

**TOWN OF ONOWAY**

**Financial Statements**

**For The Year Ended December 31, 2023**

## **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

### *Qualified Opinion*

We have audited the financial statements of the Town of Onoway, which comprise the statement of financial position as at December 31, 2023, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Onoway as at December 31, 2023, 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 Qualified Opinion*

*PS 3280 Asset Retirement Obligations* is effective for fiscal years beginning on or after April 1, 2022. This standard addresses the accounting for legal obligations associated with the retirement of tangible capital assets. We were unable to obtain sufficient appropriate audit evidence about whether the Town has any asset retirement obligations as management has not undertaken the required work to determine whether the Town has any asset retirement obligations. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 11, 2024

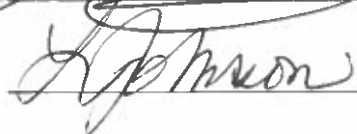
**TOWN OF ONOWAY**  
**Statement of Financial Position**  
**As at December 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	595,765	411,732
Receivables <i>(Note 3)</i>	533,912	562,108
Land held for resale	203,385	203,385
	<u>1,333,062</u>	<u>1,177,225</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 4)</i>	289,632	443,871
Deferred revenue <i>(Note 5)</i>	211,433	83,822
Long-term debt <i>(Note 6)</i>	1,215,503	1,308,943
	<u>1,716,568</u>	<u>1,836,636</u>
<b>NET DEBT</b>	<u>(383,506)</u>	<u>(659,411)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 7)</i>	10,960,167	11,484,530
Prepaid expenses	15,109	5,502
	<u>10,975,276</u>	<u>11,490,032</u>
<b>ACCUMULATED SURPLUS <i>(Note 8)</i></b>	<u>\$ 10,591,770</u>	<u>\$ 10,830,621</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, 2023**

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 2)	1,389,732	1,394,863	1,338,177
Sales and user charges (Schedule 4)	1,087,198	1,202,548	1,069,033
Sales to other governments	405,435	419,458	316,670
Government transfers for operating (Schedule 3)	330,388	279,312	176,428
Franchise fees (Note 14)	114,130	129,770	134,049
Interest	8,080	41,909	18,705
Penalties and costs on taxes	25,245	28,030	26,869
Other	62,473	27,892	20,900
Rentals	27,660	27,700	35,310
Licenses and permits	4,600	7,870	10,620
Fines	10,500	6,591	2,480
	<u>3,465,441</u>	<u>3,565,943</u>	<u>3,149,241</u>
<b>EXPENSES</b>			
General administration	818,681	826,247	1,129,852
Fire	506,378	603,650	456,467
Water supply and distribution	528,331	538,493	488,507
Wastewater treatment and disposal	269,408	269,738	133,889
Roads, streets, walks, lighting	300,142	244,683	337,126
Common and equipment pool	196,104	156,678	211,816
Council and other legislative	154,390	132,133	116,294
Land use planning, zoning and development	15,655	96,966	16,518
Police	90,199	95,509	92,744
Parks and recreation	118,080	93,923	75,509
Waste management	92,257	91,371	81,086
Family and community support services	68,658	68,166	108,460
Culture: libraries, museums, halls	25,844	22,397	36,100
Recreation board and other services	24,600	14,100	34,373
Bylaws enforcement	1,915	2,585	1,150
Other	3,200	2,249	2,417
Other planning and development	67,670	1,280	41,267
Disaster and emergency services	4,040	922	3,291
Subdivision land and development	6,000	413	5,636
Amortization	69,674	486,964	468,575
	<u>3,361,226</u>	<u>3,748,467</u>	<u>3,841,077</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	104,215	(182,524)	(691,836)
<b>OTHER REVENUE</b>			
Government transfers for capital (Schedule 3)	207,443	54,767	272,592
Gain (loss) on disposal of tangible capital assets	-	(111,094)	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	311,658	(238,851)	(419,244)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>10,830,621</u>	<u>10,830,621</u>	<u>11,249,865</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 11,142,279</u>	<u>\$ 10,591,770</u>	<u>\$ 10,830,621</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, 2023**

