

**TOWN OF CORONATION
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2022**

**TOWN OF CORONATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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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 (the "Town"), which comprise of the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and the notes and schedules 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, 2022, 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 8.
- 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
APRIL 21, 2023

ASCEND LLP
CHARTERED PROFESSIONAL ACCOUNTANTS



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Coronation (the "Town") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to council with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Ascend LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's financial statements.

Quinton Flint
Chief Administrative Officer

Delayne Golby
Finance and Administration Clerk

**TOWN OF CORONATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,869,770	\$ 2,539,114
Receivables		
Taxes and grants in place of taxes (Note 3)	353,284	402,214
Trade and other receivables	499,101	355,860
Receivables from other governments	285,837	210,027
Land inventories held for resale	<u>603,330</u>	<u>597,097</u>
	<u>4,611,322</u>	<u>4,104,312</u>
LIABILITIES		
Accounts payable and accrued liability (Note 4)	264,333	210,826
Deposit liability	6,290	4,030
Deferred revenue (Note 5)	644,219	492,416
Employee benefit obligations (Note 6)	<u>46,034</u>	<u>27,377</u>
	<u>960,876</u>	<u>734,649</u>
NET FINANCIAL ASSETS	<u>3,650,446</u>	<u>3,369,663</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	<u>9,226,562</u>	<u>9,321,860</u>
ACCUMULATED SURPLUS (Schedule 5)	<u>\$ 12,877,008</u>	<u>\$ 12,691,523</u>

**COMMITMENT (NOTE 16)
CONTINGENCIES (NOTE 17)**

TOWN OF CORONATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,312,199	\$ 1,322,749	\$ 1,262,974
User fees and sale of goods	1,125,190	1,097,144	1,103,894
Government transfers for operating (Schedule 3)	244,076	282,903	346,028
Investment income	13,577	67,257	13,004
Penalties and costs on taxes	74,000	68,060	72,260
Franchise and concession contracts	91,200	90,792	74,696
Fines	4,500	1,787	2,140
Other	<u>10,596</u>	<u>41,414</u>	<u>9,483</u>
Total Revenue	<u>2,875,338</u>	<u>2,972,106</u>	<u>2,884,479</u>
EXPENSES			
General government			
Council and other legislative	72,655	81,842	70,934
General administrative	481,343	639,246	981,767
Protective services			
Bylaw enforcement	13,810	14,332	10,727
Police	-	26,158	27,690
Fire	101,787	113,749	110,647
Disaster and emergency measures	888	388	388
Ambulance and first aid	55,646	75,312	50,735
Transportation services			
Common and equipment pool	169,980	190,960	187,817
Roads, streets, walks, lighting	332,183	367,505	319,054
Airport	35,117	30,981	31,000
Storm sewers and drainage	2,500	1,911	2,140
Environmental services			
Water supply and distribution	479,098	480,641	515,367
Wastewater treatment and disposal	112,996	70,040	44,145
Waste management	132,000	140,247	130,044
Public health and welfare			
Family and community support	44,846	44,945	75,846
Cemeteries and crematoriums	2,731	30	1,250
Planning and development			
Economic development	129,250	146,128	110,697
Subdivision land and development	15,235	17,034	14,659
Recreation and culture			
Parks and recreation	562,063	603,214	609,544
Libraries, museums, halls	<u>23,710</u>	<u>23,279</u>	<u>22,644</u>
Total Expenses	<u>2,767,838</u>	<u>3,067,942</u>	<u>3,317,095</u>
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>\$ 107,500</u>	<u>\$ (95,836)</u>	<u>\$ (432,616)</u>

**TOWN OF CORONATION
STATEMENT OF OPERATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited)	2022	2021
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 107,500	\$ (95,836)	\$ (432,616)
Government transfers for capital (Schedule 3)	613,618	270,092	480,623
Insurance proceeds	-	-	466,986
Loss on disposal of tangible capital assets	19,924	(8,000)	(5,000)
Other capital donations	-	19,229	-
EXCESS OF REVENUE OVER EXPENSES	741,042	185,485	509,993
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>12,691,523</u>	<u>12,691,523</u>	<u>12,181,530</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 13,432,565</u>	<u>\$ 12,877,008</u>	<u>\$ 12,691,523</u>

TOWN OF CORONATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
EXCESS OF REVENUE OVER EXPENSES	\$ <u>741,042</u>	\$ <u>185,485</u>	\$ <u>509,993</u>
Acquisition of tangible capital assets	(321,348)	(470,326)	(573,327)
Proceeds on disposal of tangible capital assets		85,222	70,000
Amortization of tangible capital assets	461,842	472,402	489,373
Loss on disposal of tangible capital assets	<u>19,924</u>	<u>8,000</u>	<u>5,000</u>
	<u>160,418</u>	<u>95,298</u>	<u>(8,954)</u>
INCREASE IN NET FINANCIAL ASSETS	901,460	280,783	501,039
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,369,663</u>	<u>3,369,663</u>	<u>2,868,624</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 4,271,123</u>	<u>\$ 3,650,446</u>	<u>\$ 3,369,663</u>

