

TOWN OF ONOWAY

ONOWAY, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



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, 2015, 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, 2015, 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

Hawkings Epp Dumont LLP
Chartered Accountants

Edmonton, Alberta
March 17, 2016

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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, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,011,146	\$ 266,439
Receivables <i>(Note 4)</i>	447,300	489,210
Loan receivable <i>(Note 5)</i>	116,918	-
Land held for resale	<u>86,466</u>	<u>216,095</u>
	<u>1,661,830</u>	<u>971,744</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	315,001	217,389
Deferred revenue <i>(Note 7)</i>	37,567	-
Long-term debt <i>(Note 8)</i>	<u>1,854,934</u>	<u>1,919,491</u>
	<u>2,207,502</u>	<u>2,136,880</u>
NET DEBT	<u>(545,672)</u>	<u>(1,165,136)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 3)</i>	9,620,760	9,581,399
Prepaid expenses	<u>13,388</u>	<u>14,986</u>
	<u>9,634,148</u>	<u>9,596,385</u>
ACCUMULATED SURPLUS <i>(Note 10)</i>	<u>\$ 9,088,476</u>	<u>\$ 8,431,249</u>

ON BEHALF OF THE TOWN COUNCIL:


 _____ Mayor


 _____ Councillor

TOWN OF ONOWAY

STATEMENT OF ANNUAL SURPLUS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 16)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
REVENUE			
Sales and user charges (Schedule 4)	\$ 695,448	\$ 1,290,634	\$ 643,498
Net taxes available for municipal purposes (Schedule 2)	943,157	950,826	948,996
Licenses and permits	4,000	141,182	7,219
Franchise fees (Note 14)	72,000	73,270	72,638
Government transfers for operating (Schedule 3)	68,811	70,301	308,252
Other	6,000	64,496	26,335
Rentals	39,300	43,300	47,300
Penalties and costs on taxes	34,000	40,436	31,454
Fines	17,000	11,145	9,066
Interest income	<u>1,500</u>	<u>2,526</u>	<u>1,101</u>
	<u>1,881,216</u>	<u>2,688,116</u>	<u>2,095,859</u>
EXPENSES			
General administration	436,055	509,242	483,077
Water supply and distribution	270,655	239,305	280,703
Roads, streets, walks, lighting	245,120	236,854	276,487
Wastewater treatment and disposal	142,125	199,570	291,521
Common and equipment pool	177,850	158,396	178,655
Subdivision land and development	9,500	137,968	12,608
Waste management	117,450	121,565	117,121
Land use planning, zoning and development	22,150	119,622	35,058
Parks and recreation	95,400	87,525	74,815
Police	35,000	86,937	16,981
Council and other legislative	80,300	59,648	79,611
Fire	46,990	43,105	46,264
Family and community support services	28,710	30,488	30,447
Recreation board and other services	13,150	12,989	15,724
Land/housing/building rentals and other	13,300	9,952	109,796
Culture: libraries, museums, halls	12,500	9,503	14,896
Other	3,500	3,648	3,118
Bylaws enforcement	4,000	598	3,800
Disaster and emergency services	800	420	-
Amortization	<u>62,105</u>	<u>358,301</u>	<u>328,556</u>
	<u>1,816,660</u>	<u>2,425,636</u>	<u>2,399,238</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>64,556</u>	<u>262,480</u>	<u>(303,379)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	401,016	368,413	401,663
Gain on disposal of tangible capital assets	<u>-</u>	<u>26,334</u>	<u>10,861</u>
	<u>401,016</u>	<u>394,747</u>	<u>412,524</u>
ANNUAL SURPLUS	465,572	657,227	109,145
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>8,431,249</u>	<u>8,431,249</u>	<u>8,322,104</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 8,896,821</u>	<u>\$ 9,088,476</u>	<u>\$ 8,431,249</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, 2015

	<u>2015</u> (Budget) (Note 16)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
ANNUAL SURPLUS	\$ <u>465,572</u>	\$ <u>657,227</u>	\$ <u>109,145</u>
Purchase of tangible capital assets	(401,016)	(416,328)	(459,650)
Proceeds on disposal of tangible capital assets	-	45,000	46,339
Amortization of tangible capital assets	62,105	358,301	328,556
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(26,334)</u>	<u>(10,861)</u>
	<u>(338,911)</u>	<u>(39,361)</u>	<u>(95,616)</u>
Acquisition (use) of prepaid expenses	<u>-</u>	<u>1,598</u>	<u>(4,835)</u>
DECREASE (INCREASE) IN NET DEBT	126,661	619,464	8,694
NET DEBT, BEGINNING OF YEAR	<u>(1,165,136)</u>	<u>(1,165,136)</u>	<u>(1,173,830)</u>
NET DEBT, END OF YEAR	\$ <u>(1,038,475)</u>	\$ <u>(545,672)</u>	\$ <u>(1,165,136)</u>

