

**TOWN OF CORONATION  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2020**

**TOWN OF CORONATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of the Town of Coronation, which comprise of the statement of financial position as at, December 31, 2020 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 financial statements present fairly, in all material respects, the financial position of the Town of Coronation as at December 31, 2020, 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 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 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 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 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:

- 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

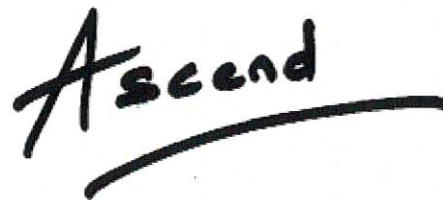
fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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.

A handwritten signature in black ink that reads "Ascend" in a cursive, slightly slanted font. A thick, horizontal black line is drawn underneath the signature.

**HANNA, ALBERTA  
MARCH 3, 2021**

**ASCEND LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**



**TOWN OF CORONATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 2,258,697	\$ 1,641,954
Receivables		
Taxes and grants in place of taxes (Note 3)	413,531	436,419
Trade and other receivables	288,326	215,867
Receivables from other governments	14,425	124,093
Land inventory held for resale	<u>606,194</u>	<u>494,967</u>
	<u>3,581,173</u>	<u>2,913,300</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	210,985	136,493
Deposit liabilities	2,950	1,650
Deferred revenue (Note 4)	463,613	401,170
Employee benefit obligations (Note 5)	35,004	32,739
Long-term debt (Note 6)		<u>90,661</u>
	<u>712,552</u>	<u>662,713</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,868,621</u>	<u>2,250,587</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	<u>9,312,906</u>	<u>9,298,081</u>
	<u>9,312,906</u>	<u>9,298,081</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 12,181,527</u>	<u>\$ 11,548,668</u>
	<b>COMMITMENTS (SEE NOTE 14)</b>	
	<b>CONTINGENCIES (SEE NOTE 15)</b>	

**TOWN OF CORONATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,323,760	\$ 1,274,840	\$ 1,275,509
User fees and sale of goods	1,150,390	1,035,461	1,091,684
Government transfers for operating (Schedule 3)	231,282	254,059	228,299
Investment income	28,000	14,850	33,473
Penalties and costs on taxes	66,000	72,171	69,521
Franchise and concession contracts	75,000	73,178	74,905
Fines	10,000	8,575	5,058
Other	28,012	26,608	5,672
Gain on disposal of tangible capital assets		485	35,642
<b>Total Revenue</b>	<u>2,912,444</u>	<u>2,760,227</u>	<u>2,819,763</u>
<b>EXPENSES</b>			
Legislative	67,120	57,727	72,403
Administration	447,890	515,509	514,021
Protective services	184,028	150,862	186,301
Transportation	633,410	627,023	613,704
Water supply and distribution	515,326	430,538	667,892
Wastewater treatment and disposal	58,208	36,780	49,540
Waste management	141,053	134,035	149,523
Public health and welfare	49,156	46,520	45,076
Economic development	107,814	103,150	124,873
Subdivision land and development	14,590	27,147	13,009
Parks and recreation	554,878	555,438	580,796
Culture	22,614	22,614	22,313
<b>Total Expenses</b>	<u>2,796,087</u>	<u>2,707,343</u>	<u>3,039,451</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	116,357	52,884	(219,688)
Government transfers for capital (Schedule 3)	643,376	566,986	
Other capital revenues		2,989	
Other capital donations		10,000	7,159
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	759,733	632,859	(212,529)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>11,548,668</u>	<u>11,548,668</u>	<u>11,761,197</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 12,308,401</u>	<u>\$ 12,181,527</u>	<u>\$ 11,548,668</u>

