

**TOWN OF CORONATION
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2018**

**TOWN OF CORONATION
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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CHARTERED PROFESSIONAL
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Town of Coronation, which comprise of the statement of financial position as at, December 31, 2018 and the results of its operations and changes in its net financial assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Coronation as at December 31, 2018, the results of its operations, changes in net financial assets and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town of Coronation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Town's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However future events or conditions may cause the Town to cease to continue to be a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 7.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

HANNA, ALBERTA
FEBRUARY 14, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS

**TOWN OF CORONATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,725,287	\$ 1,551,810
Receivables		
Taxes and grants in place of taxes (Note 3)	425,777	317,001
Trade and other receivables	247,736	329,400
Receivables from other governments	29,426	11,781
Land inventory held for resale	<u>494,967</u>	<u>494,967</u>
	<u>2,923,193</u>	<u>2,704,959</u>
LIABILITIES		
Accounts payable and accrued liabilities	138,501	102,728
Deposit liabilities	1,650	2,300
Deferred revenue (Note 4)	55,906	24,113
Employee benefit obligations (Note 5)	31,314	31,712
Long-term debt (Note 6)	<u>178,770</u>	<u>264,399</u>
	<u>406,141</u>	<u>425,252</u>
NET FINANCIAL ASSETS	<u>2,517,052</u>	<u>2,279,707</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>9,244,145</u>	<u>9,052,519</u>
	<u>9,244,145</u>	<u>9,052,519</u>
ACCUMULATED SURPLUS	<u>\$ 11,761,197</u>	<u>\$ 11,332,226</u>
	CONTINGENCIES (SEE NOTE 14)	

TOWN OF CORONATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,280,478	\$ 1,276,943	\$ 1,216,653
User fees and sale of goods	1,147,990	1,181,572	1,130,983
Government transfers for operating (Schedule 3)	231,512	225,702	223,015
Investment income	16,000	29,897	15,642
Penalties and costs on taxes	57,000	61,454	54,810
Franchise and concession contracts	80,000	74,468	77,204
Transfers from local boards		2,000	4,000
Fines	8,000	13,425	6,839
Other	5,668	9,038	64,853
Gain on disposal of tangible capital assets		1,011	
Total Revenue	<u>2,826,648</u>	<u>2,875,510</u>	<u>2,793,999</u>
EXPENSES			
Legislative	79,640	70,724	77,982
Administration	447,210	469,214	456,375
Protective services	209,623	177,800	147,426
Transportation	660,984	613,801	625,565
Water supply and distribution	531,505	582,456	539,716
Wastewater treatment and disposal	74,346	46,219	63,223
Waste management	127,027	135,812	134,197
Public health and welfare	46,767	47,243	47,796
Economic development	110,651	87,007	83,435
Subdivision land and development	14,386	11,735	32,951
Parks and recreation	596,532	629,953	563,228
Culture	21,853	21,853	21,876
Total Expenses	<u>2,920,524</u>	<u>2,893,817</u>	<u>2,793,770</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(93,876)	(18,307)	229
Government transfers for capital (Schedule 3)	337,616	389,109	343,862
Contributed tangible capital assets		2,199	11,150
Other capital donations	53,646	55,970	64,597
EXCESS OF REVENUE OVER EXPENSES	297,386	428,971	419,838
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,332,226</u>	<u>11,332,226</u>	<u>10,912,388</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,629,612</u>	<u>\$ 11,761,197</u>	<u>\$ 11,332,226</u>

TOWN OF CORONATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 297,386	\$ 428,971	\$ 419,838
Acquisition of tangible capital assets	(716,858)	(698,413)	(666,372)
Contributed tangible capital assets		(2,199)	(11,150)
Proceeds on sale of tangible capital assets		56,239	56,394
Amortization of tangible capital assets	423,568	453,758	434,068
Gain (loss) on sale of tangible capital assets		(1,011)	33,506
	<u>(293,290)</u>	<u>(191,626)</u>	<u>(153,554)</u>
INCREASE IN NET FINANCIAL ASSETS	4,096	237,345	266,284
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,279,707</u>	<u>2,279,707</u>	<u>2,013,423</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 2,283,803</u>	<u>\$ 2,517,052</u>	<u>\$ 2,279,707</u>

