

# **TOWN OF COALDALE**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

# TOWN OF COALDALE

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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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, 2013, 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, 2013 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

June 9, 2014


# TOWN OF COALDALE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

	2013	2012
<b>ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 11,966,330	\$ 7,930,721
Receivables		
Taxes and grants in lieu receivables (Note 3)	465,848	661,336
Trade and other receivables	722,284	887,396
Land held for resale	251,252	280,504
Investments (Note 4)	100,000	100,000
	13,505,714	9,859,957
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	657,450	513,218
Deposit liabilities	87,280	84,475
Accrued interest payable on long term debt	130,915	122,524
Deferred revenue (Note 5)	1,191,222	735,581
Employee benefit obligations (Note 6)	429,038	365,784
Long-term debt (Note 7)	5,561,097	5,701,197
	8,057,002	7,522,779
<b>NET FINANCIAL ASSETS</b>	5,448,712	2,337,178
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	84,215,454	81,812,587
Inventory for consumption	26,215	23,263
Prepaid expenses	5,773	4,049
	84,247,442	81,839,899
<b>ACCUMULATED SURPLUS (Schedule 1, Note 10)</b>	\$ 89,696,154	\$ 84,177,077

*Commitments and contingencies - See Notes 14 and 15*

**APPROVED BY TOWN COUNCIL:**



MAYOR



CHIEF FINANCIAL OFFICER

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, 2013

	Budget	2013	2012
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 5,925,222	\$ 5,930,827	\$ 5,802,298
Sales and user charges			
Water supply and distribution	1,489,659	1,440,385	1,424,045
Wastewater treatment	939,629	929,497	891,869
Waste management	876,232	856,890	845,062
Subdivision land development	22,500	1,586,292	792,680
Other	317,660	361,319	389,261
Recreation and parks	283,933	310,810	275,707
Penalties and costs on taxes	80,000	108,833	96,379
Franchise and concession contracts	331,300	369,420	332,319
Investment income	83,500	107,953	143,012
Rentals	-	-	-
Government transfers (Schedule 4)	1,521,187	2,078,448	1,731,504
Development levies	-	701,528	98,700
Licenses and permits	93,400	102,048	103,097
Net gain of sale of tangible capital assets	-	23,671	-
Other revenues	385,658	507,752	193,889
<b>TOTAL REVENUE</b>	<u>12,349,880</u>	<u>15,415,673</u>	<u>13,119,822</u>
<b>EXPENSES</b>			
Legislative	356,955	335,463	216,915
Administrative	1,133,845	1,062,162	982,442
Protective services	2,782,036	2,806,586	2,886,040
Transportation	1,892,647	3,259,902	2,832,810
Environmental user protection	2,257,650	3,088,498	3,180,958
Public Health	273,778	268,580	251,335
Planning and development	327,272	365,095	235,993
Recreation and culture	1,893,360	2,293,008	2,318,253
<b>TOTAL EXPENSES</b>	<u>10,917,543</u>	<u>13,479,294</u>	<u>12,904,746</u>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u>1,432,337</u>	<u>1,936,379</u>	<u>215,076</u>
<b>OTHER</b>			
Contributed assets	-	2,174,887	-
Government transfers for capital (Schedule 4)	1,982,500	1,407,811	2,178,223
	<u>1,982,500</u>	<u>3,582,698</u>	<u>2,178,223</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>3,414,837</u>	<u>5,519,077</u>	<u>2,393,299</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>84,177,077</u>	<u>84,177,077</u>	<u>81,783,778</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 87,591,914</u>	<u>\$ 89,696,154</u>	<u>\$ 84,177,077</u>