**TOWN OF CORONATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>			
	\$ <u>759,733</u>	\$ <u>632,859</u>	\$ <u>(212,529)</u>
Acquisition of tangible capital assets	(1,033,376)	(545,165)	(585,632)
Proceeds on sale of tangible capital assets		69,249	111,003
Amortization of tangible capital assets	450,438	461,576	456,335
Gain on sale of tangible capital assets		<u>(485)</u>	<u>(35,642)</u>
	<u>(582,938)</u>	<u>(14,825)</u>	<u>(53,936)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	176,795	618,034	(266,465)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>2,250,587</u>	<u>2,250,587</u>	<u>2,517,052</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 2,427,382</u>	<u>\$ 2,868,621</u>	<u>\$ 2,250,587</u>

**TOWN OF CORONATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 632,859	\$ (212,529)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization on tangible capital assets	461,576	456,335
Gain on sale of tangible capital assets	<u>(485)</u>	<u>(35,642)</u>
	1,093,950	208,164
Changes in net financial asset (debt) items:		
Decrease (increase) in taxes and grants in place of taxes receivable	22,888	(10,642)
Decrease (increase) in trade and other receivables	(72,459)	31,869
Decrease (increase) in receivables from other governments	109,668	(94,667)
Decrease (increase) in land inventory held for resale	(111,227)	
Increase (decrease) in accounts payable and accrued liabilities	74,492	(2,008)
Increase (decrease) in deposit liabilities	1,300	
Increase (decrease) in deferred revenue	62,443	345,264
Increase (decrease) in employee benefit obligations	<u>2,265</u>	<u>1,425</u>
Cash provided by (applied to) operating transactions	<u>1,183,320</u>	<u>479,405</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(545,165)	(585,632)
Proceeds on sale of tangible capital assets	<u>69,249</u>	<u>111,003</u>
Cash provided by (applied to) capital transactions	<u>(475,916)</u>	<u>(474,629)</u>
<b>FINANCING</b>		
Long term debt repaid	<u>(90,661)</u>	<u>(88,109)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	616,743	(83,333)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,641,954</u>	<u>1,725,287</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,258,697</u>	<u>\$ 1,641,954</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	<u>\$ 2,258,697</u>	<u>\$ 1,641,954</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,258,697</u>	<u>\$ 1,641,954</u>



**TOWN OF CORONATION**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 423,103	\$ 288,932	\$ 2,888,369	\$ 17,736,630	\$ 1,350,053	\$ 541,837	\$ 23,228,924	\$ 22,788,140
Acquisition of tangible capital assets			85,347	208,987	176,020		470,354	391,485
Construction-in-progress				74,811			74,811	194,147
Disposal of tangible capital assets					(75,016)		(75,016)	(144,848)
BALANCE, END OF YEAR	<u>423,103</u>	<u>288,932</u>	<u>2,973,716</u>	<u>18,020,428</u>	<u>1,451,057</u>	<u>541,837</u>	<u>23,699,073</u>	<u>23,228,924</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		205,575	1,294,842	11,415,608	634,162	380,656	13,930,843	13,543,995
Annual amortization		2,882	80,651	266,758	87,563	23,722	461,576	456,335
Accumulated amortization on disposals					(6,252)		(6,252)	(69,487)
BALANCE, END OF YEAR		<u>208,457</u>	<u>1,375,493</u>	<u>11,682,366</u>	<u>715,473</u>	<u>404,378</u>	<u>14,386,167</u>	<u>13,930,843</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 423,103</u>	<u>\$ 80,475</u>	<u>\$ 1,598,223</u>	<u>\$ 6,338,062</u>	<u>\$ 735,584</u>	<u>\$ 137,459</u>	<u>\$ 9,312,906</u>	<u>\$ 9,298,081</u>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 423,103</u>	<u>\$ 83,357</u>	<u>\$ 1,593,527</u>	<u>\$ 6,321,022</u>	<u>\$ 715,891</u>	<u>\$ 161,181</u>	<u>\$ 9,298,081</u>	