TOWN OF CORONATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 428,971	\$ 419,838
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization on tangible capital assets	453,758	434,068
Gain (loss) on sale of tangible capital assets	(1,011)	33,506
Contributed and donated assets	<u>(2,199)</u>	<u>(11,150)</u>
	879,519	876,262
Changes in net financial asset (debt) items:		
Decrease (increase) in taxes and grants in place of taxes receivable	(108,776)	(32,782)
Decrease (increase) in trade and other receivables	81,664	(9,367)
Decrease (increase) in receivables from other governments	(17,645)	(265)
Increase (decrease) in accounts payable and accrued liabilities	35,774	(9,001)
Increase (decrease) in deposit liabilities	(650)	1,000
Increase (decrease) in deferred revenue	31,793	113
Increase (decrease) in employee benefit obligations	<u>(398)</u>	<u>4,762</u>
Cash provided by (applied to) operating transactions	<u>901,281</u>	<u>830,722</u>
CAPITAL		
Acquisition of tangible capital assets	(698,413)	(666,372)
Proceeds on sale of tangible capital assets	<u>56,239</u>	<u>56,394</u>
Cash provided by (applied to) capital transactions	<u>(642,174)</u>	<u>(609,978)</u>
FINANCING		
Long term debt repaid	<u>(85,630)</u>	<u>(83,220)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	173,477	137,524
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,551,810</u>	<u>1,414,286</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,725,287</u>	<u>\$ 1,551,810</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 1,725,287</u>	<u>\$ 1,551,810</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,725,287</u>	<u>\$ 1,551,810</u>

TOWN OF CORONATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
COST:								
BALANCE, BEGINNING OF YEAR	\$ 208,621	\$ 483,809	\$ 2,697,126	\$ 17,207,135	\$ 1,074,111	\$ 478,090	\$ 22,148,892	\$ 21,735,893
Acquisition of tangible capital assets		19,605	71,349	441,077	142,582	26,000	700,613	677,522
Disposal of tangible capital assets					(61,365)		(61,365)	(264,523)
BALANCE, END OF YEAR	<u>208,621</u>	<u>503,414</u>	<u>2,768,475</u>	<u>17,648,212</u>	<u>1,155,328</u>	<u>504,090</u>	<u>22,788,140</u>	<u>22,148,892</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		199,323	1,143,866	10,887,611	537,337	328,236	13,096,373	12,836,928
Annual amortization		3,377	72,806	265,611	87,759	24,205	453,758	434,068
Accumulated amortization on disposals					(6,136)		(6,136)	(174,623)
BALANCE, END OF YEAR		<u>202,700</u>	<u>1,216,672</u>	<u>11,153,222</u>	<u>618,960</u>	<u>352,441</u>	<u>13,543,995</u>	<u>13,096,373</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 208,621</u>	<u>\$ 300,714</u>	<u>\$ 1,551,803</u>	<u>\$ 6,494,990</u>	<u>\$ 536,368</u>	<u>\$ 151,649</u>	<u>\$ 9,244,145</u>	<u>\$ 9,052,519</u>
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 208,621</u>	<u>\$ 284,486</u>	<u>\$ 1,553,260</u>	<u>\$ 6,319,524</u>	<u>\$ 536,774</u>	<u>\$ 149,854</u>	<u>\$ 9,052,519</u>	

TOWN OF CORONATION
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018
Schedule 2

	Budget (Unaudited)	2018	2017
TAXATION			
Real property taxes	\$ 1,491,804	\$ 1,490,788	\$ 1,427,736
Linear property taxes	<u>50,682</u>	<u>48,163</u>	<u>50,682</u>
	<u>1,542,486</u>	<u>1,538,951</u>	<u>1,478,418</u>
REQUISITIONS			
Alberta School Foundation Fund	230,111	230,111	225,912
Paintearth Foundation	<u>31,897</u>	<u>31,897</u>	<u>35,853</u>
	<u>262,008</u>	<u>262,008</u>	<u>261,765</u>
NET MUNICIPAL TAXES	<u>\$ 1,280,478</u>	<u>\$ 1,276,943</u>	<u>\$ 1,216,653</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018
Schedule 3

