

TOWN OF ONOWAY

ONOWAY, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Onoway

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Onoway, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Onoway as at December 31, 2016, 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.



Hawkings Epp Dumont LLP
Chartered Accountants

Edmonton, Alberta
April 6, 2017

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**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

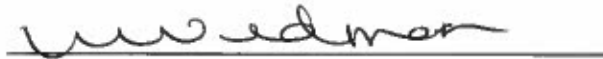
To the Mayor and Council of the Town of Onoway

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Town Council to express an opinion on the Town's financial statements.



Wendy Wildman
Chief Administrative Officer

TOWN OF ONOWAY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 946,742	\$ 1,011,146
Receivables <i>(Note 4)</i>	514,831	447,300
Land held for resale	203,384	86,466
Loan receivable	<u>-</u>	<u>116,918</u>
	<u>1,664,957</u>	<u>1,661,830</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	304,677	315,001
Deferred revenue <i>(Note 6)</i>	-	37,567
Long-term debt <i>(Note 7)</i>	<u>1,787,324</u>	<u>1,854,934</u>
	<u>2,092,001</u>	<u>2,207,502</u>
NET DEBT	<u>(427,044)</u>	<u>(545,672)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 3)</i>	9,942,168	9,620,760
Prepaid expenses	<u>10,952</u>	<u>13,388</u>
	<u>9,953,120</u>	<u>9,634,148</u>
ACCUMULATED SURPLUS <i>(Note 9)</i>	<u>\$ 9,526,076</u>	<u>\$ 9,088,476</u>

ON BEHALF OF THE TOWN COUNCIL:


 _____ Mayor


 _____ Councillor

TOWN OF ONOWAY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 16)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	\$ 1,088,691	\$ 1,083,528	\$ 950,826
Sales and user charges (Schedule 4)	829,700	833,072	1,290,634
Sales to other governments	307,700	344,029	51,666
Government transfers for operating (Schedule 3)	216,412	225,687	70,301
Franchise fees (Note 14)	70,000	75,535	73,270
Penalties and costs on taxes	25,000	37,564	40,436
Rentals	31,400	31,300	43,300
Other	7,723	13,500	12,830
Interest income	4,000	12,229	2,526
Licenses and permits	4,000	9,986	141,182
Fines	<u>10,000</u>	<u>7,450</u>	<u>11,145</u>
	<u>2,594,626</u>	<u>2,673,880</u>	<u>2,688,116</u>
EXPENSES			
General administration	458,700	474,488	509,242
Fire	334,830	332,255	43,105
Water supply and distribution	285,691	331,628	239,305
Roads, streets, walks, lighting	246,055	204,280	236,854
Common and equipment pool	182,675	173,044	158,396
Police	126,000	158,598	86,937
Wastewater treatment and disposal	139,178	120,259	199,570
Parks and recreation	115,210	113,348	87,525
Waste management	124,000	108,133	121,565
Family and community support services	115,087	105,563	30,488
Council and other legislative	78,200	72,334	59,648
Disaster and emergency services	71,050	63,782	420
Other	3,500	50,145	3,648
Land use planning, zoning and development	22,150	17,155	119,622
Land/housing/building rentals and other	14,700	11,395	9,952
Culture: libraries, museums, halls	12,500	9,474	9,503
Recreation board and other services	13,150	8,833	12,989
Subdivision land and development	-	3,779	137,968
Bylaws enforcement	17,500	348	598
Amortization	<u>62,840</u>	<u>369,298</u>	<u>358,301</u>
	<u>2,423,016</u>	<u>2,728,139</u>	<u>2,425,636</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>171,610</u>	<u>(54,259)</u>	<u>262,480</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	301,000	491,859	368,413
Gain on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>26,334</u>
	<u>301,000</u>	<u>491,859</u>	<u>394,747</u>
ANNUAL SURPLUS	472,610	437,600	657,227
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,088,476</u>	<u>9,088,476</u>	<u>8,431,249</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 9,561,086</u>	<u>\$ 9,526,076</u>	<u>\$ 9,088,476</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, 2016

