TOWN OF COALDALE

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget	2012	2011
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 5,787,693	\$ 5,802,298	\$ 5,381,411
Sales and user charges			
Water supply and distribution	1,471,084	1,424,045	1,344,228
Wastewater treatment	1,249,486	891,869	1,085,841
Waste management	857,619	845,062	797,089
Subdivision land development	-	792,680	11,606
Other	30,642	389,261	412,755
Recreation and parks	260,606	275,707	205,867
Penalties and costs on taxes	87,500	96,379	165,497
Franchise and concession contracts	311,300	332,319	329,529
Investment income	53,113	143,012	90,511
Rentals	-	-	16,250
Government transfers (Schedule 4)	1,646,333	1,731,504	1,383,453
Development levies	-	98,700	243,959
Licenses and permits	91,400	103,097	92,953
Net gain of sale of tangible capital assets	-	-	-
Other revenues	36,950	193,889	717,757
<b>TOTAL REVENUE</b>	<b>11,883,726</b>	<b>13,119,822</b>	<b>12,278,706</b>
<b>EXPENSES</b>			
Legislative	235,887	216,915	251,314
Administrative	1,071,455	982,442	943,147
Protective services	2,741,093	2,886,040	2,760,812
Transportation	1,792,990	2,832,810	2,566,309
Environmental user protection	2,319,040	3,180,958	2,714,172
Public Health	252,062	251,335	231,806
Planning and development	303,467	235,993	250,995
Recreation and culture	1,935,888	2,318,253	1,845,124
<b>TOTAL EXPENSES</b>	<b>10,651,882</b>	<b>12,904,746</b>	<b>11,563,679</b>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>1,231,844</b>	<b>215,076</b>	<b>715,027</b>
<b>OTHER</b>			
Contributed assets	-	-	162,000
Government transfers for capital (Schedule 4)	2,573,264	2,178,223	4,669,512
	<b>2,573,264</b>	<b>2,178,223</b>	<b>4,831,512</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>3,805,108</b>	<b>2,393,299</b>	<b>5,546,539</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>81,783,778</b>	<b>81,783,778</b>	<b>76,237,239</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 85,588,886</b>	<b>\$ 84,177,077</b>	<b>\$ 81,783,778</b>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

# TOWN OF COALDALE

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget	2012	2011
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 3,805,108</b>	<b>\$ 2,393,299</b>	<b>\$ 5,546,539</b>
Acquisition of tangible capital assets	(3,821,300)	(3,435,562)	(8,329,777)
Contributed tangible capital assets	-	-	(162,000)
Adjustment to tangible capital assets	-	(71)	-
Amortization of tangible capital assets	-	2,167,713	1,938,826
Loss on disposal of tangible capital assets	-	10,758	2,985
Proceeds on disposal of tangible capital asset	-	95,000	-
	(3,821,300)	(1,162,162)	(6,549,966)
Acquisition of supplies inventories	-	(37,411)	(99,375)
Acquisition of prepaid assets	-	(4,049)	-
Use of supplies inventories	-	41,908	92,765
Use of prepaid assets	-	-	170,893
	-	448	164,283
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(16,192)</b>	<b>1,231,585</b>	<b>(839,144)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>1,105,593</b>	<b>1,105,593</b>	<b>1,944,737</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 1,089,401</b>	<b>\$ 2,337,178</b>	<b>\$ 1,105,593</b>

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# TOWN OF COALDALE

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 2,393,299	\$ 5,546,539
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,167,713	1,938,826
Adjustment to tangible capital assets	(71)	-
Loss on disposal of tangible capital assets	10,758	2,985
Tangible capital assets received as contributions	-	(162,000)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	116,732	29,248
Decrease in trade and other receivables	304,793	1,630,085
Decrease in land held for resale	8,068	-
Decrease (increase) in inventory for consumption	4,497	(6,610)
Decrease (increase) decrease in prepaid expenses	(4,049)	170,893
Increase (decrease) in accounts payable and accrued liabilities	(1,149,684)	1,050,394
Increase (decrease) in deposit liabilities	27,850	(34,533)
(Decrease) in deferred revenue	(344,644)	(2,610,417)
Increase in employee benefit obligations	54,023	119,260
	<b>3,589,285</b>	<b>7,674,670</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,435,562)	(8,329,777)
Proceeds on disposal of tangible capital asset	95,000	-
	<b>(3,340,562)</b>	<b>(8,329,777)</b>
<b>FINANCING</b>		
Long-term debt issued	-	1,428,700
Long-term debt repaid	(484,722)	(447,154)
	<b>(484,722)</b>	<b>981,546</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(235,999)</b>	<b>326,439</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>8,166,720</b>	<b>7,840,281</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 7,930,721</b>	<b>\$ 8,166,720</b>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

