

Financial Statements of

TOWN OF COALHURST

Year ended December 31, 2015

Management's Responsibility for Financial Reporting

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, 2015 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, Chartered Professional Accountants. 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 Councilors of 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, 2015, 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, 2015, 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.

Chartered Professional Accountants

April 4, 2016
Lethbridge, Canada

TOWN OF COALHURST

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets:		
Cash and cash equivalents (note 3)	\$ 7,912,310	\$ 8,229,926
Taxes receivable (note 4)	171,015	145,507
Trade and other receivables	205,377	298,141
	<u>8,288,702</u>	<u>8,673,574</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	5,419	200,887
Deferred revenue (note 5)	1,284,134	1,704,821
Deposit liabilities	154,987	158,552
Long-term debt (note 6)	2,419,749	2,506,845
	<u>3,864,289</u>	<u>4,571,105</u>
Net financial assets	<u>4,424,413</u>	<u>4,102,469</u>
Non-Financial Assets:		
Tangible capital assets (Schedule 6)	20,030,695	19,339,066
Inventories	1,055,115	803,096
	<u>\$ 21,085,810</u>	<u>20,142,162</u>
Contingent liability (note 11)		
Accumulated surplus (note 7 and Schedule 3)	<u>\$ 25,510,223</u>	<u>\$ 24,244,631</u>

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 1,588,125	\$ 1,580,974	\$ 1,494,322
Sales and user fees	1,664,802	1,424,050	1,837,559
Government transfers for operating (Schedule 1)	521,523	640,016	135,445
Investment income	65,000	92,547	80,188
Penalties and cost of taxes	51,500	53,182	45,633
Rentals	66,000	76,204	66,977
Franchise and concession contracts	65,000	69,747	73,168
Licenses and permits	19,000	21,890	20,084
Other	124,125	87,561	52,414
Total revenue	4,165,075	4,046,171	3,805,790
Expenses (Schedule 5):			
Legislative	88,850	75,148	79,842
Administration	525,400	1,171,844	1,151,838
Protective services	278,290	270,215	259,626
Roads, streets, walks and street lighting	581,127	381,107	786,584
Water supply and distribution	484,698	413,846	320,611
Waste water	458,290	345,450	371,313
Waste management	191,900	169,770	167,025
Community support	29,050	21,263	19,787
Municipal planning	158,456	134,075	97,995
Recreation and parks	240,230	205,779	199,212
Culture and library	82,900	95,845	97,331
Total expenses	3,119,191	3,284,342	3,551,164
Excess of revenue over expenses before the undernoted	1,045,884	761,829	254,626
Other:			
Government transfers for capital (Schedule 1)	547,714	503,763	636,986
Contributed tangible capital assets	-	-	10,933
	547,714	503,763	647,919
Excess of revenue over expenses	1,593,598	1,265,592	902,545
Accumulated surplus, beginning of year	24,244,631	24,244,631	23,342,086
Accumulated surplus, end of year	\$ 25,838,229	\$ 25,510,223	\$ 24,244,631

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Excess of revenue over expenses	\$ 1,593,598	\$ 1,265,592	\$ 902,545
Acquisition of tangible capital assets	-	(1,397,623)	(967,732)
Contributed tangible capital assets	-	-	(10,933)
Amortization of tangible capital assets	-	659,382	650,165
Loss on disposal of tangible capital assets	-	7,961	-
Proceeds on disposal of tangible capital assets	-	38,651	-
Acquisition of inventories	-	(252,019)	-
Change in net financial assets	1,593,598	321,944	574,045
Net financial assets, beginning of year	4,102,469	4,102,469	3,528,424
Acquisition of			
Net financial assets, end of year	\$ 5,696,067	\$ 4,424,413	\$ 4,102,469

See accompanying notes to financial statements.

