

TOWN OF COALDALE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

TOWN OF COALDALE

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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Management's Responsibility for Financial Reporting

Town of Coaldale 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. The financial statements 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 maintains 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 Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfils 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 BDO Canada LLP, Chartered Professional Accountants. Their report to the Members of Council of Town of Coaldale, stating the scope of their examination and opinion on the financial statements, follow.



Chief Administrative Officer

April 25, 2016



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BDO Canada LLP
600 Lethbridge Centre Tower
400 - 4 Avenue South
Lethbridge AB T1J 4E1 Canada

Independent Auditor's Report

To the Mayor and Members of Council of the Town of Coaldale

We have audited the accompanying financial statements of the Town of Coaldale, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net financial assets and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Coaldale as at December 31, 2015 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Lethbridge, Alberta
April 25, 2016

TOWN OF COALDALE

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Cash and temporary investments (Note 2)	\$ 13,792,204	\$ 13,104,263
Taxes and grants in lieu receivables (Note 3)	534,050	541,763
Trade and other receivables	1,964,620	764,070
Land held for resale	244,666	248,275
Investments (Note 4)	102,920	100,000
	16,638,460	14,758,371
LIABILITIES		
Accounts payable and accrued liabilities	1,304,624	1,089,359
Deposit liabilities	104,049	92,320
Accrued interest payable on long term debt	94,762	104,258
Deferred revenue (Note 5)	2,073,039	1,750,050
Employee benefit obligations (Note 6)	186,531	364,586
Long-term debt (Note 7)	4,654,313	5,087,836
	8,417,318	8,488,409
NET FINANCIAL ASSETS	8,221,142	6,269,962
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	86,502,120	85,106,097
Inventory for consumption	23,850	17,305
Prepaid expenses	5,287	15,273
	86,531,257	85,138,675
ACCUMULATED SURPLUS (Schedule 1, Note 11)	\$ 94,752,399	\$ 91,408,637

Commitments and contingencies - See Notes 15 and 16

APPROVED BY TOWN COUNCIL:

MAYOR



CHIEF ADMINISTRATIVE OFFICER

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Note 18)	2015	2014
REVENUE			
Net municipal taxes (Schedule 3)	\$ 6,659,607	\$ 6,671,419	\$ 6,308,102
Sales and user charges			
Water supply and distribution	1,480,405	1,642,346	1,427,749
Wastewater treatment	981,500	1,011,880	914,274
Waste management	911,739	954,911	884,863
Subdivision land development	-	409,580	112,036
Other	371,702	486,344	395,295
Recreation and parks	344,555	365,730	325,406
Penalties and costs on taxes	122,500	122,128	100,176
Franchise and concession contracts	500,800	658,355	472,251
Investment income	132,700	127,256	174,918
Government transfers (Schedule 4)	1,300,204	1,835,002	1,567,566
Development levies	-	153,881	202,290
Licenses and permits	85,000	101,003	114,525
Net gain of sale of tangible capital assets	-	-	37,895
Other revenues	65,380	194,487	231,284
TOTAL REVENUE	12,956,092	14,734,322	13,268,630
EXPENSES			
Legislative	459,077	363,274	412,493
Administrative	1,004,390	834,910	1,058,115
Protective services	3,008,860	3,258,336	3,069,949
Transportation	2,155,259	2,865,825	2,889,205
Environmental user protection	2,483,085	3,286,550	2,941,547
Public health	201,108	283,410	245,238
Planning and development	413,304	345,295	198,864
Recreation and culture	2,191,810	2,491,346	2,499,700
TOTAL EXPENSES	11,916,893	13,728,946	13,315,111
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	1,039,199	1,005,376	(46,481)
OTHER			
Contributed assets	-	745,378	250,400
Government transfers for capital (Schedule 4)	5,664,719	1,593,008	1,508,564
	5,664,719	2,338,386	1,758,964
EXCESS OF REVENUE OVER EXPENSES	6,703,918	3,343,762	1,712,483
ACCUMULATED SURPLUS, BEGINNING OF YEAR	91,408,637	91,408,637	89,696,154
ACCUMULATED SURPLUS, END OF YEAR	\$ 98,112,555	\$ 94,752,399	\$ 91,408,637