**TOWN OF CORONATION**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**Schedule 2**

	Budget (Unaudited)	2020	2019
<b>TAXATION</b>			
Real property taxes	\$ 1,581,855	\$ 1,484,386	\$ 1,489,723
Linear property taxes		48,354	47,632
	<u>1,581,855</u>	<u>1,532,740</u>	<u>1,537,355</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	220,976	220,781	218,782
Paintearth Foundation	37,119	37,119	43,064
	<u>258,095</u>	<u>257,900</u>	<u>261,846</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,323,760</u>	<u>\$ 1,274,840</u>	<u>\$ 1,275,509</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**Schedule 3**

	Budget (Unaudited)	2020	2019
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 99,909	\$ 119,106	\$ 99,755
Federal government	8,100	13,700	8,525
Local governments	123,273	121,253	120,019
	<u>231,282</u>	<u>254,059</u>	<u>228,299</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	643,376	406,996	
Federal government		159,990	
	<u>643,376</u>	<u>566,986</u>	
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 874,658</u>	<u>\$ 821,045</u>	<u>\$ 228,299</u>

**TOWN OF CORONATION**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule 4**

	Budget (Unaudited)	2020	2019
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 841,532	\$ 843,453	\$ 901,094
Contracted and general services	639,199	578,190	715,722
Materials, goods, supplies and utilities	705,168	578,689	760,454
Provision for allowances		46,255	47,031
Transfers to local boards and agencies	81,346	105,846	80,846
Transfers to individuals and organizations	64,904	73,673	71,460
Bank charges and short term interest	2,000	7,162	2,741
Interest on capital long term debt	4,500	1,195	3,768
Amortization of tangible capital assets	450,438	461,576	456,335
Other expenses	7,000	11,304	
	<u>\$ 2,796,087</u>	<u>\$ 2,707,343</u>	<u>\$ 3,039,451</u>

**TOWN OF CORONATION**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (214,136)	\$ 2,555,384	\$ 9,207,420	\$ 11,548,668	\$ 11,761,197
Excess of revenues over expenses	632,859			632,859	(212,529)
Unrestricted funds designated for future use	(108,728)	108,728			
Restricted funds used for operations	25,000	(25,000)			
Current year funds used for tangible capital assets	(545,165)		545,165		
Disposal of tangible capital assets	68,764		(68,764)		
Annual amortization expense	461,576		(461,576)		
Long term debt repaid	(90,661)		90,661		
Change in accumulated surplus	443,645	83,728	105,486	632,859	(212,529)
<b>BALANCE, END OF YEAR</b>	<b>\$ 229,509</b>	<b>\$ 2,639,112</b>	<b>\$ 9,312,906</b>	<b>\$ 12,181,527</b>	<b>\$ 11,548,668</b>

**TOWN OF CORONATION**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule 6**

	General Government	Protective Services	Public Health & Welfare	Transportation Services	Water/Wastewater	Waste Management	Recreation & Parks	Planning & Development	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 1,274,840	\$	\$	\$	\$	\$	\$	\$	\$ 1,274,840
User fees and sales of goods	8,302	68,939	950	14,216	670,470	132,391	76,310	63,883	1,035,461
Government transfers	59,792	29,719	35,877	214,008	59,124	382,375	40,150		821,045
Investment Income	14,850				5,773				14,850
Penalties	66,398								72,171
Franchise fees	73,178								73,178
Fines	5,725	2,850		485					8,575
Gain on disposal		7,500	14,300				17,170		485
Other revenues	627								39,597
	<u>1,503,712</u>	<u>109,008</u>	<u>51,127</u>	<u>228,709</u>	<u>735,367</u>	<u>132,391</u>	<u>475,855</u>	<u>104,033</u>	<u>3,340,202</u>
<b>EXPENSES</b>									
Salaries & wages	291,010	13,137		187,518	37,535		258,014	56,239	843,453
Contract & general services	162,833	43,640	31	56,677	60,629	134,035	103,288	17,057	578,190
Goods & supplies	30,161	49,626	1,643	169,516	249,313		59,469	18,961	578,689
Provision for allowance	46,255								46,255
Transfers to local boards	2,000	5,000	44,846		27,913		54,000	37,035	105,846
Transfers to organizations	688						8,037		73,673
Bank charges and interest	7,162			481	714				7,162
Long-term debt interest									1,195
Other expenses	11,304								11,304
	<u>551,413</u>	<u>111,403</u>	<u>46,520</u>	<u>414,192</u>	<u>376,104</u>	<u>134,035</u>	<u>482,808</u>	<u>129,292</u>	<u>2,245,767</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>952,299</u>	<u>(2,395)</u>	<u>4,607</u>	<u>(185,483)</u>	<u>359,263</u>	<u>(1,644)</u>	<u>(6,953)</u>	<u>(25,259)</u>	<u>1,094,435</u>
Amortization expense	21,823	39,459		212,831	91,214		95,244	1,005	461,576
<b>NET REVENUE</b>	<u>\$ 930,476</u>	<u>\$ (41,854)</u>	<u>\$ 4,607</u>	<u>\$ (398,314)</u>	<u>\$ 268,049</u>	<u>\$ (1,644)</u>	<u>\$ (102,197)</u>	<u>\$ (26,264)</u>	<u>\$ 632,859</u>