## TOWN OF COALDALE

### SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	<u>2012</u>	<u>2011</u>
Balance, Beginning of Year	\$ 384,086	\$ 6,758,251	\$ 74,641,441	\$ 81,783,778	\$ 76,237,239
Excess of revenues over expenses	2,393,299	-	-	2,393,299	5,546,539
Unrestricted funds designated for future use	(1,386,794)	1,386,794	-	-	-
Restricted funds used for operations	346,897	(346,897)	-	-	-
Restricted funds used for tangible capital assets	-	(399,523)	399,523	-	-
Current year funds used for tangible capital assets	(2,966,608)	-	2,966,608	-	-
Disposal of tangible capital assets	105,758	-	(105,758)	-	-
Annual amortization expense	2,167,713	-	(2,167,713)	-	-
Long term debt repaid (capital)	(473,505)	-	473,505	-	-
Change in accumulated surplus	<u>186,760</u>	<u>640,374</u>	<u>1,566,165</u>	<u>2,393,299</u>	<u>5,546,539</u>
Balance, End of Year	<u>\$ 570,846</u>	<u>\$ 7,398,625</u>	<u>\$ 76,207,606</u>	<u>\$ 84,177,077</u>	<u>\$ 81,783,778</u>



# TOWN OF COALDALE

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 2

	Engineering Structures	Buildings	Equipment	Municipal Land	Land Improvements	Vehicles	2012	2011
<b>COST:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 86,980,755	\$ 9,175,212	\$ 2,240,537	\$ 11,489,524	\$ 1,855,895	\$ 2,682,324	\$ 114,424,247	\$ 106,032,032
Acquisition of tangible capital assets	2,728,244	75,366	229,470	-	294,010	92,616	3,419,706	2,959,384
Construction-in-progress	15,855	-	-	-	-	-	15,855	5,532,393
Disposal of tangible capital assets	(76,696)	-	-	-	-	(235,017)	(311,713)	(99,562)
Adjustment to tangible capital assets	1	-	-	(4)	-	-	(3)	-
<b>BALANCE, END OF YEAR</b>	<u>89,648,159</u>	<u>9,250,578</u>	<u>2,470,007</u>	<u>11,489,520</u>	<u>2,149,905</u>	<u>2,539,923</u>	<u>117,548,092</u>	<u>114,424,247</u>
<b>ACCUMULATED AMORTIZATION:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	26,052,881	4,786,980	944,120	-	628,178	1,361,663	33,773,822	31,931,573
Adjustment to tangible capital assets	(76)	-	1	-	-	-	(75)	-
Annual Amortization	1,556,907	219,086	141,073	-	60,067	190,580	2,167,713	1,938,826
Accumulated amortization on disposals	(76,696)	-	-	-	-	(129,259)	(205,955)	(96,577)
<b>BALANCE, END OF YEAR</b>	<u>27,533,016</u>	<u>5,006,066</u>	<u>1,085,194</u>	<u>-</u>	<u>688,245</u>	<u>1,422,984</u>	<u>35,735,505</u>	<u>33,773,822</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 62,115,143</u>	<u>\$ 4,244,512</u>	<u>\$ 1,384,813</u>	<u>\$ 11,489,520</u>	<u>\$ 1,461,660</u>	<u>\$ 1,116,939</u>	<u>\$ 81,812,587</u>	<u>\$ 80,650,425</u>
<b>2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 60,927,874</u>	<u>\$ 4,388,232</u>	<u>\$ 1,296,417</u>	<u>\$ 11,489,524</u>	<u>\$ 1,227,717</u>	<u>\$ 1,320,661</u>	<u>\$ 80,650,425</u>	

# TOWN OF COALDALE

## SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 3

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
<b>TAXATION</b>			
Real property taxes	\$ 7,549,978	\$ 7,575,559	\$ 6,969,515
Linear property taxes	100,371	97,434	91,307
Government grants in lieu of property taxes	21,270	21,270	20,365
	<u>7,671,619</u>	<u>7,694,263</u>	<u>7,081,187</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,565,878	1,574,177	1,437,106
Holy Spirit Roman Catholic Separate Regional District	230,555	230,555	177,450
Green Acres Foundation	87,493	87,233	85,220
	<u>1,883,926</u>	<u>1,891,965</u>	<u>1,699,776</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 5,787,693</u>	<u>\$ 5,802,298</u>	<u>\$ 5,381,411</u>