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, 2013

	Budget	2013	2012
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 3,414,837</b>	<b>\$ 5,519,077</b>	<b>\$ 2,393,299</b>
Acquisition of tangible capital assets	(3,237,500)	(2,693,727)	(3,435,562)
Contributed tangible capital assets	-	(2,174,887)	-
Adjustment to tangible capital assets	-	-	(71)
Amortization of tangible capital assets	-	2,323,854	2,167,713
Loss on disposal of tangible capital assets	-	-	10,758
Proceeds on disposal of asset	-	141,893	95,000
	(3,237,500)	(2,402,867)	(1,162,162)
Acquisition of supplies inventories	-	(42,087)	(37,411)
Acquisition of prepaid assets	-	(5,773)	(4,049)
Use of supplies inventories	-	39,135	41,908
Use of prepaid assets	-	4,049	-
	-	(4,676)	448
<b>INCREASE IN NET FINANCIAL ASSETS</b>	177,337	3,111,534	1,231,585
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	1,105,593	2,337,178	1,105,593
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 1,282,930</b>	<b>\$ 5,448,712</b>	<b>\$ 2,337,178</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 CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 5,519,077	\$ 2,393,299
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,323,854	2,167,713
Adjustment to tangible capital assets	-	(71)
Loss on disposal of tangible capital assets	-	10,758
Tangible capital assets received as contributions	(2,174,887)	-
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	195,488	116,732
Decrease in trade and other receivables	165,112	304,793
Decrease in land held for resale	29,252	8,068
Decrease (increase) in inventory for consumption	(2,952)	4,497
Decrease (increase) decrease in prepaid expenses	(1,724)	(4,049)
Increase (decrease) in accounts payable and accrued liabilities	152,623	(1,149,684)
Increase in deposit liabilities	2,805	27,850
Increase (decrease) in deferred revenue	455,641	(344,644)
Increase in employee benefit obligations	63,254	54,023
	<b>6,727,543</b>	<b>3,589,285</b>
Cash provided by operating transactions		
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(2,693,727)	(3,435,562)
Proceeds on disposal of asset	141,893	95,000
	<b>(2,551,834)</b>	<b>(3,340,562)</b>
Cash applied to capital transactions		
<b>FINANCING</b>		
Long-term debt issued	311,000	-
Long-term debt repaid	(451,100)	(484,722)
	<b>(140,100)</b>	<b>(484,722)</b>
Cash provided by (applied to) financing transactions		
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>4,035,609</b>	<b>(235,999)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,930,721</b>	<b>8,166,720</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 11,966,330</b>	<b>\$ 7,930,721</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, 2013 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
Balance, Beginning of Year	\$ 570,846	\$ 7,398,625	\$ 76,207,606	\$ 84,177,077	\$ 81,783,778
Excess of revenues over expenses	5,519,077	-	-	5,519,077	2,393,299
Unrestricted funds designated for future use	(3,064,962)	3,064,962	-	-	-
Restricted funds used for operations	17,089	(17,089)	-	-	-
Restricted funds used for tangible capital assets	-	(171,976)	171,976	-	-
Current year funds used for tangible capital assets	(2,206,313)	-	2,206,313	-	-
Contributed tangible capital assets	(2,174,887)	-	2,174,887	-	-
Disposal of tangible capital assets	141,893	-	(141,893)	-	-
Annual amortization expense	2,323,854	-	(2,323,854)	-	-
Long term debt repaid (capital)	(439,504)	-	439,504	-	-
Change in accumulated surplus	116,247	2,875,897	2,526,933	5,519,077	2,393,299
Balance, End of Year	\$ 687,093	\$ 10,274,522	\$ 78,734,539	\$ 89,696,154	\$ 84,177,077



# TOWN OF COALDALE

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013 SCHEDULE 2

	Engineering Structures	Buildings	Equipment	Municipal Land	Land Improvements	Vehicles	2013	2012
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 89,648,159	\$ 9,250,578	\$ 2,470,007	\$ 11,489,520	\$ 2,149,905	\$ 2,539,923	\$ 117,548,092	\$ 114,424,247
Acquisition of tangible capital assets	3,317,006	534,101	448,022	45,639	224,851	58,166	4,627,785	3,419,706
Construction-in-progress	229,119	11,710	-	-	-	-	240,829	15,855
Disposal of tangible capital assets	-	(97,139)	(106,255)	-	-	(303,262)	(506,656)	(311,713)
Adjustment to tangible capital assets	-	-	-	-	-	-	-	(3)
<b>BALANCE, END OF YEAR</b>	<b>93,194,284</b>	<b>9,699,250</b>	<b>2,811,774</b>	<b>11,535,159</b>	<b>2,374,756</b>	<b>2,294,827</b>	<b>121,910,050</b>	<b>117,548,092</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	27,533,016	5,006,066	1,085,194	-	688,245	1,422,984	35,735,505	33,773,822
Adjustment to tangible capital assets	70	6	-	-	(76)	-	-	(75)
Annual amortization	1,657,910	247,424	187,818	-	72,880	157,822	2,323,854	2,167,713
Accumulated amortization on disposals	-	(97,139)	(76,082)	-	-	(191,542)	(364,763)	(205,955)
<b>BALANCE, END OF YEAR</b>	<b>29,190,996</b>	<b>5,156,357</b>	<b>1,196,930</b>	<b>-</b>	<b>761,049</b>	<b>1,389,264</b>	<b>37,694,596</b>	<b>35,735,505</b>
<b>2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 64,003,288</b>	<b>\$ 4,542,893</b>	<b>\$ 1,614,844</b>	<b>\$ 11,535,159</b>	<b>\$ 1,613,707</b>	<b>\$ 905,563</b>	<b>\$ 84,215,454</b>	<b>\$ 81,812,587</b>
<b>2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 62,115,143</b>	<b>\$ 4,244,512</b>	<b>\$ 1,384,813</b>	<b>\$ 11,489,520</b>	<b>\$ 1,461,660</b>	<b>\$ 1,116,939</b>	<b>\$ 81,812,587</b>	

