

Financial Statements of

TOWN OF COALHURST

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors of the Town of Coalhurst

We have audited the accompanying financial statements of the Town of Coalhurst, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 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.

Auditors' 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 our 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, we consider 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 Coalhurst as at December 31, 2017, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

April 17, 2018
Lethbridge, Canada

TOWN OF COALHURST

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash and cash equivalents (note 3)	\$ 8,881,442	\$ 8,302,004
Taxes receivable (note 4)	133,532	125,956
Trade and other receivables	448,784	259,134
	<u>9,463,758</u>	<u>8,687,094</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	7,081	11,260
Deferred revenue (note 5)	370,653	294,548
Deposit liabilities	662,055	141,045
Long-term debt (note 6)	4,217,054	4,348,413
Other liabilities	45,782	\$ -
	<u>5,302,625</u>	<u>4,795,266</u>
Net financial assets	<u>4,161,133</u>	<u>3,891,828</u>
Non-Financial Assets:		
Prepaid expenses	7,429	\$ 6,455
Tangible capital assets (Schedule 6)	23,708,188	22,877,888
Inventories	-	803,096
	<u>23,715,617</u>	<u>23,687,439</u>
Contingent liability (note 11)		
Accumulated surplus (note 7 and Schedule 3)	<u>\$ 27,876,750</u>	<u>\$ 27,579,267</u>

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 1,850,937	\$ 1,807,312	\$ 1,692,147
Sales and user fees	1,504,791	2,547,146	1,574,622
Government transfers for operating (Schedule 1)	501,167	141,495	135,343
Investment income	67,000	97,910	74,747
Penalties and cost of taxes	46,000	39,406	47,092
Rentals	43,000	44,491	56,397
Franchise and concession contracts	72,000	87,468	75,156
Licenses and permits	27,000	38,982	29,904
Other	35,225	17,549	34,566
Total revenue	4,147,120	4,821,759	3,719,974
Expenses (Schedule 5):			
Legislative	94,050	72,752	76,237
Administration	590,950	1,385,155	1,413,698
Protective services	324,497	307,219	262,401
Roads, streets, walks and street lighting	657,546	502,342	441,826
Water supply and distribution	463,137	528,475	375,040
Waste water	441,132	377,572	383,500
Waste management	258,100	233,138	207,364
Community support	38,486	26,982	21,155
Municipal planning	395,324	1,164,550	168,904
Recreation and parks	275,911	236,693	223,873
Culture and library	125,300	90,792	91,082
Total expenses	3,664,433	4,925,670	3,665,080
Excess (deficiency) of revenue over expenses before the undernoted	482,687	(103,911)	54,894
Other:			
Government transfers for capital (Schedule 1)	80,000	401,394	2,014,150
Excess of revenue over expenses	562,687	297,483	2,069,044
Accumulated surplus, beginning of year	27,579,267	27,579,267	25,510,223
Accumulated surplus, end of year	\$ 28,141,954	\$ 27,876,750	\$ 27,579,267

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Excess of revenue over expenses	\$ 562,687	\$ 297,483	\$ 2,069,044
Acquisition of tangible capital assets	-	(2,205,506)	(3,671,027)
Acquisition of prepaid expenses	-	(974)	(6,455)
Amortization of tangible capital assets	-	863,507	799,340
Loss (gain) on disposal of tangible capital assets	(7,500)	108,364	24,044
Proceeds on disposal of tangible capital assets	-	403,335	450
Use (acquisition) of inventories	-	803,096	252,019
Change in net financial assets	555,187	269,305	(532,585)
Net financial assets, beginning of year	3,891,828	3,891,828	4,424,413
Net financial assets, end of year	\$ 4,447,015	\$ 4,161,133	\$ 3,891,828

