

Financial Statements of

TOWN OF COALHURST

Year ended December 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Town of Coalhurst's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2014 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that 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 maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP. Their report to the Members of Council of the Town of Coalhurst, stating the scope of their examination and opinion on the financial statements, follows.

R. K. Hauta
Chief Administrative Officer



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors 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, 2014, and 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, 2014, and its results of financial activities, 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 Accountants

April 21, 2015
Lethbridge, Canada

TOWN OF COALHURST

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash (note 3)	\$ 8,229,926	\$ 7,131,370
Taxes receivable (note 4)	145,507	225,675
Trade and other receivables	298,141	1,002,441
	<u>8,673,574</u>	<u>8,359,486</u>
Financial liabilities:		
Accounts payable and accrued liabilities	200,887	171,441
Deferred revenue (note 5)	1,704,821	1,922,290
Deposit liabilities	158,552	146,254
Long-term debt (note 6)	2,506,845	2,591,077
	<u>4,571,105</u>	<u>4,831,062</u>
Net financial assets	4,102,469	3,528,424
Non-financial assets:		
Tangible capital assets (note 7)	19,339,066	19,010,566
Inventories	803,096	803,096
	<u>20,142,162</u>	<u>19,813,662</u>
Contingent liabilities (note 12)		
Accumulated surplus (note 8)	<u>\$ 24,244,631</u>	<u>\$ 23,342,086</u>

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Revenue:			
Net taxes available for municipal purposes (Schedule)	\$ 1,496,761	\$ 1,494,322	\$ 1,400,898
Sales and user fees	3,008,524	1,837,559	1,272,797
Government transfers for operating (Schedule)	276,939	135,445	138,375
Investment income	47,000	80,188	30,551
Penalties and costs on taxes	56,000	45,633	56,561
Rentals	38,875	66,977	53,555
Franchise and concession contracts	60,000	73,168	72,477
Licenses and permits	17,000	20,084	16,862
Other	9,934	52,414	34,354
Total revenue	5,011,033	3,805,790	3,076,430
Expenses:			
Legislative	86,334	79,842	75,868
Administration	528,808	1,151,838	1,091,643
Protective services	301,469	259,626	246,928
Roads, streets, walks and street lighting	785,429	786,584	348,841
Water supply and distribution	419,704	320,611	319,070
Waste water	403,139	371,313	267,973
Waste management	167,353	167,025	190,180
Community support	28,804	19,787	28,483
Municipal planning	129,541	97,995	140,826
Recreation and parks	231,273	199,212	171,398
Culture and library	119,115	97,331	89,500
Total expenses	3,200,969	3,551,164	2,970,710
Excess of revenue over expenses before the undernoted	1,810,064	254,626	105,720
Other:			
Government transfers for capital (Schedule)	5,087,151	636,986	1,651,145
Contributed tangible capital assets	-	10,933	13,004
	5,087,151	647,919	1,664,149
Excess of revenue over expenses	6,897,215	902,545	1,769,869
Accumulated surplus, beginning of year	23,342,086	23,342,086	21,572,217
Accumulated surplus, end of year	\$ 30,239,301	\$ 24,244,631	\$ 23,342,086

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Change in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Excess of revenue over expenses	\$ 6,897,215	\$ 902,545	\$ 1,769,869
Acquisition of tangible capital assets	-	(967,732)	(2,162,189)
Contributed tangible capital assets	-	(10,933)	(13,004)
Amortization of tangible capital assets	-	650,165	639,835
Change in net financial assets	6,897,215	574,045	234,511
Net financial assets, beginning of year	3,528,424	3,528,424	3,293,913
Net financial assets, end of year	\$ 10,425,639	\$ 4,102,469	\$ 3,528,424

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 902,545	\$ 1,769,869
Items not involving cash:		
Amortization of tangible capital assets	650,165	639,835
Contributed assets	(10,933)	(13,004)
Change in non-cash financial assets and liabilities:		
Taxes receivable	80,168	(67,329)
Trade and other receivables	704,300	(330,002)
Accounts payable and accrued liabilities	29,446	(648,305)
Deferred revenue	(217,469)	(1,044)
Deposit liabilities	12,298	(701,014)
	<u>2,150,520</u>	<u>649,006</u>
Capital activities:		
Acquisition of tangible capital assets:		
- internally funded	(832,929)	(1,951,151)
- funded by external borrowings	(134,803)	(211,038)
	<u>(967,732)</u>	<u>(2,162,189)</u>
Financing activities:		
Principal payment on long term debt - capital	(67,512)	(65,278)
Principal payment on long term debt - operating	(16,720)	(16,192)
	<u>(84,232)</u>	<u>(81,470)</u>
Increase (decrease) in cash	1,098,556	(1,594,653)
Cash and cash equivalents, beginning of year	7,131,370	8,726,023
Cash and cash equivalents, end of year	<u>\$ 8,229,926</u>	<u>\$ 7,131,370</u>

See accompanying notes to financial statements.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

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 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.

