
TOWN OF ONOWAY

Financial Statements

For The Year Ended December 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Council of the Town of Onoway

Management of the Town of Onoway is responsible for the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

To assist in meeting its responsibility, management maintains appropriate systems of control and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of financial statements necessarily includes some amounts which are based on best estimates and judgments of management.

The financial statements have been audited by Metrix Group LLP, Chartered Professional Accountants. Their report to the Mayor and Town Council, stating the scope of their examination and opinion on the financial statements follows.



Wendy Wildman
Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Onoway

Opinion

We have audited the financial statements of the Town of Onoway, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and 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 Onoway as at December 31, 2019, and the results of its operations, changes in net debt, and its cash flows for the year then 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe 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 the financial statements in accordance with Canadian public sector accounting standards, and for such control as management determines is necessary to enable the preparation of 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 users taken on the basis of these financial statements.

As part of 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 control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies 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 auditors' 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 our auditors' report. However, future events or conditions may cause the Board to cease to continue as 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 matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP


Chartered Professional Accountants


Edmonton, Alberta
March 19, 2020

TOWN OF ONOWAY
Statement of Financial Position
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	553,351	775,608
Receivables <i>(Note 3)</i>	342,929	497,939
Land held for resale	203,385	203,385
	<u>1,099,665</u>	<u>1,476,932</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	507,752	1,132,010
Deferred revenue <i>(Note 6)</i>	65,893	77,684
Long-term debt <i>(Note 7)</i>	1,564,691	1,642,357
	<u>2,138,336</u>	<u>2,852,051</u>
NET DEBT	<u>(1,038,671)</u>	<u>(1,375,119)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	11,858,913	12,046,536
Prepaid expenses	19,423	23,749
	<u>11,878,336</u>	<u>12,070,285</u>
ACCUMULATED SURPLUS <i>(Note 9)</i>	<u>\$ 10,839,665</u>	<u>\$ 10,695,166</u>

ON BEHALF OF THE TOWN COUNCIL:





Mayor

Councillor

TOWN OF ONOWAY
Statement of Operations and Changes in Accumulated Surplus
For The Year Ended December 31, 2019

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	1,247,122	1,246,729	1,215,092
Sales and user charges (Schedule 4)	982,166	953,254	1,013,370
Sales to other governments	434,251	457,004	361,322
Government transfers for operating (Schedule 3)	244,058	231,403	207,603
Franchise fees (Note 14)	86,000	87,434	86,066
Rentals	36,600	36,600	36,000
Penalties and costs on taxes	34,000	25,587	36,071
Interest income	15,000	19,523	22,846
Other	14,668	13,376	35,888
Fines	11,000	4,603	8,440
Licenses and permits	6,900	4,288	7,739
	<u>3,111,765</u>	<u>3,079,801</u>	<u>3,030,437</u>
EXPENSES			
General administration	551,642	554,896	538,224
Water supply and distribution	494,656	472,420	541,054
Fire	346,588	356,189	330,146
Roads, streets, walks, lighting	410,052	315,901	819,814
Police	203,000	209,154	162,486
Common and equipment pool	174,757	196,868	193,158
Wastewater treatment and disposal	127,834	132,442	124,785
Parks and recreation	131,804	119,125	121,322
Waste management	109,981	109,228	86,631
Council and other legislative	120,680	106,226	114,531
Family and community support services	105,798	103,832	104,523
Land/housing/building rentals and other	100,714	81,799	57,040
Culture: libraries, museums, halls	12,040	19,105	10,286
Recreation board and other services	30,141	12,673	18,261
Other	4,170	12,499	3,873
Land use planning, zoning and development	21,170	12,409	21,460
Disaster and emergency services	9,692	6,074	4,760
Bylaws enforcement	2,775	929	12,393
Subdivision land and development	2,040	619	-
Amortization	64,159	404,364	441,614
	<u>3,023,693</u>	<u>3,226,752</u>	<u>3,706,361</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>88,072</u>	<u>(146,951)</u>	<u>(675,924)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	229,560	287,427	844,735
Gain on disposal of tangible capital assets	-	4,023	210
Other capital revenue	15,000	-	-
	<u>244,560</u>	<u>291,450</u>	<u>844,945</u>
ANNUAL SURPLUS	<u>332,632</u>	<u>144,499</u>	<u>169,021</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,695,166</u>	<u>10,695,166</u>	<u>10,526,145</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,027,798</u>	<u>\$ 10,839,665</u>	<u>\$ 10,695,166</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ONOWAY
Statement of Changes in Net Debt
For The Year Ended December 31, 2019