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 297,483	\$ 2,069,044
Items not involving cash:		
Amortization of tangible capital assets	863,507	799,340
Loss on disposal of tangible capital assets	108,364	24,044
Changes in non-cash assets and liabilities:		
Taxes receivable	(7,576)	45,059
Trade and other receivables	(189,650)	(53,757)
Prepaid expenses	(974)	(6,455)
Accounts payable and accrued liabilities	(4,179)	5,841
Deposit liabilities	521,010	(13,942)
Deferred revenue	76,105	(989,586)
Other liabilities	45,782	-
Inventories	803,096	252,019
	<u>2,512,968</u>	<u>2,131,607</u>
Capital activities:		
Acquisition of tangible capital assets		
- internally funded	(1,990,573)	(3,671,027)
- funded from reserves	(214,933)	-
Proceeds on disposal of tangible capital assets	403,335	450
	<u>(1,802,171)</u>	<u>(3,670,577)</u>
Financing activities:		
Proceeds from long-term debt - capital	-	2,000,000
Principal payment on long-term debt - capital	(55,654)	(53,511)
Principal payment on long-term debt - operating	(75,705)	(17,825)
	<u>(131,359)</u>	<u>1,928,664</u>
Increase in cash and cash equivalents	579,438	389,694
Cash and cash equivalents, beginning of year	8,302,004	7,912,310
Cash and cash equivalents, end of year	<u>\$ 8,881,442</u>	<u>\$ 8,302,004</u>

See accompanying notes to financial statements.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of the Town of Coalhurst (the "Town") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the municipal operations controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Interdepartmental transactions and balances have been eliminated.

The schedule of taxes levied and net taxes available for Municipal purposes includes requisitions collected on behalf of and transferred to educational and other external organizations that are not part of the municipal reporting entity.

(b) Basis of accounting:

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

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

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

Tax revenues result from non-exchange transactions that are compulsorily paid to governments in accordance with the laws and regulations established to provide revenue to the government for public services. The revenue is recognized when the tax has been authorized and the taxable event has occurred.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Pension expense:

The Town participates in a defined benefit multi-employer pension plan covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(d) Investments:

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

(e) Over-levies collections and under-levies:

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(f) Government transfers:

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

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

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(g) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive 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. No contaminated sites have been identified.

(h) 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.

i. Tangible capital assets:

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

Assets	Years
Land improvements	50
Buildings	50
Engineered structures	45 - 75
Machinery and equipment	5 - 20
Vehicles	10 - 25

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

ii. Contribution 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. Inventories:

Inventories consisting of land and improvements not currently available for resale are recorded as non-financial assets.

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

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that 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 reporting periods. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2017, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(a) PS 1201 - Financial Statement Presentation:

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

(b) PS 3450 - Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Town does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Town. This standard is effective for fiscal years beginning on or after April 1, 2019.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Recent accounting pronouncements (continued):

(c) PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value, denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

(d) PS 3041 - Portfolio Investments:

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

3. Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term deposits with original maturities of less than three months.

Included in cash is \$2,140,989 (2016 - \$2,198,288) of unexpended debt proceeds from Alberta Capital Finance Authority and \$321,084 (2016 - \$250,255) of restricted grant funding.

4. Taxes receivable:

	2017	2016
Current	\$ 110,128	\$ 87,093
Arrears	23,404	38,863
	<u>\$ 133,532</u>	<u>\$ 125,956</u>

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Deferred revenue:

	Balance 2016	Contributions received	Contributions recognized as revenue	Balance 2017
Other operating grants	\$ -	\$ 10,643	\$ 10,643	\$ -
ACP Grant - Shared Industrial				
Park Area Structure	-	175,000	100,000	75,000
Summer Temporary				
Employment Program	-	8,187	8,187	-
Municipal Sustainability				
Initiative - operating	-	122,665	122,665	-
Municipal Sustainability				
Initiative - capital	250,255	297,223	301,394	246,084
	250,255	613,718	542,889	321,084
Prepaid tax revenue	44,293	49,569	44,293	49,569
Deferred revenue, end of year	\$ 294,548	\$ 663,287	\$ 587,182	\$ 370,653

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Long-term debt:

	2017	2016
Tax supported debentures	\$ 4,072,295	\$ 4,190,774
Self supported debentures	144,759	157,639
	<u>\$ 4,217,054</u>	<u>\$ 4,348,413</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	\$ 135,718	\$ 130,868	\$ 266,586
2019	140,231	126,355	266,586
2020	144,903	121,683	266,586
2021	149,741	116,845	266,586
2022	155,136	111,552	266,688
Thereafter	3,491,325	1,096,791	4,588,116
	<u>\$ 4,217,054</u>	<u>\$ 1,704,094</u>	<u>\$ 5,921,148</u>

Long-term debt is comprised of:

	2017	2016
Capital	\$ 1,359,374	\$ 1,415,028
Land acquired for future development	716,691	735,097
Unspent debt proceeds	2,140,989	2,198,288
	<u>\$ 4,217,054</u>	<u>\$ 4,348,413</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 2.649% to 5.353% (2016 - 2.649% to 5.353%) per annum, before Provincial subsidy, and matures in 2042. Debenture debt is issued on the credit and security of the Town of Coalhurst at large.

Interest on debenture debt amounted to \$135,227 (2016 - \$85,347). The Town's total cash payments for interest in 2017 were \$135,227 (2016 - \$85,347).

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Accumulated surplus

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

	2017	2016
Reserves (i)	5,527,936	6,116,407
Equity in tangible capital asset (ii)	22,348,814	21,462,860
	\$ 27,876,750	\$ 27,579,267

(i) Reserves are comprised of funds internally restricted as follows:

	2017	2016
Operating:		
Infrastructure	\$ 443,515	\$ 550,609
Administration	62,865	79,409
Fire department	705,000	628,889
Emergency measures	8,462	8,413
Equipment	474,381	419,473
Roads	415,215	562,222
Water	571,707	533,643
Sewer	657,969	654,212
Garbage	188,660	157,753
Drainage	95,315	238,943
Recreation	55,532	55,215
Community	43,700	43,450
Community centre	114,862	105,357
Contingency	320,605	517,633
	4,157,788	4,555,221
Capital	1,370,148	1,561,186
	\$ 5,527,936	\$ 6,116,407

(ii) Equity in tangible capital assets:

	2017	2016
Tangible capital assets (Schedule 6)	\$ 35,010,618	\$ 33,389,966
Accumulated amortization (Schedule 6)	(11,302,430)	(10,512,078)
Long-term debt for capital (note 6)	(1,359,374)	(1,415,028)
	\$ 22,348,814	\$ 21,462,860

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Salary and benefits disclosure:

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

	Salaries (i)	Benefits and Allowances (ii)	Total 2017	Total 2016
Mayor:				
D. Cassie	\$ 16,020	\$ 2,138	\$ 18,158	\$ 21,025
Councillors:				
H. Caldwell	11,941	2,327	14,268	14,549
M. Slingerland	7,406	134	7,540	13,051
B. Edgecome-Green	11,640	2,265	13,905	13,433
S. Watson	7,614	660	8,274	12,521
R. Lagemaat	3,183	2,267	5,450	-
	57,804	9,791	67,595	74,579
Designated Officers:				
Chief Administrative Officer	112,211	18,739	130,950	129,644
Assessor	26,687	-	26,687	25,473
	\$ 138,898	\$ 18,739	\$ 157,637	\$ 155,117

- i) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- ii) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long-term disability plans, travel allowances and tuition, as eligible.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Debt limits:

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

	2017	2016
Total debt limit	\$ 7,232,639	\$ 5,579,961
Total debt	(4,217,054)	(4,348,413)
Amount of debt limit unused	3,015,585	1,231,548
Debt servicing limit	1,205,440	929,994
Debt servicing	(266,586)	(156,684)
Amount of debt servicing unused	\$ 938,854	\$ 773,310

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service 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 Town. Rather, the financial statements must be interpreted as a whole.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Local Authorities Pension Plan:

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 253,862 people and about 417 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

The Town is required to make current service contributions to the LAPP of 11.39% (11.39% in 2016) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (15.84% in 2016) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% (10.39% in 2016) of pensionable salary up to the year's maximum pensionable salary and 14.84% (14.84% in 2016) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2017 were \$83,812 (2016 - \$81,851). Total current service contributions by the employees of the Town to the LAPP in 2017 were \$76,971 (2016 - \$75,135).

