



## **FINANCIAL STATEMENTS**

**Town of Coaldale, Alberta, Canada  
For the Year Ended December 31, 2021**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management of the Town of Coaldale is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimated and judgements. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council carries out its responsibilities for review of the financial statements. Town Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Town Council with and without presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Avail CPA LLP; independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.



Kalen Hastings, M.A.  
Chief Administrative Officer

April 11, 2022  
Coaldale, Canada



Kyle Beauchamp, CPA, CA  
Chief Financial Officer & Deputy CAO

April 11, 2022  
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, 2021, 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, 2021, 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.

### *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 Town's debt limit can be found in note 9B.
- 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 11, 2022



Chartered Professional Accountants

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 9,769,431	\$ 13,614,852
Receivables		
Taxes and grants in place of taxes (Note 3)	666,645	645,481
Trade and other receivables (Note 3)	2,293,474	1,440,284
Land held for resale	6,196	39,672
Investments (Note 4)	21,465,978	17,625,293
	<b>34,201,724</b>	<b>33,365,582</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	6,424,184	2,884,427
Deposit liabilities	463,182	109,612
Deferred revenue (Note 6)	4,843,132	7,693,878
Employee benefit obligations (Note 7)	227,660	216,957
Long-term debt (Note 9)	14,844,478	14,455,562
	<b>26,802,636</b>	<b>25,360,436</b>
<b>NET FINANCIAL ASSETS</b>	<b>7,399,088</b>	<b>8,005,146</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	121,954,013	110,061,295
Other assets (Note 10)	3,421,804	3,438,103
Inventory for consumption	251,355	251,355
	<b>125,627,172</b>	<b>113,750,753</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 12)</b>	<b>\$ 133,026,260</b>	<b>\$ 121,755,899</b>

Commitments & Contingencies (Note 17, 18)

Approved on behalf of Town Council:

  
 \_\_\_\_\_  
 Mayor - Jack Van Rijn

  
 \_\_\_\_\_  
 Chief Administrative Officer - Kalen Hastings

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2021

	Budget (Note 20) (Unaudited)	2021	2020
<b>REVENUES</b>			
Net taxes available for municipal purposes (Note 13)	\$ 9,212,390	\$ 9,223,279	\$ 8,973,493
User fees and sale of goods and services	5,610,303	5,887,188	5,592,996
Government transfers relating to operating (Note 14)	742,585	588,628	1,692,805
Land development	1,201,000	3,415,609	724,296
Franchise fees	710,000	776,270	694,479
Investment income	275,000	299,671	528,156
Fines and penalties	592,000	573,196	428,380
Licences, permits and fees	149,827	278,292	143,360
Other	109,133	611,549	685,579
	18,602,238	21,653,682	19,463,544
<b>EXPENSES</b>			
Legislative	319,540	318,275	236,046
Administration	1,739,794	1,788,070	1,924,117
Policing, regulatory and emergency management	2,481,376	2,590,719	1,988,230
Fire	1,208,224	1,123,553	972,962
Roads, streets, walks and lighting	4,304,667	4,155,512	3,474,715
Storm and drainage	662,606	619,138	633,219
Water supply and distribution	1,641,426	1,709,583	1,876,542
Waste management	817,413	802,276	836,755
Wastewater treatment and disposal	1,256,495	1,155,287	1,105,328
Family and community support	146,900	150,755	148,228
Land use planning, zoning, development and communications	1,450,511	1,484,920	1,297,458
Parks, recreation and culture	3,534,483	3,142,282	2,935,329
	19,563,435	19,040,370	17,428,929
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	(961,197)	2,613,312	2,034,615
<b>OTHER</b>			
Contributed tangible capital assets (Schedule 2)	19,750	146,936	288,597
Government transfers related to capital (Note 14)	9,942,385	8,510,113	4,142,914
	9,962,135	8,657,049	4,431,511
<b>ANNUAL SURPLUS</b>	9,000,938	11,270,361	6,466,126
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	121,755,899	121,755,899	115,289,773
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 130,756,837	\$ 133,026,260	\$ 121,755,899