# TOWN OF COALDALE

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 4

	Budget	2012	2011
<b>TRANSFERS FOR OPERATING:</b>			
<b>Federal Government</b>			
Federal Early Literacy Training	\$ 1,400	\$ 1,315	\$ -
Summer Career Program	2,267	-	-
	<u>3,667</u>	<u>1,315</u>	<u>-</u>
<b>Provincial Government</b>			
Regional Wastewater Feasibility Study	29,500	-	-
Community Development - Library	37,492	37,839	37,492
Rise Grant - Library	-	-	4,626
Disaster Services Training	-	-	3,350
Family Community and Support Services	148,200	148,197	148,197
Fines Distribution	275,000	249,006	192,083
Fire Service Training Initiative	-	110,238	102,879
Flood Relief	-	31,543	-
Municipal Assistance Grant	263,544	263,544	263,544
Internship	-	-	44,070
Municipal Sustainability Operating Grant	519,385	430,358	260,388
Municipal Sustainability Capital Grant	30,000	90,954	-
JEPP	25,000	19,780	-
Summer Temporary Employment Program	8,995	9,110	9,110
	<u>1,337,116</u>	<u>1,390,569</u>	<u>1,065,739</u>
<b>Other Local Governments</b>			
<b>County of Lethbridge</b>			
Recreation Grant	-	34,061	-
Arena Renovations	-	-	20,000
Fire Agreement	269,450	269,450	261,605
Library Contribution	36,100	36,109	36,109
	<u>305,550</u>	<u>339,620</u>	<u>317,714</u>
<b>Total operating transfers</b>	<u>1,646,333</u>	<u>1,731,504</u>	<u>1,383,453</u>
<b>TRANSFERS FOR CAPITAL:</b>			
<b>Provincial Government</b>			
Flood Relief Grant	-	17,900	-
New Deals for Cities & Communities / FGTF	386,934	386,934	775,130
Municipal sustainability	1,769,750	1,356,809	2,828,532
MSP Grant	-	-	61,945
Street Improvement Program	416,580	416,580	1,003,905
	<u>2,573,264</u>	<u>2,178,223</u>	<u>4,669,512</u>
<b>Total capital transfers</b>	<u>2,573,264</u>	<u>2,178,223</u>	<u>4,669,512</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 4,219,597</u>	<u>\$ 3,909,727</u>	<u>\$ 6,052,965</u>

# TOWN OF COALDALE

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 5

	<u>Budget</u>	<u>2012</u>	<u>2011</u>
<b>CONSOLIDATED EXPENSE BY OBJECT</b>			
Salaries, wages and benefits	\$ 3,931,345	\$ 3,754,963	\$ 3,480,674
Contracted and general services	1,832,721	2,051,339	1,284,422
Purchases from other governments	2,160,882	2,224,625	2,171,507
Materials, goods and utilities	2,078,381	2,044,110	2,010,017
Transfers to local boards and agencies	308,308	299,934	300,287
Bank charges and short term interest	1,560	1,743	6,342
Interest on long term debt	324,935	328,194	318,387
Amortization of tangible capital assets	-	2,167,713	1,938,826
Loss on disposal of tangible capital assets	-	10,758	2,985
Other expenses	13,750	21,367	50,232
	<u>\$ 10,651,882</u>	<u>\$ 12,904,746</u>	<u>\$ 11,563,679</u>

# TOWN OF COALDALE

## SCHEDULE OF SEGMENT DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2012 SCHEDULE 6

	Protection	Recreation and Culture	Planning	Transportation and Environmental	General Government	Consolidated
<b>REVENUES</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 5,802,298	\$ 5,802,298
Sales of services & regulatory fees	53,752	275,707	814,700	3,408,487	65,978	4,618,624
Government transfer (Schedule 4)	935,561	201,149	-	260,240	334,554	1,731,504
Other	31,449	220,927	129,867	77,976	507,177	967,396
	<u>1,020,762</u>	<u>697,783</u>	<u>944,567</u>	<u>3,746,703</u>	<u>6,710,007</u>	<u>13,119,822</u>
<b>EXPENSES</b>						
Salaries and benefits	419,086	1,170,906	151,926	1,317,720	695,324	3,754,962
Goods and services	2,407,112	792,287	62,598	2,585,405	472,672	6,320,074
Interest & bank charges	439	18,813	388	309,164	1,133	329,937
Other	5,653	41,232	21,081	17,489	246,605	332,060
Amortization	53,750	295,015	-	1,783,990	34,958	2,167,713
	<u>2,886,040</u>	<u>2,318,253</u>	<u>235,993</u>	<u>6,013,768</u>	<u>1,450,692</u>	<u>12,904,746</u>
<b>OTHER</b>						
Government Transfer for capital (Schedule 4)	3,192	134,269	-	2,040,762	-	2,178,223
<b>Net Surplus</b>	<u>\$ (1,862,086)</u>	<u>\$ (1,486,201)</u>	<u>\$ 708,574</u>	<u>\$ (226,303)</u>	<u>\$ 5,259,315</u>	<u>\$ 2,393,299</u>