	<u>2016</u> (Budget) (Note 16)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
ANNUAL SURPLUS	\$ <u>472,610</u>	\$ <u>437,600</u>	\$ <u>657,227</u>
Purchase of tangible capital assets	(426,000)	(690,706)	(416,328)
Proceeds on disposal of tangible capital assets	-	-	45,000
Amortization of tangible capital assets	62,840	369,298	358,301
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(26,334)</u>
	<u>(363,160)</u>	<u>(321,408)</u>	<u>(39,361)</u>
Acquisition (use) of prepaid expenses	<u>-</u>	<u>2,436</u>	<u>1,598</u>
DECREASE IN NET DEBT	109,450	118,628	619,464
NET DEBT, BEGINNING OF YEAR	<u>(545,672)</u>	<u>(545,672)</u>	<u>(1,165,136)</u>
NET DEBT, END OF YEAR	\$ <u>(436,222)</u>	\$ <u>(427,044)</u>	\$ <u>(545,672)</u>

TOWN OF ONOWAY
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 437,600	\$ 657,227
Non-cash items included in excess of revenues over expenses:		
Amortization	369,298	358,301
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(26,334)</u>
	806,898	989,194
Change in non-cash working capital balances related to operations:		
Prepaid expenses	2,436	1,598
Receivables	(67,531)	41,910
Accounts payable and accrued liabilities	(10,324)	97,612
Land held for resale	(116,918)	129,629
Deferred revenue	<u>(37,567)</u>	<u>37,567</u>
	<u>576,994</u>	<u>1,297,510</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(67,610)	(64,557)
Loan receivable	<u>116,918</u>	<u>(116,918)</u>
	<u>49,308</u>	<u>(181,475)</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	45,000
Purchase of tangible capital assets	<u>(690,706)</u>	<u>(416,328)</u>
	<u>(690,706)</u>	<u>(371,328)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	(64,404)	744,707
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,011,146</u>	<u>266,439</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>946,742</u>	\$ <u>1,011,146</u>

TOWN OF ONOWAY

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
BALANCE, BEGINNING OF YEAR	\$ 7,765,826	\$ 7,661,908
Purchase of Tangible Capital Assets	690,706	416,328
Amortization of Tangible Capital Assets	(369,298)	(358,301)
Net Book Value of Tangible Capital Assets Disposed of	-	(18,666)
Repayment of Capital Long-Term Debt	<u>67,610</u>	<u>64,557</u>
BALANCE, END OF YEAR	<u>\$ 8,154,844</u>	<u>\$ 7,765,826</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 3)	\$ 9,942,168	\$ 9,620,760
Long-term Debt (Note 7)	<u>(1,787,324)</u>	<u>(1,854,934)</u>
	<u>\$ 8,154,844</u>	<u>\$ 7,765,826</u>

TOWN OF ONOWAY

Schedule 2

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 16)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
TAXATION			
Real property taxes	\$ 1,370,084	\$ 1,364,921	\$ 1,237,802
Linear property taxes	<u>34,462</u>	<u>34,462</u>	<u>36,711</u>
	<u>1,404,546</u>	<u>1,399,383</u>	<u>1,274,513</u>
REQUISITIONS			
Alberta School Foundation Fund	293,533	293,533	299,244
Lac Ste. Anne Foundation	<u>22,322</u>	<u>22,322</u>	<u>24,443</u>
	<u>315,855</u>	<u>315,855</u>	<u>323,687</u>
NET MUNICIPAL TAXES	<u>\$ 1,088,691</u>	<u>\$ 1,083,528</u>	<u>\$ 950,826</u>

TOWN OF ONOWAY

Schedule 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 16)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 111,364	\$ 156,765	\$ 70,301
Local governments	<u>105,048</u>	<u>68,922</u>	<u>-</u>
	<u>216,412</u>	<u>225,687</u>	<u>70,301</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>301,000</u>	<u>491,859</u>	<u>368,413</u>
	<u>301,000</u>	<u>491,859</u>	<u>368,413</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 517,412</u>	<u>\$ 717,546</u>	<u>\$ 438,714</u>