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
<b>NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 11,270,361	\$ 6,466,126
Deduct items not affecting cash:		
Amortization of tangible capital assets	3,246,151	2,860,522
Net loss on disposal of tangible capital assets	250,312	10,676
Contributed assets	(146,936)	(288,597)
Change in non-cash items:		
Receivables	(874,354)	(503,859)
Land for resale	33,476	3,770,437
Inventory for consumption	-	8,179
Other assets	16,299	(3,119,961)
Accounts payable and accrued liabilities	3,539,757	394,737
Deposit liabilities	353,570	(20,417)
Deferred revenue	(2,850,746)	5,686,268
Employee benefit obligation	10,703	(58,547)
	<b>14,848,593</b>	<b>15,205,564</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(16,991,728)	(8,871,827)
Proceeds on sale of tangible capital assets	1,749,483	717,096
	<b>(15,242,245)</b>	<b>(8,154,731)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt issued	1,345,610	-
Long-term debt repaid	(956,694)	(2,274,706)
	<b>388,916</b>	<b>(2,274,706)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,736)</b>	<b>4,776,127</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>31,240,145</b>	<b>26,464,018</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>31,235,409</b>	<b>31,240,145</b>
Cash and cash equivalents (Note 2)	9,769,431	13,614,852
Investments (Note 4)	21,465,978	17,625,293
	<b>\$ 31,235,409</b>	<b>\$ 31,240,145</b>



## STATEMENT OF NET FINANCIAL ASSETS

For the year ended December 31, 2021

	Budget (Note 20) (Unaudited)	2021	2020
<b>ANNUAL SURPLUS</b>	\$ 9,000,938	\$ 11,270,361	\$ 6,466,126
Net acquisition of tangible capital assets	(15,059,926)	(16,991,728)	(8,871,827)
Tangible capital assets received as contributions	(19,750)	(146,936)	(288,597)
Proceeds on sale of tangible capital assets	-	1,749,483	717,096
Amortization of tangible capital assets	3,246,151	3,246,151	2,860,522
Loss (gain) on disposal of tangible capital assets	250,312	250,312	10,676
	(11,583,213)	(11,892,718)	(5,572,130)
Acquisition of supplies inventory	-	(251,355)	(251,355)
Use of supplies inventory	-	251,355	259,534
Acquisition of other assets	-	(232,595)	(3,438,103)
Use of other assets	-	248,894	318,142
	-	16,299	(3,111,782)
<b>INCREASE / (DECREASE) IN NET FINANCIAL ASSETS</b>	(2,582,275)	(606,058)	(2,217,786)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	8,005,146	8,005,146	10,222,932
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 5,422,871	\$ 7,399,088	\$ 8,005,146

## SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2021

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
<b>ANNUAL SURPLUS</b>	\$ 11,270,361	\$ -	\$ -	\$ 11,270,361	\$ 6,466,126
Unrestricted funds designated for future use	(6,171,647)	6,171,647	-	-	-
Restricted funds for operations	925,959	(925,959)	-	-	-
Restricted funds for tangible capital assets	-	(7,244,408)	7,244,408	-	-
Current year funds used for tangible capital assets	(8,480,587)	-	8,480,587	-	-
Contributed tangible capital assets	(146,936)	-	146,936	-	-
Disposal of tangible capital assets	250,312	482,750	(733,062)	-	-
Amortization expense	3,246,151	-	(3,246,151)	-	-
Long term debt issued	-	-	-	-	-
Long term debt repaid (capital)	(893,613)	-	893,613	-	-
	(11,270,361)	(1,515,970)	12,786,331	-	-
<b>CHANGE IN ACCUMULATED SURPLUS</b>	-	(1,515,970)	12,786,331	11,270,361	6,466,126
<b>BALANCE, BEGINNING OF YEAR</b>	1,248,342	24,901,824	95,605,733	121,755,899	115,289,773
<b>BALANCE, END OF YEAR</b>	\$ 1,248,342	\$ 23,385,854	\$ 108,392,064	\$ 133,026,260	\$ 121,755,899