# TOWN OF COALDALE

## SCHEDULE OF SEGMENT DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2011 SCHEDULE 6 A

	Protection	Recreation and Culture	Planning	Transportation and Environmental	General Government	Consolidated
<b>REVENUES</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 5,381,411	\$ 5,381,411
Sales of services & regulatory fees	42,798	441,918	50,846	3,274,300	47,524	3,857,386
Government transfer (Schedule 4)	815,461	100,537	-	187,502	279,953	1,383,453
Other	81,709	563,311	273,485	-	737,951	1,658,456
	<u>939,968</u>	<u>1,105,766</u>	<u>324,331</u>	<u>3,461,802</u>	<u>6,446,839</u>	<u>12,278,706</u>
<b>EXPENSES</b>						
Salaries and benefits	376,690	955,385	181,475	1,195,094	772,030	3,480,674
Goods and services	2,286,907	589,216	69,520	2,093,917	426,386	5,465,946
Interest & bank charges	-	11,334	-	312,003	1,392	324,729
Other	43,751	95,505	-	20,218	194,030	353,504
Amortization	53,464	194,534	-	1,658,399	32,429	1,938,826
	<u>2,760,812</u>	<u>1,845,974</u>	<u>250,995</u>	<u>5,279,631</u>	<u>1,426,267</u>	<u>11,563,679</u>
<b>OTHER</b>						
Contributed assets	-	12,000	-	-	150,000	162,000
Government Transfer for capital (Schedule 4)	-	1,524,931	-	3,144,581	-	4,669,512
	<u>-</u>	<u>1,536,931</u>	<u>-</u>	<u>3,144,581</u>	<u>150,000</u>	<u>4,831,512</u>
<b>Net Surplus</b>	<u><u>\$(1,820,844)</u></u>	<u><u>\$ 796,723</u></u>	<u><u>\$ 73,336</u></u>	<u><u>\$ 1,326,752</u></u>	<u><u>\$ 5,170,572</u></u>	<u><u>\$5,546,539</u></u>

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Coaldale 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 of Coaldale are as follows:

#### a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances and change in financial position of the reporting entity. The 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 the 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 town 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. 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. 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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### 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.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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 wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

#### e) 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 charge in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

##### i. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, 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
Engineering Structures	5-75
Buildings	25-50
Equipment	5-40
Municipal Land	N/A
Land Improvements	15-45
Vehicles	10-40

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. Cultural and Historical Tangible Capital Assets

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



# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates for amortization and estimated employee benefits.

The cost of non-vesting sick time benefits should be actuarially determined using management's best estimates of salary escalation, accumulated sick days, long-term inflation rates and discount rates. Currently there has not been any actuarial valuations used in the determination of the sick time that has been accrued. Management has estimated the accrual of sick time based on historical use over the annual sick time allotment, and recorded a portion of the time estimated.

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

### 2. CASH AND TEMPORARY INVESTMENTS

	2012	2011
Petty cash	\$ 680	\$ 770
Funds in Trust	44,002	-
Operating account	7,882,031	8,161,945
Community Centre account	4,008	4,005
	\$ 7,930,721	\$ 8,166,720

Business Account earning interest at the rate of prime less 1.90%.

Funds in trust are being held by the Town's lawyers for a pending labor dispute.

