

TOWN OF ONOWAY

Financial Statements

For The Year Ended December 31, 2022

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.


Jennifer Thompson
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, 2022, 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, 2022, 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 13, 2023

TOWN OF ONOWAY
Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	411,732	1,033,080
Receivables (Note 3)	562,108	303,216
Land held for resale	203,385	203,385
	<u>1,177,225</u>	<u>1,539,681</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	443,871	401,409
Deferred revenue (Note 5)	83,822	137,602
Long-term debt (Note 6)	1,308,943	1,398,161
	<u>1,836,636</u>	<u>1,937,172</u>
NET DEBT	<u>(659,411)</u>	<u>(397,491)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	11,484,530	11,642,015
Prepaid expenses	5,502	5,341
	<u>11,490,032</u>	<u>11,647,356</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 10,830,621</u>	<u>\$ 11,249,865</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, 2022

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	1,337,012	1,338,177	1,289,621
Sales and user charges (Schedule 4)	1,034,680	1,069,033	1,058,882
Sales to other governments	29,837	316,670	449,929
Government transfers for operating (Schedule 3)	235,321	176,428	619,370
Franchise fees (Note 13)	113,000	134,049	115,956
Rentals	38,400	35,310	38,800
Penalties and costs on taxes	24,500	26,869	24,365
Other	31,538	20,900	32,445
Interest	8,000	18,705	7,305
Licenses and permits	4,000	10,620	10,769
Fines	10,500	2,480	9,695
	<u>2,866,788</u>	<u>3,149,241</u>	<u>3,657,137</u>
EXPENSES			
General administration	1,041,403	1,129,852	645,600
Water supply and distribution	509,796	488,507	529,553
Fire	99,830	456,467	421,792
Roads, streets, walks, lighting	349,607	337,126	277,076
Common and equipment pool	193,212	211,816	229,060
Wastewater treatment and disposal	218,374	133,889	371,406
Council and other legislative	133,365	116,294	112,676
Family and community support services	98,630	108,460	121,759
Police	93,000	92,744	196,513
Waste management	85,978	81,086	81,000
Parks and recreation	115,626	75,509	110,065
Other planning and development	119,300	41,267	52,451
Recreation board and other services	34,750	34,373	18,995
Culture: libraries, museums, halls	27,700	36,100	35,646
Land use planning, zoning and development	15,500	16,518	14,435
Subdivision land and development	6,000	5,636	8,305
Disaster and emergency services	4,000	3,291	7,730
Other	4,200	2,416	155
Bylaws enforcement	1,500	1,151	4,000
Amortization	69,674	468,575	456,335
	<u>3,221,445</u>	<u>3,841,077</u>	<u>3,694,552</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	(354,657)	(691,836)	(37,415)
OTHER REVENUE			
Government transfers for capital (Schedule 3)	174,617	272,592	558,639
ANNUAL SURPLUS (DEFICIT)	(180,040)	(419,244)	521,224
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,249,865	11,249,865	10,728,641
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,069,825</u>	<u>\$ 10,830,621</u>	<u>\$ 11,249,865</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, 2022

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (180,040)	\$ (419,244)	\$ 521,224
Purchase of tangible capital assets	(377,057)	(311,090)	(595,991)
Amortization of tangible capital assets	69,674	468,575	456,335
	<u>(307,383)</u>	<u>157,485</u>	<u>(139,656)</u>
Acquisition (use) of prepaid expenses	-	(161)	7,441
INCREASE (DECREASE) IN NET DEBT	(487,423)	(261,920)	389,009
NET DEBT, BEGINNING OF YEAR	(397,491)	(397,491)	(786,500)
NET DEBT, END OF YEAR	\$ (884,914)	\$ (659,411)	\$ (397,491)

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus (deficit)	\$ (419,244)	\$ 521,224
Non-cash items included in excess of revenues over expenses:		
Amortization	468,575	456,335
Gain (loss) on disposal of tangible capital assets	-	-
	<u>49,331</u>	<u>977,559</u>
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(161)	7,442
Receivables	(258,892)	281,902
Accounts payable and accrued liabilities	42,462	22,105
Land held for resale	-	(1)
Deferred revenue	(53,780)	(142,431)
	<u>(221,040)</u>	<u>1,146,576</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(89,218)</u>	<u>(85,189)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(311,090)</u>	<u>(595,991)</u>
	<u>(311,090)</u>	<u>(595,991)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	(621,348)	465,396
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,033,080</u>	<u>567,684</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 411,732</u>	<u>\$ 1,033,080</u>