TOWN OF ONOWAY

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 379,921	\$ 92,825	\$ 173,045	\$ 203,681	\$ -	\$ 234,056	\$ 1,083,528
Sales and user charges	1,352	27,063	-	-	804,532	125	833,072
Government transfers	41,364	77,811	-	-	-	106,512	225,687
Other	51,850	357,284	-	600	-	121,859	531,593
	<u>474,487</u>	<u>554,983</u>	<u>173,045</u>	<u>204,281</u>	<u>804,532</u>	<u>462,552</u>	<u>2,673,880</u>
EXPENSES							
Contracted and general services	\$ 224,919	\$ 482,425	\$ 40,015	\$ 30,176	\$ 124,761	\$ 40,214	\$ 942,510
Salaries, wages, and benefits	197,212	28,003	70,806	101,358	132,629	134,341	664,349
Materials, goods, and supplies	15,815	42,650	43,629	16,211	175,355	192,703	486,363
Utilities	15,672	1,771	7,751	53,440	24,024	3,064	105,722
Interest on long-term debt	23	-	-	-	85,029	-	85,052
Insurance	20,846	134	10,844	3,096	18,223	2,389	55,532
Other	-	-	-	-	-	19,313	19,313
	<u>474,487</u>	<u>554,983</u>	<u>173,045</u>	<u>204,281</u>	<u>560,021</u>	<u>392,024</u>	<u>2,358,841</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	244,511	70,528	315,039
Amortization	27,165	2,290	70,815	54,026	184,101	30,901	369,298
NET REVENUE (DEFICIT)	<u>\$ (27,165)</u>	<u>\$ (2,290)</u>	<u>\$ (70,815)</u>	<u>\$ (54,026)</u>	<u>\$ 60,410</u>	<u>\$ 39,627</u>	<u>\$ (54,259)</u>

TOWN OF ONOWAY

SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Sales and user charges	\$ 1,965	\$ -	\$ -	\$ -	\$ 683,375	\$ 605,294	\$ 1,290,634
Taxation	397,500	40,900	158,396	234,729	-	119,301	950,826
Government transfers	45,843	-	-	-	-	24,458	70,301
Other	63,934	89,741	-	2,126	-	220,554	376,355
	<u>509,242</u>	<u>130,641</u>	<u>158,396</u>	<u>236,855</u>	<u>683,375</u>	<u>969,607</u>	<u>2,688,116</u>
EXPENSES							
Contracted and general services	277,746	128,120	37,632	74,415	208,135	148,193	874,241
Salaries, wages, and benefits	181,444	685	55,996	81,875	114,367	106,655	541,022
Materials, goods, and supplies	16,371	351	43,487	19,482	105,984	59,629	245,304
Other	-	-	-	-	-	151,603	151,603
Utilities	11,131	1,444	6,742	57,801	23,728	3,031	103,877
Interest on long-term debt	-	-	-	-	88,125	-	88,125
Insurance	22,550	41	14,539	3,282	20,102	2,649	63,163
	<u>509,242</u>	<u>130,641</u>	<u>158,396</u>	<u>236,855</u>	<u>560,441</u>	<u>471,760</u>	<u>2,067,335</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	122,934	497,847	620,781
Amortization	30,970	-	64,452	42,531	183,310	37,038	358,301
NET REVENUE (DEFICIT)	<u>\$(30,970)</u>	<u>\$ -</u>	<u>\$(64,452)</u>	<u>\$(42,531)</u>	<u>\$(60,376)</u>	<u>\$ 460,809</u>	<u>\$ 262,480</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 expenditures 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.

Expenditures 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 Canadian Institute of Chartered Accountants 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.

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

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) 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.

2. CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Operating account (overdraft)	\$ (203,704)	\$ (70,467)
Guaranteed Investment Certificates	1,149,846	1,081,013
Cash on hand	<u>600</u>	<u>600</u>
	<u>\$ 946,742</u>	<u>\$ 1,011,146</u>

Guaranteed Investment Certificates bearing interest at rates ranging from 0.50% - 0.80% and maturing during 2017.