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Note 18)	2015	2014
EXCESS OF REVENUES OVER EXPENSES	\$ 6,703,918	\$ 3,343,762	\$ 1,712,483
Acquisition of tangible capital assets	(8,925,000)	(3,426,111)	(3,108,858)
Contributed tangible capital assets	-	(745,378)	(250,400)
Amortization of tangible capital assets	-	2,425,466	2,403,090
Loss on disposal of tangible capital assets	-	3,610	475
Proceeds on disposal of assets	-	346,390	65,050
	<u>(8,925,000)</u>	<u>(1,396,023)</u>	<u>(890,643)</u>
Acquisition of supplies inventories	-	(90,098)	(26,872)
Acquisition of prepaid assets	-	(5,287)	(15,273)
Use of supplies inventories	-	3,441	35,782
Use of prepaid assets	-	95,385	5,773
	<u>-</u>	<u>3,441</u>	<u>(590)</u>
INCREASE IN NET FINANCIAL ASSETS	(2,221,082)	1,951,180	821,250
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,269,962	6,269,962	5,448,712
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,048,880	\$ 8,221,142	\$ 6,269,962

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO:		
OPERATING		
Excess of revenue over expenses	\$ 3,343,762	\$ 1,712,483
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,425,466	2,403,090
Loss on disposal of tangible capital assets	3,610	475
Tangible capital assets received as contributions	(745,378)	(250,400)
Non-cash charges to operations (net change):		
Decrease (increase) in investments	(2,920)	-
Decrease (increase) in taxes and grants in lieu receivable	7,713	(75,915)
Decrease (increase) in trade and other receivables	(1,200,550)	(41,786)
Decrease (increase) in land held for resale	3,609	2,977
Decrease (increase) in inventory for consumption	(6,545)	8,910
Increase (decrease) in prepaid expenses	9,986	(9,500)
Increase (decrease) in accounts payable and accrued liabilities	205,769	405,252
Increase (decrease) in deposit liabilities	11,729	5,040
Increase (decrease) in deferred revenue	322,989	558,828
Increase (decrease) in employee benefit obligations	(178,055)	(64,452)
	4,201,185	4,655,002
CAPITAL		
Acquisition of tangible capital assets	(3,426,111)	(3,108,858)
Proceeds on disposal of assets	346,390	65,050
	(3,079,721)	(3,043,808)
FINANCING		
Long-term debt issued	-	-
Long-term debt repaid	(433,523)	(473,261)
	(433,523)	(473,261)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	687,941	1,137,933
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,104,263	11,966,330
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 13,792,204	\$ 13,104,263

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
Balance, Beginning of Year	\$ 729,921	\$ 10,594,180	\$ 80,084,536	\$ 91,408,637	\$ 89,696,154
Excess of revenues over expenses	3,343,762	-	-	3,343,762	1,712,483
Unrestricted funds designated for future use	(2,542,879)	2,542,879	-	-	-
Restricted funds used for operations	44,320	(44,320)	-	-	-
Restricted funds used for tangible capital assets	-	(1,334,981)	1,334,981	-	-
Current year funds used for tangible capital assets	(2,094,195)	-	2,094,195	-	-
Contributed tangible capital assets	(745,378)	-	745,378	-	-
Proceeds on disposal of tangible capital assets	353,065	-	(353,065)	-	-
Annual amortization expense	2,425,466	-	(2,425,466)	-	-
Long term debt repaid (capital)	(421,132)	-	421,132	-	-
Change in accumulated surplus	363,029	1,163,578	1,817,155	3,343,762	1,712,483
Balance, End of Year	\$ 1,092,950	\$ 11,757,758	\$ 81,901,691	\$ 94,752,399	\$ 91,408,637

TOWN OF COALDALE

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 2

	Engineering Structures	Buildings	Equipment	Municipal Land	Land Improvements	Vehicles	2015	2014
COST:								
BALANCE, BEGINNING OF YEAR	\$ 95,024,493	\$ 9,714,547	\$ 2,922,765	\$ 12,717,653	\$ 2,457,874	\$ 2,322,781	\$ 125,160,113	\$ 121,910,053
Acquisition of tangible capital assets	3,691,281	9,350	207,389	58,900	89,924	114,645	4,171,489	2,233,640
Construction-in-progress	-	-	-	-	-	-	-	1,125,140
Disposal of tangible capital assets	-	(3,065)	-	(350,000)	-	-	(353,065)	(108,720)
BALANCE, END OF YEAR	98,715,774	9,720,832	3,130,154	12,426,553	2,547,798	2,437,426	128,978,537	125,160,113
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	30,871,309	5,400,794	1,399,689	-	844,412	1,537,812	40,054,016	37,694,596
Annual amortization	1,734,741	249,255	214,779	-	82,052	144,639	2,425,466	2,403,090
Accumulated amortization on disposals	-	(3,065)	-	-	-	-	(3,065)	(43,670)
BALANCE, END OF YEAR	32,606,050	5,646,984	1,614,468	-	926,464	1,682,451	42,476,417	40,054,016
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 66,109,724	\$ 4,073,848	\$ 1,515,686	\$ 12,426,553	\$ 1,621,334	\$ 754,975	\$ 86,502,120	\$ 85,106,097
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 64,153,184	\$ 4,313,753	\$ 1,523,076	\$ 12,717,653	\$ 1,613,462	\$ 784,969	\$ 85,106,097	