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

TOWN OF ONOWAY
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2022

Schedule 1

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 10,243,854	\$ 10,019,009
Purchase of Tangible Capital Assets	311,090	595,991
Amortization of Tangible Capital Assets	(468,575)	(456,335)
Net Book Value of Tangible Capital Assets Disposed of	-	-
Repayment of Capital Long-Term Debt	89,218	85,189
BALANCE, END OF YEAR	\$ 10,175,587	\$ 10,243,854

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 7)	\$ 11,484,530	\$ 11,642,015
Long-term Debt (Note 6)	(1,308,943)	(1,398,161)
	\$ 10,175,587	\$ 10,243,854

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2022

Schedule 2

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
TAXATION			
Real property taxes	\$ 1,611,993	\$ 1,626,003	\$ 1,573,218
Linear property taxes	72,364	51,603	64,090
	<u>1,684,357</u>	<u>1,677,606</u>	<u>1,637,308</u>
REQUISITIONS			
Alberta School Foundation Fund	323,536	315,902	323,535
Lac Ste. Anne Foundation	23,809	23,527	24,152
	<u>347,345</u>	<u>339,429</u>	<u>347,687</u>
NET MUNICIPAL TAXES	<u>\$ 1,337,012</u>	<u>\$ 1,338,177</u>	<u>\$ 1,289,621</u>

TOWN OF ONOWAY
Schedule of Government Transfers
For The Year Ended December 31, 2022

Schedule 3

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	165,976	107,083	535,224
Local governments	69,345	69,345	84,146
	<u>235,321</u>	<u>176,428</u>	<u>619,370</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>174,617</u>	<u>272,592</u>	<u>558,639</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 409,938</u>	<u>\$ 449,020</u>	<u>\$ 1,178,009</u>

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2022

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	636,294	176,916	211,816	334,694	-	(21,543)	1,338,177
Sales and user charges	1,886	30,502	-	-	997,811	38,834	1,069,033
Other	41,457	346,233	-	2,432	-	175,481	565,603
Government transfers	45,214	-	-	-	-	131,214	176,428
	724,851	553,651	211,816	337,126	997,811	323,986	3,149,241
EXPENSES							
Contracted and general services	315,167	391,912	90,495	86,976	384,751	82,046	1,351,347
Salaries, wages, and benefits	744,869	8,966	56,207	106,353	125,034	139,048	1,180,477
Materials, goods, and supplies	13,484	145,457	46,058	64,710	94,298	133,094	497,101
Utilities	18,272	5,515	11,001	77,974	25,640	4,312	142,714
Interest on long-term debt	6,926	-	-	-	63,529	-	70,455
Other	-	-	-	-	-	76,253	76,253
Insurance	31,133	1,801	8,055	1,113	10,229	1,824	54,155
	1,129,851	553,651	211,816	337,126	703,481	436,577	3,372,502
NET REVENUE BEFORE AMORTIZATION	(405,000)	-	-	-	294,330	(112,591)	(223,261)
Amortization	21,729	11,980	54,339	128,446	242,863	9,218	468,575
NET REVENUE (DEFICIT)	\$ (426,729)	\$ (11,980)	\$ (54,339)	\$ (128,446)	\$ 51,467	\$ (121,809)	\$ (691,836)

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

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2021

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	484,254	60,441	229,060	370,885	-	144,981	1,289,621
Sales and user charges	2,205	71,118	-	-	940,208	45,351	1,058,882
Other	49,674	473,971	-	6,191	-	159,428	689,264
Government transfers	109,467	-	-	-	284,403	225,500	619,370
	645,600	605,530	229,060	377,076	1,224,611	575,260	3,657,137
EXPENSES							
Contracted and general services	338,676	476,622	63,843	24,827	584,451	82,709	1,571,128
Salaries, wages, and benefits	226,294	120,249	92,422	124,243	119,952	152,503	835,663
Materials, goods, and supplies	36,623	4,448	56,577	52,138	176,983	175,874	502,643
Utilities	20,508	2,467	8,790	74,828	23,792	13,943	144,328
Interest on long-term debt	-	-	-	-	67,209	-	67,209
Other	-	-	-	-	-	66,667	66,667
Insurance	23,499	1,744	7,428	1,040	9,571	7,297	50,579
	645,600	605,530	229,060	277,076	981,958	498,993	3,238,217
NET REVENUE BEFORE AMORTIZATION	-	-	-	100,000	242,653	76,267	418,920
Amortization	25,244	11,139	64,973	119,208	224,960	10,811	456,335
NET REVENUE (DEFICIT)	\$ (25,244)	\$ (11,139)	\$ (64,973)	\$ (19,208)	\$ 17,693	\$ 65,456	\$ (37,415)

