

**TOWN OF CORONATION
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2021**

**TOWN OF CORONATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5 - 6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Schedule of Tangible Capital Assets	9
Schedule of Property and Other Taxes	10
Schedule of Government Transfers	10
Schedule of Expenses by Object	11
Schedule of Changes in Accumulated Surplus	12
Schedule of Segmented Disclosure	13
Notes to Financial Statements	14 - 25

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the financial statements of the Town of Coronation, which comprise the statement of financial position as at December 31, 2021 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, 2021, 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.

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 Town 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 Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

Ascend

**HANNA, ALBERTA
AUGUST 12, 2022**

**ASCEND LLP
CHARTERED PROFESSIONAL ACCOUNTANTS**



TOWN OF CORONATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 2,539,114	\$ 2,258,697
Receivables		
Taxes and grants in place of taxes (Note 3)	402,214	413,531
Trade and other receivables	355,860	288,326
Receivables from other governments	210,027	14,425
Land inventory held for resale	<u>597,097</u>	<u>606,194</u>
	<u>4,104,312</u>	<u>3,581,173</u>
LIABILITIES		
Accounts payable and accrued liabilities	210,829	210,985
Deposit liabilities	4,030	2,950
Deferred revenue (Note 4)	492,416	463,613
Employee benefit obligations (Note 5)	<u>27,377</u>	<u>35,004</u>
	<u>734,652</u>	<u>712,552</u>
NET FINANCIAL ASSETS	<u>3,369,660</u>	<u>2,868,621</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>9,321,860</u>	<u>9,312,906</u>
ACCUMULATED SURPLUS	<u>\$ 12,691,520</u>	<u>\$ 12,181,527</u>
		CONTAMINATED SITES LIABILITY (NOTE 6)
		COMMITMENTS (NOTE 15)
		CONTINGENCIES (NOTE 16)

