

**TOWN OF CORONATION  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2019**

**TOWN OF CORONATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	2 - 3
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Tangible Capital Assets	8
Schedule of Property and Other Taxes	9
Schedule of Government Transfers	9
Schedule of Expenses by Object	10
Schedule of Changes in Accumulated Surplus	11
Schedule of Segmented Disclosure	12
Notes to Financial Statements	13 - 23



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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 financial statements of the Town of Coronation, which comprise of the statement of financial position as at, December 31, 2019 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, 2019, 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:





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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  
JULY 31, 2020

  
CHARTERED PROFESSIONAL ACCOUNTANTS

**TOWN OF CORONATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 1,641,954	\$ 1,725,287
Receivables		
Taxes and grants in place of taxes (Note 3)	436,419	425,777
Trade and other receivables	215,867	247,736
Receivables from other governments	124,093	29,426
Land inventory held for resale	<u>494,967</u>	<u>494,967</u>
	<u>2,913,300</u>	<u>2,923,193</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	136,493	138,501
Deposit liabilities	1,650	1,650
Deferred revenue (Note 4)	401,170	55,906
Employee benefit obligations (Note 5)	32,739	31,314
Long-term debt (Note 6)	<u>90,661</u>	<u>178,770</u>
	<u>662,713</u>	<u>406,141</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,250,587</u>	<u>2,517,052</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	<u>9,298,081</u>	<u>9,244,145</u>
	<u>9,298,081</u>	<u>9,244,145</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 11,548,668</u>	<u>\$ 11,761,197</u>
	<b>COMMITMENTS (SEE NOTE 14)</b>	
	<b>CONTINGENCIES (SEE NOTE 15)</b>	
	<b>SUBSEQUENT EVENTS (SEE NOTE 17)</b>	

**TOWN OF CORONATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,275,547	\$ 1,275,509	\$ 1,276,943
User fees and sale of goods	1,158,570	1,092,979	1,181,572
Government transfers for operating (Schedule 3)	233,818	227,004	225,702
Investment income	30,000	33,473	29,897
Penalties and costs on taxes	64,000	69,521	61,454
Franchise and concession contracts	75,000	74,905	74,468
Transfers from local boards			2,000
Fines	10,000	5,058	13,425
Other	20,238	5,672	9,038
Gain on disposal of tangible capital assets		<u>35,642</u>	<u>1,011</u>
<b>Total Revenue</b>	<u>2,867,173</u>	<u>2,819,763</u>	<u>2,875,510</u>
<b>EXPENSES</b>			
Legislative	75,600	72,403	70,724
Administration	460,323	514,021	469,214
Protective services	209,427	186,301	177,800
Transportation	644,575	613,704	613,801
Water supply and distribution	599,512	667,892	582,456
Wastewater treatment and disposal	48,580	49,540	46,219
Waste management	140,000	149,523	135,812
Public health and welfare	46,284	45,076	47,243
Economic development	113,207	124,873	87,007
Subdivision land and development	14,594	13,009	11,735
Parks and recreation	612,035	580,796	629,953
Culture	<u>22,314</u>	<u>22,313</u>	<u>21,853</u>
<b>Total Expenses</b>	<u>2,986,451</u>	<u>3,039,451</u>	<u>2,893,817</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>			
	(119,278)	(219,688)	(18,307)
Government transfers for capital (Schedule 3)	958,884		389,109
Contributed tangible capital assets			2,199
Other capital donations		<u>7,159</u>	<u>55,970</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	839,606	(212,529)	428,971
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>11,761,197</u>	<u>11,761,197</u>	<u>11,332,226</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 12,600,803</u>	<u>\$ 11,548,668</u>	<u>\$ 11,761,197</u>

**TOWN OF CORONATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>839,606</u>	\$ <u>(212,529)</u>	\$ <u>428,971</u>
Acquisition of tangible capital assets	(1,425,416)	(585,632)	(698,413)
Contributed tangible capital assets			(2,199)
Proceeds on sale of tangible capital assets		111,003	56,239
Amortization of tangible capital assets	457,249	456,335	453,758
Gain on sale of tangible capital assets		(35,642)	(1,011)
	<u>(968,167)</u>	<u>(53,936)</u>	<u>(191,626)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	128,561	(266,465)	237,345
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>2,517,052</u>	<u>2,517,052</u>	<u>2,279,707</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 2,388,491</u>	<u>\$ 2,250,587</u>	<u>\$ 2,517,052</u>