# TOWN OF COALDALE

## SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2013 SCHEDULE 3

	Budget	2013	2012
<b>TAXATION</b>			
Real property taxes	\$ 7,919,239	\$ 7,902,609	\$ 7,575,559
Linear property taxes	103,682	100,374	97,434
Government grants in lieu of property taxes	2,499	24,299	21,270
	<u>8,025,420</u>	<u>8,027,282</u>	<u>7,694,263</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,749,218	1,749,218	1,574,177
Holy Spirit Roman Catholic Separate Regional District	259,673	255,935	230,555
Green Acres Foundation	91,307	91,302	87,233
	<u>2,100,198</u>	<u>2,096,455</u>	<u>1,891,965</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 5,925,222</u>	<u>\$ 5,930,827</u>	<u>\$ 5,802,298</u>

# TOWN OF COALDALE

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2013 SCHEDULE 4

	Budget	2013	2012
<b>TRANSFERS FOR OPERATING:</b>			
<b>Federal Government</b>			
Federal Early Literacy Training	\$ -	\$ -	\$ 1,315
Summer Career Program	2,267	-	-
	<u>2,267</u>	<u>-</u>	<u>1,315</u>
<b>Provincial Government</b>			
Regional Wastewater Feasibility Study	-	28,939	-
Community Development - Library	37,492	37,839	37,839
CIP - Library	-	7,868	-
Regional Solid Waste Grant	-	139,338	-
Family Community and Support Services	148,200	148,197	148,197
Fines Distribution	200,000	209,708	249,006
Fire Service Training Initiative	-	17,232	110,238
Flood Relief	-	-	31,543
Municipal Assistance Grant	263,944	263,944	263,544
Internship	43,000	44,070	-
Municipal Sustainability Operating Grant	477,684	442,404	430,358
Municipal Sustainability Capital Grant	-	374,567	90,954
JEPP	-	-	19,780
Emergency Management Training	1,000	-	-
Summer Temporary Employment Program	-	-	9,110
	<u>1,171,320</u>	<u>1,714,106</u>	<u>1,390,569</u>
<b>Other Local Governments</b>			
County of Lethbridge			
Recreation Grant	34,000	34,061	34,061
Bleachers Quads	-	17,000	-
Fire Agreement	277,500	277,500	269,450
Library Contribution	36,100	35,781	36,109
	<u>347,600</u>	<u>364,342</u>	<u>339,620</u>
<b>Total operating transfers</b>	<u>1,521,187</u>	<u>2,078,448</u>	<u>1,731,504</u>
<b>TRANSFERS FOR CAPITAL:</b>			
<b>Federal Government</b>			
Community Infrastructure Improvement Fund	-	96,547	-
<b>Provincial Government</b>			
Flood Relief Grant	-	-	17,900
Federal Gas Tax Program	75,000	-	386,934
Municipal Sustainability Capital	1,757,500	1,186,627	1,356,809
MSP Grant	-	-	-
Transportation Grant	150,000	124,637	416,580
	<u>1,982,500</u>	<u>1,407,811</u>	<u>2,178,223</u>
<b>Total capital transfers</b>	<u>1,982,500</u>	<u>1,407,811</u>	<u>2,178,223</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 3,503,687</u>	<u>\$ 3,486,259</u>	<u>\$ 3,909,727</u>