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2021

### Schedule 2

	2020	Additions	Contributed	Disposals	2021
<b>COST</b>					
Land	\$ 17,642,948	\$ 209,000	\$ 110,000	\$ (1,519,664)	\$ 16,442,284
Land improvements	4,512,575	697,888	-	(8,853)	5,201,610
Engineered structures	117,422,727	1,527,207	-	(248,684)	118,701,250
Buildings	14,621,826	1,390,824	-	(182,948)	15,829,702
Machinery and equipment	3,906,394	551,738	36,936	(248,771)	4,246,297
Vehicles	4,678,302	102,583	-	(173,171)	4,607,714
Work in progress					
Land improvements	377,280	-	-	(377,280)	-
Engineered structures	824,980	10,642,679	-	(581,810)	10,885,849
Buildings	332,880	2,631,367	-	(49,088)	2,915,159
	164,319,912	17,753,286	146,936	(3,390,269)	178,829,865
<b>ACCUMULATED AMORTIZATION</b>					
Land improvements	1,367,576	210,078	-	(8,853)	1,568,801
Engineered structures	41,883,036	2,254,613	-	(194,558)	43,943,091
Buildings	6,761,908	369,380	-	(170,142)	6,961,146
Machinery and equipment	1,962,063	210,337	-	(106,993)	2,065,407
Vehicles	2,284,034	201,743	-	(148,370)	2,337,407
	54,258,617	3,246,151	-	(628,916)	56,875,852
<b>NET BOOK VALUE</b>	\$ 110,061,295				\$ 121,954,013

## SCHEDULE OF SEGMENTED DISCLOSURES

For the year ended December 31, 2021

Schedule 3

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
<b>REVENUE</b>								
Net taxes available for municipal purposes (Note 13)	\$ 8,839,639	\$ -	\$ -	\$ -	\$ 383,640	\$ -	\$ 9,223,279	\$ 9,212,390
Sale of goods and services	78,510	511,712	31,148	-	410,017	4,855,801	5,887,188	5,610,303
Government transfers relating to operating (Note 14)	43,848	369,528	23,323	62,936	88,993	-	588,628	742,585
Land development	-	-	-	3,415,609	-	-	3,415,609	1,201,000
Franchise fees	776,270	-	-	-	-	-	776,270	710,000
Investment income	199,671	-	-	-	100,000	-	299,671	275,000
Other	250,345	481,683	12,367	193,517	515,589	9,536	1,463,037	850,960
	10,188,283	1,362,923	66,838	3,672,062	1,498,239	4,865,337	21,653,682	18,602,238
<b>EXPENSES</b>								
Salaries and wages	1,017,642	976,223	848,241	916,133	1,484,803	538,861	5,781,903	6,100,053
Contracted and general services	813,277	2,265,056	875,182	380,385	404,003	1,325,870	6,063,773	6,016,466
Materials, goods and utilities	260,489	182,281	732,850	25,324	469,640	1,053,766	2,724,350	3,097,425
Transfers to local boards	108,139	-	-	-	159,594	-	267,733	270,000
Interest and bank charges	25,499	55,341	23,799	58,367	264,749	44,123	471,878	448,080
Amortization of tangible capital assets	22,668	212,969	1,402,015	-	346,686	1,261,813	3,246,151	3,246,151
Other expenses	9,386	22,402	273,425	104,711	12,807	61,851	484,582	385,260
	2,257,100	3,714,272	4,155,512	1,484,920	3,142,282	4,286,284	19,040,370	19,563,435
<b>OTHER</b>								
Contributed assets	110,000	36,936	-	-	-	-	146,936	19,750
Government transfers relating to capital (Note 14)	407,991	-	1,037,186	131,772	1,784,864	5,148,300	8,510,113	9,942,385
	517,991	36,936	1,037,186	131,772	1,784,864	5,148,300	8,657,049	9,962,135
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 8,449,174	\$ (2,314,413)	\$ (3,051,488)	\$ 2,318,914	\$ 140,821	\$ 5,727,353	\$ 11,270,361	\$ 9,000,938