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ 332,632	\$ 144,499	\$ 169,021
Purchase of tangible capital assets	(200,000)	(216,741)	(1,408,951)
Proceeds on disposal of tangible capital assets	-	4,023	210
Amortization of tangible capital assets	64,159	404,364	441,614
Loss (gain) on disposal of tangible capital assets	-	(4,023)	(210)
	<u>(135,841)</u>	<u>187,623</u>	<u>(967,337)</u>
Acquisition (use) of prepaid expenses	-	4,326	(3,833)
INCREASE (DECREASE) IN NET DEBT	196,791	336,448	(802,149)
NET DEBT, BEGINNING OF YEAR	(1,375,119)	(1,375,119)	(572,970)
NET DEBT, END OF YEAR	<u>\$(1,178,328)</u>	<u>\$(1,038,671)</u>	<u>\$(1,375,119)</u>

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 144,499	\$ 169,021
Non-cash items included in excess of revenues over expenses:		
Amortization	404,364	441,614
Gain (loss) on disposal of tangible capital assets	(4,023)	(210)
	<u>544,840</u>	<u>610,425</u>
Change in non-cash working capital balances related to operations:		
Prepaid expenses	4,326	(3,833)
Receivables	155,010	(48,735)
Accounts payable and accrued liabilities	(624,258)	792,045
Land held for resale	-	(1)
Deferred revenue	(11,791)	(279,713)
	<u>68,127</u>	<u>1,070,188</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(77,666)	(74,159)
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	4,023	210
Purchase of tangible capital assets	(216,741)	(1,408,951)
	<u>(212,718)</u>	<u>(1,408,741)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	(222,257)	(412,712)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>775,608</u>	<u>1,188,320</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 553,351</u>	<u>\$ 775,608</u>

TOWN OF ONOWAY
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2019

Schedule 1

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 10,404,179	\$ 9,362,683
Purchase of Tangible Capital Assets	216,741	1,408,951
Amortization of Tangible Capital Assets	(404,364)	(441,614)
Net Book Value of Tangible Capital Assets Disposed of	-	-
Repayment of Capital Long-Term Debt	77,666	74,159
BALANCE, END OF YEAR	\$ 10,294,222	\$ 10,404,179

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 5)	\$ 11,858,913	\$ 12,046,536
Long-term Debt (Note 7)	(1,564,691)	(1,642,357)
	\$ 10,294,222	\$ 10,404,179

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2019

Schedule 2

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
TAXATION			
Real property taxes	\$ 1,556,795	\$ 1,537,277	\$ 1,527,660
Linear property taxes	63,856	63,856	62,383
	<u>1,620,651</u>	<u>1,601,133</u>	<u>1,590,043</u>
REQUISITIONS			
Alberta School Foundation Fund	348,945	329,820	348,945
Lac Ste. Anne Foundation	24,584	24,584	26,006
	<u>373,529</u>	<u>354,404</u>	<u>374,951</u>
NET MUNICIPAL TAXES	<u>\$ 1,247,122</u>	<u>\$ 1,246,729</u>	<u>\$ 1,215,092</u>

TOWN OF ONOWAY
Schedule of Government Transfers
For The Year Ended December 31, 2019

Schedule 3

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	174,713	162,058	138,258
Local governments	69,345	69,345	69,345
	<u>244,058</u>	<u>231,403</u>	<u>207,603</u>
TRANSFERS FOR CAPITAL			
Provincial government	229,560	287,427	744,735
Local governments	-	-	100,000
	<u>-</u>	<u>-</u>	<u>100,000</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 473,618</u>	<u>\$ 518,830</u>	<u>\$ 1,052,338</u>