The accompanying notes are an integral part of these financial statements

TOWN OF CORONATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,282,694	\$ 1,262,974	\$ 1,274,840
User fees and sale of goods	1,100,621	1,103,894	1,035,461
Government transfers for operating (Schedule 3)	242,988	346,028	254,059
Investment income	20,000	13,004	14,850
Penalties and costs on taxes	40,078	72,260	72,171
Franchise and concession contracts	77,743	74,696	73,178
Fines	6,500	2,140	8,575
Other	12,601	9,483	26,608
Total Revenue	<u>2,783,225</u>	<u>2,884,479</u>	<u>2,759,742</u>
EXPENSES			
General government			
Council and other legislative	58,669	70,934	57,728
General administrative	440,964	981,767	515,509
Protective services			
Bylaw enforcement	8,630	10,727	9,260
Police	17,464	27,690	
Fire	101,063	110,647	83,675
Disaster and emergency measures	1,388	388	388
Ambulance and first aid	65,271	50,735	57,539
Transportation services			
Common and equipment pool	187,574	187,817	208,239
Roads, streets, walks and lighting	364,991	319,054	385,256
Airport	29,854	31,000	31,019
Storm sewers and drainage	2,500	2,140	2,509
Environmental services			
Water supply and distribution	549,365	515,367	430,538
Wastewater treatment and disposal	88,166	44,145	36,780
Waste management	127,512	130,044	134,035
Public health and welfare			
Family and community support	44,846	75,846	46,299
Cemeteries and crematoriums	1,673	1,250	220
Planning and development			
Economic development	104,830	110,697	103,150
Subdivision land and development	14,908	14,659	27,147
Recreation and culture			
Parks and recreation	568,407	609,544	555,438
Libraries, museums, halls	22,614	22,644	22,614
Total Expenses	<u>2,800,689</u>	<u>3,317,095</u>	<u>2,707,343</u>
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>(17,464)</u>	<u>(432,616)</u>	<u>52,399</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CORONATION
STATEMENT OF OPERATIONS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	(17,464)	(432,616)	52,399
Government transfers for capital (Schedule 3)	321,348	480,623	566,986
Other capital revenues			2,989
Insurance proceeds		466,986	
(Loss) gain on disposal of tangible capital assets		(5,000)	485
Other capital donations			10,000
EXCESS OF REVENUE OVER EXPENSES	303,884	509,993	632,859
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>12,181,527</u>	<u>12,181,527</u>	<u>11,548,668</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 12,485,411</u>	<u>\$ 12,691,520</u>	<u>\$ 12,181,527</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CORONATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
EXCESS OF REVENUE OVER EXPENSES			
	\$ <u>303,884</u>	\$ <u>509,993</u>	\$ <u>632,859</u>
Acquisition of tangible capital assets	(321,348)	(573,327)	(545,165)
Proceeds on disposal of tangible capital assets		70,000	69,249
Amortization of tangible capital assets	461,871	489,373	461,576
Loss (gain) on disposal of tangible capital assets		<u>5,000</u>	<u>(485)</u>
	<u>140,523</u>	<u>(8,954)</u>	<u>(14,825)</u>
INCREASE IN NET FINANCIAL ASSETS	444,407	501,039	618,034
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,868,621</u>	<u>2,868,621</u>	<u>2,250,587</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,313,028</u>	<u>\$ 3,369,660</u>	<u>\$ 2,868,621</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CORONATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 509,993	\$ 632,859
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	489,373	461,576
Loss (gain) on disposal of tangible capital assets	<u>5,000</u>	<u>(485)</u>
	1,004,366	1,093,950
Changes in net financial asset items:		
Decrease in taxes and grants in place of taxes	11,317	22,888
Increase in trade and other receivables	(67,534)	(72,459)
(Increase) decrease in receivables from other governments	(195,602)	109,668
Decrease (increase) in land inventory held for resale	9,097	(111,227)
(Decrease) increase in accounts payable and accrued liabilities	(156)	74,492
Increase in deposit liabilities	1,080	1,300
Increase in deferred revenue	28,803	62,443
(Decrease) increase in employee benefit obligations	<u>(7,627)</u>	<u>2,265</u>
Cash provided by operating transactions	<u>783,744</u>	<u>1,183,320</u>
CAPITAL		
Acquisition of tangible capital assets	(573,327)	(545,165)
Proceeds on disposal of tangible capital assets	<u>70,000</u>	<u>69,249</u>
Cash applied to capital transactions	<u>(503,327)</u>	<u>(475,916)</u>
FINANCING		
Repayment of long-term debt	<u> </u>	<u>(90,661)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	280,417	616,743
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,258,697</u>	<u>1,641,954</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,539,114</u>	<u>\$ 2,258,697</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CORONATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
COST:								
BALANCE, BEGINNING OF YEAR	\$ 423,103	\$ 288,932	\$ 2,973,716	\$ 18,020,428	\$ 1,451,057	\$ 541,837	\$ 23,699,073	\$ 23,228,924
Acquisition of tangible capital assets				203,863	313,974		517,837	470,354
Construction-in-progress				55,490	(75,000)		55,490	74,811
Disposal of tangible capital assets							(75,000)	(75,016)
BALANCE, END OF YEAR	<u>423,103</u>	<u>288,932</u>	<u>2,973,716</u>	<u>18,279,781</u>	<u>1,690,031</u>	<u>541,837</u>	<u>24,197,400</u>	<u>23,699,073</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		208,457	1,375,493	11,682,366	715,473	404,378	14,386,167	13,930,843
Annual amortization		2,882	85,358	279,611	97,242	24,280	489,373	461,576
Accumulated amortization on disposals								(6,252)
BALANCE, END OF YEAR		<u>211,339</u>	<u>1,460,851</u>	<u>11,961,977</u>	<u>812,715</u>	<u>428,658</u>	<u>14,875,540</u>	<u>14,386,167</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 423,103</u>	<u>\$ 77,593</u>	<u>\$ 1,512,865</u>	<u>\$ 6,317,804</u>	<u>\$ 877,316</u>	<u>\$ 113,179</u>	<u>\$ 9,321,860</u>	<u>\$ 9,312,906</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	