TOWN OF COALHURST

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,265,592	\$ 902,545
Items not involving cash:		
Amortization of tangible capital assets	659,382	650,165
Contributed assets	-	(10,933)
Loss on disposal of tangible capital assets	7,961	-
Changes in non-cash assets and liabilities:		
Taxes receivable	(25,508)	80,168
Trade and other receivables	92,764	704,300
Accounts payable and accrued liabilities	(195,468)	29,446
Deferred revenue	(420,687)	(217,469)
Deposit liabilities	(3,565)	12,298
Inventories	(252,019)	-
	1,128,452	2,150,520
Capital activities:		
Acquisition of tangible capital assets		
- internally funded	(1,347,827)	(832,929)
- funded by external borrowings	(49,796)	(134,803)
Proceeds on disposal of tangible capital assets	38,651	-
	(1,358,972)	(967,732)
Financing activities:		
Principal payment on long-term debt - capital	(69,866)	(67,512)
Principal payment on long-term debt - operating	(17,230)	(16,720)
	(87,096)	(84,232)
(Decrease) increase in cash and cash equivalents	(317,616)	1,098,556
Cash and cash equivalents, beginning of year	8,229,926	7,131,370
Cash and cash equivalents, end of year	\$ 7,912,310	\$ 8,229,926

See accompanying notes to financial statements.

TOWN OF COALHURST

Notes to Financial Statements

Year ended December 31, 2015

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, 2015

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, 2015

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, 2015

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 2016, 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, 2015

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 \$198,288 (2014 - \$248,084) of unexpended debt proceeds from Alberta Capital Finance Authority and \$1,242,951 (2014 - \$1,667,161) of restricted grant funding.

4. Taxes receivable:

	2015	2014
Current	\$ 95,434	\$ 82,439
Arrears	75,581	63,068
	<u>\$ 171,015</u>	<u>\$ 145,507</u>

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Deferred revenue:

	Balance 2014	Contributions received	Contributions recognized as revenue	Balance 2015
Basic Municipal Transportation				
Grant - operating	\$ 511,570	\$ 128,446	\$ 640,016	\$ -
Federal Gas Tax Fund - capital	112,631	-	-	112,631
Municipal Sustainability Initiative - capital	1,042,960	591,123	503,763	1,130,320
	1,667,161	719,569	1,143,779	1,242,951
Prepaid tax revenue	37,660	41,183	37,660	41,183
Deferred revenue, end of year	\$ 1,704,821	\$ 760,752	\$ 1,181,439	\$ 1,284,134

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Long-term debt:

	2015	2014
Tax supported debentures	\$ 2,249,774	\$ 2,325,055
Self supported debentures	169,975	181,790
	<u>\$ 2,419,749</u>	<u>\$ 2,506,845</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2020	82,896	73,787	156,683
Thereafter	2,034,730	940,168	2,974,898
	<u>\$ 2,419,749</u>	<u>\$ 1,338,568</u>	<u>\$ 3,758,317</u>

Long-term debt is comprised of:

	2015	2014
Capital	\$ 1,468,539	\$ 1,488,576
Land acquired for future development	752,922	770,185
Unspent debt proceeds	198,288	248,084
	<u>\$ 2,419,749</u>	<u>\$ 2,506,845</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.907% to 5.353% (2014 - 1.907% 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 \$88,229 (2014 - 91,093). The Town's total cash payments for interest in 2015 were \$88,229 (2014 - \$91,093).

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2015

7. Accumulated surplus

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

	2015	2014
Unrestricted net assets	\$ 758,644	\$ 337,565
Reserves (i)	6,189,423	6,056,576
Equity in tangible capital asset (ii)	18,562,156	17,850,490
	<u>\$ 25,510,223</u>	<u>\$ 24,244,631</u>

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

	2015	2014
Operating:		
Infrastructure	\$ 546,871	\$ 539,476
Administration	65,958	52,412
Fire department	552,611	474,580
Emergency measures	8,356	8,243
Equipment	364,481	308,472
Roads	528,608	492,272
Water	495,257	454,507
Sewer	649,770	640,984
Garbage	126,886	95,982
Drainage	184,879	278,979
Recreation	54,840	54,098
Community	43,155	42,573
Community center	95,802	85,847
Contingency	509,649	498,380
	<u>4,227,123</u>	<u>4,026,805</u>
Capital	1,962,300	2,029,771
	<u>\$ 6,189,423</u>	<u>\$ 6,056,576</u>

(ii) Equity in tangible capital assets:

	2015	2014
Tangible capital assets (Schedule 6)	\$ 29,762,115	\$ 28,420,810
Accumulated amortization (Schedule 6)	(9,731,420)	(9,081,744)
Long-term debt for capital (note 6)	(1,468,539)	(1,488,576)
	<u>\$ 18,562,156</u>	<u>\$ 17,850,490</u>

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2015

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 2015	Total 2014
Mayor:				
D. Cassie	\$ 19,150	\$ 3,419	\$ 22,569	\$ 17,836
Councillors:				
H. Caldwell	12,296	1,917	14,213	17,464
M. Slingerland	10,622	1,749	12,371	15,066
B. Edgecome-Green	11,213	1,576	12,789	14,534
S. Watson	10,622	1,727	12,349	13,271
	63,903	10,388	74,291	78,171
Designated Officers:				
Chief Administrative Officer	105,905	17,773	123,678	118,678
Assessor	24,373	-	24,373	23,390
	\$ 130,278	\$ 17,773	\$ 148,051	\$ 142,068

- 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, 2015

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:

	2015	2014
Total debt limit	\$ 6,069,257	\$ 5,725,085
Total debt	(2,419,749)	(2,506,845)
Amount of debt limit unused	3,649,508	3,218,240
Debt servicing limit	1,011,543	954,181
Debt servicing	(156,684)	(175,325)
Amount of debt servicing unused	\$ 854,859	\$ 778,856

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, 2015

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 214,330 people and about 423 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 2014) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (15.84% in 2014) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% (10.39% in 2014) of pensionable salary up to the year's maximum pensionable salary and 14.84% (14.84% in 2014) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2015 were \$75,739 (2014 - \$74,082). Total current service contributions by the employees of the Town to the LAPP in 2015 were \$69,536 (2014 - \$67,940).

At December 31, 2014, the LAPP reported an actuarial deficiency of \$2.45 billion.

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, 2015

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, 2015, no amounts were drawn on this facility. At December 31, 2015 prime rate was 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 2015 operating and capital budgets approved by Council on May 26, 2015. Amortization was not contemplated in development of the budget and, as such, has not been included.

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:

TOWN OF COALHURST

Notes to Financial Statements (continued)

Year ended December 31, 2015

14. Segmented disclosure: (continued):

(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. Approval of financial statements:

Council and Management approved these financial statements.

TOWN OF COALHURST

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Transfers for operating:			
Provincial government	\$ 521,523	\$ 640,016	\$ 135,445
Transfers for capital:			
Provincial government	547,714	503,763	636,986
Total government transfers	\$ 1,069,237	\$ 1,143,779	\$ 772,431

TOWN OF COALHURST

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2015, with comparative information for 2014

	Utilities	Public Works	Protective Services	Parks and culture	General Government	Total 2015	Total 2014
Revenue:							
Net taxes available for municipal purposes	-	-	-	-	1,580,974	1,580,974	1,494,322
Sales and user fees	1,228,197	56,293	101,432	2,277	35,851	1,424,050	1,837,559
Government transfer for operating	127,000	389,254	9,323	34,439	80,000	640,016	135,445
Investment income	-	-	-	-	92,547	92,547	80,188
Penalties and cost of taxes	-	-	-	-	53,182	53,182	45,633
Rentals	-	-	-	32,004	44,200	76,204	66,977
Franchise and concession contracts	-	-	-	-	69,747	69,747	73,168
Licenses and permits	-	-	9,215	-	12,675	21,890	20,084
Other	-	-	295	9,826	77,440	87,561	52,414
	1,355,197	445,547	120,265	78,546	2,046,616	4,046,171	3,805,790
Expenses:							
Salaries, wages and benefits	212,427	101,092	125,615	149,432	393,517	982,083	947,835
Contracted and general services	156,163	99,706	56,180	55,180	204,533	571,762	566,448
Materials, goods, supplies and utilities	155,587	166,485	72,009	74,329	82,738	551,148	897,790
Grants to individuals and organizations	347,809	-	7,432	23,670	37,290	416,201	396,037
Interest on long-term debt	70,956	-	9,017	-	8,256	88,229	91,093
Interest and bank charges	-	-	-	-	1,341	1,341	1,402
Other	-	-	-	-	6,235	6,235	394
Amortization	-	-	-	-	659,382	659,382	650,165
Loss on disposal of tangible capital assets	-	-	-	-	7,961	7,961	-
	942,942	367,283	270,253	302,611	1,401,253	3,284,342	3,551,164
Excess (deficiency) of revenue over expenses before the undernoted	412,255	78,264	(149,988)	(224,065)	645,363	761,829	254,626
Government transfers to capital	-	317,343	38,928	-	147,492	503,763	636,986
Contributed tangible capital assets	-	-	-	-	-	-	10,933
Excess of revenue over expenses	412,255	395,607	(111,060)	(224,065)	792,855	1,265,592	902,545