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2019

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	470,041	36,299	196,870	411,220	-	132,299	1,246,729
Sales and user charges	1,676	41,856	-	-	903,991	5,731	953,254
Other	36,415	476,730	-	4,680	-	130,591	648,416
Government transfers	46,764	-	-	-	-	184,638	231,402
	554,896	554,885	196,870	415,900	903,991	453,259	3,079,801
EXPENSES							
Contracted and general services	249,277	459,439	59,537	20,555	381,787	66,426	1,237,021
Salaries, wages, and benefits	247,285	86,556	65,743	197,273	80,572	159,334	836,763
Materials, goods, and supplies	16,501	4,205	57,283	36,982	137,308	136,527	388,806
Utilities	17,325	2,933	8,335	60,117	21,545	4,228	114,483
Interest on long-term debt	-	-	-	-	74,835	-	74,835
Insurance	24,508	1,752	5,972	973	18,043	1,469	52,717
Other	-	-	-	-	-	117,763	117,763
	554,896	554,885	196,870	315,900	714,090	485,747	2,822,388
NET REVENUE BEFORE AMORTIZATION	-	-	-	100,000	189,901	(32,488)	257,413
Amortization	21,201	10,299	67,553	106,478	219,280	(20,447)	404,364
NET REVENUE (DEFICIT)	\$ (21,201)	\$ (10,299)	\$ (67,553)	\$ (6,478)	\$ (29,379)	\$ (12,041)	\$ (146,951)

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2018

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	440,019	68,796	193,158	414,927	-	98,192	1,215,092
Sales and user charges	1,642	51,691	-	-	953,514	6,523	1,013,370
Other	48,349	389,298	-	4,887	-	151,838	594,372
Government transfers	48,214	-	-	-	-	159,389	207,603
	538,224	509,785	193,158	419,814	953,514	415,942	3,030,437
EXPENSES							
Contracted and general services	255,262	411,634	61,118	20,967	367,924	57,401	1,174,306
Salaries, wages, and benefits	224,600	53,490	47,627	190,185	95,001	174,760	785,663
Transfers to other governments	-	-	-	500,000	-	-	500,000
Materials, goods, and supplies	21,635	41,604	66,195	49,096	176,103	138,046	492,679
Utilities	16,129	2,350	8,323	56,625	18,991	3,918	106,336
Interest on long-term debt	-	-	-	-	78,391	-	78,391
Insurance	20,598	707	9,895	2,941	16,061	2,661	52,863
Other	-	-	-	-	-	74,509	74,509
	538,224	509,785	193,158	819,814	752,471	451,295	3,264,747
NET REVENUE BEFORE AMORTIZATION	-	-	-	(400,000)	201,043	(35,353)	(234,310)
Amortization	29,012	10,299	69,924	86,035	212,115	34,229	441,614
NET REVENUE (DEFICIT)	\$ (29,012)	\$ (10,299)	\$ (69,924)	\$ (486,035)	\$ (11,072)	\$ (69,582)	\$ (675,924)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town 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 assets, liabilities, revenue and expenses and changes in fund balances and changes in financial position of the Town. This is comprised of the municipal operations plus all of the organizations that are owned or 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.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(d) Land 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 physical assets under their respective function.

(e) Use of Estimates

The preparation of financial statements in conformity with the accounting principles for local governments established by the Public Sector Accounting Board 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year the tax is levied.

(g) 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 their estimated useful lives as follows:

Engineered structures	
Water systems	45 - 75 years
Wastewater systems	75 years
Roadways	10 - 20 years
Storm systems	75 years
Buildings	25 & 50 years
Machinery and equipment	5 - 33 years
Vehicles	10 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Works of art for display are not recorded as tangible capital assets but are disclosed.

(h) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(i) Under-Levies and Over-Levies

Under-levies and over-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property taxes. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced.

Requisition tax rates in the subsequent year are adjusted for any under-levies or over-levies of the prior year.