TOWN OF CORONATION
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 2

	Budget (Unaudited)	2021	2020
TAXATION			
Real property taxes	\$ 1,542,286	\$ 1,475,424	\$ 1,484,386
Linear property taxes		48,897	48,354
	<u>1,542,286</u>	<u>1,524,321</u>	<u>1,532,740</u>
REQUISITIONS			
Alberta School Foundation Fund	220,781	222,536	220,781
Paintearth Foundation	<u>38,811</u>	<u>38,811</u>	<u>37,119</u>
	<u>259,592</u>	<u>261,347</u>	<u>257,900</u>
NET MUNICIPAL TAXES	<u>\$ 1,282,694</u>	<u>\$ 1,262,974</u>	<u>\$ 1,274,840</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 3

	Budget (Unaudited)	2021	2020
TRANSFERS FOR OPERATING			
Provincial government	\$ 96,663	\$ 203,654	\$ 119,106
Federal government	25,000	26,000	13,700
Local governments	<u>121,325</u>	<u>116,374</u>	<u>121,253</u>
	<u>242,988</u>	<u>346,028</u>	<u>254,059</u>
TRANSFERS FOR CAPITAL			
Provincial government	265,064	322,737	406,996
Federal government	56,284	110,064	159,990
Local governments		47,822	
	<u>321,348</u>	<u>480,623</u>	<u>566,986</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 564,336</u>	<u>\$ 826,651</u>	<u>\$ 821,045</u>

TOWN OF CORONATION
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 4

	Budget (Unaudited)	2021	2020
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 834,276	\$ 843,282	\$ 843,453
Contracted and general services	636,725	1,122,386	578,190
Materials, goods, supplies and utilities	618,504	615,010	589,993
Provision for allowances		35,964	46,255
Transfers to local boards and agencies	67,346	111,846	105,846
Transfers to individuals and organizations	71,966	94,342	73,673
Bank charges and short-term interest	2,500	4,892	7,162
Interest on capital long-term debt			1,195
Amortization of tangible capital assets	461,871	489,373	461,576
Other expenses	107,500		
	<u>\$ 2,800,688</u>	<u>\$ 3,317,095</u>	<u>\$ 2,707,343</u>

TOWN OF CORONATION
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	<u>\$ 229,509</u>	<u>\$ 2,639,112</u>	<u>\$ 9,312,906</u>	<u>\$ 12,181,527</u>	<u>\$ 11,548,668</u>
Excess of revenues over expenses	509,993			509,993	632,859
Unrestricted funds designated for future use	(113,212)	113,212			
Current year funds used for tangible capital assets	(573,327)		573,327		
Disposal of tangible capital assets	75,000		(75,000)		
Annual amortization expense	489,373		(489,373)		
Change in accumulated surplus	<u>387,827</u>	<u>113,212</u>	<u>8,954</u>	<u>509,993</u>	<u>632,859</u>
BALANCE, END OF YEAR	<u>\$ 617,336</u>	<u>\$ 2,752,324</u>	<u>\$ 9,321,860</u>	<u>\$ 12,691,520</u>	<u>\$ 12,181,527</u>