TOWN OF COALDALE

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 3

	Budget (Note 18)	2015	2014
TAXATION			
Real property taxes	\$ 8,605,846	\$ 8,631,381	\$ 8,226,133
Linear property taxes	107,708	108,708	104,462
Government grants in lieu of property taxes	24,766	24,766	24,230
	<u>8,738,320</u>	<u>8,764,855</u>	<u>8,354,825</u>
REQUISITIONS			
Alberta School Foundation Fund	1,721,961	1,754,130	1,724,266
Holy Spirit Roman Catholic Separate Regional District	257,305	239,876	227,383
Green Acres Foundation	99,447	99,430	95,074
	<u>2,078,713</u>	<u>2,093,436</u>	<u>2,046,723</u>
NET MUNICIPAL TAXES	<u>\$ 6,659,607</u>	<u>\$ 6,671,419</u>	<u>\$ 6,308,102</u>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 4

	Budget (Note 18)	2015	2014
TRANSFERS FOR OPERATING:			
Federal Government			
Young Canada Works Grant	2,500	1,808	-
Canada Day Grant	\$ 1,000	\$ 1,314	\$ 2,135
	<u>3,500</u>	<u>3,122</u>	<u>2,135</u>
Provincial Government			
Community Development - Library	37,492	41,768	37,839
CIP - Library	-	-	-
Regional Solid Waste Grant	-	167,938	94,362
Family Community and Support Services	148,200	160,331	148,197
Fines Distribution	275,000	403,359	277,328
Fire Service Training Initiative	-	9,070	39,402
Flood Relief	-	-	93,038
Municipal Assistance Grant	260,208	260,208	260,208
Internship	-	-	-
Municipal Sustainability Operating Grant	242,804	191,526	240,390
Municipal Sustainability Capital Grant	-	-	-
Emergency Management Training	2,500	-	1,622
	<u>966,204</u>	<u>1,234,200</u>	<u>1,192,386</u>
Other Local Governments			
Town of Vauxhall Training Grant	-	3,976	9,933
City of Lethbridge Policing	-	240,980	34,061
Lethbridge County Portion on Chief Vehicle	-	23,060	-
Fire Agreement	294,400	294,400	293,270
Library Contribution	36,100	35,264	35,781
	<u>330,500</u>	<u>597,680</u>	<u>373,045</u>
Total operating transfers	<u>1,300,204</u>	<u>1,835,002</u>	<u>1,567,566</u>
TRANSFERS FOR CAPITAL:			
Federal Government			
Building Canada Grant	2,469,000	-	-
Provincial Government			
Federal Gas Tax Program	380,000	-	799,978
Municipal Sustainability Capital	793,719	1,104,289	273,615
Transportation Grant	2,022,000	488,719	434,971
Total capital transfers	<u>5,664,719</u>	<u>1,593,008</u>	<u>1,508,564</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 6,964,923</u>	<u>\$ 3,428,010</u>	<u>\$ 3,076,130</u>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 5

	Budget (Note 18)	2015	2014
CONSOLIDATED EXPENSE BY OBJECT			
Salaries, wages and benefits	\$ 4,519,086	\$ 3,729,085	\$ 4,024,675
Contracted and general services	2,868,532	2,592,547	2,179,798
Purchases from other governments	2,063,319	2,354,168	2,359,970
Materials, goods and utilities	1,786,710	1,920,659	1,683,293
Transfers to local boards and agencies	326,488	356,644	348,027
Bank charges and short term interest	2,060	3,050	3,302
Interest on long term debt	268,098	268,471	292,146
Amortization of tangible capital assets	-	2,425,466	2,403,090
Loss on disposal of tangible capital assets	-	3,611	475
Other expenses	82,600	75,245	20,335
	<u>\$ 11,916,893</u>	<u>\$ 13,728,946</u>	<u>\$ 13,315,111</u>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

