

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.

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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                 |
|--|----------------------|----------------------|
| <b>Financial assets:</b>                 |                      |                      |
| 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>     |
| <b>Financial liabilities:</b>            |                      |                      |
| 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            |
| <b>Non-financial assets:</b>             |                      |                      |
| 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)         |                      |                      |
| <b>Accumulated surplus</b> (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                 |
|--|----------------------|----------------------|----------------------|
| <b>Revenue:</b>  |                      |                      |                      |
| 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               |
| <b>Total revenue</b>   | <b>5,011,033</b>     | <b>3,805,790</b>     | <b>3,076,430</b>     |
| <b>Expenses:</b>   |                      |                      |                      |
| 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               |
| <b>Total expenses</b>  | <b>3,200,969</b>     | <b>3,551,164</b>     | <b>2,970,710</b>     |
| <b>Excess of revenue over expenses before the undernoted</b> | <b>1,810,064</b>     | <b>254,626</b>       | <b>105,720</b>       |
| <b>Other:</b>  |                      |                      |                      |
| 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            |
| <b>Excess of revenue over expenses</b>                       | <b>6,897,215</b>     | <b>902,545</b>       | <b>1,769,869</b>     |
| <b>Accumulated surplus, beginning of year</b>                | <b>23,342,086</b>    | <b>23,342,086</b>    | <b>21,572,217</b>    |
| <b>Accumulated surplus, end of year</b>                      | <b>\$ 30,239,301</b> | <b>\$ 24,244,631</b> | <b>\$ 23,342,086</b> |

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):                          |                     |                     |
| <b>Operating activities:</b>                         |                     |                     |
| 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>      |
| <b>Capital activities:</b>                           |                     |                     |
| 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>  |
| <b>Financing activities:</b>                         |                     |                     |
| 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

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## 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

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## 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

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## 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

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## 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<br>2013     | Contributions<br>received | Contributions<br>recognized<br>as revenue | Balance<br>2014     |
|---|---------------------|---------------------------|---|---------------------|
| Basic Municipal Transportation<br>Grant - operating | \$ 373,510          | \$ 138,060                | \$ -                                      | \$ 511,570          |
| Federal Gas Tax Fund – capital                      | 403,484             | 125,049                   | 415,902                                   | 112,631             |
| Municipal Sustainability<br>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<br>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             |
| <b>Total</b>             | <b>\$ 27,442,145</b> | <b>\$ 978,665</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$28,420,810</b> |

| 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             |
| <b>Total</b>             | <b>\$ 8,431,579</b> | <b>\$ -</b> | <b>\$650,165</b>     | <b>\$ 9,081,744</b> |

| 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              |
| <b>Total</b>             | <b>\$ 19,010,566</b> | <b>\$ 19,339,066</b> |

# TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2014

## 8. Accumulated surplus:

|   | Unrestricted<br>net assets | Equity in<br>tangible<br>capital<br>assets (i) | Reserves (ii) | Total<br>2014 | Total<br>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 <sup>(1)</sup> | Benefits and Allowances <sup>(2)</sup> | 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

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## **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

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## 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         |
|---|------------|--------------|---------------------|-------------------|--------------------|--------------|--------------|
| <b>Revenue:</b>   |            |              |                     |                   |                    |              |              |
| 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    |
| <b>Expenses:</b>  |            |              |                     |                   |                    |              |              |
| 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    |
| <b>Excess (deficiency) of revenue over expenses before the undernoted</b> |            |              |                     |                   |                    |              |              |
|   | 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       |
| <b>Excess (deficiency) of revenue over expenses for the year</b>          |            |              |                     |                   |                    |              |              |
|   | \$ 331,521 | \$ 270,941   | \$ (81,705)         | \$ (129,566)      | \$ 511,354         | \$ 902,545   | \$ 1,769,869 |