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 311,658	\$ (238,851)	\$ (419,244)
Purchase of tangible capital assets	(207,443)	(73,695)	(311,090)
Amortization of tangible capital assets	69,674	486,964	468,575
Loss (gain) on disposal of tangible capital assets	-	111,094	-
	<u>(137,769)</u>	<u>524,363</u>	<u>157,485</u>
Acquisition (use) of prepaid expenses	-	(9,607)	(161)
<b>INCREASE (DECREASE) IN NET DEBT</b>	173,889	275,905	(261,920)
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(659,411)</u>	<u>(659,411)</u>	<u>(397,491)</u>
<b>NET DEBT, END OF YEAR</b>	<u>\$ (485,522)</u>	<u>\$ (383,506)</u>	<u>\$ (659,411)</u>

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

**TOWN OF ONOWAY**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Annual surplus (deficit)	\$ (238,851)	\$ (419,244)
Non-cash items included in excess of revenues over expenses:		
Amortization	486,964	468,575
Loss (gain) on disposal of tangible capital assets	111,094	-
	<u>359,207</u>	49,331
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(9,607)	(161)
Receivables	28,196	(258,892)
Accounts payable and accrued liabilities	(154,239)	42,462
Deferred revenue	127,611	(53,780)
	<u>351,168</u>	(221,040)
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(93,440)</u>	(89,218)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(73,695)</u>	(311,090)
	<u>(73,695)</u>	(311,090)
<b>CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR</b>	<b>184,033</b>	<b>(621,348)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>411,732</u>	<u>1,033,080</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 595,765</u>	<u>\$ 411,732</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, 2023**

*Schedule 1*

	2023	2022
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 10,175,587</b>	<b>\$ 10,243,854</b>
Purchase of Tangible Capital Assets	73,695	311,090
Amortization of Tangible Capital Assets	(486,964)	(468,575)
Net Book Value of Tangible Capital Assets Disposed of	(111,094)	-
Repayment of Capital Long-Term Debt	93,440	89,218
<b>BALANCE, END OF YEAR</b>	<b>\$ 9,744,664</b>	<b>\$ 10,175,587</b>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 7)	<b>\$ 10,960,167</b>	<b>\$ 11,484,530</b>
Long-term Debt (Note 6)	<b>(1,215,503)</b>	<b>(1,308,943)</b>
	<b>\$ 9,744,664</b>	<b>\$ 10,175,587</b>

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

**TOWN OF ONOWAY**  
**Schedule of Property Taxes Levied**  
**For The Year Ended December 31, 2023**

**Schedule 2**

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,657,043	\$ 1,678,532	\$ 1,626,003
Linear property taxes	72,364	51,871	51,603
	<u>1,729,407</u>	<u>1,730,403</u>	<u>1,677,606</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	315,902	312,048	315,902
Lac Ste. Anne Foundation	23,773	23,492	23,527
	<u>339,675</u>	<u>335,540</u>	<u>339,429</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,389,732</u>	<u>\$ 1,394,863</u>	<u>\$ 1,338,177</u>

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

**TOWN OF ONOWAY**  
**Schedule of Government Transfers**  
**For The Year Ended December 31, 2023**

*Schedule 3*

	2023 (Budget) (Note 16)	<b>2023 (Actual)</b>	2022 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	286,183	<b>228,855</b>	107,083
Local governments	44,205	<b>50,457</b>	69,345
	<u>330,388</u>	<u><b>279,312</b></u>	<u>176,428</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	207,443	<b>54,767</b>	272,592
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 537,831</u>	<u><b>\$ 334,079</b></u>	<u>\$ 449,020</u>