TOWN OF COALDALE

SCHEDULE OF SEGMENT DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 6

	Protection	Recreation and Culture	Planning	Transportation and Environmental	General Government	Consolidated
REVENUES						
Taxation	\$ -	-	\$ -	-	\$ 6,671,419	\$ 6,671,419
Sales of services & regulatory fees	71,854	390,661	461,874	3,874,099	72,303	4,870,791
Government transfer (Schedule 4)	1,235,054	80,154	60,000	278,010	181,784	1,835,002
Other	905	175,719	196,865	596,671	1,132,328	2,102,488
	<u>1,307,813</u>	<u>646,534</u>	<u>718,739</u>	<u>4,748,780</u>	<u>8,057,834</u>	<u>15,479,700</u>
EXPENSES						
Salaries and benefits	516,711	1,236,269	54,719	1,189,741	731,645	3,729,085
Goods and services	2,563,698	231,013	212,579	1,343,402	596,024	4,946,716
Interest & bank charges	738	11,231	-	257,931	1,621	271,521
Other	96,510	640,252	77,997	1,425,432	115,967	2,356,158
Amortization	80,679	372,581	-	1,935,869	36,337	2,425,466
	<u>3,258,336</u>	<u>2,491,346</u>	<u>345,295</u>	<u>6,152,375</u>	<u>1,481,594</u>	<u>13,728,946</u>
OTHER						
Government transfer for capital (Schedule 4)	-	-	-	1,593,008	-	1,593,008
Net Surplus (Deficit)	<u>\$ (1,950,523)</u>	<u>\$ (1,844,812)</u>	<u>\$ 373,444</u>	<u>\$ 189,413</u>	<u>\$ 6,576,240</u>	<u>\$ 3,343,762</u>

TOWN OF COALDALE

SCHEDULE OF SEGMENT DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2014 SCHEDULE 6 A

	Protection	Recreation and Culture	Planning	Transportation and Environmental	General Government	Consolidated
REVENUES						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 6,308,102	\$ 6,308,102
Sales of services & regulatory fees	64,132	328,406	167,561	3,426,697	72,827	4,059,623
Government transfer (Schedule 4)	974,801	144,816	53,592	212,144	182,213	1,567,566
Other	6,984	183,892	242,648	234,279	915,936	1,583,739
	<u>1,045,917</u>	<u>657,114</u>	<u>463,801</u>	<u>3,873,120</u>	<u>7,479,078</u>	<u>13,519,030</u>
EXPENSES						
Salaries and benefits	467,863	1,226,286	56,350	1,272,363	1,001,811	4,024,673
Goods and services	2,387,968	298,454	77,012	1,210,183	566,151	4,539,768
Interest & bank charges	389	13,405	-	280,434	1,220	295,448
Other	131,997	591,135	65,502	1,148,003	115,496	2,052,133
Amortization	81,732	370,420	-	1,919,769	31,168	2,403,089
	<u>3,069,949</u>	<u>2,499,700</u>	<u>198,864</u>	<u>5,830,752</u>	<u>1,715,846</u>	<u>13,315,111</u>
OTHER						
Government transfer for capital (Schedule 4)	-	90,000	-	1,418,564	-	1,508,564
Net Surplus (Deficit)	<u>\$ (2,024,032)</u>	<u>\$ (1,752,586)</u>	<u>\$ 264,937</u>	<u>\$ (539,068)</u>	<u>\$ 5,763,232</u>	<u>\$ 1,712,483</u>

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Coaldale are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Town of Coaldale are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the Town operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the Town reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances have been eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. 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 purpose 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.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

e) Investments

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

f) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

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:

	YEARS
Engineering Structures	5-75
Buildings	25-50
Equipment	5-40
Municipal Land	N/A
Land Improvements	15-45
Vehicles	10-40

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 also are recorded as revenue.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

g) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates for amortization and estimated employee benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

h) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

i) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Petty cash	\$ 750	\$ 700
Operating account	6,698,991	6,083,001
ATB GIC 180 day 1.26%	2,022,347	5,013,809
ATB GIC 180 Day 1.20%	5,066,108	2,002,745
Community Centre account	4,008	4,008
	\$ 13,792,204	\$ 13,104,263

Operating account earning interest at the rate of prime less 1.75%.