**TOWN OF CORONATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ (212,529)	\$ 428,971
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization on tangible capital assets	456,335	453,758
Gain on sale of tangible capital assets	(35,642)	(1,011)
Contributed and donated assets		(2,199)
	208,164	879,519
Changes in net financial asset (debt) items:		
Decrease (increase) in taxes and grants in place of taxes receivable	(10,642)	(108,776)
Decrease (increase) in trade and other receivables	31,869	81,664
Decrease (increase) in receivables from other governments	(94,667)	(17,645)
Increase (decrease) in accounts payable and accrued liabilities	(2,008)	35,774
Increase (decrease) in deposit liabilities		(650)
Increase (decrease) in deferred revenue	345,264	31,793
Increase (decrease) in employee benefit obligations	1,425	(398)
	479,405	901,281
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(585,632)	(698,413)
Proceeds on sale of tangible capital assets	111,003	56,239
	(474,629)	(642,174)
<b>FINANCING</b>		
Long term debt repaid	(88,109)	(85,630)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(83,333)</b>	<b>173,477</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,725,287</b>	<b>1,551,810</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,641,954</b>	<b>\$ 1,725,287</b>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	\$ 1,641,954	\$ 1,725,287
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,641,954</b>	<b>\$ 1,725,287</b>



**TOWN OF CORONATION**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 423,103	\$ 288,932	\$ 2,768,475	\$ 17,648,212	\$ 1,155,331	\$ 504,087	\$ 22,788,140	\$ 22,148,892
Acquisition of tangible capital assets			88,418		265,317	37,750	391,485	700,613
Construction-in-progress		119,894			74,253		194,147	
Disposal of tangible capital assets					(144,848)		(144,848)	(61,365)
BALANCE, END OF YEAR	<u>423,103</u>	<u>288,932</u>	<u>2,888,369</u>	<u>17,736,630</u>	<u>1,350,053</u>	<u>541,837</u>	<u>23,228,924</u>	<u>22,788,140</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		202,700	1,216,672	11,153,222	618,960	352,441	13,543,995	13,096,373
Annual amortization		2,875	78,170	262,386	84,689	28,215	456,335	453,758
Accumulated amortization on disposals					(69,487)		(69,487)	(6,136)
BALANCE, END OF YEAR		<u>205,575</u>	<u>1,294,842</u>	<u>11,415,608</u>	<u>634,162</u>	<u>380,656</u>	<u>13,930,843</u>	<u>13,543,995</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<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>	<u>\$ 9,244,145</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 423,103</u>	<u>\$ 86,232</u>	<u>\$ 1,551,803</u>	<u>\$ 6,494,990</u>	<u>\$ 536,371</u>	<u>\$ 151,646</u>	<u>\$ 9,244,145</u>	

**TOWN OF CORONATION**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**Schedule 2**

	Budget (Unaudited)	2019	2018
<b>TAXATION</b>			
Real property taxes	\$ 1,537,393	\$ 1,489,723	\$ 1,490,788
Linear property taxes		47,632	48,163
	<u>1,537,393</u>	<u>1,537,355</u>	<u>1,538,951</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	218,782	218,782	230,111
Paintearth Foundation	43,064	43,064	31,897
	<u>261,846</u>	<u>261,846</u>	<u>262,008</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,275,547</u>	<u>\$ 1,275,509</u>	<u>\$ 1,276,943</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 3**

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 109,979	\$ 107,630	\$ 110,052
Federal government	700	650	650
Local governments	123,139	118,724	115,000
	<u>233,818</u>	<u>227,004</u>	<u>225,702</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	526,504		337,264
Federal government	412,380		51,845
Local governments	20,000		
	<u>958,884</u>		<u>389,109</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,192,702</u>	<u>\$ 227,004</u>	<u>\$ 614,811</u>

**TOWN OF CORONATION**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**Schedule 4**

	Budget (Unaudited)	2019	2018
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 889,792	\$ 901,094	\$ 857,416
Contracted and general services	706,146	752,757	699,643
Materials, goods, supplies and utilities	810,712	760,454	733,643
Provision for allowances		47,031	19,458
Transfers to local boards and agencies	84,602	83,601	84,479
Transfers to individuals and organizations	31,439	31,670	36,439
Bank charges and short term interest	2,000	2,741	2,712
Interest on capital long term debt	4,511	3,768	6,269
Amortization of tangible capital assets	457,249	456,335	453,758
	<u>\$ 2,986,451</u>	<u>\$ 3,039,451</u>	<u>\$ 2,893,817</u>