(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.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(d) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the terms 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.

(g) 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.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(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 are 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) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and 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.

(h) 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.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

2. Recent accounting pronouncements:

The following is a summary of the future accounting pronouncements. The impact of these pronouncements, if any, has not yet been determined.

i) Liability for contaminated sites:

The Public Sector Accounting Standards Board (PSAB) approved section PS 3260. This section establishes standards for reporting a liability associated with the remediation of certain contaminated sites. This section is effective for years beginning on or after April 1, 2014. The Town has not yet adopted this standard or determined the effect of the adoption of this standard on its financial statements.

ii) Financial instruments, foreign currency translation and financial statements presentation:

PSAB approved sections PS 3450 financial instruments, PS 2601 foreign currency translation, and PS 1201 financial statement presentation. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 1201 discloses unrealized gains and losses, hedge accounting and separation of realized and unrealized gains and losses. PS 1201 discloses unrealized gains and losses. These sections are effective for years beginning on or after April 1, 2016. While early adoption is allowed, all three sections must be adopted at the same time. The Town has not yet adopted these standards or determined the effect of the adoption on the financial statements.

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 \$248,084 (2013 - \$382,888) of unexpended debt proceeds from Alberta Capital Finance Authority and \$1,667,161 (2013 - \$1,881,322) of restricted grant funding.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

4. Taxes receivable:

	2014	2013
Current	\$ 82,439	\$ 137,227
Arrears	63,068	88,448
	<u>\$ 145,507</u>	<u>\$ 225,675</u>

5. Deferred revenue:

	Balance 2013	Contributions received	Contributions recognized as revenue	Balance 2014
Basic Municipal Transportation Grant - operating	\$ 373,510	\$ 138,060	\$ -	\$ 511,570
Federal Gas Tax Fund – capital	403,484	125,049	415,902	112,631
Municipal Sustainability Initiative - capital	1,104,328	159,716	221,084	1,042,960
	<u>1,881,322</u>	<u>422,825</u>	<u>636,986</u>	<u>1,667,161</u>
Prepaid tax revenue	40,968	37,660	40,968	37,660
Total	<u>\$ 1,922,290</u>	<u>\$ 460,485</u>	<u>\$ 677,954</u>	<u>\$ 1,704,821</u>

6. Long-term debt:

	2014	2013
Tax supported debentures	\$ 2,325,055	\$ 2,397,971
Self-supported debentures	181,790	193,106
	<u>\$ 2,506,845</u>	<u>\$ 2,591,077</u>

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

6. Long-term debt (continued):

Principal and interest repayments are as follows:

	Principal debenture	Interest	Total
2015	\$ 87,096	\$ 88,229	\$ 175,325
2016	71,337	85,347	156,684
2017	74,060	82,624	156,684
2018	76,891	79,793	156,684
2019	79,835	76,849	156,684
Thereafter	2,117,626	1,028,132	3,145,758
	<u>\$ 2,506,845</u>	<u>\$ 1,440,974</u>	<u>\$ 3,947,819</u>

During 2012 loan proceeds were received for operating and capital purchases. A portion of loan proceeds remain unspent at December 31, 2014.

Long term debt is comprised of:

	2014	2013
Capital	\$ 1,488,576	\$ 1,421,285
Land acquired for future development	770,185	786,904
Unspent debt proceeds	248,084	382,888
	<u>\$ 2,506,845</u>	<u>\$ 2,591,077</u>

Debentures are repayable to Alberta Capital Finance Authority and bear interest at rates ranging from 1.907% to 5.353% per annum, before Provincial rebate, and mature in annual amounts to the year 2042. Debenture debt is issued on the credit and security of the Town of Coalhurst at large.

Interest on debenture debt amounted to \$91,093 (2013 - \$93,913). The Town's total cash payments for interest in 2014 were \$91,093 (2013 - \$93,913).