TOWN OF CORONATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 185,485	\$ 509,993
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	472,402	489,373
Loss on disposal of tangible capital assets	<u>8,000</u>	<u>5,000</u>
	665,887	1,004,366
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes	48,930	11,317
Trade and other receivables	(143,241)	(67,534)
Receivables from other governments	(75,810)	(195,602)
Land inventories held for resale	(6,233)	9,097
Accounts payable and accrued liability	53,507	(156)
Deposit liability	2,260	1,080
Deferred revenue	151,803	28,803
Employee benefit obligations	<u>18,657</u>	<u>(7,627)</u>
	<u>715,760</u>	<u>783,744</u>
CAPITAL		
Acquisition of tangible capital assets	(470,326)	(573,327)
Proceeds on disposal of tangible capital assets	<u>85,222</u>	<u>70,000</u>
	<u>(385,104)</u>	<u>(503,327)</u>
CHANGE IN CASH DURING THE YEAR	330,656	280,417
CASH, BEGINNING OF YEAR	<u>2,539,114</u>	<u>2,258,697</u>
CASH, END OF YEAR	<u>\$ 2,869,770</u>	<u>\$ 2,539,114</u>

TOWN OF CORONATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:								
BALANCE, BEGINNING OF YEAR	\$ 423,103	\$ 288,932	\$ 2,973,715	\$ 18,279,782	\$ 1,690,031	\$ 541,837	\$ 24,197,400	\$ 23,699,073
Acquisition of tangible capital assets	-	-	39,527	61,574	300,504	-	401,605	517,837
Construction-in-progress	-	-	-	68,721	-	-	68,721	55,490
Disposal of tangible capital assets	-	-	-	-	(83,799)	(50,485)	(134,284)	(75,000)
BALANCE, END OF YEAR	<u>423,103</u>	<u>288,932</u>	<u>3,013,242</u>	<u>18,410,077</u>	<u>1,906,736</u>	<u>491,352</u>	<u>24,533,442</u>	<u>24,197,400</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	211,339	1,460,851	11,961,977	812,715	428,658	14,875,540	14,386,167
Annual amortization	-	2,883	71,524	270,101	107,509	20,385	472,402	489,373
Accumulated amortization on disposals	-	-	-	-	(8,935)	(32,127)	(41,062)	-
BALANCE, END OF YEAR	-	<u>214,222</u>	<u>1,532,375</u>	<u>12,232,078</u>	<u>911,289</u>	<u>416,916</u>	<u>15,306,880</u>	<u>14,875,540</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 423,103</u>	<u>\$ 74,710</u>	<u>\$ 1,480,867</u>	<u>\$ 6,177,999</u>	<u>\$ 995,447</u>	<u>\$ 74,436</u>	<u>\$ 9,226,562</u>	<u>\$ 9,321,860</u>
2021 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>	

TOWN OF CORONATION
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 2

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	\$ 1,583,008	\$ 1,552,478	\$ 1,475,424
Linear property taxes	-	41,080	48,897
	<u>1,583,008</u>	<u>1,593,558</u>	<u>1,524,321</u>
REQUISITIONS			
Alberta School Foundation Fund	230,508	230,508	222,536
Paintearth Foundation	40,301	40,301	38,811
	<u>270,809</u>	<u>270,809</u>	<u>261,347</u>
NET MUNICIPAL TAXES	<u>\$ 1,312,199</u>	<u>\$ 1,322,749</u>	<u>\$ 1,262,974</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 3

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Provincial government	\$ 100,751	\$ 100,751	\$ 203,654
Federal government	20,000	15,140	26,000
Local governments	<u>123,325</u>	<u>167,012</u>	<u>116,374</u>
	<u>244,076</u>	<u>282,903</u>	<u>346,028</u>
TRANSFERS FOR CAPITAL			
Provincial government	593,618	243,846	322,737
Federal government	-	26,246	110,064
Local governments	<u>20,000</u>	<u>-</u>	<u>47,822</u>
	<u>613,618</u>	<u>270,092</u>	<u>480,623</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 857,694</u>	<u>\$ 552,995</u>	<u>\$ 826,651</u>