	Budget (Unaudited)	2018	2017
TRANSFERS FOR OPERATING			
Provincial government	\$ 110,479	\$ 110,052	\$ 98,954
Federal government	650	650	1,200
Local governments	<u>120,383</u>	<u>115,000</u>	<u>122,861</u>
	<u>231,512</u>	<u>225,702</u>	<u>223,015</u>
TRANSFERS FOR CAPITAL			
Provincial government	285,771	337,264	292,640
Federal government	<u>51,845</u>	<u>51,845</u>	<u>51,222</u>
	<u>337,616</u>	<u>389,109</u>	<u>343,862</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 569,128</u>	<u>\$ 614,811</u>	<u>\$ 566,877</u>

TOWN OF CORONATION
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 4

	Budget (Unaudited)	2018	2017
<hr/>			
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 861,079	\$ 857,416	\$ 837,754
Contracted and general services	737,596	699,643	638,596
Materials, goods, supplies and utilities	768,507	733,643	695,074
Provision for allowances		19,458	28,317
Transfers to local boards and agencies	84,479	84,479	84,460
Transfers to individuals and organizations	36,305	36,439	31,304
Bank charges and short term interest	2,000	2,712	1,992
Interest on capital long term debt	6,990	6,269	8,699
Amortization of tangible capital assets	423,568	453,758	434,068
Loss on disposal of tangible capital assets			33,506
	<u>\$ 2,920,524</u>	<u>\$ 2,893,817</u>	<u>\$ 2,793,770</u>

TOWN OF CORONATION
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 108,744	\$ 2,435,362	\$ 8,788,120	\$ 11,332,226	\$ 10,912,388
Excess of revenues over expenses	428,971			428,971	419,838
Unrestricted funds designated for future use	(348,401)	348,401			
Restricted funds used for tangible capital assets		(197,095)	197,095		
Current year funds used for tangible capital assets	(501,317)		501,317		
Contributed tangible capital assets	(2,199)		2,199		
Disposal of tangible capital assets	55,228		(55,228)		
Annual amortization expense	453,758		(453,758)		
Long term debt repaid	(85,630)		85,630		
Change in accumulated surplus	410	151,306	277,255	428,971	419,838
BALANCE, END OF YEAR	\$ 109,154	\$ 2,586,668	\$ 9,065,375	\$ 11,761,197	\$ 11,332,226