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

7. Tangible capital assets:

Cost	2013	Additions	Disposals	Transfer	2014
Land	\$ 1,046,240	\$ 86,470	\$ -	\$ -	\$ 1,132,710
Land improvements	71,835	-	-	-	71,835
Buildings	3,403,848	92,494	-	-	3,496,342
Engineered structures	20,008,710	134,803	-	-	20,143,513
Machinery and equipment	1,373,027	90,983	-	-	1,464,010
Vehicles	1,538,485	101,651	-	-	1,640,136
Construction in progress	-	472,264	-	-	472,264
Total	\$ 27,442,145	\$ 978,665	\$ -	\$ -	\$28,420,810

Accumulated amortization	2013	Disposal	Amortization expense	2014
Land improvements	\$ 19,411	\$ -	\$ 2,873	\$ 22,284
Buildings	2,405,758	-	89,750	2,495,508
Engineered structures	5,055,921	-	387,385	5,443,306
Machinery and equipment	361,414	-	74,002	435,416
Vehicles	589,075	-	96,155	685,230
Total	\$ 8,431,579	\$ -	\$650,165	\$ 9,081,744

Net book value	2013	2014
Land	\$ 1,046,240	\$ 1,132,710
Land improvements	52,424	49,551
Buildings	998,090	1,000,834
Engineered structures	14,952,789	14,700,207
Machinery and equipment	1,011,613	1,028,594
Vehicles	949,410	954,906
Construction in progress	-	472,264
Total	\$ 19,010,566	\$ 19,339,066

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

8. Accumulated surplus:

	Unrestricted net assets	Equity in tangible capital assets (i)	Reserves (ii)	Total 2014	Total 2013
Beginning balance	\$ 31,440	\$ 17,589,281	\$ 5,721,365	\$ 23,342,086	\$ 21,572,217
Excess of revenues over expenses	902,545	-	-	902,545	1,769,869
Transfer to reserves	(335,211)	-	335,211	-	-
Transfers from reserves	-	-	-	-	-
Amortization of tangible capital assets	650,165	(650,165)	-	-	-
Capital assets internally funded	(832,929)	832,929	-	-	-
Capital assets debt funded	(134,803)	134,803	-	-	-
Contributed capital assets	(10,933)	10,933	-	-	-
Debt proceeds received for capital	134,803	(134,803)	-	-	-
Principal payment on debenture debt - capital	(67,512)	67,512	-	-	-
	\$ 337,565	\$ 17,850,490	\$ 6,056,576	\$ 24,244,631	\$ 23,342,086

(i) Equity in tangible capital assets:

	2014	2013
Tangible capital assets	\$ 28,420,810	\$ 27,442,145
Accumulated amortization	(9,081,744)	(8,431,579)
Long-term debt for capital (note 6)	(1,488,576)	(1,421,285)
	\$ 17,850,490	\$ 17,589,281

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

8. Accumulated surplus (continued):

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

	2014	2013
Operating:		
Infrastructure	\$ 539,476	\$ 535,920
Administration	52,412	39,605
Fire department	474,580	400,919
Emergency measures	8,243	8,189
Equipment	308,472	254,285
Roads	492,272	459,225
Water	454,507	416,741
Sewer	640,984	636,758
Garbage	95,982	65,547
Drainage	278,979	224,688
Recreation	54,098	53,742
Community	42,573	42,292
Community center	85,847	76,440
Contingency	498,380	490,624
	4,026,805	3,704,975
Capital	2,029,771	2,016,390
	\$ 6,056,576	\$ 5,721,365

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

9. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials and the designated officers as required by provincial regulation is as follows:

			2014	2013
	Salary ⁽¹⁾	Benefits and Allowances ⁽²⁾	Total	Total
Mayor:				
D. Cassie	\$ 14,454	\$ 3,382	\$ 17,836	\$ 18,455
Councillors:				
L. Wittig	-	-	-	10,325
H. Caldwell	14,110	3,354	17,464	13,196
R. Lagemaat	-	-	-	10,748
M. Slingerland	11,804	3,262	15,066	13,286
B. Edgecome-Green	11,035	3,499	14,534	3,624
S. Watson	12,188	1,083	13,271	3,680
	\$ 63,591	\$ 14,580	\$ 78,171	\$ 73,314
Designated Officers:				
Chief Administrative Officer	\$ 99,598	\$ 19,080	\$ 118,678	\$ 112,675
Assessor	23,390	-	23,390	19,684
	\$ 122,988	\$ 19,080	\$ 142,068	\$ 132,359

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- 2) 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

Year ended December 31, 2014

10. 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:

	2014	2013
Total debt limit	\$ 5,725,085	\$ 4,614,645
Total debt	(2,506,845)	(2,591,077)
Debt limit unused	\$ 3,218,240	\$ 2,023,568
Debt servicing limit	\$ 954,181	\$ 769,108
Debt servicing	(175,325)	(175,325)
Amount of debt servicing unused	\$ 778,856	\$ 593,783

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.

11. 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 230,534 people and about 418 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 Plan of 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2014 were \$74,082 (2013 - \$58,258). Total current service contributions by the employees of the Town to the LAPP in 2014 were \$67,940 (2013 - \$53,021).