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2015	2014
Current taxes and grants in lieu	\$ 64,688	\$ 52,453
Arrears taxes	469,362	489,310
	\$ 534,050	\$ 541,763

4. INVESTMENTS

	2015	2014
ATB Financial non-redeemable GIC maturing on November 21, 2019 earning interest at the rate of 2.92%	\$ 102,920	\$ 100,000

5. DEFERRED REVENUE

	2015	2014
Unearned Revenue Recreation (Class)	\$ 3,395	\$ 18,125
Regional Solid Waste Grant 2015	182,062	-
Fire Protection Training Grant	-	9,070
Disaster Services Training Grant	3,078	578
Sustainability Operating Grant 2015	52,135	22,607
Sustainability Capital Grant 2014	138,370	1,230,205
Paving for Local Business	-	10,000
Community Services Grants	7,297	20,330
Sustainability Capital Grant 2015	1,277,409	-
Birds of Prey	16,785	-
Transportation Grant 2015	306,564	344,139
Downtown Mural	4,000	4,000
Prepaid Property Taxes	81,944	90,996
	\$ 2,073,039	\$ 1,750,050

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

5. DEFERRED REVENUE (continued)

Sustainability Operating Grant

Funds will be used towards Community group utilities, handi-ride, bussing, professional fees, Infrastructure Master Plan and road patching.

Sustainability Capital Grant

Funds will be used towards various building projects plus the development of a new industrial park within the Town. These projects need to be approved before commencement.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2015	2014
Vacation, Banked Time and Sick Time	\$ 156,509	\$ 364,586

The vacation, bank, and admin liability are for vacation, bank and admin time that employees are deferring to a future year. As of December 31, 2015 the Town has changed to a new Short Term Disability plan to be administered by a third party. The accrued \$225,000 liability has been removed as of December 31, 2015.

7. LONG-TERM DEBT

	2015	2014
Tax supported debentures	\$ 3,670,123	\$ 4,014,169
Supported by utility rates	930,307	1,007,392
	4,600,430	5,021,561
Capital debt received asset not yet acquired	-	-
Operating debentures	53,883	66,275
	\$ 4,654,313	\$ 5,087,836

The current portion of long-term debt amounts to \$415,472 (2014 - \$433,522)

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

7. LONG-TERM DEBT (continued)

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 415,472	\$ 245,223	\$ 660,695
2017	438,583	222,112	660,695
2018	453,216	197,654	650,870
2019	447,570	172,288	619,858
2020	441,081	146,501	587,582
Thereafter	2,458,391	504,188	2,962,579
	\$ 4,654,313	\$ 1,487,966	\$ 6,142,279

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.788% to 9.500% per annum, before Provincial subsidy, and matures in periods 2014 through 2033. The average annual interest rate is 5.65365% for 2015 (5.6345% for 2014). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Coaldale at large.

During the year, no debentures were issued by Alberta Capital Finance Authority to the Town of Coaldale.

8. DEBT LIMITS

Section 217 of the Municipal Government Act requires that debt and debt limits as defined by regulation for the Town of Coaldale be disclosed as follows:

	2015	2014
Total debt limit	\$ 22,101,487	\$ 19,902,944
Total debt	4,654,313	5,087,836
Total Debt Under Limit	\$ 17,447,174	\$ 14,815,108
	2015	2014
Service on debt limit	\$ 3,683,581	\$ 3,317,157
Service on debt	660,695	701,622
Total Under Service on Debt Limit	\$ 3,022,886	\$ 2,615,535

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds taken alone does not represent the financial stability of the municipality. Rather, the municipalities could be at financial risk if further debt is acquired. The calculation are guidelines used by Alberta Municipal Affairs to identify financial statements and must be calculated as a whole.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

9. CONTAMINATED SITES LIABILITY

On January 1, 2015, the Town adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Town.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital asset cost (Schedule 2)	\$ 128,978,537	\$ 125,160,113
Accumulated amortization (Schedule 2)	(42,476,417)	(40,054,016)
Long-term debt (Note 7)	(4,600,430)	(5,021,561)
	\$ 81,901,690	\$ 80,084,536

11. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus	\$ 1,092,952	\$ 729,921
Restricted surplus		
Tax rate stabilization	3,676,146	3,451,026
Future capital expenditures	8,081,611	7,143,154
Equity in tangible capital assets (Note 9)	81,901,690	80,084,536
	\$ 94,752,399	\$ 91,408,637

12. SEGMENTED INFORMATION

The Town of Coaldale provides numerous services to its citizens. For management reporting purposes these services are separated into departments for tracking purposes.