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The 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 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, 2020**

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**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**  
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**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 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:

	<b>YEARS</b>
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.

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**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Cash	\$ 12,436	\$ 123,036
Temporary investments	<u>2,246,261</u>	<u>1,518,918</u>
	<u>\$ 2,258,697</u>	<u>\$ 1,641,954</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, \$463,613 (2019 - \$294,950) of the temporary investments on hand are not available for general use by the Town.

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**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place receivables	\$ 184,568	\$ 134,367
Arrears taxes	<u>303,440</u>	<u>366,242</u>
	488,008	500,609
Less: allowance for doubtful accounts	<u>(74,477)</u>	<u>(64,190)</u>
	<u>\$ 413,531</u>	<u>\$ 436,419</u>

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**TOWN OF CORONATION**  
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**4. DEFERRED REVENUE**

	<b>2020</b>	<b>2019</b>
Alberta Municipal Sustainability Initiative	\$ 158,117	\$ 234,950
Alberta Community Partnership - Intermunicipal Collaboration	144,510	
Municipal Operating Support Transfer	80,986	
County of Paintearth No. 18 - Fire capital revenue	80,000	60,000
Federal Gas Tax Fund		106,220
	<b>\$ 463,613</b>	<b>\$ 401,170</b>

**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.

**Alberta Community Partnership - Intermunicipal Collaboration**

Provincial government funding was received in the current year to develop a recreation master plan in collaboration with the County of Paintearth within the Town that have not yet been expended.

**Municipal Operating Support Transfer**

Provincial and Federal government funding was received in the current year to provide assistance with operating impacts due to the COVID-19 pandemic within the Town that have not yet been expended.

**County of Paintearth No. 18 - Fire capital revenue**

Funding was received from the County of Paintearth No. 18 to undertake certain eligible capital expenses within the Town which have not yet been expended.

**5. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2020</b>	<b>2019</b>
Vacation and banked overtime payable	\$ <u>35,004</u>	\$ <u>32,739</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**

	<b>2020</b>	<b>2019</b>
Tax supported debentures	\$ _____	\$ <u>90,661</u>

The Town's total cash payments for interest in 2019 were \$1,959 (2019 - \$4,511).