TOWN OF ONOWAY
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 657,227	\$ 109,145
Non-cash items included in excess of revenues over expenses:		
Amortization	358,301	328,556
Gain (loss) on disposal of tangible capital assets	<u>(26,334)</u>	<u>(10,861)</u>
	989,194	426,840
Change in non-cash working capital balances related to operations:		
Prepaid expenses	1,598	(4,835)
Receivables	41,910	(118,604)
Accounts payable and accrued liabilities	97,612	(21,201)
Land held for resale	129,629	-
Deferred revenue	<u>37,567</u>	<u>(169,449)</u>
	<u>1,297,510</u>	<u>112,751</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(64,557)	(61,640)
Loan receivable	<u>(116,918)</u>	<u>-</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	45,000	46,339
Purchase of tangible capital assets	<u>(416,328)</u>	<u>(459,650)</u>
	<u>(371,328)</u>	<u>(413,311)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	744,707	(362,200)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>266,439</u>	<u>628,639</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,011,146</u>	<u>\$ 266,439</u>

TOWN OF ONOWAY

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
BALANCE, BEGINNING OF YEAR	\$ 7,661,908	\$ 7,504,652
Purchase of Tangible Capital Assets	416,328	459,650
Amortization of Tangible Capital Assets	(358,301)	(328,556)
Net Book Value of Tangible Capital Assets Disposed of	(18,666)	(35,478)
Repayment of Capital Long-Term Debt	<u>64,557</u>	<u>61,640</u>
BALANCE, END OF YEAR	<u>\$ 7,765,826</u>	<u>\$ 7,661,908</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 3)	\$ 9,620,760	\$ 9,581,399
Long-term Debt (Note 8)	<u>(1,854,934)</u>	<u>(1,919,491)</u>
	<u>\$ 7,765,826</u>	<u>\$ 7,661,908</u>

TOWN OF ONOWAY

Schedule 2

SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 16)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
TAXATION			
Real property taxes	\$ 1,230,110	\$ 1,237,802	\$ 1,212,690
Linear property taxes	<u>36,711</u>	<u>36,711</u>	<u>37,361</u>
	<u>1,266,821</u>	<u>1,274,513</u>	<u>1,250,051</u>
REQUISITIONS			
Alberta School Foundation Fund	299,221	299,244	277,442
Lac Ste. Anne Foundation	<u>24,443</u>	<u>24,443</u>	<u>23,613</u>
	<u>323,664</u>	<u>323,687</u>	<u>301,055</u>
NET MUNICIPAL TAXES	<u>\$ 943,157</u>	<u>\$ 950,826</u>	<u>\$ 948,996</u>

TOWN OF ONOWAY

Schedule 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> (Budget) (Note 16)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ <u>68,811</u>	\$ <u>70,301</u>	\$ <u>308,252</u>
	<u>68,811</u>	<u>70,301</u>	<u>308,252</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>401,016</u>	<u>368,413</u>	<u>401,663</u>
	<u>401,016</u>	<u>368,413</u>	<u>401,663</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 469,827</u>	<u>\$ 438,714</u>	<u>\$ 709,915</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	40,215	158,396	234,729	-	119,986	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>129,956</u>	<u>158,396</u>	<u>236,855</u>	<u>683,375</u>	<u>970,292</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	-	55,996	81,875	114,367	107,340	541,022
Materials, goods, and supplies	16,371	351	43,487	19,482	105,984	59,629	245,304
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
Other	-	-	-	-	-	151,603	151,603
	<u>509,242</u>	<u>129,956</u>	<u>158,396</u>	<u>236,855</u>	<u>560,441</u>	<u>472,445</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>