The main departments are as follows:

Protection

This segment includes regional policing costs as per agreement with the City of Lethbridge, plus fire and rescue services for the Town and a portion of the County. Municipal emergency acts as the agent of Council to carry out its statutory powers and obligations under the Emergency Management Act. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. Bylaw services include management, administration and operation of regulatory and safety services. The primary function of this department is to administer and operate municipal bylaws and health and safety programs.

Recreation and Culture

This segment includes all the parks, recreation services and other cultural services. All these services provide recreation and leisure services to the citizens and those from the surrounding areas.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

12. SEGMENTED INFORMATION (continued)

Planning

This segment's function is to steward effective land use and orderly growth of the Community in order to sustain and enhance the quality of life for both current and future citizens of Coaldale.

Transportation and Environmental

This segment includes transportation and environmental user protection. This department provides drinking water, collecting and treating of wastewater and collecting, disposal of solid waste, plus the management of storm water. The Town is working diligently to reduce the amount of solid waste being collected and reducing the amount of storm water leaving Coaldale. This department also maintains the road systems throughout Coaldale.

General Government

This segment includes Council expenditures and administration costs required to operate the Town of Coaldale. Included in this segment are election costs and costs that are associated with completing the census (population).

13. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected Town officials, the Chief Administrative Officer and Designated Officers as required by provincial regulation are as follows:

			2015	2014
	Salary	Benefits & Allowances	Total	Total
	(1)	(2) & (3)		
Mayor:				
Craig	\$ 30,825	\$ 5,931	\$ 36,756	\$ 37,103
Councillors:				
Chapman	21,995	2,176	24,171	25,543
Duda	20,195	2,063	22,258	25,702
Martens	19,695	4,811	24,506	25,172
Van Rijn	18,795	3,623	22,418	23,510
Abrey	18,495	5,668	24,161	23,494
Hohm	18,795	5,685	24,480	24,734
Town Manager	135,174	12,605	147,779	214,401
Designated Officers (2)	243,663	37,014	280,677	286,019
	\$ 527,632	\$ 79,574	\$ 607,206	\$ 685,678

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Coaldale participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 230,534 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Coaldale 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 salary up to the year's maximum pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town of Coaldale to the Local Authorities Pension Plan in 2015 were \$281,791 (2014 - \$270,878). Total current service contributions by the employees of the Town of Coaldale to the Local Authorities Pension Plan in 2015 were \$259,071 (2014 - \$248,909).

At December 31, 2014, the Plan disclosed an actuarial deficiency of \$3.96 billion.

15. COMMITMENTS

The Town has entered into various contracts whereby third party agencies provide services to the community on behalf of the Town of Coaldale. These fee for service contracts vary in length and terms.

a) Lethbridge Regional Police

In February 2004, the Town entered into a contract with the Lethbridge Regional Police to provide policing in the Town of Coaldale. The monthly installments are based on a modified per capita calculation based on the Lethbridge Regional Police budget. This agreement dissolves December 31, 2015. A new agreement with the RCMP started January 1, 2016.

b) Lethbridge Regional Water Services Commission

A contract to provide water to the Town of Coaldale started in 2001 and expires January 30, 2030.

c) Trans Alta

The Town entered into an energy aggregation program on January 1, 2014 and it expires December 31, 2018.

d) Lethbridge County - Fire Agreement

The Town and the County of Lethbridge have reached an agreement to provide services to the County of Lethbridge. This agreement expires December 31, 2020. Twelve months notice must be given to terminate the contract.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

15. COMMITMENTS (continued)

e) RMW Consulting Inc

The Town entered into a garbage and recycling agreement that started October 1, 2012. The agreement expires September 30, 2017.

16. CONTINGENCIES

- a) The Town of Coaldale is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Coaldale 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.

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivables, trade and other receivables, investments, accounts payable and accrued liabilities, deposit liabilities, and long term debt. It is Management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

TOWN OF COALDALE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

18. BUDGET FIGURES

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	<u>2015</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 6,703,918
Add: Transfer to capital projects from reserve	1,852,978
Add: Transfer from reserve to operations	438,440
Add: Transfer to capital projects from operations	41,500
Add: Debenture for capital projects	1,215,000
Less: Capital expenditures	(8,925,000)
Less: Debt repayment	(438,440)
Less: Transfer from operations to reserve	<u>(888,290)</u>
Budget surplus	\$ <u>106</u>

The budget as stated in the financial statements has been modified as required over the course of the year.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.