

TOWN OF ONOWAY

Financial Statements

For The Year Ended December 31, 2020

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, 2020, 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, 2020, 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

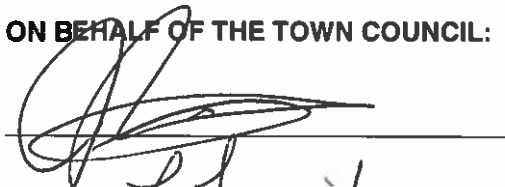
Edmonton, Alberta

April 1, 2021

TOWN OF ONOWAY
Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	518,733	553,351
Receivables <i>(Note 3)</i>	585,119	342,929
Land held for resale	203,385	203,385
	<u>1,307,237</u>	<u>1,099,665</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	379,303	507,752
Deferred revenue <i>(Note 5)</i>	280,035	65,893
Long-term debt <i>(Note 6)</i>	1,483,350	1,564,691
	<u>2,142,688</u>	<u>2,138,336</u>
NET DEBT	<u>(835,451)</u>	<u>(1,038,671)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	11,502,359	11,858,913
Prepaid expenses	12,782	19,423
	<u>11,515,141</u>	<u>11,878,336</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 10,679,690</u>	<u>\$ 10,839,665</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, 2020

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	1,242,777	1,242,051	1,246,729
Sales and user charges (Schedule 4)	969,966	1,001,162	953,254
Sales to other governments	454,124	351,611	457,004
Government transfers for operating (Schedule 3)	240,966	346,206	231,403
Franchise fees (Note 13)	79,000	86,802	87,434
Rentals	36,600	37,200	36,600
Penalties and costs on taxes	15,000	21,769	25,587
Other	23,168	16,668	13,376
Interest	10,000	8,468	19,523
Licenses and permits	4,000	4,921	4,288
Fines	11,000	2,598	4,603
	<u>3,086,601</u>	<u>3,119,456</u>	<u>3,079,801</u>
EXPENSES			
General administration	715,040	670,000	554,896
Water supply and distribution	477,133	493,622	472,420
Fire	370,119	360,470	356,189
Roads, streets, walks, lighting	434,351	310,769	315,901
Common and equipment pool	189,599	241,317	196,868
Wastewater treatment and disposal	125,866	174,019	132,442
Other planning and development	100,821	153,686	81,799
Parks and recreation	135,676	134,072	119,125
Council and other legislative	118,931	107,832	106,226
Waste management	113,124	104,785	109,228
Police	211,450	91,653	209,154
Family and community support services	103,798	85,836	103,832
Disaster and emergency services	28,600	24,701	6,074
Culture: libraries, museums, halls	18,925	20,762	19,105
Land use planning, zoning and development	18,500	12,304	12,409
Recreation board and other services	12,212	7,000	12,673
Subdivision land and development	20,000	3,522	619
Other	3,500	3,274	12,499
Bylaws enforcement	1,000	1,012	929
Amortization	-	435,713	404,364
	<u>3,198,645</u>	<u>3,436,349</u>	<u>3,226,752</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(112,044)</u>	<u>(316,893)</u>	<u>(146,951)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	102,776	164,826	287,427
Gain on disposal of tangible capital assets	-	(7,908)	4,023
	<u>102,776</u>	<u>156,918</u>	<u>291,450</u>
ANNUAL SURPLUS	(9,268)	(159,975)	144,499
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,839,665</u>	<u>10,839,665</u>	<u>10,695,166</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 10,830,397</u>	<u>\$ 10,679,690</u>	<u>\$ 10,839,665</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, 2020

	2020 (Budget) <i>(Note 15)</i>	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS	\$ (9,268)	\$ (159,975)	\$ 144,499
Purchase of tangible capital assets	-	(90,777)	(216,741)
Proceeds on disposal of tangible capital assets	-	3,710	4,023
Amortization of tangible capital assets	-	435,713	404,364
Loss (gain) on disposal of tangible capital assets	-	7,908	(4,023)
	-	356,554	187,623
Acquisition (use) of prepaid expenses	-	6,641	4,326
INCREASE (DECREASE) IN NET DEBT	(9,268)	203,220	336,448
NET DEBT, BEGINNING OF YEAR	(1,038,671)	(1,038,671)	(1,375,119)
NET DEBT, END OF YEAR	\$ (1,047,939)	\$ (835,451)	\$ (1,038,671)