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

**TOWN OF ONOWAY**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2023**

**Schedule 4**

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	672,215	102,635	156,678	243,545	-	219,790	1,394,863
Sales and user charges	1,365	140,093	-	-	1,052,727	8,363	1,202,548
Other	41,240	459,824	-	1,138	-	187,018	689,220
Government transfers	111,428	-	-	-	20,733	147,151	279,312
	826,248	702,552	156,678	244,683	1,073,460	562,322	3,565,943
<b>EXPENSES</b>							
Contracted and general services	205,751	471,745	61,583	49,826	562,027	146,873	1,497,805
Salaries, wages, and benefits	501,482	13,494	49,477	97,013	120,866	149,196	931,528
Materials, goods, and supplies	70,726	208,027	28,350	14,395	119,185	109,411	550,094
Utilities	12,598	7,493	8,599	82,358	27,241	1,684	139,973
Interest on long-term debt	1,750	-	-	-	58,846	-	60,596
Insurance	33,941	1,793	8,669	1,091	11,437	1,852	58,783
Other	-	-	-	-	-	22,723	22,723
	826,248	702,552	156,678	244,683	899,602	431,739	3,261,502
<b>NET REVENUE BEFORE AMORTIZATION</b>	-	-	-	-	173,858	130,583	304,441
Amortization	21,507	11,980	60,131	128,521	255,724	9,102	486,965
<b>NET REVENUE (DEFICIT)</b>	<b>\$ (21,507)</b>	<b>\$ (11,980)</b>	<b>\$ (60,131)</b>	<b>\$ (128,521)</b>	<b>\$ (81,866)</b>	<b>\$ 121,481</b>	<b>\$ (182,524)</b>

**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
<b>REVENUE</b>							
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
<b>EXPENSES</b>							
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
<b>NET REVENUE BEFORE AMORTIZATION</b>	(405,000)	-	-	-	294,330	(112,591)	(223,261)
Amortization	21,729	11,980	54,339	128,446	242,863	9,218	468,575
<b>NET REVENUE (DEFICIT)</b>	<b>\$ (426,729)</b>	<b>\$ (11,980)</b>	<b>\$ (54,339)</b>	<b>\$ (128,446)</b>	<b>\$ 51,467</b>	<b>\$ (121,809)</b>	<b>\$ (691,836)</b>

**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) 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.

*(d) Valuation of Financial Assets and Liabilities*

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

Cash	Cost and amortized cost
Investments	Fair value and amortized cost
Receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*(e) 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.

*(f) Investments*

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized gains and losses from changes in the fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investment income is recorded as revenue in the period it is earned.

*(g) 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.

*(h) Asset Retirement Obligations*

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

*(i) 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.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*(j) 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.

*(k) Taxation 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.

*(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.

*(m) New Accounting Standards not yet Adopted*

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, 2023**

**2. CASH AND CASH EQUIVALENTS**

	<u>2023</u>	<u>2022</u>
Deposit account with financial institution	\$ 595,588	\$ 411,132
Cash on hand	177	600
	<u>\$ 595,765</u>	<u>\$ 411,732</u>

**3. RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Trade and other	\$ 279,807	\$ 315,124
Taxes and grants in place of taxes	159,877	142,015
Utilities	99,157	91,323
Goods and Services Tax	16,812	35,387
	<u>555,653</u>	<u>583,849</u>
Less: Allowance for doubtful accounts	<u>(21,741)</u>	<u>(21,741)</u>
	<u>\$ 533,912</u>	<u>\$ 562,108</u>

All receivables, other than taxes and grants in place of taxes, are current. The age of taxes and grants in place of taxes receivables that are not impaired are as follows:

	<u>2023</u>	<u>2022</u>
Current	\$ 76,726	\$ (2,759)
1 year	9,932	63,950
2 years	3,287	10,892
3 years	-	-
Over 3 years	48,191	48,191
	<u>\$ 138,136</u>	<u>\$ 120,274</u>

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 272,593	\$ 425,928
Accrued interest on long-term debt	17,039	17,943
	<u>\$ 289,632</u>	<u>\$ 443,871</u>

**TOWN OF ONOWAY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2023**

**5. DEFERRED REVENUE**

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

	2022	Received	Used	2023
Municipal Sustainability Initiative	\$ -	\$ 143,026	\$ (11,285)	\$ 131,741
Other grants	83,822	15,000	(21,000)	77,822
Climate Resilience Capacity Building	-	60,000	(58,344)	1,656
Canada Community-Building Fund	-	64,417	(64,203)	214
	<u>\$ 83,822</u>	<u>\$ 282,443</u>	<u>\$ (154,832)</u>	<u>\$ 211,433</u>