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**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:

	<b>2020</b>	<b>2019</b>
Total debt limit	\$ 4,140,341	\$ 4,229,645
Total debt		90,661
Amount of debit limit unused	\$ 4,140,341	\$ 4,138,984
Debt servicing limit	\$ 690,057	\$ 704,941
Debt servicing		92,620
Amount of debt servicing limit unused	\$ 690,057	\$ 612,321

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**

	<b>2020</b>	<b>2019</b>
Tangible capital assets (Schedule 1)	\$ 23,699,073	\$ 23,228,924
Accumulated amortization (Schedule 1)	(14,386,167)	(13,930,843)
Long-term debt (Note 6)		(90,661)
	\$ 9,312,906	\$ 9,207,420

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**9. ACCUMULATED SURPLUS**

	<u>2020</u>	<u>2019</u>
Unrestricted Surplus	\$ 229,509	\$ (214,136)
Restricted surplus:		
Fire Equipment Capital	86,200	86,200
Common Services Capital	203,359	203,359
Roads Capital	275,292	275,292
Water Capital	801,001	725,393
Sewer Lagoon Capital	363,282	330,162
Recreation Capital	49,882	49,882
General Capital Contingency	502,307	502,307
Airport Capital	212,288	212,288
Physician Recruitment Operating	20,501	20,501
Recreation Wellness Centre Capital	125,000	150,000
Equity in tangible capital assets	<u>9,312,906</u>	<u>9,207,420</u>
	<u>\$ 12,181,527</u>	<u>\$ 11,548,668</u>

**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**  
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**11. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u><b>Budget Amount</b></u>
<b>Revenue</b>	
Operating budget	\$ 2,991,963
Capital budget	1,033,376
Less	
Transfer to other funds	<u>(469,519)</u>
Total revenues	<u>3,555,820</u>
<b>Expenses</b>	
Operating budget	2,991,963
Capital budget	1,033,376
Less:	
Transfer to other funds	(107,500)
Capital expenses	(1,033,376)
Debt principal payments	<u>(88,376)</u>
Total expenses	<u>2,796,087</u>
<b>Excess of revenue over expenses</b>	<b>\$ <u>759,733</u></b>

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**TOWN OF CORONATION**  
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**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:

	<b>2020</b>			<b>2019</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
<b>Councillors:</b>				
Councillor Alderdice	\$ 6,000	\$ 26	\$ 6,026	\$ 6,000
Councillor Brigley	6,000	26	6,026	6,000
Councillor Checkel	6,300	37	6,337	6,000
Councillor Cook	6,000	26	6,026	6,000
Councillor Griffiths	6,000	2	6,002	6,000
Councillor Horkoff	3,000	13	3,013	6,000
Councillor Stannard	7,500	79	7,579	7,800
Chief Administrative Officer	77,769	14,867	92,636	44,880
Chief Administrative Officer (former)	-	-	-	82,352
Town Assessor	-	-	-	-

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.

3. The Town Assessor position is vacant and the Town has entered into an agreement for assessor services with an independent contractor. The cost totaled \$24,778 (2019 - 24,431)

**TOWN OF CORONATION**  
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**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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$58,533 (2019 - \$60,911). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$52,991 (2019 - \$54,780).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion. This amount is not specifically allocated to the participating government organizations. The 2020 actuarial balance was not available at the date these financial statements were released.

**14. COMMITMENTS**

The Town has entered into a lease agreement with Meridian OneCap to rent certain equipment in use at the Town. The aggregate future minimum lease payments are \$15,260 (2019 - \$19,620). The minimum lease payments for each of the five succeeding years are as follows:

	2020	2019
Gross payments required in the first year subsequent	\$ 4,360	\$ 4,360
Gross payments required in the second year subsequent	4,360	4,360
Gross payments required in the third year subsequent	4,360	4,360
Gross payments required in the fourth year subsequent	2,180	4,360
Gross payments required in the fifth year subsequent	2,180	2,180
	\$ 15,260	\$ 19,620

**TOWN OF CORONATION**  
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**15. 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.

During the year the Town entered into a grant funding agreement with the Alberta Government under the Municipal Stimulus Program. The Town is able to fund certain eligible infrastructure projects which must be completed by December 31, 2021. Under the program the Town is entitled to \$111,737 which has not yet been received.

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**16. 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.

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**17. BUDGET AMOUNTS**

The 2020 budget for the Town was approved by council and has been reported in the financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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**18. COMPARATIVE FIGURES**

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

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**19. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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