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ (159,975)	\$ 144,499
Non-cash items included in excess of revenues over expenses:		
Amortization	435,713	404,364
Gain (loss) on disposal of tangible capital assets	7,908	(4,023)
	<u>283,646</u>	<u>544,840</u>
Change in non-cash working capital balances related to operations:		
Prepaid expenses	6,641	4,326
Receivables	(242,190)	155,010
Accounts payable and accrued liabilities	(128,449)	(624,258)
Deferred revenue	214,142	(11,791)
	<u>133,790</u>	<u>68,127</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(81,341)</u>	<u>(77,666)</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	3,710	4,023
Purchase of tangible capital assets	(90,777)	(216,741)
	<u>(87,067)</u>	<u>(212,718)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	(34,618)	(222,257)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>553,351</u>	<u>775,608</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 518,733</u>	<u>\$ 553,351</u>

TOWN OF ONOWAY
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2020

Schedule 1

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 10,294,222	\$ 10,404,179
Purchase of Tangible Capital Assets	90,777	216,741
Amortization of Tangible Capital Assets	(435,713)	(404,364)
Net Book Value of Tangible Capital Assets Disposed of	(11,618)	-
Repayment of Capital Long-Term Debt	81,341	77,666
BALANCE, END OF YEAR	\$ 10,019,009	\$ 10,294,222

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 7)	\$ 11,502,359	\$ 11,858,913
Long-term Debt (Note 6)	(1,483,350)	(1,564,691)
	\$ 10,019,009	\$ 10,294,222

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2020

Schedule 2

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
TAXATION			
Real property taxes	\$ 1,541,148	\$ 1,536,219	\$ 1,537,277
Linear property taxes	63,856	67,771	63,856
	<u>1,605,004</u>	<u>1,603,990</u>	<u>1,601,133</u>
REQUISITIONS			
Alberta School Foundation Fund	336,793	336,793	329,820
Lac Ste. Anne Foundation	25,434	25,146	24,584
	<u>362,227</u>	<u>361,939</u>	<u>354,404</u>
NET MUNICIPAL TAXES	<u>\$ 1,242,777</u>	<u>\$ 1,242,051</u>	<u>\$ 1,246,729</u>

TOWN OF ONOWAY
Schedule of Government Transfers
For The Year Ended December 31, 2020

Schedule 3

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	171,621	291,663	162,058
Local governments	69,345	54,543	69,345
	<u>240,966</u>	<u>346,206</u>	<u>231,403</u>
TRANSFERS FOR CAPITAL			
Provincial government	102,776	164,826	287,427
TOTAL GOVERNMENT TRANSFERS	<u>\$ 343,742</u>	<u>\$ 511,032</u>	<u>\$ 518,830</u>

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2020

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	537,531	58,964	241,317	404,658	-	(419)	1,242,051
Sales and user charges	2,299	36,258	-	-	953,395	9,210	1,001,162
Other	37,960	350,719	-	6,110	-	135,248	530,037
Government transfers	92,209	-	-	-	-	253,997	346,206
	669,999	445,941	241,317	410,768	953,395	398,036	3,119,456
EXPENSES							
Contracted and general services	264,619	348,849	114,518	45,282	414,723	78,181	1,266,172
Salaries, wages, and benefits	344,104	85,765	63,927	169,754	79,173	184,979	927,702
Materials, goods, and supplies	19,536	6,519	47,594	33,621	167,817	120,752	395,839
Other	-	-	-	-	-	170,581	170,581
Utilities	15,711	3,047	8,444	61,148	20,961	4,187	113,498
Interest on long-term debt	873	-	-	-	71,110	-	71,983
Insurance	25,156	1,761	6,834	963	18,642	1,505	54,861
	669,999	445,941	241,317	310,768	772,426	560,185	3,000,636
NET REVENUE BEFORE AMORTIZATION	-	-	-	100,000	180,969	(162,149)	118,820
Amortization	25,244	10,299	61,070	109,971	220,656	8,473	435,713
NET REVENUE (DEFICIT)	\$ (25,244)	\$ (10,299)	\$ (61,070)	\$ (9,971)	\$ (39,687)	\$ (170,622)	\$ (316,893)