At December 31, 2013, the Plan disclosed an actuarial deficit of \$4.86 billion.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

12. Contingent liability:

The Town is a member of the Alberta Municipal Insurance Exchange (“MUNIX”). Under the terms of 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.

13. Financial instruments:

It is management’s opinion that the Town is not exposed to significant interest, currency or credit risk arising from its financial instruments. Unless otherwise noted, the fair value of its financial instruments approximates their carrying values.

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 for 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 has available a Municipal Revolving loan aggregating \$300,000. Amounts drawn on this facility bear interest at prime plus nil%. At December 31, 2014, no amounts were drawn on this facility. At December 31, 2014 prime rate was 3.0%.

14. Budget information:

The budget information presented in these financial statements is based upon the 2014 operating and capital budgets approved by Council on May 27, 2014. Amortization was not contemplated in development of the budget and, as such, has not been included.

15. Segmented disclosures:

Segmented disclosures have 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 segmented financial 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.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

15. Segmented disclosures (continued):

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 has 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.

16. Approval of financial statements:

These financial statements have been approved by Council and Management.

TOWN OF COALHURST

Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Taxation:			
Real property taxes	\$ 2,049,410	\$ 2,046,971	\$ 1,981,518
Requisition:			
Alberta School Foundation Fund	526,645	526,645	554,927
Green Acres Foundation	26,004	26,004	25,693
	552,649	552,649	580,620
Net taxes for municipal purposes	\$ 1,496,761	\$ 1,494,322	\$ 1,400,898

Schedule of Government Transfers

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Transfers for operating:			
Provincial government	\$ 276,939	\$ 135,445	\$ 138,375
Transfers for capital:			
Provincial government	\$ 5,087,151	\$ 636,986	\$ 1,651,145
Total government transfers	\$ 5,364,090	\$ 772,431	\$ 1,789,520

Schedule of Expenses by Object

Year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Salaries, wages and benefits	\$ 961,643	\$ 947,835	\$ 882,766
Contracted and general services	621,404	566,448	487,166
Materials, goods, supplies and utilities	1,082,129	897,790	554,829
Grants to individuals and organizations	430,386	396,037	305,900
Interest on long-term debt	96,690	91,093	93,913
Interest and bank charges	1,200	1,402	1,201
Other	7,517	394	5,100
Amortization	-	650,165	639,835
	\$ 3,200,969	\$ 3,551,164	\$ 2,970,710

TOWN OF COALHURST

Schedule of Segmented Disclosures

Year ended December 31, 2014, with comparative information for 2013

	Utilities	Public Works	Protective Services	Parks and Culture	General Government	2014	2013
Revenue:							
Net taxes available for municipal purposes	\$ -	\$ -	\$ -	\$ -	\$ 1,494,322	\$ 1,494,322	\$ 1,400,898
Sales and user fees	1,143,471	494,200	167,236	17,301	15,351	1,837,559	1,272,797
Government transfer for operating	47,000	29,506	-	13,939	45,000	135,445	138,375
Investment income	-	-	-	-	80,188	80,188	30,551
Penalties and cost of taxes	-	-	-	-	45,633	45,633	56,561
Rentals	-	-	-	23,602	43,375	66,977	53,555
Franchise and concessions contracts	-	-	-	-	73,168	73,168	72,477
Licenses and permits	-	-	9,809	-	10,275	20,084	16,862
Other	-	-	875	8,968	42,571	52,414	34,354
	1,190,471	523,706	177,920	63,810	1,849,883	3,805,790	3,076,430
Expenses:							
Salaries, wages and benefits	197,934	96,073	120,475	138,520	394,833	947,835	882,766
Contracted and general services	119,850	157,097	51,091	68,223	170,187	566,448	487,166
Materials, goods, supplies and utilities	138,539	533,389	72,183	69,114	84,565	897,790	554,829
Grants to individuals and organizations	329,782	25	6,132	20,686	39,412	396,037	305,900
Interest on long-term debt	72,845	-	9,744	-	8,504	91,093	93,913
Interest and bank charges	-	-	-	-	1,402	1,402	1,201
Other	-	-	-	-	394	394	5,100
Amortization	-	-	-	-	650,165	650,165	639,835
	858,950	786,584	259,625	296,543	1,349,462	3,551,164	2,970,710
Excess (deficiency) of revenue over expenses before the undernoted	331,521	(262,878)	(81,705)	(232,733)	500,421	254,626	105,720
Government transfers for capital	-	533,819	-	103,167	-	636,986	1,651,145
Contributed tangible capital assets	-	-	-	-	10,933	10,933	13,004
Excess (deficiency) of revenue over expenses for the year	\$ 331,521	\$ 270,941	\$ (81,705)	\$ (129,566)	\$ 511,354	\$ 902,545	\$ 1,769,869