## SCHEDULE OF SEGMENTED DISCLOSURES

For the year ended December 31, 2020

Schedule 3

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
<b>REVENUE</b>								
Net taxes available for municipal purposes (Note 13)	\$ 8,593,213	\$ -	\$ -	\$ -	\$ 380,280	\$ -	\$ 8,973,493	\$ 8,909,225
Sale of goods and services	59,225	463,218	1,672	-	339,837	4,729,044	5,592,996	5,557,768
Government transfers relating to operating (Note 14)	989,958	375,528	94,830	151,067	81,422	-	1,692,805	786,660
Land development	-	-	-	724,296	-	-	724,296	720,000
Franchise fees	694,479	-	-	-	-	-	694,479	665,000
Investment income	278,156	-	-	-	250,000	-	528,156	607,100
Other	759,014	370,410	37,919	65,998	14,495	9,483	1,257,319	783,176
	11,374,045	1,209,156	134,421	941,361	1,066,034	4,738,527	19,463,544	18,028,929
<b>EXPENSES</b>								
Salaries and wages	965,817	877,264	831,590	846,846	1,436,094	544,497	5,502,108	6,149,702
Contracted and general services	742,396	1,751,604	682,493	382,517	363,521	1,009,906	4,932,437	5,537,817
Materials, goods and utilities	297,836	142,427	562,974	1,243	434,872	1,089,414	2,528,766	3,047,822
Transfers to local boards	108,139	-	-	-	166,942	-	275,081	242,975
Interest and bank charges	3,777	56,600	33,209	66,852	271,612	48,878	480,928	513,375
Amortization of tangible capital assets	26,993	110,697	1,240,755	-	262,288	1,219,789	2,860,522	2,860,522
Other expenses	163,433	22,600	123,694	-	-	539,360	849,087	153,058
	2,308,391	2,961,192	3,474,715	1,297,458	2,935,329	4,451,844	17,428,929	18,505,271
<b>OTHER</b>								
Contributed assets	-	116,938	-	-	171,659	-	288,597	116,938
Government transfers relating to capital (Note 14)	-	200,000	3,388,443	-	9,464	545,007	4,142,914	3,838,271
	-	316,938	3,388,443	-	181,123	545,007	4,431,511	3,955,209
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 9,065,654	\$ (1,435,098)	\$ 48,149	\$ (356,097)	\$ (1,688,172)	\$ 831,690	\$ 6,466,126	\$ 3,478,867

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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.

### G. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable and held for the purpose of meeting short-term cash commitments rather than for investing.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

## H. 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.

## I. 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.

## J. 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.

## K. 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.

## L. 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 fiscal year ended December 31, 2021

### 2. CASH AND CASH EQUIVALENTS

	2021	2020
Cash	\$ 9,769,431	\$ 13,581,812
Cash equivalents	-	33,040
	<b>\$ 9,769,431</b>	<b>\$ 13,614,852</b>

Cash on deposit earns interest at the bank's prime rate less 1.5% (2020 - bank's prime rate less 1.50%). Cash equivalents are short-term deposits with original maturities of three months or less.

### 3. RECEIVABLES

	2021	2020
Trade accounts receivable	\$ 1,278,298	\$ 1,160,435
Receivable from other governments	1,129,592	284,419
Property taxes		
Current taxes and grants in place of taxes	479,415	479,494
Arrears taxes and interest and penalties	187,230	165,987
	<b>3,074,535</b>	<b>2,090,335</b>
Allowance for doubtful accounts	<b>(114,416)</b>	<b>(4,570)</b>
	<b>\$ 2,960,119</b>	<b>\$ 2,085,765</b>

### 4. INVESTMENTS

	2021		2020	
	Carrying Value	Market Value	Carrying Value	Market Value
Short-term notes and deposits - amortized cost	\$ 2,148,993	\$ 2,160,873	\$ 17,625,293	\$ 17,625,293
Guaranteed bonds - amortized cost	19,316,985	19,069,050	-	-
	<b>\$ 21,465,978</b>	<b>\$ 21,229,923</b>	<b>\$ 17,625,293</b>	<b>\$ 17,625,293</b>

Investments mature at various dates between January 17, 2022 and August 4, 2027, with an average effective annual yield of 1.620% (2020 - 2.50%).

### 5. TRUST ASSETS 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:

	2021	2020
Friends of the Arena:		
Local community groups	\$ 57,214	\$ 69,199
Town of Coaldale portion	28,432	34,584
	<b>\$ 85,646</b>	<b>\$ 103,783</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

### 6. 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 14.

	2021	2020
Government contributions (1)	\$ 4,263,951	\$ 7,441,067
Prepaid taxes & utilities	135,473	120,913
Other deferred revenue	443,708	131,898
	<b>\$ 4,843,132</b>	<b>\$ 7,693,878</b>

(1) Government contributions in deferred revenue consist of the following:

	2020	Grants Received, Receivable & Net Interest	Government Transfer Revenue	2021
Operating:				
Municipal Sustainability Initiative	\$ -	\$ 65,058	\$ 65,058	\$ -
Capital:				
Municipal Sustainability Initiative	5,612,618	47,043	2,434,998	<b>3,224,663</b>
Alberta Municipal Water/Wastewater Partnership	-	3,738,757	3,738,757	-
Municipal Sustainability Program	-	1,037,186	1,037,186	-
ACRP Grant	1,029,465	9,823	-	<b>1,039,288</b>
Canada Community Building Fund	798,984	450,187	1,249,171	-
	<b>\$ 7,441,067</b>	<b>\$ 5,282,996</b>	<b>\$ 8,460,112</b>	<b>\$ 4,263,951</b>

### 7. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Accrued wages	\$ 161,020	\$ 165,269
Accrued vacation & overtime (1)	66,640	51,688
	<b>\$ 227,660</b>	<b>\$ 216,957</b>

(1) Vacation and overtime: This liability is comprised of the vacation and overtime the employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

### 8. LIABILITY FOR CONTAMINATED SITES

The Town did not identify any financial liabilities in 2021 (2020 - nil) as a result of contaminated sites.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

### 9. LONG-TERM DEBT

#### A. Debt Payable

Debt payable includes the following amounts:

	2021	2020
Tax supported debentures	\$ 12,897,167	\$ 13,705,518
Utility supported debentures	664,782	750,044
Operating bank loan	1,282,529	-
	<b>\$ 14,844,478</b>	<b>\$ 14,455,562</b>

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

	Principal	Interest	Total
2022	\$ 995,255	\$ 419,659	\$ 1,414,914
2023	704,994	384,321	1,089,315
2024	694,060	367,772	1,061,832
2025	691,921	344,706	1,036,627
2026	701,931	321,548	1,023,479
Thereafter	11,056,317	2,893,325	13,949,642
	<b>\$ 14,844,478</b>	<b>\$ 4,731,331</b>	<b>\$ 19,575,809</b>

Debenture debt is repayable to Alberta Treasury Board and Finance, bearing interest at rates ranging from 2.07% to 6.25% and matures in annual amounts in periods 2022 through 2049. The average annual interest rate is 2.94% (2020 - 3.02%).

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

The bank loan is repayable in monthly principal installments of \$7,009 plus interest at the bank prime rate less 0.60%, due December 2025. The bank loans are secured by land held for resale.

Interest on the long-term debt amounted to \$444,482 (2020 - \$475,598).

The Town's total cash payments for interest in 2021 was \$440,449 (2020 - \$480,730).

#### 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 255/2000 for the Town be disclosed as follows:

	2021	2020
Total debt limit per Regulation	\$ 32,480,523	\$ 29,195,316
Total debt	14,844,478	14,455,562
Percentage used (%)	45.70	49.51
Total debt service limit per Regulation	\$ 5,413,421	\$ 4,865,886
Total debt service	1,414,914	1,314,197
Percentage used (%)	26.14	27.01

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 fiscal year ended December 31, 2021

### 10. OTHER ASSETS

	2021	2020
Other assets held for resale:		
Land	\$ 2,277,423	\$ 2,277,423
Buildings	1,018,666	911,786
Prepaid expenses - operational	125,715	90,285
Deposits:		
Equipment	-	133,609
Buildings	-	25,000
	<b>\$ 3,421,804</b>	<b>\$ 3,438,103</b>

### 11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 2)	\$ 178,829,865	\$ 164,319,912
Accumulated amortization (Schedule 2)	(56,875,852)	(54,258,617)
Long-term debt (Note 9)	(13,561,949)	(14,455,562)
	<b>\$ 108,392,064</b>	<b>\$ 95,605,733</b>

### 12. ACCUMULATED SURPLUS

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

	2021	2020
General government operations	\$ 1,248,342	\$ 1,248,342
Restricted surplus:		
Tax rate stabilization	582,787	832,554
Reserves for future operating expenditures	910,406	940,452
Reserves for future capital expenditures	21,892,661	23,128,818
Equity in tangible capital assets (Note 11)	108,392,064	95,605,733
	<b>\$ 133,026,260</b>	<b>\$ 121,755,899</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