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

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
	<u>554,896</u>	<u>554,885</u>	<u>196,870</u>	<u>415,900</u>	<u>903,991</u>	<u>453,259</u>	<u>3,079,801</u>
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
Other	-	-	-	-	-	117,763	117,763
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
	<u>554,896</u>	<u>554,885</u>	<u>196,870</u>	<u>315,900</u>	<u>714,090</u>	<u>485,747</u>	<u>2,822,388</u>
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)

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

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, 2022, *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, 2023, *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, 2020

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Deposit account with financial institution	\$ 518,133	\$ 552,751
Cash on hand	600	600
	<u>\$ 518,733</u>	<u>\$ 553,351</u>

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Trade and other	\$ 345,485	\$ 107,162
Taxes and grants in place of taxes	143,664	134,830
Utilities	84,394	85,493
Goods and Services Tax	33,317	37,185
	<u>606,860</u>	<u>364,670</u>
Less: Allowance for doubtful accounts	<u>(21,741)</u>	<u>(21,741)</u>
	<u>\$ 585,119</u>	<u>\$ 342,929</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$69,931 (2019 - \$85,352).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Lac Ste. Anne County	\$ 200,000	\$ 300,000
Trade payables	158,970	186,304
Accrued interest on long-term debt	20,333	21,448
	<u>\$ 379,303</u>	<u>\$ 507,752</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, 2020

5. DEFERRED REVENUE

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

	2019	Received	Used	2020
Municipal Sustainability Initiative	63,325	301,921	(164,776)	200,470
Other	62,823	69,345	(54,543)	77,625
Municipal Operating Support				
Transfer	-	109,195	(47,000)	62,195
Federal Gas Tax	(60,255)	-	-	(60,255)
	\$ 65,893	\$ 480,461	\$ (266,319)	\$ 280,035

6. LONG-TERM DEBT

	2020	2019
Government of Alberta 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.	\$ 1,483,350	\$ 1,564,691

Principal and interest payments are as follows:

	Principal	Interest	Total
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
2025	102,489	51,077	153,566
Thereafter	1,015,155	213,371	1,228,526
	\$ 1,483,350	\$ 512,004	\$ 1,995,354

The Town's cash payments for interest in 2020 were \$72,225 (2019 - \$75,899).

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2020

7. TANGIBLE CAPITAL ASSETS

	2020	2019
Engineered structures		
Water systems	4,135,399	4,258,946
Wastewater systems	4,145,956	4,215,459
Roadways	1,482,299	1,583,322
Storm systems	590,594	599,542
	10,354,248	10,657,269
Machinery, equipment, and furnishings	563,915	600,191
Buildings	296,139	321,645
Land	196,380	183,672
Vehicles	91,677	96,136
	\$ 11,502,359	\$ 11,858,913

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	3,713,865	-	-	-	3,713,865
Water systems	7,018,810	-	-	-	7,018,810
Wastewater systems	5,061,499	-	-	-	5,061,499
Storm systems	671,119	-	-	-	671,119
	16,465,293	-	-	-	16,465,293
Land	183,672	12,708	-	-	196,380
Buildings	1,280,827	-	-	-	1,280,827
Machinery, equipment, and furnishings	1,326,617	61,600	(23,236)	-	1,364,981
Vehicles	335,898	16,469	-	-	352,367
	\$ 19,592,307	\$ 90,777	\$ (23,236)	\$ -	\$ 19,659,848

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	2,130,543	101,023	-	-	2,231,566
Water systems	2,759,864	123,547	-	-	2,883,411
Wastewater systems	846,040	69,503	-	-	915,543
Storm systems	71,577	8,948	-	-	80,525
	5,808,024	303,021	-	-	6,111,045
Buildings	959,182	25,506	-	-	984,688
Machinery, equipment, and furnishings	726,426	86,258	(11,618)	-	801,066
Vehicles	239,762	20,928	-	-	260,690
	\$ 7,733,394	\$ 435,713	\$ (11,618)	\$ -	\$ 8,157,489