# TOWN OF COALDALE

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2013 SCHEDULE 5

	Budget	2013	2012
<b>CONSOLIDATED EXPENSE BY OBJECT</b>			
Salaries, wages and benefits	\$ 4,184,700	\$ 3,977,294	\$ 3,754,963
Contracted and general services	2,244,887	2,548,546	2,051,339
Purchases from other governments	2,120,504	2,114,596	2,224,625
Materials, goods and utilities	1,726,242	1,808,910	2,044,110
Transfers to local boards and agencies	318,886	369,326	299,934
Bank charges and short term interest	1,560	2,309	1,743
Interest on long term debt	304,264	304,264	328,194
Amortization of tangible capital assets	-	2,323,854	2,167,713
Loss on disposal of tangible capital assets	-	-	10,758
Other expenses	16,500	30,195	21,367
	<u>\$ 10,917,543</u>	<u>\$ 13,479,294</u>	<u>\$ 12,904,746</u>

## TOWN OF COALDALE

### SCHEDULE OF SEGMENT DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2013 SCHEDULE 6

	Protection	Recreation and Culture	Planning	Transportation and Environmental	General Government	Consolidated
<b>REVENUES</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 5,930,827	\$ 5,930,827
Sales of services & regulatory fees	49,696	310,810	1,586,292	3,478,672	59,723	5,485,193
Government transfer (Schedule 4)	760,384	174,549	49,465	742,844	351,206	2,078,448
Other	36,546	433,027	726,203	2,052,197	848,119	4,096,092
	<u>846,626</u>	<u>918,386</u>	<u>2,361,960</u>	<u>6,273,713</u>	<u>7,189,875</u>	<u>17,590,560</u>
<b>EXPENSES</b>						
Salaries and benefits	411,367	1,187,579	184,849	1,253,798	939,701	3,977,294
Goods and services	2,318,205	580,558	180,246	2,900,240	492,804	6,472,053
Interest & bank charges	848	13,591	-	290,813	1,321	306,573
Other	-	158,597	-	41,910	199,013	399,520
Amortization	76,166	352,683	-	1,861,639	33,366	2,323,854
	<u>2,806,586</u>	<u>2,293,008</u>	<u>365,095</u>	<u>6,348,400</u>	<u>1,666,205</u>	<u>13,479,294</u>
<b>OTHER</b>						
Government Transfer for capital (Schedule 4)	-	426,367	-	981,444	-	1,407,811
	-	426,367	-	981,444	-	1,407,811
<b>Net Surplus</b>	<u>\$ (1,959,960)</u>	<u>\$ (948,255)</u>	<u>\$ 1,996,865</u>	<u>\$ 906,757</u>	<u>\$ 5,523,670</u>	<u>\$ 5,519,077</u>

## TOWN OF COALDALE

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

	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>						
Contributed assets	-	-	-	-	-	-
Government Transfer for capital (Schedule 4)	3,192	134,269	-	2,040,762	-	2,178,223
	<u>3,192</u>	<u>134,269</u>	<u>-</u>	<u>2,040,762</u>	<u>-</u>	<u>2,178,223</u>
<b>Net Surplus</b>	<u><u>\$(1,862,086)</u></u>	<u><u>\$(1,486,201)</u></u>	<u><u>\$ 708,574</u></u>	<u><u>\$(226,303)</u></u>	<u><u>\$ 5,259,315</u></u>	<u><u>\$2,393,299</u></u>

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 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, and changes in fund balances and in 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.

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 purpose 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.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 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) Investments

Investments are recorded at amortized costs. 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.

#### f) 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.



# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### g) 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

	2013	2012
Petty cash	\$ 700	\$ 680
Funds in trust	-	44,002
Operating account	11,961,622	7,882,031
Community Centre account	4,008	4,008
	<u>\$ 11,966,330</u>	<u>\$ 7,930,721</u>

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.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2013	2012
Current taxes and grants in lieu	\$ 31,322	\$ 35,340
Arrears taxes	434,526	625,996
	\$ 465,848	\$ 661,336

### 4. INVESTMENTS

	2013	2012
Scotiabank non-redeemable GIC maturing on November 19, 2014 earning interest at the rate of 3.15%	\$ 100,000	\$ 100,000

### 5. DEFERRED REVENUE

	2013	2012
Unearned Revenue Recreation (Class)	\$ 6,703	\$ 3,408
Regional Solid Waste Grant 2013	94,362	-
Fire Protection Training Grant	48,472	44,904
Disaster Services Training Grant	2,200	1,200
Sustainability Operating Grant 2013	36,591	-
Sustainability Operating Grant 2011	-	5,222
Sustainability Operating Grant 2012	-	52,166
Sustainability Capital Grant 2012	-	538,466
Sustainability Capital Grant 2013	202,657	-
Gas Tax Grant 2013	387,289	-
Transportation Grant 2013	324,943	-
Downtown Mural	4,000	4,000
Prepaid Property Taxes	84,005	86,215
	\$ 1,191,222	\$ 735,581

#### **Sustainability Operating Grant**

Funds will be used to 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

	2013	2012
Vacation & Banked Time & Sick Time	\$ 429,038	\$ 365,784

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, 2013, management has accrued \$225,000 for estimated sick time benefits. Refer to significant accounting policies section g) for more details.