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

3. TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Engineered structures		
Water systems	\$ 4,487,201	\$ 4,573,746
Wastewater systems	3,019,190	2,875,946
Roadways	1,023,458	736,924
Storm systems	<u>54,327</u>	<u>55,795</u>
	8,584,176	8,242,411
Machinery, equipment, and furnishings	661,499	641,171
Buildings	372,980	379,796
Land	183,672	183,672
Vehicles	<u>139,841</u>	<u>173,710</u>
	<u>\$ 9,942,168</u>	<u>\$ 9,620,760</u>

	<u>Cost</u> <u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Write-downs</u>	<u>Cost</u> <u>End of</u> <u>Year</u>
Engineered structures					
Roadways	\$ 2,575,025	\$ 339,092	\$ -	\$ -	\$ 2,914,117
Water systems	6,850,607	32,160	-	-	6,882,767
Wastewater systems	3,483,173	189,762	-	-	3,672,935
Storm systems	<u>111,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,587</u>
	13,020,392	561,014	-	-	13,581,406
Land	183,672	-	-	-	183,672
Buildings	1,237,252	20,715	-	-	1,257,967
Machinery, equipment, and furnishings	1,016,664	108,977	-	-	1,125,641
Vehicles	<u>338,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,690</u>
	<u>\$ 15,796,670</u>	<u>\$ 690,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,487,376</u>

	<u>Accumulated</u> <u>Amortization</u> <u>Beginning of</u> <u>Year</u>	<u>Current</u> <u>Amortization</u>	<u>Disposals</u>	<u>Write-downs</u>	<u>Accumulated</u> <u>Amortization</u> <u>End of</u> <u>Year</u>
Engineered structures					
Roadways	\$ 1,838,101	\$ 52,558	\$ -	\$ -	\$ 1,890,659
Water systems	2,276,861	118,705	-	-	2,395,566
Wastewater systems	607,227	46,518	-	-	653,745
Storm systems	<u>55,792</u>	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>57,260</u>
	4,777,981	219,249	-	-	4,997,230
Buildings	857,456	27,531	-	-	884,987
Machinery, equipment, and furnishings	375,493	88,649	-	-	464,142
Vehicles	<u>164,980</u>	<u>33,869</u>	<u>-</u>	<u>-</u>	<u>198,849</u>
	<u>\$ 6,175,910</u>	<u>\$ 369,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,545,208</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

4. RECEIVABLES

	<u>2016</u>	<u>2015</u>
Taxes and grants in place of taxes	\$ 177,832	\$ 140,711
Government grants	158,739	51,767
Trade and other	82,346	173,007
Utilities	68,379	69,021
Goods and Services Tax	<u>27,535</u>	<u>12,794</u>
	<u>\$ 514,831</u>	<u>\$ 447,300</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$83,900 (2015 - \$70,406).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 280,177	\$ 289,574
Accrued interest on long-term debt	<u>24,500</u>	<u>25,427</u>
	<u>\$ 304,677</u>	<u>\$ 315,001</u>

6. DEFERRED REVENUE

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

	<u>Opening</u>	<u>Receipts</u>	<u>Revenue</u>	<u>Ending</u>
Other	35,844	-	(35,844)	-
Family & Community Support Services	<u>1,723</u>	<u>-</u>	<u>(1,723)</u>	<u>-</u>
	<u>\$ 37,567</u>	<u>\$ -</u>	<u>\$ (37,567)</u>	<u>\$ -</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

7. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Alberta Capital Finance Authority debenture, repayable in bi-annual instalments of \$76,783 including interest at a fixed rate of 4.676%, due September 15, 2033. Debenture debt is issued on the credit and security of Town at large.	<u>\$ 1,787,324</u>	<u>\$ 1,854,934</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 70,809	\$ 82,757	\$ 153,566
2018	74,158	79,407	153,565
2019	77,666	75,899	153,565
2020	81,341	72,225	153,566
2021	85,189	68,377	153,566
Thereafter	<u>1,398,161</u>	<u>443,627</u>	<u>1,841,788</u>
	<u>\$ 1,787,324</u>	<u>\$ 822,292</u>	<u>\$ 2,609,616</u>

The Town's cash payments for interest in 2016 were \$85,955 (2015 - \$89,009).

8. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by Alberta Regulation 255/00, for the Town be disclosed as follows:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 4,010,820	\$ 4,032,174
Total debt	<u>(1,787,324)</u>	<u>(1,854,934)</u>
Amount of debt limit unused	<u>\$ 2,223,496</u>	<u>\$ 2,177,240</u>
Service on debt limit	\$ 668,470	\$ 672,029
Service on debt	<u>(153,566)</u>	<u>(153,565)</u>
Amount of debt servicing limit unused	<u>\$ 514,904</u>	<u>\$ 518,464</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

9. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 217,761	\$ 282,112
Restricted surplus		
Operating reserves (Note 10)	780,126	735,257
Capital reserves (Note 10)	373,345	305,281
Equity in tangible capital assets (Schedule 1)	<u>8,154,844</u>	<u>7,765,826</u>
	<u>\$ 9,526,076</u>	<u>\$ 9,088,476</u>

10. RESERVES

	<u>2016</u>	<u>2015</u>
Operating Reserves		
Future development	\$ 424,929	\$ 475,000
Roads and streets	204,155	202,055
Water upgrades	92,840	-
Tax stabilization	42,202	42,202
Special projects	<u>16,000</u>	<u>16,000</u>
	<u>\$ 780,126</u>	<u>\$ 735,257</u>
Capital Reserves		
Utilities	\$ 211,122	\$ 173,122
Machinery and equipment	59,199	56,199
Parks, recreation and playgrounds	32,195	32,195
Parks improvements - Fortis	28,474	18,000
Building - administration	17,630	8,630
Vehicle - public works	11,870	5,870
Parks beautification	7,785	8,740
Building - public works	3,180	1,580
Culture and hall	<u>1,890</u>	<u>945</u>
	<u>\$ 373,345</u>	<u>\$ 305,281</u>

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:

	<u>Opening</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u>
Collaboration Program Grants	\$ 362,294	\$ 350,000	\$ 63,782	\$ 648,512
Tax sale proceeds	69,954	623	-	70,577
Seniors Housing	1,000	-	-	1,000
Syrian refugee donations	<u>-</u>	<u>19,633</u>	<u>-</u>	<u>19,633</u>
	<u>\$ 433,248</u>	<u>\$ 370,256</u>	<u>\$ 63,782</u>	<u>\$ 739,722</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

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:

	<u>Salary</u>	<u>2016 Benefits and Allowances</u>	<u>Total</u>	<u>2015 Total</u>
Town Council				
Krasnow (Mayor)	\$ 8,034	\$ 225	\$ 8,259	\$ 11,200
Tracy	5,106	80	5,186	7,662
St. Hilaire	4,410	50	4,460	1,198
Feth	3,961	39	4,000	6,582
Mickle	3,284	15	3,299	1,175
Yuill	-	-	-	1,770
Harrison	-	-	-	1,247
	<u>\$ 24,795</u>	<u>\$ 409</u>	<u>\$ 25,204</u>	<u>\$ 30,834</u>
Chief Administrative Officer				
Wildman	<u>\$ 118,689</u>	<u>\$ -</u>	<u>\$ 118,689</u>	<u>\$ 122,971</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

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

14. UTILITY FRANCHISE AGREEMENTS

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

	<u>2016</u>	<u>2015</u>
Fortis Alberta Inc.	\$ 59,208	\$ 57,865
Atco Gas	<u>16,327</u>	<u>15,405</u>
	<u>75,535</u>	<u>73,270</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

15. FINANCIAL INSTRUMENTS

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

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

16. BUDGET FIGURES

Budget figures are presented for informational purposes only and are unaudited. The 2016 budget, prepared by the Town, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2016</u> (Budget)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Annual surplus	472,610	437,600	657,227
Add back:			
Amortization expense	-	369,298	358,301
Net transfers from (to) reserves	21,000	(112,933)	(563,845)
Deduct:			
Gain on disposal of tangible capital assets	-	-	(26,334)
Principal debt repayments	(67,610)	(67,610)	(64,556)
Purchase of tangible capital assets	<u>(426,000)</u>	<u>(690,706)</u>	<u>(416,328)</u>
Result of Operations	\$ <u>-</u>	\$ <u>(64,351)</u>	\$ <u>(55,535)</u>

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.