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2020

8. ACCUMULATED SURPLUS

	2020	2019
Unrestricted surplus (deficit)	(200,000)	(405,306)
Restricted surplus		
Operating reserves (Note 9)	483,073	575,568
Capital reserves (Note 9)	377,608	375,181
Equity in tangible capital assets (Schedule 1)	10,019,009	10,294,222
	\$ 10,679,690	\$ 10,839,665

9. RESERVES

	2020	2019
Operating Reserves		
Roads and streets	160,988	179,716
Lagoon	154,107	123,641
Future development	79,211	188,395
Water upgrades	34,840	34,840
Tax stabilization	34,783	30,857
Special projects	16,000	16,000
Recreation	1,104	1,104
Election	2,040	1,015
	\$ 483,073	\$ 575,568
Capital Reserves		
Utilities	119,767	129,950
Machinery and equipment	69,025	69,025
Recreation venue / opportunity	60,000	60,000
Parks, recreation and playgrounds	32,195	32,195
Building - administration	29,750	29,750
Parks improvements - Fortis	28,711	28,711
Vehicle - public works	11,870	11,870
Onoway Regional Fire Services	9,761	-
Building - public works	5,877	8,028
Parks beautification	4,130	4,130
Culture and hall	4,920	4,920
Fire	1,602	(3,398)
	\$ 377,608	\$ 375,181

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2020

10. 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
Tax sale property funds	\$ 72,396	\$ 2,034	\$ -	\$ 74,430
Collaboration Program Grants	154,088	-	(152,086)	2,002
Seniors Housing	1,000	-	-	1,000
	\$ 227,484	\$ 2,034	\$ (152,086)	\$ 77,432

11. 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:

	2020		2019	
	Salary	Benefits and Allowances	Total	Total
Town Council				
Tracy (Mayor)	14,675	5,956	20,631	19,975
St. Hilaire	10,075	2,331	12,406	12,254
Tonita	11,600	5,795	17,395	17,978
Neilson	-	-	-	8,436
Mickle	2,650	5,396	8,046	7,976
Johnson	11,325	5,332	16,657	-
	\$ 50,325	\$ 24,810	\$ 75,135	\$ 66,619
Chief Administrative Officer				
Wildman	\$ 135,425	\$ -	\$ 135,425	\$ 135,883
Designated Officers	\$ 11,923	\$ -	\$ 11,923	\$ 11,224

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.

12. 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, 2021 - December 31, 2025. The basic annual fee for these services is approximately \$260,000 annually.

The Town has entered into an agreement for waste collection services for the period January 1, 2021 - December 31, 2025. Estimated annual charges for \$65,000 annually.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2020

13. UTILITY FRANCHISE AGREEMENTS

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

	<u>2020</u>	<u>2019</u>
Fortis Alberta Inc.	\$ 62,130	\$ 61,704
Atco Gas	<u>24,672</u>	<u>25,730</u>
	<u>\$ 86,802</u>	<u>\$ 87,434</u>

14. 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.

15. BUDGET

The 2020 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 16, 2020. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2020 (Budget)</u>	<u>2020 (Actual)</u>
Annual surplus	(9,268)	(159,975)
Add back:		
Amortization expense	-	435,713
Net transfers from (to) reserves	90,608	90,068
Deduct:		
Proceeds on disposal of tangible capital assets	-	7,908
Principal debt repayments	(81,340)	(81,341)
Purchase of tangible capital assets	-	(90,777)
	<u>\$ -</u>	<u>\$ 201,596</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2020

16. 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:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 4,679,184	\$ 4,619,702
Total debt	(1,483,350)	(1,564,691)
Amount of debt limit unused	\$ 3,195,834	\$ 3,055,011
Service on debt limit	\$ 779,864	\$ 769,950
Service on debt	(153,566)	(153,565)
Amount of debt servicing limit unused	\$ 626,298	\$ 616,385

17. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the Town's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the Town's activities, operations and financial condition in the future.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.