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

TOWN OF ONOWAY

SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 333,227	\$ 27,698	\$ 178,655	\$ 273,319	\$ -	\$ 136,097	\$ 948,996
Sales and user charges	12,056	-	-	-	642,842	(11,400)	643,498
Government transfers	71,409	-	-	-	213,875	22,968	308,252
Other	66,385	39,347	-	3,167	-	86,214	195,113
	<u>483,077</u>	<u>67,045</u>	<u>178,655</u>	<u>276,486</u>	<u>856,717</u>	<u>233,879</u>	<u>2,095,859</u>
EXPENSES							
Contracted and general services	242,441	62,053	37,406	65,832	308,878	79,049	795,659
Salaries, wages, and benefits	187,377	-	67,840	95,771	123,577	105,417	579,982
Materials, goods, and supplies	17,907	3,620	52,672	57,070	125,565	166,308	423,142
Utilities	12,531	1,334	7,778	55,820	21,621	2,458	101,542
Interest on long-term debt	-	-	-	-	91,080	-	91,080
Other	-	-	-	-	-	21,432	21,432
Insurance	22,821	38	12,959	1,993	18,622	1,413	57,846
	<u>483,077</u>	<u>67,045</u>	<u>178,655</u>	<u>276,486</u>	<u>689,343</u>	<u>376,077</u>	<u>2,070,683</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	167,374	(142,198)	25,176
Amortization	32,449	-	50,422	35,684	177,705	32,295	328,555
NET REVENUE (DEFICIT)	<u>\$ (32,449)</u>	<u>\$ -</u>	<u>\$ (50,422)</u>	<u>\$ (35,684)</u>	<u>\$ (10,331)</u>	<u>\$ (174,493)</u>	<u>\$ (303,379)</u>

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

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015

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>2015</u>	<u>2014</u>
Operating account	\$ (70,467)	\$ 32,548
Guaranteed Investment Certificates	1,081,013	233,291
Cash on hand	<u>600</u>	<u>600</u>
	<u>\$ 1,011,146</u>	<u>\$ 266,439</u>

Guaranteed Investment Certificates bearing interest at 1.0% and maturing during 2016.

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

3. TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Engineered structures		
Water systems	\$ 4,573,746	\$ 4,691,736
Wastewater systems	2,875,946	2,922,387
Roadways	736,924	657,257
Storm systems	<u>55,795</u>	<u>57,263</u>
	8,242,411	8,328,643
Machinery, equipment, and furnishings	641,171	517,342
Buildings	379,796	407,120
Land	183,672	180,756
Vehicles	<u>173,710</u>	<u>147,538</u>
	<u>\$ 9,620,760</u>	<u>\$ 9,581,399</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 2,454,295	\$ 120,730	\$ -	\$ -	\$ 2,575,025
Water systems	6,850,607	-	-	-	6,850,607
Wastewater systems	3,483,173	-	-	-	3,483,173
Storm systems	<u>111,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,587</u>
	12,899,662	120,730	-	-	13,020,392
Land	180,756	2,916	-	-	183,672
Buildings	1,237,252	-	-	-	1,237,252
Machinery, equipment, and furnishings	851,164	235,500	(70,000)	-	1,016,664
Vehicles	<u>281,508</u>	<u>57,182</u>	<u>-</u>	<u>-</u>	<u>338,690</u>
	<u>\$ 15,450,342</u>	<u>\$ 416,328</u>	<u>\$ (70,000)</u>	<u>\$ -</u>	<u>\$ 15,796,670</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,797,038	\$ 41,063	\$ -	\$ -	\$ 1,838,101
Water systems	2,158,871	117,990	-	-	2,276,861
Wastewater systems	560,786	46,441	-	-	607,227
Storm systems	<u>54,324</u>	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>55,792</u>
	4,571,019	206,962	-	-	4,777,981
Buildings	830,132	27,324	-	-	857,456
Machinery, equipment, and furnishings	333,822	93,005	(51,334)	-	375,493
Vehicles	<u>133,970</u>	<u>31,010</u>	<u>-</u>	<u>-</u>	<u>164,980</u>
	<u>\$ 5,868,943</u>	<u>\$ 358,301</u>	<u>\$ (51,334)</u>	<u>\$ -</u>	<u>\$ 6,175,910</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2015

4. RECEIVABLES

	<u>2015</u>	<u>2014</u>
Trade and other	\$ 173,007	\$ 5,188
Taxes and grants in place of taxes	140,711	231,121
Utilities	69,021	60,230
Government grants	51,767	124,654
Goods and Services Tax	<u>12,794</u>	<u>68,017</u>
	<u>\$ 447,300</u>	<u>\$ 489,210</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$70,406 (2014 - \$124,399).

5. LOAN RECEIVABLE

Per an agreement dated July 31, 2015 the Town sold a developer 48 lots at an aggregate selling price of \$140,000 and provided the purchaser a vendor take back mortgage in the amount of \$116,918. The loan is secured by a mortgage and assignment of rents and leases, has a term of 12 months, is repayable in full at the end of term, and includes no interest provided the purchaser is not in default.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade payables	\$ 289,574	\$ 191,077
Accrued interest on long-term debt	<u>25,427</u>	<u>26,312</u>
	<u>\$ 315,001</u>	<u>\$ 217,389</u>

7. 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	-	61,677	(25,833)	35,844
Family & Community Support Services	<u>-</u>	<u>24,691</u>	<u>(22,968)</u>	<u>1,723</u>
	<u>\$ -</u>	<u>\$ 86,368</u>	<u>\$ (48,801)</u>	<u>\$ 37,567</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

8. LONG-TERM DEBT

	<u>2015</u>	<u>2014</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>\$ 1,854,934</u>	<u>\$ 1,919,491</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 67,610	\$ 85,955	\$ 153,565
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
Thereafter	<u>1,483,350</u>	<u>512,005</u>	<u>1,995,355</u>
	<u>\$ 1,854,934</u>	<u>\$ 908,248</u>	<u>\$ 2,763,182</u>

The Town's cash payments for interest in 2015 were \$89,009 (2014 - \$91,925).