**6. LONG-TERM DEBT**

	2023	2022
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.	<u>\$ 1,215,503</u>	<u>\$ 1,308,943</u>

Principal and interest payments are as follows:

	Principal	Interest	Total
2024	\$ 97,860	\$ 55,706	\$ 153,566
2025	102,489	51,077	153,566
2026	107,337	46,228	153,565
2027	112,415	41,151	153,566
2028	117,733	35,833	153,566
Thereafter	677,669	90,159	767,828
	<u>\$ 1,215,503</u>	<u>\$ 320,154</u>	<u>\$ 1,535,657</u>

The Town's cash payments for interest in 2023 were \$60,126 (2022 - \$64,347).

**TOWN OF ONOWAY**  
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**7. TANGIBLE CAPITAL ASSETS**

	<u>2023</u>	<u>2022</u>
Engineered structures		
Wastewater systems	\$ 4,049,652	\$ 4,125,533
Water systems	3,761,980	3,923,192
Roadways	1,502,541	1,622,039
Storm systems	574,960	572,698
	<u>9,889,133</u>	<u>10,243,462</u>
Machinery, equipment, and furnishings	558,233	663,141
Buildings	255,325	285,343
Land	179,480	196,380
Vehicles	77,996	96,204
	<u>\$ 10,960,167</u>	<u>\$ 11,484,530</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Water systems	\$ 7,054,050	\$ 43,470	\$ (156,064)	\$ -	\$ 6,941,456
Wastewater systems	5,189,649	-	-	-	5,189,649
Roadways	4,083,363	-	-	-	4,083,363
Storm systems	671,119	11,285	-	-	682,404
	<u>16,998,181</u>	<u>54,755</u>	<u>(156,064)</u>	<u>-</u>	<u>16,896,872</u>
Land	196,380	-	(16,900)	-	179,480
Buildings	1,324,304	-	(5,845)	-	1,318,459
Machinery, equipment, and furnishings	1,634,610	18,940	(203,711)	-	1,449,839
Vehicles	391,683	-	(34,670)	-	357,013
	<u>\$ 20,545,158</u>	<u>\$ 73,695</u>	<u>\$ (417,190)</u>	<u>\$ -</u>	<u>\$ 20,201,663</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Water systems	\$ 3,130,858	\$ 123,181	\$ (74,563)	\$ -	\$ 3,179,476
Roadways	2,461,324	119,498	-	-	2,580,822
Wastewater systems	1,064,116	75,881	-	-	1,139,997
Storm systems	98,421	9,023	-	-	107,444
	<u>6,754,719</u>	<u>327,583</u>	<u>(74,563)</u>	<u>-</u>	<u>7,007,739</u>
Buildings	1,038,961	27,563	(3,390)	-	1,063,134
Machinery, equipment, and furnishings	971,469	113,610	(193,473)	-	891,606
Vehicles	295,479	18,208	(34,670)	-	279,017
	<u>\$ 9,060,628</u>	<u>\$ 486,964</u>	<u>\$ (306,096)</u>	<u>\$ -</u>	<u>\$ 9,241,496</u>

**TOWN OF ONOWAY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2023**

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**8. ACCUMULATED SURPLUS**

	<u>2023</u>	<u>2022</u>
Unrestricted surplus (deficit)	139,011	(22,595)
Restricted surplus		
Operating reserves (Note 9)	245,888	245,888
Capital reserves (Note 9)	462,207	431,741
Equity in tangible capital assets (Schedule 1)	<u>9,744,664</u>	<u>10,175,587</u>
	<u>\$ 10,591,770</u>	<u>\$ 10,830,621</u>

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**9. RESERVES**

	<u>2023</u>	<u>2022</u>
<b>Operating Reserves</b>		
General operating	<u>\$ 245,888</u>	<u>\$ 245,888</u>
	<u>\$ 245,888</u>	<u>\$ 245,888</u>
<b>Capital Reserves</b>		
General capital	<u>\$ 402,207</u>	<u>\$ 371,741</u>
Recreation venue / opportunity	<u>60,000</u>	<u>60,000</u>
	<u>\$ 462,207</u>	<u>\$ 431,741</u>

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**10. CREDIT FACILITIES**

The Town has a revolving line of credit with an authorized amount of up to \$1,000,000 bearing interest at prime plus 1.00% per annum. At year end, \$NIL (2022 - \$NIL) was drawn upon.