### 3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2012	2011
Current taxes and grants in lieu	\$ 35,340	\$ 20,051
Arrears taxes	625,996	758,017
	\$ 661,336	\$ 778,068

### 4. INVESTMENTS

	2012	2011
Scotiabank non-redeemable GIC maturing on November 19, 2014 earning interest at the rate of 3.15%	\$ 100,000	\$ 100,000

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 5. DEFERRED REVENUE

	2012	2011
Unearned Revenue Recreation (Class)	\$ 3,408	\$ 2,274
Fire Protection Training Grant	44,904	41,122
Disaster Services Training Grant	1,200	-
Sustainability Operating Grant 2010	-	28,640
Sustainability Operating Grant 2011	5,222	147,631
Sustainability Operating Grant 2012	52,166	-
Sustainability Capital Grant 2012	538,466	-
Sustainability Capital Grant 2011	-	754,826
Sustainability Capital Grant 2010	-	4,484
Sustainability Capital Grant 2009	-	3,214
Sustainability Capital Grant 2008	-	3,692
Sustainability Capital Grant 2007	-	1,495
Downtown Mural	4,000	4,000
Prepaid Property Taxes	86,215	88,847
	\$ 735,581	\$ 1,080,225

**Sustainability Operating Grant**

Funds will be used for Community group utilities, handi-ride, bussing, professional fees, Infrastructure Master Plan and road patching.

**Sustainability Capital Grant**

Funds will be used towards various building projects plus the development of a New Industrial Park within the Town. These projects need to be approved before commencement.

### 6. EMPLOYEE BENEFIT OBLIGATIONS

	2012	2011
Vacation, Banked Time, and Sick Time	\$ <u>365,784</u>	\$ <u>311,761</u>

The vacation, bank, and sick liability are for vacation, bank and sick time that employees are deferring to a future year. Sick time is earned every pay and accumulates to a maximum of 24 weeks. The accumulated amount is reduced when sick time is taken. When an employee leaves their sick time is not paid out. As of December 31, 2012, management has accrued \$150,000 for estimated sick time benefits.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 7. LONG TERM DEBT

	2012	2011
Tax supported debentures	\$ 4,373,460	\$ 4,674,111
Supported by Utility Rates	1,231,521	1,334,873
	5,604,981	6,008,984
Capital Debt received asset not yet acquired	6,358	75,860
Operating debentures	89,858	101,075
	\$ 5,701,197	\$ 6,185,919

The current portion of long term debt amounts to \$451,100 (2011 - \$484,723)

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2013	\$ 451,100	\$ 304,264	\$ 755,364
2014	462,439	280,976	743,415
2015	422,304	257,326	679,630
2016	403,844	234,858	638,702
2017	426,530	212,172	638,702
Thereafter	3,534,980	934,025	4,469,005
	\$ 5,701,197	\$ 2,223,621	\$ 7,924,818

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.788% to 9.500% per annum, before Provincial subsidy, and matures in periods 2013 through 2031. The average annual interest rate is 5.6303% for 2012 (5.3657% for 2011). 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 Coaldale at large.

No debentures were issued by Alberta Capital Finance Authority to the Town of Coaldale.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 8. DEBT LIMITS

Section 217 of the Municipal Government Act requires that debt and debt limits as defined by regulation for the Town of Coaldale be disclosed as follows:

	2012	2011
Total debt limit	\$ 19,679,733	\$ 18,661,059
Total debt	5,701,197	6,185,919
 Total Debt Under Limit	 \$ 13,978,536	 \$ 12,475,140
	2012	2011
Service on debt limit	\$ 3,279,956	\$ 3,110,177
Service on debt	755,364	765,542
 Total Under Service on Debt Limit	 \$ 2,524,592	 \$ 2,344,635

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 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.

### 9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2012	2011
Tangible Capital Assets (Schedule 2)	\$ 117,548,092	\$ 114,424,247
Accumulated amortization (Schedule 2)	(35,735,505)	(33,773,822)
Long term debt (Note 7)	(5,604,981)	(6,008,984)
	\$ 76,207,606	\$ 74,641,441

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 10. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2012</u>	<u>2011</u>
Unrestricted surplus	\$ 570,846	\$ 384,086
Restricted surplus		
Tax rate stabilization	2,800,544	2,402,406
Future Capital Expenditures	4,598,081	4,355,845
Equity in tangible capital assets (Note 9)	<u>76,207,606</u>	<u>74,641,441</u>
	<u>\$ 84,177,077</u>	<u>\$ 81,783,778</u>

### 11. SEGMENTED INFORMATION

The Town of Coaldale provide numerous services to its citizens. For management reporting purposes these services are separated into department for tracking purposes. The main departments are as follows:

#### **Protection**

This segment includes regional policing costs as per agreement with the City of Lethbridge. Fire and rescue services for the Town and a portion of the County. Municipal emergency acts as the agent of Council to carry out its statutory powers and obligations under the Emergency Management Act. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. Management, administration and operation of regulatory and safety services. The primary function of this department is to administer and operate municipal bylaws and health and safety programs.