TOWN OF COALHURST

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted net assets	Reserves	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 337,565	\$ 6,056,576	\$ 17,850,490	\$ 24,244,631	\$ 23,342,086
Excess of revenues over expenses	1,265,592	-	-	1,265,592	902,545
Transferred to reserves	(132,847)	132,847	-	-	-
Acquisition of tangible capital assets debt funded	(1,347,827)	-	1,347,827	-	-
Acquisition of tangible capital assets internally funded	(49,796)	-	49,796	-	-
Net book value of tangible capital assets disposed	46,612	-	(46,612)	-	-
Amortization of capital assets	659,382	-	(659,382)	-	-
Principal payment on debenture debt - capital	(69,833)	-	69,833	-	-
Debt proceeds received for capital	49,796	-	(49,796)	-	-
Change in accumulated surplus	421,079	132,847	711,666	1,265,592	902,545
Balance, end of year	\$ 758,644	\$ 6,189,423	\$ 18,562,156	\$ 25,510,223	\$ 24,244,631

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Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Taxation:			
Real property tax	\$ 2,153,223	\$ 2,146,072	\$ 2,046,971
Requisitions:			
Alberta School Foundation Fund	537,644	537,644	526,645
Green Acres Foundation	27,454	27,454	26,004
	565,098	565,098	552,649
Net municipal property tax	\$ 1,588,125	\$ 1,580,974	\$ 1,494,322

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Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Salaries, wages and benefits	\$ 994,680	\$ 982,083	\$ 947,835
Contracted and general services	740,827	571,762	566,448
Materials, goods and utilities	794,440	551,148	897,790
Transfers to local boards and agencies	454,750	416,201	396,037
Interest on long-term debt	125,844	88,229	91,093
Interest and bank charges	1,200	1,341	1,402
Other	7,450	6,235	394
Loss on disposal of tangible capital assets	-	7,961	-
Amortization	-	659,382	650,165
Total expenses by object	\$ 3,119,191	\$ 3,284,342	\$ 3,551,164

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Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2015, with comparative information for 2014

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2015	2014
Cost:									
Balance, beginning of year	1,132,710	71,835	3,496,342	20,143,513	1,464,010	1,640,136	472,264	28,420,810	27,442,145
Acquisition of tangible capital assets	188,571	-	152,835	367,139	38,928	41,600	608,550	1,397,623	978,665
Disposal of tangible capital assets	-	-	-	(17,667)	-	(38,651)	-	(56,318)	-
Balance, end of year	1,321,281	71,835	3,649,177	20,492,985	1,502,938	1,643,085	1,080,814	29,762,115	28,420,810
Accumulated amortization:									
Balance, beginning of year	-	22,284	2,495,508	5,443,306	435,416	685,230	-	9,081,744	8,431,579
Accumulated amortization on disposals	-	-	-	(7,773)	-	(1,933)	-	(9,706)	-
Amortization	-	2,873	92,806	388,842	74,781	100,080	-	659,382	650,165
Balance, end of year	-	25,157	2,588,314	5,824,375	510,197	783,377	-	9,731,420	9,081,744
Net book value of tangible capital assets	1,321,281	46,678	1,060,863	14,668,610	992,741	859,708	1,080,814	20,030,695	19,339,066
2014 Net book value of tangible capital assets	1,132,710	49,551	1,000,834	14,700,207	1,028,594	954,906	472,264	19,339,066	