9. 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>2015</u>	<u>2014</u>
Total debt limit	\$ 4,032,174	\$ 3,143,789
Total debt	<u>(1,854,934)</u>	<u>(1,919,491)</u>
Amount of debt limit unused	<u>\$ 2,177,240</u>	<u>\$ 1,224,298</u>
Service on debt limit	\$ 672,029	\$ 523,965
Service on debt	<u>(153,565)</u>	<u>(153,566)</u>
Amount of debt servicing limit unused	<u>\$ 518,464</u>	<u>\$ 370,399</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

10. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 282,112	\$ 292,648
Restricted surplus		
Operating reserves (Note 11)	735,257	258,202
Capital reserves (Note 11)	305,281	218,491
Equity in tangible capital assets (Schedule 1)	<u>7,765,826</u>	<u>7,661,908</u>
	<u>\$ 9,088,476</u>	<u>\$ 8,431,249</u>

11. RESERVES

	<u>2015</u>	<u>2014</u>
Operating Reserves		
Future development	\$ 475,000	\$ -
Roads and streets	202,055	200,000
Tax stabilization	42,202	42,202
Special projects	<u>16,000</u>	<u>16,000</u>
	<u>\$ 735,257</u>	<u>\$ 258,202</u>
Capital Reserves		
Utilities	\$ 173,122	\$ 135,292
Machinery and equipment	56,199	53,199
Parks, recreation and playgrounds	32,195	30,000
Parks improvements - Fortis	18,000	-
Parks beautification	8,740	-
Building - administration	8,630	-
Vehicle - public works	5,870	-
Building - public works	1,580	-
Culture and hall	<u>945</u>	<u>-</u>
	<u>\$ 305,281</u>	<u>\$ 218,491</u>

12. 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	\$ 69,794	\$ 292,500	\$ -	\$ 362,294
Tax sale proceeds	69,399	555	-	69,954
Seniors Housing	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 140,193</u>	<u>\$ 293,055</u>	<u>\$ -</u>	<u>\$ 433,248</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

13. 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>2015 Benefits and Allowances</u>	<u>Total</u>	<u>2014 Total</u>
Town Council				
Krasnow (Mayor)	\$ 11,000	\$ 200	\$ 11,200	\$ 9,722
Tracy	7,582	80	7,662	7,551
Feth	6,529	53	6,582	6,320
Yuill	1,762	8	1,770	5,217
Harrison	1,247	-	1,247	8,088
St. Hilaire	1,191	7	1,198	-
Mickle	<u>1,171</u>	<u>4</u>	<u>1,175</u>	<u>-</u>
	<u>\$ 30,482</u>	<u>\$ 352</u>	<u>\$ 30,834</u>	<u>\$ 36,898</u>
Chief Administrative Officer				
Wildman	<u>\$ 122,971</u>	<u>\$ -</u>	<u>\$ 122,971</u>	<u>\$ 102,943</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.

14. UTILITY FRANCHISE AGREEMENTS

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

	<u>2015</u>	<u>2014</u>
Atco Gas	\$ 15,405	\$ 16,982
Fortis Alberta Inc.	<u>57,865</u>	<u>55,656</u>
	<u>73,270</u>	<u>72,638</u>

15. FINANCIAL INSTRUMENTS

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

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

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

16. BUDGET FIGURES

Budget figures are presented for informational purposes only and are unaudited. The 2015 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>2015</u> (Budget)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
Annual surplus	465,572	657,227	109,145
Add back:			
Amortization expense	62,105	358,301	328,556
Net transfers to (from) reserves	(62,105)	-	-
Deduct:			
Gain on disposal of tangible capital assets	-	(26,334)	(10,861)
Principal debt repayments	(64,556)	(64,556)	(61,640)
Purchase of tangible capital assets	<u>(401,016)</u>	<u>(416,328)</u>	<u>(459,650)</u>
Result of Operations	\$ <u>-</u>	\$ <u>31,255</u>	\$ <u>(88,201)</u>

17. ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2010, the Public Sector Accounting Board issued *PS - 3260 Liability for Contaminated Sites* for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Town adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the Town's financial statements due to this.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.