#### **Community Services**

This segment includes all the parks, recreation services and other cultural services. All these services provide recreation and leisure services to the citizens and those from the surrounding areas.

#### **Planning**

This segment's function is to steward effective land use and orderly growth of the community in order to sustain and enhance the quality of life for both current and future citizens of Coaldale.

#### **Transportation and Environmental**

This segment includes transportation and environmental user protection. This department provides drinking water, collecting and treating of wastewater and collecting, disposal of solid waste, plus the management of storm water. The Town is working diligently to reduce the amount of solid waste being collected and reducing the amount of storm water leaving Coaldale. This department also maintains the road systems throughout Coaldale.

#### **General Government**

This segment includes Council expenditures and administration costs required to operate the Town of Coaldale. Included in this segment are election costs and costs that are associated with completing the census (population).

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 12. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected Town officials, the chief administrative officer and designated officers as required by provincial regulation are as follows:

	2012		2011	
	Salary (1)	Benefits & Allowances (2) & (3)	Total	Total
Mayors:				
Craig	\$ 25,232	\$ 3,507	\$ 28,739	\$ 26,209
Councillors:				
Chapman	16,440	397	16,837	14,195
Duda	15,341	365	15,706	15,287
Langstraat	15,777	3,187	18,964	17,636
Martens	11,281	2,785	14,066	15,728
Pauls	15,148	1,475	16,623	15,155
Wentz	14,710	2,808	17,518	17,914
Town Manager	116,567	22,946	139,513	125,965
Designated Officers (2)	198,999	37,145	236,144	234,705
	\$ 429,495	\$ 74,615	\$ 504,110	\$ 482,794

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

(3) 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.

# TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

## 13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Coaldale participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 200,000 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Coaldale is required to make current service contributions to the Plan of 9.91% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.74% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the Town of Coaldale to the Local Authorities Pension Plan in 2012 were \$346,120 (2011 - \$213,856). Total current service contributions by the employees of the Town of Coaldale to the Local Authorities Pension Plan in 2012 were \$223,147 (2011 - \$192,972).

At September 30, 2012, the Plan disclosed an actuarial deficiency of \$5.4 billion.

## 14. COMMITMENTS

The Town has entered into various contracts whereby third party agencies provide services to the community on behalf of the Town of Coaldale. These fees for service contracts vary in length and terms.

### a) Lethbridge Regional Police

In February 2004, the Town entered into a contract with the Lethbridge Regional Police to provide policing in the Town of Coaldale. The monthly installments are based on a modified per capita calculation based on the Lethbridge Regional Police budget. Twelve months notice must be given to terminate the contract.

### b) Lethbridge Regional Water Services Commission

A contract to provide water to the Town of Coaldale started in 2001 and expires January 30, 2030.

### c) Nexen Marketing

The Town entered into an energy aggregation program on January 1, 2009 and it expires December 31, 2013.

### d) County of Lethbridge - Fire Agreement

The Town and the County of Lethbridge have reached an agreement to provide services to the County of Lethbridge. This agreement expires December 31, 2015. Twelve months notice must be given to terminate the contract.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 14. COMMITMENTS

#### e) RMW Consulting Inc

The Town entered into a garbage and recycling agreement that started October 1, 2012. The agreement expires September 30, 2017.

### 15. CONTINGENCIES

- a) The Town of Coaldale is a member of the Alberta Municipal Insurance Exchange (MUNIX). under the terms of the membership, the Town of Coaldale 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) The Town of Coaldale has two labor litigations with two former Town employees. These incidences are from 2010 and 2011 respectively. The outcome of these litigations are undetermined at this time. Any liability would be accounted for as a current transaction in the year the liability is determined.

### 16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivables, 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 or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables 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.

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



# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

### 17. BUDGET FIGURES

Budget information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	<u>2012</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 3,805,108
Add: Transfer to capital projects from reserve	1,252,036
Add: Transfer from reserve to operations	367,439
Less: Capital expenditures	(3,825,300)
Less: Debt Repayment	(507,090)
Less: Transfer from operations to reserve	<u>(1,090,158)</u>
Budget surplus	<u>\$ 2,035</u>

The budget as stated in the financial statements has been modified as required over the course of the year.

### 18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

### 19. COMPARATIVE FIGURES

The comparative figures have been restated to conform to current years presentation.