TOWN OF CORONATION
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 4

	Budget (Unaudited)	2022	2021
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 896,070	\$ 953,520	\$ 843,282
Contracted and general services	677,937	740,406	1,122,386
Materials, goods, supplies and utilities	596,709	644,399	615,010
Provision for allowances	-	94,638	35,964
Transfers to local boards and agencies	65,846	80,846	111,846
Transfers to individuals and organizations	66,434	75,402	94,342
Bank charges and short-term interest	3,000	6,329	4,892
Amortization of tangible capital assets (Schedule 1)	<u>461,842</u>	<u>472,402</u>	<u>489,373</u>
	<u>\$ 2,767,838</u>	<u>\$ 3,067,942</u>	<u>\$ 3,317,095</u>

TOWN OF CORONATION
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 617,338	\$ 2,752,325	\$ 9,321,860	\$ 12,691,523	\$ 12,181,530
Excess of revenues over expenses	185,485	-	-	185,485	509,993
Unrestricted funds designated for future use	(56,314)	56,314	-	-	-
Current year funds used for tangible capital assets	(470,326)	-	470,326	-	-
Net book value of disposed tangible capital assets	93,222	-	(93,222)	-	-
Annual amortization expense	472,402	-	(472,402)	-	-
Change in accumulated surplus	224,469	56,314	(95,298)	185,485	509,993
BALANCE, END OF YEAR	\$ 841,807	\$ 2,808,639	\$ 9,226,562	\$ 12,877,008	\$ 12,691,523

TOWN OF CORONATION
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 6

	General Government	Protective Services	Transportation Services	Public Health and Welfare	Planning and Development	Environmental Services	Recreation and Culture	Total
REVENUE								
Net municipal taxes	\$ 1,322,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,322,749
User fees and sale of goods	5,011	112,369	28,033	3,100	17,748	780,999	149,884	1,097,144
Government transfers	192,384	35,637	1,421	35,877	27,190	29,007	231,499	552,995
Investment income	67,257	-	-	-	-	-	-	67,257
Penalties and costs on taxes	54,160	-	-	-	-	13,900	-	68,060
Franchise and concession contracts	90,792	-	-	-	-	-	-	90,792
Fines	987	800	-	-	-	-	-	1,787
Other revenues	30,556	-	-	7,596	100	-	22,391	60,643
	<u>1,763,876</u>	<u>148,806</u>	<u>29,454</u>	<u>46,573</u>	<u>45,038</u>	<u>823,906</u>	<u>403,774</u>	<u>3,261,427</u>
EXPENSES								
Salaries, wages and benefits	339,293	32,325	134,057	-	81,304	76,444	290,097	953,520
Contracted and general services	227,857	74,900	57,717	129	31,785	214,417	133,601	740,406
Materials, goods, supplies and utilities	31,718	73,384	184,848	-	11,273	265,226	77,950	644,399
Provision for allowances	94,638	-	-	-	-	-	-	94,638
Transfers to local boards and agencies	2,000	5,000	-	44,846	-	-	29,000	80,846
Transfers to individuals and organizations	-	-	-	-	37,795	28,998	8,609	75,402
Bank charges and short-term interest	6,329	-	-	-	-	-	-	6,329
Loss on disposal of tangible capital assets	-	-	8,000	-	-	-	-	8,000
	<u>701,835</u>	<u>185,609</u>	<u>384,622</u>	<u>44,975</u>	<u>162,157</u>	<u>585,085</u>	<u>539,257</u>	<u>2,603,540</u>
NET REVENUE, BEFORE AMORTIZATION	<u>1,062,041</u>	<u>(36,803)</u>	<u>(355,168)</u>	<u>1,598</u>	<u>(117,119)</u>	<u>238,821</u>	<u>(135,483)</u>	<u>657,887</u>
Amortization expense	19,253	44,330	214,735	-	1,005	105,843	87,236	472,402
NET REVENUE	<u>\$ 1,042,788</u>	<u>\$ (81,133)</u>	<u>\$ (569,903)</u>	<u>\$ 1,598</u>	<u>\$ (118,124)</u>	<u>\$ 132,978</u>	<u>\$ (222,719)</u>	<u>\$ 185,485</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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;
- Allowance for doubtful accounts; and
- Fair value of contributed tangible capital assets.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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
Trade and other receivables	Lower of cost or net realizable value
Land inventories held for resale	Lower of cost or net realizable value
Accounts payable and accrued liability	Cost
Deposit liability	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 Held 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, 2022

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, 2022

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 asset 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 are also 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. 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, 2022

2. CASH

Cash includes various business savings accounts that earns 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, \$409,601 (2021 - \$259,152) of the cash on hand is not available for general use by the Town.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2022	2021
Current taxes and grants in place	\$ 223,212	\$ 176,281
Arrears taxes	310,571	309,787
	533,783	486,068
Less: allowance for doubtful accounts	(180,499)	(83,854)
	\$ 353,284	\$ 402,214

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITY

	2022	2021
Trade payables	\$ 213,315	\$ 206,340
Wages payable	30,110	-
Accrued liability	13,500	4,413
Due to other governments	7,408	73
	\$ 264,333	\$ 210,826

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

5. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Alberta Municipal Sustainability Initiative	\$ 361,553	\$ 233,265
Alberta Community Partnership - Intermunicipal Collaboration	126,225	150,033
County of Paintearth No. 18 - Fire capital revenue	93,118	73,118
Municipal Stimulus Program	36,000	36,000
Canada Community - Building Fund	<u>27,323</u>	<u>-</u>
	<u>\$ 644,219</u>	<u>\$ 492,416</u>

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 as 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 and prior year to develop a recreation master plan in collaboration with the County of Paintearth No. 18 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 in the current and prior year 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 prior year to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended.