### 13. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget (Unaudited)	2021	2020
<b>Taxes:</b>			
Real property taxes	\$ 11,616,157	\$ 11,637,159	\$ 11,273,769
Special tax recreation levy	384,000	383,640	380,280
Linear property taxes	128,493	128,493	126,078
Revenue in lieu of taxes	81,157	81,157	51,493
	12,209,807	12,230,449	11,831,620
<b>Less taxes on behalf of:</b>			
Alberta School Foundation Fund	2,501,667	2,533,140	2,375,765
Holy Spirit Roman Catholic Separate Regional District	340,000	318,368	336,833
Green Acres Foundation	155,750	155,662	145,529
	2,997,417	3,007,170	2,858,127
<b>Net taxes available for municipal purposes</b>	<b>\$ 9,212,390</b>	<b>\$ 9,223,279</b>	<b>\$ 8,973,493</b>

### 14. GOVERNMENT TRANSFERS

	Budget (Unaudited)	2021	2020
<b>Operating transfers:</b>			
Provincial	\$ 742,585	\$ 537,404	\$ 1,612,152
Federal	-	6,280	3,366
Other local governments	-	44,944	77,287
	742,585	588,628	1,692,805
<b>Capital transfers:</b>			
Provincial	9,387,466	7,210,942	4,142,914
Federal	510,000	1,249,171	-
Other local governments	44,919	50,000	-
	9,942,385	8,510,113	4,142,914
<b>Total government transfers</b>	<b>\$ 10,684,970</b>	<b>\$ 9,098,741</b>	<b>\$ 5,835,719</b>

### 15. 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 9.39% of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84% thereafter. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to YMPE and 12.84% 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 2021 were \$404,425 (2020 - \$379,333) and by the employees to the LAPP in 2021 were \$365,042 (2020 - \$333,982).

The LAPP reported a surplus for the overall plan as at December 31, 2020 of \$4,961,337. Information as at December 31, 2021 was not available at the time of preparing these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

### 16. SALARY AND BENEFIT DISCLOSURES

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		2021	2020
Mayor:						
Craig	\$	27,940	\$	4,633	\$	38,351
Van Rijn		7,388		624	\$	-
		35,328		5,257	\$	38,351
Councillors:						
Abrey		20,117		4,932	\$	24,236
Beekman		4,253		200	\$	-
Chapman		21,917		4,732	\$	20,989
Hohm		16,764		4,142	\$	24,236
Lloyd		16,764		3,231	\$	23,318
Pauls		16,764		1,178	\$	21,293
Pickering		4,553		568	\$	-
Reis		4,553		469	\$	-
Sailer		4,553		568	\$	-
Simpson		16,764		4,024	\$	24,236
		127,002		24,044	\$	138,308
Chief Administrative Officer		194,664		41,894	\$	204,341
	\$	349,606	\$	70,571	\$	381,000

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 2022 under the terms of the agreement are estimated to be \$1,647,000.

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 June 30, 2022. The total annual cost for 2022 under the terms of the agreement are estimated to be \$111,100.

The Town contracts with Nerds on Site to provide information technology services for the Town of Coaldale. The agreement is set to expire December 2023 and contains an option for a two year renewal. Estimated costs for 2022 under the terms of the agreement are \$90,000.

The Town contracts with GFL Environmental Inc. to provide solid waste, composting and recycling collection services until 2024, with the option of a 3 year renewal until 2027. Total estimated contracting costs for 2022 are \$418,000.

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 2022 under the terms of the agreement are estimated to be \$820,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended December 31, 2021

### 18. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 19. 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. The 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 & Engineering

Planning, Development & Engineering 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.

### 20. 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 November 23, 2020.

Annual surplus (deficit)		\$	9,000,938
Add:	Transfers from reserves to operations		1,164,965
	Amortization expense		3,246,151
	Operating expenses budgeted as capital		415,509
	Net loss on disposal of tangible capital assets		250,312
Less:	Principal debt repayments		(960,115)
	Capital revenue		(9,962,135)
	Transfer from operations to reserves		(3,155,625)
Approved budget surplus		\$	<u>-</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended December 31, 2021

### **21. COMPARATIVE INFORMATION**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

### **22. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, 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 of currency risk arising from these financial instruments. Taxes receivable are compulsory in nature, rather than contractual, however, the Town manages risk exposure on these items similar to other receivables and payables.

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. The Town is exposed to market price risk from investments whose value fluctuates with changes in quoted market prices.

### **23. COVID-19**

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

The situation is continually changing and the future impact on the Town is not readily determinable at this time.

### **24. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements on April 11, 2022.