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

11. Contingent liability:

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 exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

12. Financial instruments:

The Town as part of its operations carries a number of financial instruments, such as cash and cash equivalents, accounts receivable, investments, accounts payable and accrued 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 except as otherwise disclosed.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town has available a Municipal Revolving loan aggregating \$300,000. Amounts drawn on this facility bear interest at prime plus nil%. At December 31, 2017, no amounts were drawn on this facility. At December 31, 2017 prime rate was 3.20% (2016 - 2.70%).

ii Credit concentration:

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 of diversity of taxpayers and customers minimizes the credit risk.

iii Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

13. Budget:

The budgeted information presented in these financial statements is based upon the 2017 operating and capital budgets approved by Council on May 30, 2017. Amortization was not contemplated in development of the budget and, as such, has not been included.

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2017

14. Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Town. Town services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

(a) Utility services:

The utility department is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities and waste management functions.

(b) Public works:

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks and lighting.

(c) Protective services:

The mandate of Protective Services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.

(d) Parks and culture:

Parks and culture includes the operation and maintenance of parks, recreation, and community buildings within the Town.

(e) General government:

General government includes all functional activities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

15. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

16. Approval of financial statements:

Council and Management approved these financial statements.

TOWN OF COALHURST

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Transfers for operating:			
Provincial government	\$ 501,167	\$ 132,852	\$ 135,343
Federal Government	-	8,643	-
	501,167	141,495	135,343
Transfers for capital:			
Provincial government	80,000	401,394	2,014,150
Total government transfers	\$ 581,167	\$ 542,889	\$ 2,149,493

TOWN OF COALHURST

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2017, with comparative information for 2016

	Utilities	Public Works	Protective Services	Parks and culture	General Government	Total 2017	Total 2016
Revenue:							
Net taxes available for municipal purposes	-	-	-	-	1,807,312	1,807,312	1,692,147
Sales and user fees	1,414,874	198,350	127,562	5,423	800,937	2,547,146	1,574,622
Government transfer for operating	39,000	30,000	15,000	22,495	35,000	141,495	135,343
Investment income	-	-	-	-	97,910	97,910	74,747
Penalties and cost of taxes	-	-	-	-	39,406	39,406	47,092
Rentals	-	-	-	26,191	18,300	44,491	56,397
Franchise and concession contracts	-	-	-	-	87,468	87,468	75,156
Licenses and permits	-	-	10,602	-	28,380	38,982	29,904
Other	-	-	15,376	2,173	-	17,549	34,566
	1,453,874	228,350	168,540	56,282	2,914,713	4,821,759	3,719,974
Expenses:							
Salaries, wages and benefits	236,375	105,688	73,898	174,916	445,198	1,036,075	1,044,811
Contracted and general services	180,145	142,287	155,425	55,643	1,187,426	1,720,926	677,535
Materials, goods, supplies and utilities	181,241	197,201	61,422	73,242	90,596	603,702	488,591
Grants to individuals and organizations	380,009	-	8,547	23,684	43,877	456,117	442,069
Interest on long-term debt	66,974	52,603	7,927	-	7,723	135,227	85,347
Interest and bank charges	-	-	-	-	1,275	1,275	1,381
Other	-	-	-	-	477	477	101,962
Amortization	-	-	-	-	863,507	863,507	799,340
Loss on disposal of tangible capital assets	94,442	4,562	-	-	9,360	108,364	24,044
	1,139,186	502,341	307,219	327,485	2,649,439	4,925,670	3,665,080
Excess (deficiency) of revenue over expenses before							
the undernoted	314,688	(273,991)	(138,679)	(271,203)	265,274	(103,911)	54,894
Government transfers for capital	44,607	249,890	-	-	106,897	401,394	2,014,150
Excess (deficiency) of revenue over							
expenses	359,295	(24,101)	(138,679)	(271,203)	372,171	297,483	2,069,044