TOWN OF CORONATION
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 6

	General Government	Protective Services	Public Health and Welfare	Transportation Services	Environmental Services	Recreation and Culture	Planning and Development	Total
REVENUE								
Net municipal taxes	\$ 1,262,974	\$	\$	\$	\$	\$	\$	\$ 1,262,974
User fees and sales of goods	3,369	135,899	3,150	18,096	834,406	96,691	12,283	1,103,894
Government transfers	80,985	109,924	66,877	220,348	170,784	131,283	46,450	826,651
Investment income	13,004							13,004
Penalties	57,141				15,119			72,260
Franchise fees	74,696							74,696
Insurance proceeds	466,986							466,986
Fines	1,870	270						2,140
Other revenues	500		3,583			5,400		9,483
	<u>1,961,525</u>	<u>246,093</u>	<u>73,610</u>	<u>238,444</u>	<u>1,020,309</u>	<u>233,374</u>	<u>58,733</u>	<u>3,832,088</u>
EXPENSES								
Salaries and wages	293,843	24,034		100,060	81,604	288,034	55,707	843,282
Contract and general services	645,023	76,043	314	57,248	187,132	132,497	24,129	1,122,386
Goods and supplies	28,780	52,028	936	156,139	296,406	73,559	7,162	615,010
Provision for allowance	35,964							35,964
Transfers to local boards	2,000	5,000	75,846		28,952	29,000	37,353	111,846
Transfers to organizations	20,000					8,037		94,342
Bank charges and interest	4,892			5,000				4,892
Loss on sale of tangible capital assets								5,000
	<u>1,030,502</u>	<u>157,105</u>	<u>77,096</u>	<u>318,447</u>	<u>594,094</u>	<u>531,127</u>	<u>124,351</u>	<u>2,832,722</u>
NET REVENUE, BEFORE AMORTIZATION	<u>931,023</u>	<u>88,988</u>	<u>(3,486)</u>	<u>(80,003)</u>	<u>426,215</u>	<u>(297,753)</u>	<u>(65,618)</u>	<u>999,366</u>
Amortization expense	<u>22,199</u>	<u>43,082</u>		<u>226,564</u>	<u>95,462</u>	<u>101,061</u>	<u>1,005</u>	<u>489,373</u>
NET REVENUE	<u>\$ 908,824</u>	<u>\$ 45,906</u>	<u>\$ (3,486)</u>	<u>\$ (306,567)</u>	<u>\$ 330,753</u>	<u>\$ (398,814)</u>	<u>\$ (66,623)</u>	<u>\$ 509,993</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Coronation (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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 benefit obligations;
- Useful lives of tangible capital assets;
- Accrued liabilities;
- Allowance for doubtful accounts receivable; and
- Fair value of contributed tangible capital assets.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net realizable value
Land inventory held for resale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Deferred revenue	Cost
Employee benefit obligations	Cost

e) Cash and Cash Equivalents

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

f) 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.

g) 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.

h) Land 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.

i) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

k) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

l) 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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	15 to 30
Buildings	10 to 50
Engineered 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, 2021

2. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ 284,556	\$ 12,436
Temporary investments	<u>2,254,558</u>	<u>2,246,261</u>
	<u>\$ 2,539,114</u>	<u>\$ 2,258,697</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, \$259,152 (2020 - \$463,613) of the temporary investments on hand are not available for general use by the Town.

3. TAXES AND GRANTS IN PLACE OF TAXES

	<u>2021</u>	<u>2020</u>
Current taxes and grants in place receivables	\$ 176,281	\$ 184,568
Arrears taxes	<u>309,787</u>	<u>303,440</u>
	486,068	488,008
Less: allowance for doubtful accounts	<u>(83,854)</u>	<u>(74,477)</u>
	<u>\$ 402,214</u>	<u>\$ 413,531</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. DEFERRED REVENUE

	2021	2020
Alberta Municipal Sustainability Initiative	\$ 233,265	\$ 158,117
Alberta Community Partnership - Intermunicipal Collaboration	150,033	144,510
Municipal Operating Support Transfer		80,986
County of Paintearth No. 18 - Fire capital revenue	73,118	80,000
Municipal Stimulus Program	36,000	
	\$ 492,416	\$ 463,613

Alberta Municipal Sustainability Initiative ("MSI")

The MSI is the Province of Alberta's commitment to assist municipalities in meeting growth-related challenges and enhancing long term sustainability. It includes incentives to encourage collaboration and cooperation between municipalities. The balance at year-end represents the unspent portion of the funding received or receivable to date plus interest earned.

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

Federal and provincial 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.

Municipal Stimulus Program

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

5. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Vacation and banked overtime payable	\$ 27,377	\$ 35,004

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.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. CONTAMINATED SITES LIABILITY

The Town did not identify any financial liabilities in 2021 (2020 - \$0) as a result of contaminated sites.