**TOWN OF CORONATION
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Schedule 6

	General Government	Protective Services	Public Health & Welfare	Transportation Services	Water / Wastewater	Waste Management	Recreation & Parks	Planning & Development	Total
REVENUE									
Net municipal taxes	\$ 1,276,943	\$	\$	\$	\$	\$	\$	\$	\$ 1,276,943
User fees and sales of goods	9,019	104,239	1,650	15,310	784,018	129,177	132,207	5,952	1,181,572
Government transfers		26,250	35,877	389,109			129,402	34,173	614,811
Investment income	29,897								29,897
Penalties	53,346								53,346
Franchise fees	74,468				8,108				82,576
Transfers from local boards							2,000		2,000
Fines	13,425			1,011					14,436
Gain on disposal		5,080	3,868				54,529	1,500	64,977
Other revenues	2,230								2,230
	<u>1,459,328</u>	<u>135,569</u>	<u>41,395</u>	<u>405,430</u>	<u>792,126</u>	<u>129,177</u>	<u>318,138</u>	<u>41,625</u>	<u>3,322,788</u>
EXPENSES									
Salaries & wages	317,066	15,225	1,156	157,895	43,786		283,420	38,868	857,416
Contract & general services	150,834	38,289	375	63,634	92,130		163,588	54,981	699,643
Goods & supplies	28,711	76,713	866	164,812	375,636		83,021	3,884	733,643
Provision for allowance	19,458								19,458
Transfers to local boards	2,000	10,000	44,846	4,403	26,439		37,633		84,479
Transfers to organizations									
Bank charges and interest	2,712				1,866				4,578
Long-term debt interest									36,439
	<u>520,781</u>	<u>140,227</u>	<u>47,243</u>	<u>390,744</u>	<u>539,857</u>	<u>135,812</u>	<u>567,662</u>	<u>97,733</u>	<u>2,440,059</u>
NET REVENUE, BEFORE AMORTIZATION	<u>938,547</u>	<u>(4,658)</u>	<u>(5,848)</u>	<u>14,686</u>	<u>252,269</u>	<u>(6,635)</u>	<u>(249,524)</u>	<u>(56,108)</u>	<u>882,729</u>
Amortization expense	19,157	37,573		223,057	88,818		84,144	1,009	453,758
NET REVENUE	<u>\$ 919,390</u>	<u>\$ (42,231)</u>	<u>\$ (5,848)</u>	<u>\$ (208,371)</u>	<u>\$ 163,451</u>	<u>\$ (6,635)</u>	<u>\$ (333,668)</u>	<u>\$ (57,117)</u>	<u>\$ 428,971</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Coronation 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 consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal 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 municipal reporting entity.

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

c) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards 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 period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant financial statement areas requiring the use of management estimates include:

- Employee benefits obligations;
- Useful life of tangible capital assets;
- Accrued liabilities;
- Allowance for doubtful accounts receivable
- Fair value of contributed tangible capital assets

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

e) Investments

Investments are recorded at amortized cost. 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) Requisition Over-levy and Under-levy

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.

g) Inventories for Resale

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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

h) Net Municipal Taxes

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Town Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

i) 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 CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

j) 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 consolidated 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:

	<u>YEARS</u>
Land improvements	15 to 30
Buildings	10 to 50
Engineering structures	
Water system	25 to 45
Wastewater system	25 to 45
Other engineered structures	15 to 40
Machinery and equipment	3 to 30
Vehicles	5 to 10

Annual amortization is charged in the year of acquisition based on the date the asset becomes available for use. Tangible capital 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.

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. Inventories

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

v. Cultural and Historical Tangible Capital Assets

Historical buildings and works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. CASH AND TEMPORARY INVESTMENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 31,577	\$ 56,223
Temporary investments	<u>1,693,710</u>	<u>1,495,587</u>
	<u>\$ 1,725,287</u>	<u>\$ 1,551,810</u>

Temporary investments include various business savings accounts that earn interest between prime less 1.9% and prime less 1.55%.

The Town received certain Alberta Government grants and other donations and contributions that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$55,906 (2017 - \$24,113) of the temporary investments on hand are not available for general use by the Town.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2018</u>	<u>2017</u>
Current taxes and grants in place receivables	\$ 178,126	\$ 100,329
Arrears taxes	<u>293,335</u>	<u>262,356</u>
	471,461	362,685
Less: allowance for doubtful accounts	<u>(45,684)</u>	<u>(45,684)</u>
	<u>\$ 425,777</u>	<u>\$ 317,001</u>

4. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
County of Paintearth - Fire capital revenue	\$ 40,000	\$ 20,000
Alberta Municipal Sustainability Initiative	12,747	
Other Unearned Revenue	<u>3,159</u>	<u>4,113</u>
	<u>\$ 55,906</u>	<u>\$ 24,113</u>

County of Paintearth - Fire capital revenue

Funding was received from the County of Paintearth to undertake certain eligible capital expenses within the Town which have not yet been expended.

Alberta Municipal Sustainability Initiative

Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended.