TOWN OF COALHURST

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Unrestricted net assets	Reserves	Equity in tangible capital assets	2017	2016
Balance, beginning of year	\$ -	\$ 6,116,407	\$ 21,462,860	\$ 27,579,267	\$ 25,510,223
Excess of revenues over expenses	297,483	-	-	297,483	2,069,044
Transferred from reserves	373,538	(373,538)	-	-	-
Acquisition of tangible capital assets internally funded	(1,990,573)	-	1,990,573	-	-
Acquisition of tangible capital assets funded from reserves	-	(214,933)	214,933	-	-
Net book value of tangible capital assets disposed	511,699	-	(511,699)	-	-
Amortization of capital assets	863,507	-	(863,507)	-	-
Principal payment on debenture debt - capital	(55,654)	-	55,654	-	-
Change in accumulated surplus	-	(588,471)	885,954	297,483	2,069,044
Balance, end of year	\$ -	\$ 5,527,936	\$ 22,348,814	\$ 27,876,750	\$ 27,579,267

TOWN OF COALHURST

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Taxation:			
Real property tax	\$ 2,459,916	\$ 2,416,291	\$ 2,265,305
Requisitions:			
Alberta School Foundation Fund	579,713	579,713	546,393
Green Acres Foundation	29,266	29,266	26,765
	608,979	608,979	573,158
Net municipal property tax	\$ 1,850,937	\$ 1,807,312	\$ 1,692,147

TOWN OF COALHURST

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Salaries, wages and benefits	\$ 1,092,212	\$ 1,036,075	\$ 1,044,811
Contracted and general services	1,070,406	1,720,926	677,535
Materials, goods and utilities	880,540	603,702	488,591
Transfers to local boards and agencies	483,936	456,117	442,069
Interest on long-term debt	140,789	135,227	85,347
Interest and bank charges	1,500	1,275	1,381
Other	2,550	477	101,962
Loss (gain) on disposal of tangible capital assets	(7,500)	108,364	24,044
Amortization	-	863,507	799,340
Total expenses by object	\$ 3,664,433	\$ 4,925,670	\$ 3,665,080

TOWN OF COALHURST

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2017, with comparative information for 2016

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2017	2016
Cost:									
Balance, beginning of year	1,996,185	71,835	3,649,177	23,999,357	1,689,219	1,704,741	279,452	33,389,966	29,762,115
Acquisition of tangible capital assets	-	-	165,499	126,004	104,807	26,401	1,782,795	2,205,506	3,671,027
Transfer	-	-	-	1,485,559	-	-	(1,485,559)	-	-
Disposal of tangible capital assets	(405,195)	-	-	(152,854)	-	(26,805)	-	(584,854)	(43,176)
Balance, end of year	1,590,990	71,835	3,814,676	25,458,066	1,794,026	1,704,337	576,688	35,010,618	33,389,966
Accumulated amortization:									
Balance, beginning of year	-	28,030	2,679,113	6,339,933	585,756	879,246	-	10,512,078	9,731,420
Accumulated amortization on disposals	-	-	-	(58,412)	-	(14,743)	-	(73,155)	(18,682)
Amortization	-	2,873	102,202	567,013	97,980	93,439	-	863,507	799,340
Balance, end of year	-	30,903	2,781,315	6,848,534	683,736	957,942	-	11,302,430	10,512,078
Net book value of tangible capital assets	1,590,990	40,932	1,033,361	18,609,532	1,110,290	746,395	576,688	23,708,188	22,877,888
2016 Net book value of tangible capital assets	1,996,185	43,805	970,064	17,659,424	1,103,463	825,495	279,452	22,877,888	