**TOWN OF CORONATION**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 109,154	\$ 2,586,668	\$ 9,065,375	\$ 11,761,197	\$ 11,332,226
Excess of revenues over expenses	(212,529)				
Unrestricted funds designated for future use	(107,716)	107,716		(212,529)	428,971
Restricted funds used for tangible capital assets		(139,000)	139,000		
Current year funds used for tangible capital assets	(446,628)		446,628		
Disposal of tangible capital assets	75,357		(75,357)		
Annual amortization expense	456,335		(456,335)		
Long term debt repaid	(88,109)		88,109		
Change in accumulated surplus	(323,290)	(31,284)	142,045	(212,529)	428,971
<b>BALANCE, END OF YEAR</b>	<b>\$ (214,136)</b>	<b>\$ 2,555,384</b>	<b>\$ 9,207,420</b>	<b>\$ 11,548,668</b>	<b>\$ 11,761,197</b>

**TOWN OF CORONATION**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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	\$ 1,275,509	\$	\$	\$	\$	\$	\$	\$	\$ 1,275,509
User fees and sales of goods	7,762	84,304	3,550	15,251	729,795	131,199	117,800	3,318	1,092,979
Government transfers		28,362	35,877				127,790	34,975	227,004
Investment income	33,473								33,473
Penalties	60,834				8,687				69,521
Franchise fees	74,905								74,905
Fines	5,058								5,058
Gain on disposal				35,642					35,642
Other revenues	4,748	350	314				7,419		12,831
	<u>1,462,289</u>	<u>113,016</u>	<u>39,741</u>	<u>50,893</u>	<u>738,482</u>	<u>131,199</u>	<u>253,009</u>	<u>38,293</u>	<u>2,826,922</u>
<b>EXPENSES</b>									
Salaries & wages	331,428	23,663	162	165,336	42,044		276,181	62,280	901,094
Contract & general services	154,138	44,982		57,726	146,754	149,523	130,778	68,856	752,757
Goods & supplies	29,526	73,060	68	175,280	409,262		67,517	5,741	760,454
Provision for allowance	47,031								47,031
Transfers to local boards	2,000	5,000	44,846		26,670		36,755		83,601
Transfers to organizations									31,670
Bank charges and interest	2,741								2,741
Long-term debt interest				2,280	1,488				3,768
	<u>566,864</u>	<u>146,705</u>	<u>45,076</u>	<u>400,622</u>	<u>626,218</u>	<u>149,523</u>	<u>511,231</u>	<u>136,877</u>	<u>2,583,116</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>895,425</u>	<u>(33,689)</u>	<u>(5,335)</u>	<u>(349,729)</u>	<u>112,264</u>	<u>(18,324)</u>	<u>(258,222)</u>	<u>(98,584)</u>	<u>243,806</u>
Amortization expense	19,560	39,596		213,082	91,214		91,878	1,005	456,335
<b>NET REVENUE</b>	<u>\$ 875,865</u>	<u>\$ (73,285)</u>	<u>\$ (5,335)</u>	<u>\$ (562,811)</u>	<u>\$ 21,050</u>	<u>\$ (18,324)</u>	<u>\$ (350,100)</u>	<u>\$ (99,589)</u>	<u>\$ (212,529)</u>

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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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, 2019**

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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**  
**DECEMBER 31, 2019**

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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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**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2019</b>	<b>2018</b>
Cash	\$ 123,036	\$ 31,577
Temporary investments	1,518,918	1,693,710
	<b>\$ 1,641,954</b>	<b>\$ 1,725,287</b>

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, \$294,950 (2018 - \$55,906) of the temporary investments on hand are not available for general use by the Town.