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 Town is a member of the West Inter Lake District Regional Water Services Commission and Highway 43 East Waste Commission. The Town has not proportionately consolidated these financial results of the organizations.

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, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Deposit account with financial institution	\$ 411,132	\$ 1,032,480
Cash on hand	600	600
	<u>\$ 411,732</u>	<u>\$ 1,033,080</u>

3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Trade and other	\$ 315,124	\$ 66,776
Taxes and grants in place of taxes	142,015	126,153
Utilities	91,323	76,533
Goods and Services Tax	35,387	55,495
	<u>583,849</u>	<u>324,957</u>
Less: Allowance for doubtful accounts	<u>(21,741)</u>	<u>(21,741)</u>
	<u>\$ 562,108</u>	<u>\$ 303,216</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$80,822 (2021 - \$84,288).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 425,928	\$ 282,243
Accrued interest on long-term debt	17,943	19,166
Lac Ste. Anne County	-	100,000
	<u>\$ 443,871</u>	<u>\$ 401,409</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, 2022

5. DEFERRED REVENUE

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

	2021	Received	Used	2022
Other	69,714	21,000	(6,892)	83,822
Municipal Sustainability Initiative	67,809	143,026	(210,835)	-
Canada Community-Building Fund	79	61,664	(61,743)	-
	\$ 137,602	\$ 225,690	\$ (279,470)	\$ 83,822

6. LONG-TERM DEBT

	2022	2021
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.	\$ 1,308,943	\$ 1,398,161

Principal and interest payments are as follows:

	Principal	Interest	Total
2023	\$ 93,439	\$ 59,126	\$ 152,565
2024	97,859	55,706	153,565
2025	102,489	51,077	153,566
2026	107,337	46,228	153,565
2027	112,415	41,151	153,566
Thereafter	795,404	125,992	921,396
	\$ 1,308,943	\$ 379,280	\$ 1,688,223

The Town's cash payments for interest in 2022 were \$64,347 (2021 - \$68,377).

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2022

7. TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Engineered structures		
Water systems	3,923,192	4,011,852
Wastewater systems	4,125,533	4,201,414
Roadways	1,622,039	1,741,537
Storm systems	572,698	581,646
	<u>10,243,462</u>	<u>10,536,449</u>
Machinery, equipment, and furnishings	663,141	488,887
Buildings	285,343	313,023
Land	196,380	196,380
Vehicles	96,204	107,276
	<u>\$ 11,484,530</u>	<u>\$ 11,642,015</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	4,083,363	-	-	-	4,083,363
Water systems	7,018,810	35,240	-	-	7,054,050
Wastewater systems	5,189,649	-	-	-	5,189,649
Storm systems	671,119	-	-	-	671,119
	<u>16,962,941</u>	<u>35,240</u>	<u>-</u>	<u>-</u>	<u>16,998,181</u>
Land	196,380	-	-	-	196,380
Buildings	1,324,304	-	-	-	1,324,304
Machinery, equipment, and furnishings	1,374,847	275,850	-	-	1,650,697
Vehicles	391,683	-	-	-	391,683
	<u>\$ 20,250,155</u>	<u>\$ 311,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,561,245</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	2,341,826	119,498	-	-	2,461,324
Water systems	3,006,958	123,900	-	-	3,130,858
Wastewater systems	988,235	75,881	-	-	1,064,116
Storm systems	89,473	8,948	-	-	98,421
	<u>6,426,492</u>	<u>328,227</u>	<u>-</u>	<u>-</u>	<u>6,754,719</u>
Buildings	1,011,281	27,680	-	-	1,038,961
Machinery, equipment, and furnishings	885,960	101,596	-	-	987,556
Vehicles	284,407	11,072	-	-	295,479
	<u>\$ 8,608,140</u>	<u>\$ 468,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,076,715</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (deficit)	(22,595)	(33,281)
Restricted surplus		
Operating reserves (Note 9)	245,888	590,427
Capital reserves (Note 9)	431,741	448,865
Equity in tangible capital assets (Schedule 1)	<u>10,175,587</u>	<u>10,243,854</u>
	<u>\$ 10,830,621</u>	<u>\$ 11,249,865</u>