The Town has a credit card with an authorized credit limit of \$30,000, of which \$NIL was drawn at year end.

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**TOWN OF ONOWAY**  
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**For The Year Ended December 31, 2023**

**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
Tax sale property funds	\$ 78,528	\$ 3,555	\$ -	\$ 82,083
Collaboration Program Grants	22,211	-	-	22,211
Seniors Housing	1,000	-	-	1,000
	<u>\$ 101,739</u>	<u>\$ 3,555</u>	<u>\$ -</u>	<u>\$ 105,294</u>

**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:

	2023		2022	
	Salary	Benefits and Allowances	Total	Total
Town Council				
Kwasny (Mayor)	7,920	283	8,203	8,333
Coninx	11,594	478	12,072	12,439
Johnson	9,394	361	9,755	9,497
Murray	9,444	352	9,796	8,607
Winterford	4,145	160	4,305	9,127
Pocket	1,930	69	1,999	-
	<u>\$ 44,427</u>	<u>\$ 1,703</u>	<u>\$ 46,130</u>	<u>\$ 48,003</u>
Chief Administrative Officer				
Thompson	\$ 135,000	\$ 15,828	\$ 150,828	\$ 41,194
Wildman	-	-	-	267,744
Duhamel	-	-	-	82,500
Designated Officers	<u>\$ 13,198</u>	<u>\$ -</u>	<u>\$ 13,198</u>	<u>\$ 12,357</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.

**13. 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.

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**14. UTILITY FRANCHISE AGREEMENTS**

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

	<u>2023</u>	<u>2022</u>
Fortis Alberta Inc.	\$ 93,624	\$ 92,513
Atco Gas	<u>36,146</u>	<u>41,536</u>
	<u>\$ 129,770</u>	<u>\$ 134,049</u>

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**15. FINANCIAL INSTRUMENTS RISK MANAGEMENT**

The Town's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt. The Town is exposed to the following risks with respect to these financial instruments.

*(a) Credit Risk*

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

*(b) Interest Rate Risk*

Interest rate risk is the risk that the Town's earnings will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the Town's long-debt is managed through fixed rate debt.

*(c) Liquidity Risk*

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with its financial liabilities. The Town maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the Town's liquidity position on a regular basis.

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**TOWN OF ONOWAY**  
**Notes to Financial Statements**  
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**16. BUDGET**

The 2023 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 24, 2023. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2023 (Budget)	2023 (Actual)
Annual surplus (deficit)	311,658	<b>(238,851)</b>
Add back:		
Amortization expense	69,674	<b>486,964</b>
Net transfers from (to) reserves	(12,886)	<b>(30,466)</b>
Deduct:		
Loss on disposal of tangible capital assets	-	<b>111,094</b>
Principal debt repayments	(91,329)	<b>(93,439)</b>
Purchase of tangible capital assets	(207,443)	<b>(73,695)</b>
	<b>\$ 69,674</b>	<b>\$ 161,607</b>

**17. 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:

	2023	2022
Total debt limit	<b>\$ 5,348,915</b>	\$ 4,723,862
Total debt	<b>(1,215,503)</b>	(1,308,943)
Amount of debt limit unused	<b>\$ 4,133,412</b>	\$ 3,414,919
Service on debt limit	<b>\$ 891,486</b>	\$ 787,310
Service on debt	<b>(153,566)</b>	(152,565)
Amount of debt servicing limit unused	<b>\$ 737,920</b>	\$ 634,745

**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and administration.