(j) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2021, *PS 3280 Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, *PS 3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Deposit account with financial institution	\$ 552,751	\$ 775,008
Cash on hand	600	600
	<u>\$ 553,351</u>	<u>\$ 775,608</u>

3. RECEIVABLES

	<u>2019</u>	<u>2018</u>
Taxes and grants in place of taxes	\$ 134,830	\$ 169,761
Trade and other	107,162	168,762
Utilities	85,493	90,520
Goods and Services Tax	37,185	19,830
Government transfers	-	59,066
	<u>364,670</u>	<u>507,939</u>
Less: Allowance for doubtful accounts	<u>(21,741)</u>	<u>(10,000)</u>
	<u>\$ 342,929</u>	<u>\$ 497,939</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$85,352 (2018 - \$92,663).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Lac Ste. Anne County	\$ 300,000	\$ 500,000
Trade payables	186,304	609,497
Accrued interest on long-term debt	21,448	22,513
	<u>\$ 507,752</u>	<u>\$ 1,132,010</u>

During 2018, the Town entered into a cost participation agreement with Lac Ste. Anne County for improvements to Township Road 544 from RR 11 east to RR 21 and RR 21 from Township Road 544 north to Township Road 545. Under the terms of the agreement, the Town agreed to reimburse the County for \$500,000 of the total costs of the project repayable in annual instalments of \$100,000 from 2018 - 2022.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

5. TANGIBLE CAPITAL ASSETS

	2019	2018
Engineered structures		
Water systems	4,258,946	4,360,508
Wastewater systems	4,215,459	4,228,541
Roadways	1,583,322	1,541,141
Storm systems	599,542	608,490
	10,657,269	10,738,680
Machinery, equipment, and furnishings	600,191	661,220
Buildings	321,645	339,588
Land	183,672	183,672
Vehicles	96,136	123,376
	\$ 11,858,913	\$ 12,046,536

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	3,574,154	139,711	-	-	3,713,865
Water systems	6,996,823	21,985	-	-	7,018,808
Wastewater systems	5,006,454	55,045	-	-	5,061,499
Storm systems	671,119	-	-	-	671,119
	16,248,550	216,741	-	-	16,465,291
Land	183,672	-	-	-	183,672
Buildings	1,280,827	-	-	-	1,280,827
Machinery, equipment, and furnishings	1,329,453	-	-	-	1,329,453
Vehicles	364,398	-	(28,500)	-	335,898
	\$ 19,406,900	\$ 216,741	\$ (28,500)	\$ -	\$ 19,595,141

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	2,033,013	97,530	-	-	2,130,543
Water systems	2,636,315	123,547	-	-	2,759,862
Wastewater systems	777,913	68,127	-	-	846,040
Storm systems	62,629	8,948	-	-	71,577
	5,509,870	298,152	-	-	5,808,022
Buildings	941,239	17,943	-	-	959,182
Machinery, equipment, and furnishings	668,233	61,029	-	-	729,262
Vehicles	241,022	27,240	(28,500)	-	239,762
	\$ 7,360,364	\$ 404,364	\$ (28,500)	\$ -	\$ 7,736,228

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

6. DEFERRED REVENUE

Deferred revenue consists of externally restricted unspent funds received which relate to costs of future periods.

	2018	Receipts	Revenue	2019
Municipal Sustainability Initiative	36,239	239,122	(212,036)	63,325
Other	60,000	2,823	-	62,823
Federal Gas Tax	(18,555)	-	(41,700)	(60,255)
	<u>\$ 77,684</u>	<u>\$ 241,945</u>	<u>\$ (253,736)</u>	<u>\$ 65,893</u>

7. LONG-TERM DEBT

	2019	2018
Alberta Capital Finance Authority debenture, repayable in bi-annual instalments of \$76,783 including interest at a fixed rate of 4.676%, due September 15, 2033. Debenture debt is issued on the credit and security of Town at large.	<u>\$ 1,564,691</u>	<u>\$ 1,642,357</u>

Principal and interest payments are as follows:

	Principal	Interest	Total
2020	\$ 81,340	\$ 72,225	\$ 153,565
2021	85,189	68,377	153,566
2022	89,219	64,347	153,566
2023	93,439	59,126	152,565
2024	97,859	55,706	153,565
Thereafter	1,117,645	264,448	1,382,093
	<u>\$ 1,564,691</u>	<u>\$ 584,229</u>	<u>\$ 2,148,920</u>

The Town's cash payments for interest in 2019 were \$75,899 (2018 - \$79,407).