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:

	2021	2020
Total debt limit	\$ 4,326,719	\$ 4,139,613
Total debt		
Amount of debit limit unused	<u>\$ 4,326,719</u>	<u>\$ 4,139,613</u>
Debt servicing limit	\$ 721,120	\$ 689,936
Debt servicing		
Amount of debt servicing limit unused	<u>\$ 721,120</u>	<u>\$ 689,936</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

	2021	2020
Tangible capital assets (Schedule 1)	\$ 24,197,400	\$ 23,699,073
Accumulated amortization (Schedule 1)	<u>(14,875,540)</u>	<u>(14,386,167)</u>
	<u>\$ 9,321,860</u>	<u>\$ 9,312,906</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted Surplus	\$ 617,336	\$ 229,509
Internally Restricted Surplus:		
Operating		
Physician recruitment	20,501	20,501
Capital		
Fire equipment	86,200	86,200
Common services	203,359	203,359
Water	876,602	801,001
Roads	275,292	275,292
Airport	212,288	212,288
Wastewater	400,893	363,282
Recreation	49,882	49,882
Recreation Wellness Centre	125,000	125,000
General contingency	502,307	502,307
Equity in tangible capital assets (Note 8)	<u>9,321,860</u>	<u>9,312,906</u>
	<u>\$ 12,691,520</u>	<u>\$ 12,181,527</u>

10. TRUST FUNDS

The Town of Coronation administers the following trust:

	<u>2021</u>	<u>2020</u>
Tax sale trust account	<u>\$ 4,670</u>	<u>\$ 4,687</u>

11. SEGMENTED DISCLOSURE

The Town of Coronation provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent 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 those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

General government includes council and other legislative, and general administrative. Protective services includes bylaw enforcement, police, fire, disaster and emergency measures, and ambulance and first aid. Transportation services includes common and equipment pool, roads, streets, walks and lighting, airport, and storm sewers and drainage. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support, and cemeteries and crematoriums. Planning and development includes economic development, and subdivision land and development. Recreation and culture includes parks and recreation, and libraries, museums and halls.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

12. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 3,060,280
Capital budget	321,348
Less	
Transfer to other funds	<u>(277,055)</u>
Total revenues	<u>3,104,573</u>
Expenses	
Operating budget	3,060,280
Capital budget	321,348
Less:	
Transfer to other funds	(580,939)
Total expenses	<u>2,800,689</u>
Excess of revenue over expenses	<u>\$ 303,884</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

13. 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:

	2021			2020
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Councillor Alderdice	\$ 6,875	\$ 84	\$ 6,959	\$ 6,026
Councillor Brigley	5,000	23	5,023	6,026
Councillor Bullick	1,300	20	1,320	
Councillor Checkel	8,100	133	8,233	6,337
Councillor Cook	5,510	35	5,545	6,026
Councillor Griffiths	500		500	6,002
Councillor Horkoff				3,013
Councillor Peacock	1,300	39	1,339	
Councillor Stannard	6,300	62	6,362	7,579
Chief Administrative Officer	85,733	17,089	102,822	92,636
Town Assessor	25,200	-	25,200	24,778

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 \$25,200 (2020 - \$24,778).

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

14. 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 2021 were \$57,909 (2020 - \$58,533). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2021 were \$51,421 (2020 - \$52,991).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.92 billion. This amount is not specifically allocated to the participating government organizations.

15. 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 \$10,900 (2020 - \$15,260). The minimum lease payments for each of the five succeeding years are as follows:

	2021	2020
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	2,180	4,360
Gross payments required in the fourth year subsequent	2,180	2,180
	\$ 10,900	\$ 15,260

16. 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 Canada Mortgage and Housing Corporation to increase the supply of affordable housing. Under the terms of this agreement, a loan of up to \$41,000 is eligible to be advanced upon submission of invoices for eligible expenditures incurred before December 6, 2024. No amounts were received during the year.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, land held for resale, accounts payable and accrued liabilities, and deposit liabilities. 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 fulfil 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.

18. SIGNIFICANT EVENT

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 Village and its operations is unknown at this time. The impacts will be accounted for when they are known and may be assessed.

19. BUDGET AMOUNTS

The 2021 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.

20. CORRESPONDING FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