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

	<b>2019</b>	<b>2018</b>
Current taxes and grants in place receivables	\$ 134,367	\$ 178,126
Arrears taxes	366,242	293,335
	500,609	471,461
Less: allowance for doubtful accounts	(64,190)	(45,684)
	<b>\$ 436,419</b>	<b>\$ 425,777</b>

**4. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
County of Paintearth - Fire capital revenue	\$ 60,000	\$ 40,000
Alberta Municipal Sustainability Initiative	234,950	12,747
Other Unearned Revenue		3,159
Federal Gas Tax Fund	106,220	
	<b>\$ 401,170</b>	<b>\$ 55,906</b>

**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.

**Federal Gas Tax Fund**

Federal and provincial government funding was received or receivable in the current year to undertake certain eligible expenditures within the Town that have not yet been expended.

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**5. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2019</u>	<u>2018</u>
Vacation and banked overtime payable	\$ <u>32,739</u>	\$ <u>31,314</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>2019</u>	<u>2018</u>
Tax supported debentures	\$ <u>90,661</u>	\$ <u>178,770</u>

The current portion of the long-term debt amounts to \$90,661 (2018 - \$88,109)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ <u>90,661</u>	\$ <u>1,959</u>	\$ <u>92,620</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 2019 were \$4,511 (2018 - \$6,990).

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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>2019</b>	<b>2018</b>
Total debt limit	\$ 4,229,645	\$ 4,313,265
Total debt	90,661	178,770
Amount of debit limit unused	\$ 4,138,984	\$ 4,134,495
Debt servicing limit	\$ 704,941	\$ 718,878
Debt servicing	92,620	92,620
Amount of debt servicing limit unused	\$ 612,321	\$ 626,258

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>2019</b>	<b>2018</b>
Tangible capital assets (Schedule 1)	\$ 23,228,924	\$ 22,788,140
Accumulated amortization (Schedule 1)	(13,930,843)	(13,543,995)
Long-term debt (Note 6)	(90,661)	(178,770)
	\$ 9,207,420	\$ 9,065,375

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**9. ACCUMULATED SURPLUS**

	<u>2019</u>	<u>2018</u>
Unrestricted Surplus	\$ (214,136)	\$ 109,154
Restricted surplus:		
Administrative Capital		13,790
Fire Equipment Capital	86,200	86,200
Common Services Capital	203,359	203,359
Roads Capital	275,292	275,292
Water Capital	725,393	649,316
Sewer Lagoon Capital	330,162	298,523
Recreation Capital	49,882	124,882
General Capital Contingency	502,307	552,517
Airport Capital	212,288	212,288
Physician Recruitment Operating	20,501	20,501
Recreation Wellness Centre Capital	150,000	150,000
Equity in tangible capital assets	<u>9,207,420</u>	<u>9,065,375</u>
	<u>\$ 11,548,668</u>	<u>\$ 11,761,197</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**  
**DECEMBER 31, 2019**

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**11. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2019 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	\$ 3,182,060
Capital budget	1,445,416
Less	
Transfer to other funds	<u>(801,419)</u>
Total revenues	<u>3,826,057</u>
<b>Expenses</b>	
Operating budget	3,182,060
Capital budget	1,425,416
Less:	
Transfer to other funds	(107,500)
Capital expenses	(1,425,416)
Debt principal payments	<u>(88,109)</u>
Total expenses	<u>2,986,451</u>
<b>Excess of revenue over expenses</b>	<u>\$ 839,606</u>

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**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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:

	2019			2018
	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	6,000
Chief Administrative Officer	38,942	5,938	44,880	
Chief Administrative Officer (former)	67,846	14,506	82,352	123,817

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 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 2019 were \$60,911 (2018 - \$66,503). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2019 were \$54,780 (2018 - \$60,442).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion. This amount is not specifically allocated to the participating government organizations.

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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 \$19,620 (2018 - \$NIL). The minimum lease payments for each of the five succeeding years are as follows:

	2019	2018
Gross payments required in the first year subsequent	\$ 4,360	\$
Gross payments required in the second year subsequent	4,360	
Gross payments required in the third year subsequent	4,360	
Gross payments required in the fourth year subsequent	4,360	
Gross payments required in the fifth year subsequent	2,180	
	\$ 19,620	\$

**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.

**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.

**17.SUBSEQUENT EVENTS**

In March 2020, the World Health organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving and the measures put in place are having multiple impacts on local, provincial, national and global economies. The overall effect of these events on the Town and its operations is unknown at this time. The impacts will be accounted for when they are known and may be assessed.

**TOWN OF CORONATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**18.BUDGET AMOUNTS**

The 2019 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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**19.COMPARATIVE FIGURES**

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

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**20.APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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