Canada Community - Building Fund ("CCBF")

The CCBF provides long-term funding to municipalities to help build and revitalize local public infrastructure within the Town. The balance as at year end represents the unspent portion of the funding receivable.

6. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Vacation and banked overtime payable	\$ <u>46,034</u>	\$ <u>27,377</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.

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. CONTAMINATED SITES LIABILITY

During the year, the Town did not identify any financial liabilities as a result of contaminated sites.

8. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Coronation be disclosed as follows:

	2022	2021
Total debt limit	\$ 4,458,159	\$ 4,326,719
Total debt	-	-
Amount of debt limit unused	<u>\$ 4,458,159</u>	<u>\$ 4,326,719</u>
Service on debt limit	\$ 743,027	\$ 721,120
Service on debt	-	-
Amount of debt servicing limit unused	<u>\$ 743,027</u>	<u>\$ 721,120</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the service on debt 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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Schedule 1)	\$ 24,533,442	\$ 24,197,400
Accumulated amortization (Schedule 1)	(15,306,880)	(14,875,540)
	<u>\$ 9,226,562</u>	<u>\$ 9,321,860</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

10. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted Surplus	\$ 841,807	\$ 617,338
Internally Restricted Surplus:		
Operating		
Physician recruitment	20,501	20,501
Capital		
Fire equipment	84,069	86,200
Common services	181,651	203,359
Water	951,894	876,603
Roads	242,725	275,292
Airport	212,288	212,288
Wastewater	438,322	400,893
Recreation	49,882	49,882
Recreation Wellness Centre	125,000	125,000
General contingency	502,307	502,307
Equity in tangible capital assets (Note 9)	<u>9,226,562</u>	<u>9,321,860</u>
	<u>\$ 12,877,008</u>	<u>\$ 12,691,523</u>

11. TRUST FUNDS

The Town of Coronation administers the following trust:

	<u>2022</u>	<u>2021</u>
Tax sale trust	\$ <u>4,670</u>	\$ <u>4,670</u>

12. 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, 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, 2022

13. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2022 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	\$ 2,875,338
Capital budget	<u>633,542</u>
Total revenues	<u>3,508,880</u>
Expenses	
Operating budget	2,875,338
Capital budget	633,542
Less:	
Transfer to other funds	(107,500)
Capital expenses	<u>(633,542)</u>
Total expenses	<u>2,767,838</u>
Excess of revenue over expenses	<u>\$ 741,042</u>

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

14. 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:

	2022			2021
	<u>Salary</u>	<u>Benefits and allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Checkel	\$ 9,900	\$ 3,267	\$ 13,167	\$ 8,233
Deputy Mayor Alderdice	8,200	2,733	10,933	6,959
Councillor Brigley	-	-	-	5,023
Councillor Bullick	1,300	433	1,733	1,320
Councillor Cook	-	-	-	5,545
Councillor Griffiths	-	-	-	500
Councillor Hillmer	5,200	1,733	6,933	-
Councillor Peacock	7,800	2,600	10,400	1,339
Councillor Stannard	7,800	2,600	10,400	6,362
Chief Administrative Officer	89,301	1,036	90,337	102,822
Town Assessor	25,595	-	25,595	25,200

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 was \$25,595 (2021 - \$25,200).

TOWN OF CORONATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

15. 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$52,230 (2021 - \$57,909). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2022 were \$46,272 (2021 - \$51,421).

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. The 2022 actuarial balance was not available at the date these financial statements were released.

16. COMMITMENT

The Town has entered into a lease agreement with Meridian OneCap to rent certain equipment in use by the Town. The minimum lease payments are as follows:

	2022	2021
Gross payments required in the first year subsequent	\$ 4,360	\$ 4,360
Gross payments required in the second year subsequent	2,180	4,360
Gross payments required in the third year subsequent	-	2,180
	\$ 6,540	\$ 10,900

17. 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.

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, 2022

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, receivables, land inventories held for resale, accounts payable and accrued liability, deposit liability, and employee benefit obligations. It is management's opinion that the Town is not exposed to significant market 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.

19. BUDGET AMOUNTS

The 2022 budget for the Town was approved on May 24, 2022 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.