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 7. LONG-TERM DEBT

	2013	2012
Tax supported debentures	\$ 4,358,445	\$ 4,373,460
Supported by utility rates	1,122,470	1,231,521
	5,480,915	5,604,981
Capital debt received asset not yet acquired	1,920	6,358
Operating debentures	78,262	89,858
	\$ 5,561,097	\$ 5,701,197

The current portion of long-term debt amounts to \$476,261 (2012 - \$451,100)

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 473,261	\$ 292,146	\$ 765,407
2015	433,522	268,100	701,622
2016	415,472	245,223	660,695
2017	438,583	222,112	660,695
2018	453,216	197,654	650,870
Thereafter	3,347,043	822,976	4,170,019
	\$ 5,561,097	\$ 2,048,211	\$ 7,609,308

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 2014 through 2033. The average annual interest rate is 5.5436% for 2013 (5.6303% for 2012). 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.

During the year, one debenture was issued by Alberta Capital Finance Authority to the Town of Coaldale.

#91 NE Industrial Park Phase 2 (B) \$311,000 interest of 3.623%

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 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:

	2013	2012
Total debt limit	\$ 23,123,510	\$ 19,679,733
Total debt	5,561,097	5,701,197
 Total Debt Under Limit	 \$ 17,562,413	 \$ 13,978,536
	2013	2012
Service on debt limit	\$ 3,853,918	\$ 3,279,956
Service on debt	765,408	755,364
 Total Under Service on Debt Limit	 \$ 3,088,510	 \$ 2,524,592

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

	2013	2012
Tangible capital assets (Schedule 2)	\$ 121,910,050	\$ 117,548,092
Accumulated amortization (Schedule 2)	(37,694,596)	(35,735,505)
Long-term debt (Note 7)	(5,480,915)	(5,604,981)
	\$ 78,734,539	\$ 76,207,606

# TOWN OF COALDALE

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

### 10. ACCUMULATED SURPLUS

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

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 687,093	\$ 570,846
Restricted surplus		
Tax rate stabilization	4,228,073	2,800,544
Future capital expenditures	6,046,449	4,598,081
Equity in tangible capital assets (Note 9)	<u>78,734,539</u>	<u>76,207,606</u>
	<u>\$ 89,696,154</u>	<u>\$ 84,177,077</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, 2013

### 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:

	<b>2013</b>			2012
	Salary (1)	Benefits & Allowances (2) & (3)	Total	Total
Mayors:				
Craig	\$ 26,083	\$ 3,664	\$ 29,746	\$ 28,739
Councillors:				
Chapman	16,985	428	17,413	16,837
Duda	16,223	390	16,613	15,706
Langstraat	13,146	2,761	15,907	18,964
Martens	15,973	2,920	18,893	14,066
Pauls	13,410	1,284	14,694	16,623
Wentz	12,035	2,613	14,648	17,518
Van Rijn	3,800	355	4,155	-
Abrey	3,600	387	3,987	-
Hohm	3,900	405	4,305	-
Town Manager	129,430	27,577	157,007	139,513
Designated Officers (2)	203,777	43,191	246,968	236,144
	<u>\$ 458,361</u>	<u>\$ 85,976</u>	<u>\$ 544,337</u>	<u>\$ 504,110</u>

(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, 2013

### 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 10.43% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 14.47% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Town of Coaldale to the Local Authorities Pension Plan in 2013 were \$270,255 (2012 - \$246,120). Total current service contributions by the employees of the Town of Coaldale to the Local Authorities Pension Plan in 2013 were \$246,056 (2012 - \$223,147).

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 fee 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 instalments 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, 2013

### 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.

### 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, 2013

### 17. BUDGET FIGURES

Budgeted 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>2013</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 3,414,837
Add: Transfer to capital projects from reserve	687,000
Add: Transfer from reserve to operations	117,543
Add: Debenture for capital projects	291,000
Less: Capital expenditures	(3,237,500)
Less: Debt repayment	(451,099)
Less: Transfer from operations to reserve	<u>(821,521)</u>
Budget surplus	\$ <u>260</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.