8. 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 be disclosed as follows:

	2019	2018
Total debt limit	<u>\$ 4,619,702</u>	<u>\$ 4,545,656</u>
Total debt	<u>(1,564,691)</u>	<u>(1,642,357)</u>
Amount of debt limit unused	<u>\$ 3,055,011</u>	<u>\$ 2,903,299</u>
Service on debt limit	<u>\$ 769,950</u>	<u>\$ 757,609</u>
Service on debt	<u>(153,565)</u>	<u>(153,566)</u>
Amount of debt servicing limit unused	<u>\$ 616,385</u>	<u>\$ 604,043</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

9. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus (deficit)	(405,306)	(545,635)
Restricted surplus		
Operating reserves (Note 10)	575,568	505,864
Capital reserves (Note 10)	375,181	330,758
Equity in tangible capital assets (Schedule 1)	<u>10,294,222</u>	<u>10,404,179</u>
	<u>\$ 10,839,665</u>	<u>\$ 10,695,166</u>

10. RESERVES

	<u>2019</u>	<u>2018</u>
Operating Reserves		
Future development	188,395	188,395
Roads and streets	179,716	177,574
Lagoon	123,641	57,974
Water upgrades	34,840	34,840
Tax stabilization	30,857	28,962
Special projects	16,000	16,000
Recreation	1,104	1,104
Election	1,015	1,015
	<u>\$ 575,568</u>	<u>\$ 505,864</u>
Capital Reserves		
Utilities	129,950	101,387
Recreation venue / opportunity	60,000	60,000
Machinery and equipment	69,025	59,844
Parks, recreation and playgrounds	32,195	32,195
Building - administration	29,750	25,670
Parks improvements - Fortis	28,711	15,366
Vehicle - public works	11,870	11,870
Building - public works	8,028	6,396
Parks beautification	4,130	4,130
Culture and hall	4,920	3,900
Fire	(3,398)	10,000
	<u>\$ 375,181</u>	<u>\$ 330,758</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

11. TRUST FUNDS

The Town administers the following trusts on behalf of third parties. As related trust assets are not owned by the Town, the trusts have been excluded from the financial statements. The following table provides a summary of the transactions within these trusts during the year:

	Opening	Receipts	Disbursements	Ending
Collaboration Program Grants	235,287	-	(81,199)	154,088
Tax sale property funds	72,367	29	-	72,396
Syrian refugee donations	17,261	-	-	17,261
Seniors Housing	1,000	-	-	1,000
	\$ 325,915	\$ 29	\$ (81,199)	\$ 244,745

12. SALARIES AND BENEFITS DISCLOSURE

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

	2019		2018	
	Salary	Benefits and Allowances	Total	Total
Town Council				
Tracy (Mayor)	14,125	5,850	19,975	14,258
St. Hilaire	9,925	2,329	12,254	13,427
Tonita	12,225	5,753	17,978	12,760
Neilson	6,575	1,861	8,436	9,795
Mickle	3,075	4,901	7,976	5,425
	\$ 45,925	\$ 20,694	\$ 66,619	\$ 55,665
Chief Administrative Officer				
Wildman	\$ 135,883	\$ -	\$ 135,883	\$ 130,116
Designated Officers	\$ 11,224	\$ -	\$ 11,224	\$ 10,440

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.

13. CONTRACTUAL OBLIGATIONS

The Town has entered into an agreement for the provision of emergency first response, fire suppression, and emergency rescue services for the period January 1, 2016 - December 31, 2020. The basic annual fee for these services is approximately \$45,000 annually.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2019

14. UTILITY FRANCHISE AGREEMENTS

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	<u>2019</u>	<u>2018</u>
Fortis Alberta Inc.	\$ 61,704	\$ 61,414
Atco Gas	<u>25,730</u>	<u>24,652</u>
	<u>\$ 87,434</u>	<u>\$ 86,066</u>

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

16. BUDGET

The 2019 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 2, 2019. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2019 (Budget)</u>	<u>2019 (Actual)</u>
Annual surplus	332,632	144,499
Add back:		
Amortization expense	-	404,364
Net transfers from (to) reserves	(54,965)	(114,127)
Deduct:		
Proceeds on disposal of tangible capital assets	-	(4,023)
Principal debt repayments	(77,667)	(77,667)
Purchase of tangible capital assets	<u>(200,000)</u>	<u>(216,741)</u>
Result of Operations	<u>\$ -</u>	<u>\$ 136,305</u>

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Notes to Financial Statements
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17. SUBSEQUENT EVENTS

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Town. An estimate of the potential financial impact cannot be made at this time.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.