Other Unearned Revenue

During the current year, contributions were received by the Town to complete certain projects in the Town which have not been completed.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2018</u>	<u>2017</u>
Vacation and banked overtime payable	\$ <u>31,314</u>	\$ <u>31,712</u>

Vacation and banked overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

6. LONG TERM DEBT

	<u>2018</u>	<u>2017</u>
Tax supported debentures	\$ <u>178,770</u>	\$ <u>264,399</u>

The current portion of the long-term debt amounts to \$88,109 (2017 - \$85,630)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 88,109	\$ 4,511	\$ 92,620
2020	<u>90,661</u>	<u>1,959</u>	<u>92,620</u>
	<u>\$ 178,770</u>	<u>\$ 6,470</u>	<u>\$ 185,240</u>

All debenture debt is repayable to Alberta Capital Financing Authority and bears interest at a rate of 2.875% per annum, and matures 2020. Debenture debt is issued on the credit and security of the Town of Coronation at large.

The Town's total cash payments for interest in 2018 were \$6,990 (2017 - \$9,400).

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7. 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 of Coronation be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 4,313,265	\$ 4,190,999
Total debt	<u>178,770</u>	<u>264,399</u>
Amount of debit limit unused	<u>\$ 4,134,495</u>	<u>\$ 3,926,600</u>
Debt servicing limit	\$ 718,878	\$ 698,500
Debt servicing	<u>92,620</u>	<u>92,620</u>
Amount of debt servicing limit unused	<u>\$ 626,258</u>	<u>\$ 605,880</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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 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 municipality. Rather, the financial statements must be interpreted as a whole.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 1)	\$ 22,788,140	\$ 22,148,892
Accumulated amortization (Schedule 1)	(13,543,995)	(13,096,373)
Long-term debt (Note 6)	<u>(178,770)</u>	<u>(264,399)</u>
	<u>\$ 9,065,375</u>	<u>\$ 8,788,120</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

9. ACCUMULATED SURPLUS

	2018	2017
Unrestricted Surplus	\$ 109,154	\$ 108,744
Restricted surplus:		
Administrative Capital	13,790	23,928
Fire Equipment Capital	86,200	112,200
Common Services Capital	203,359	190,784
Roads Capital	275,292	225,292
Water Capital	649,316	650,169
Sewer Lagoon Capital	298,523	266,830
Recreation Capital	124,882	121,354
General Capital Contingency	552,517	552,517
Airport Capital	212,288	162,288
Physician Recruitment Operating	20,501	
Recreation Wellness Centre Capital	150,000	130,000
Equity in tangible capital assets	9,065,375	8,788,120
	\$ 11,761,197	\$ 11,332,226

10. SEGMENTED DISCLOSURE

The Town of Coronation provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with the followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

11. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2018 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 3,124,243
Capital budget	716,858
Less	
Transfer to other funds	<u>(612,616)</u>
Total revenues	<u>3,228,485</u>
Expenses	
Operating budget	3,124,229
Capital budget	716,858
Less:	
Transfer to other funds	(107,500)
Capital expenses	(716,858)
Debt principal payments	<u>(85,630)</u>
Total expenses	<u>2,931,099</u>
Excess of revenue over expenses	<u><u>\$ 297,386</u></u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

12. SALARY AND BENEFITS

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

	2018			2017
	Salary	Benefits & allowances	Total	Total
Councillors:				
Mayor	\$ 7,800	\$	\$ 7,800	\$ 7,800
Councillor 1	6,000		6,000	6,000
Councillor 2	6,000		6,000	6,000
Councillor 3	6,000		6,000	6,000
Councillor 4	6,000		6,000	6,000
Councillor 5	6,000		6,000	6,000
Councillor 6	6,000		6,000	1,250
Councillor 7				4,750
Chief Administrative Officer	102,543	21,274	123,817	122,761

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 pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

13. 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 Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$66,503 (2017 - \$67,656). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2018 were \$60,442 (2017 - \$62,006).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion. This amount is not specifically allocated to the participating government organizations. The 2018 actuarial balance was not available at the date these financial statements were released.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

14. CONTINGENCIES

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

The Town is a member of the Alberta Urban Municipalities Association. 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 Association. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivable, 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.

16. BUDGET AMOUNTS

The 2018 budget for the Town was approved by council and has been reported in the consolidated financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