9. RESERVES

	<u>2022</u>	<u>2021</u>
Operating Reserves		
General operating	\$ 245,888	\$ -
Water upgrades	-	34,840
Tax stabilization	-	44,783
Special projects	-	16,000
Roads and streets	-	163,130
Recreation	-	3,542
Lagoon	-	215,773
Future development	-	112,359
	<u>\$ 245,888</u>	<u>\$ 590,427</u>
Capital Reserves		
General capital	\$ 371,741	\$ -
Recreation venue / opportunity	60,000	60,000
Vehicle - public works	-	17,991
Utilities	-	157,647
Parks, recreation and playgrounds	-	32,195
Parks improvements - Fortis	-	28,711
Parks beautification	-	4,130
Onoway Regional Fire Services	-	17,124
Machinery and equipment	-	76,165
Fire	-	1,602
Culture and hall	-	5,940
Building - public works	-	7,509
Building - administration	-	39,851
	<u>\$ 431,741</u>	<u>\$ 448,865</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2022

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	\$ 76,640	\$ 1,888	\$ -	\$ 78,528
Collaboration Program Grants	49,478	-	(27,267)	22,211
Seniors Housing	1,000	-	-	1,000
	<u>\$ 127,118</u>	<u>\$ 1,888</u>	<u>\$ (27,267)</u>	<u>\$ 101,739</u>

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:

	2022		2021	
	Salary	Benefits and Allowances	Total	Total
Town Council				
Kwasny (Mayor) (Oct - Dec 2021)	8,072	261	8,333	2,116
Tracy (Mayor) (Dec - Sep 2021)	-	-	-	13,753
Coninx	11,959	480	12,439	2,801
Johnson	9,154	343	9,497	16,619
Winterford	8,824	303	9,127	1,886
Murray	8,334	273	8,607	2,379
Tonita	-	-	-	13,331
St. Hilaire	-	-	-	9,570
Mickle	-	-	-	7,729
	<u>\$ 46,343</u>	<u>\$ 1,660</u>	<u>\$ 48,003</u>	<u>\$ 70,184</u>
Chief Administrative Officer				
Wildman	\$ 300,072	\$ -	\$ 300,072	\$ 153,925
Duhamel	82,500	-	82,500	-
Thompson	33,814	7,380	41,194	-
	<u>\$ 416,386</u>	<u>\$ 7,380</u>	<u>\$ 423,766</u>	<u>\$ 153,925</u>
Designated Officers	<u>\$ 12,357</u>	<u>\$ 7,380</u>	<u>\$ 19,737</u>	<u>\$ 12,394</u>

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.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2022

12. CONTRACTUAL OBLIGATIONS

(a) Emergency Services

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.

(b) Waste Collection

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.

13. UTILITY FRANCHISE AGREEMENTS

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

	<u>2022</u>	<u>2021</u>
Fortis Alberta Inc.	\$ 92,513	\$ 84,459
Atco Gas	41,536	31,497
	<u>\$ 134,049</u>	<u>\$ 115,956</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 2022 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on June 23, 2022. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2022</u> <u>(Budget)</u>	<u>2022</u> <u>(Actual)</u>
Annual surplus	(180,040)	(419,244)
Add back:		
Amortization expense	-	468,575
Net transfers from (to) reserves	663,439	361,663
Deduct:		
Principal debt repayments	(89,219)	(89,219)
Purchase of tangible capital assets	(377,057)	(311,090)
	<u>\$ 17,123</u>	<u>\$ 10,685</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2022

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>2022</u>	<u>2021</u>
Total debt limit	\$ 4,723,862	\$ 5,485,706
Total debt	<u>(1,308,943)</u>	<u>(1,398,161)</u>
Amount of debt limit unused	<u>\$ 3,414,919</u>	<u>\$ 4,087,545</u>
Service on debt limit	\$ 787,310	\$ 914,284
Service on debt	<u>(152,565)</u>	<u>(153,566)</u>
Amount of debt servicing limit unused	<u>\$ 634,745</u>	<u>\$ 760,718</u>

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.
