

TOWN OF ONOWAY
ONOWAY, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Hawkings Epp Dumont LLP

Chartered Accountants

Hawkings Epp Dumont LLP

Chartered Accountants

10476 Mayfield Road
Edmonton, Alberta
T5P 4P4
www.hawkings.com

Telephone: 780-489-9606
Toll Free: 1-877-489-9606
Fax: 780-484-9689
Email: hed@hedllp.com

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, 2012, 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, 2012, and the results of its operations and accumulated surplus, 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 24, 2013

Stony Plain Office
Suite 101, 5300 - 50 Street
PO Box 3188 Stn Main
Stony Plain, Alberta T7Z 1T8
Telephone: 780-963-2727
Fax: 780-963-1294
Email: email@hawkings.com

Lloydminster Office
5102 - 48 Street
PO Box 10099
Lloydminster, Alberta T9V 3A2
Telephone: 780-874-7433
Fax: 780-875-5304
Email: hed@hedlloyd.com

**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, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 401,017	\$ 570,308
Receivables (Note 4)	541,308	792,815
Land held for resale	<u>144,926</u>	<u>144,926</u>
	<u>1,087,251</u>	<u>1,508,049</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	210,799	281,750
Deferred revenue (Note 6)	231,227	188,214
Long-term debt (Note 7)	<u>2,039,987</u>	<u>2,096,185</u>
	<u>2,482,013</u>	<u>2,566,149</u>
NET DEBT	<u>(1,394,762)</u>	<u>(1,058,100)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	9,394,133	9,001,152
Prepaid expenses	<u>16,739</u>	<u>25,084</u>
	<u>9,410,872</u>	<u>9,026,236</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>\$ 8,016,110</u>	<u>\$ 7,968,136</u>

ON BEHALF OF THE TOWN COUNCIL:

Alvin Kasner Mayor

Ben Hill Councillor

TOWN OF ONOWAY

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) (Note 14)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	\$ 817,235	\$ 820,664	\$ 765,900
Sales and user charges (Schedule 4)	545,600	550,990	740,065
Government transfers for operating (Schedule 3)	153,262	303,722	96,388
Franchise fees	41,000	43,649	41,955
Penalties and costs on taxes	40,000	42,112	47,616
Rentals	26,900	28,921	29,567
Other	13,250	26,749	4,358
Licenses and permits	4,000	21,043	5,254
Fines	9,000	9,695	9,178
Interest income	-	1,443	-
	<u>1,650,247</u>	<u>1,848,988</u>	<u>1,740,281</u>
EXPENSES			
Roads, streets, walks, lighting	188,690	448,743	214,585
General administration	402,957	433,866	433,471
Water supply and distribution	239,329	245,976	254,876
Wastewater treatment and disposal	148,034	162,579	135,926
Common and equipment pool	144,105	151,041	139,804
Waste management	106,200	82,225	127,295
Council and other legislative	74,280	63,537	53,597
Parks and recreation	53,125	63,311	56,355
Fire	59,020	58,390	58,495
Family and community support services	28,710	34,597	28,710
Land/housing/building rentals and other	35,490	27,806	36,543
Police	42,800	21,374	21,457
Land use planning, zoning and development	21,600	18,682	33,431
Subdivision land and development	13,400	17,940	(124,929)
Recreation board and other services	13,500	14,101	11,776
Culture: libraries, museums, halls	12,500	10,390	10,427
Other	2,500	8,580	4,162
Bylaws enforcement	6,000	6,998	1,943
Disaster and emergency services	4,800	309	-
Amortization	-	277,102	247,825
	<u>1,597,040</u>	<u>2,147,547</u>	<u>1,745,749</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>53,207</u>	<u>(298,559)</u>	<u>(5,468)</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	485,370	218,664	794,339
Other capital revenue	-	126,117	-
Gain (loss) on disposal of tangible capital assets	-	1,752	(4,944)
	<u>485,370</u>	<u>346,533</u>	<u>789,395</u>
EXCESS OF REVENUE OVER EXPENSES	538,577	47,974	783,927
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>7,968,136</u>	<u>7,968,136</u>	<u>7,184,209</u>
ACCUMULATED SURPLUS, END OF YEAR)	<u>\$ 8,506,713</u>	<u>\$ 8,016,110</u>	<u>\$ 7,968,136</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, 2012

	<u>2012</u> (Budget) (Note 14)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ <u>538,577</u>	\$ <u>47,974</u>	\$ <u>783,927</u>
Purchase of tangible capital assets	(733,168)	(680,567)	(930,065)
Proceeds on disposal of tangible capital assets	-	12,236	36,000
Amortization of tangible capital assets	-	277,102	247,825
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(1,752)</u>	<u>4,944</u>
	<u>(733,168)</u>	<u>(392,981)</u>	<u>(641,296)</u>
Acquisition (use) of prepaid expenses	<u>-</u>	<u>8,345</u>	<u>(9,626)</u>
INCREASE (DECREASE) IN NET DEBT	(194,591)	(336,662)	133,005
NET DEBT, BEGINNING OF YEAR	<u>(1,058,100)</u>	<u>(1,058,100)</u>	<u>(1,191,105)</u>
NET DEBT, END OF YEAR	<u>\$ (1,252,691)</u>	<u>\$ (1,394,762)</u>	<u>\$ (1,058,100)</u>

TOWN OF ONOWAY
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Cash from operations		
Excess of revenue over expenditures	\$ 47,974	\$ 783,927
Non-cash items included in excess of revenues over expenses:		
Amortization	277,102	247,825
Gain (loss) on disposal of tangible capital assets	<u>(1,752)</u>	<u>4,944</u>
	323,324	1,036,696
Change in non-cash working capital balances related to operations:		
Prepaid expenses	8,345	(9,626)
Receivables	251,507	1,219,627
Accounts payable and accrued liabilities	(70,951)	(290,207)
Land held for resale	-	(125,000)
Deferred revenue	<u>43,013</u>	<u>179,373</u>
	<u>555,238</u>	<u>2,010,863</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(56,198)</u>	<u>(53,659)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of tangible capital assets	12,236	36,000
Purchase of tangible capital assets	<u>(680,567)</u>	<u>(930,065)</u>
	<u>(668,331)</u>	<u>(894,065)</u>
CHANGE IN CASH (BANK INDEBTEDNESS) DURING THE YEAR	(169,291)	1,063,139
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>570,308</u>	<u>(492,831)</u>
CASH, END OF YEAR	<u>\$ 401,017</u>	<u>\$ 570,308</u>

TOWN OF ONOWAY

SCHEDULE 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
BALANCE, BEGINNING OF YEAR	\$ 6,904,967	\$ 6,210,012
Purchase of Tangible Capital Assets	680,567	930,065
Amortization of Tangible Capital Assets	(277,102)	(247,825)
Net Book Value of Tangible Capital Assets Disposed of	(10,484)	(40,944)
Repayment of Capital Long-Term Debt	<u>56,198</u>	<u>53,659</u>
BALANCE, END OF YEAR	<u>\$ 7,354,146</u>	<u>\$ 6,904,967</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 3)	\$ 9,394,133	\$ 9,001,152
Long-term Debt (Note 7)	<u>(2,039,987)</u>	<u>(2,096,185)</u>
	<u>\$ 7,354,146</u>	<u>\$ 6,904,967</u>

TOWN OF ONOWAY
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE 2

	<u>2012</u> (Budget) (Note 14)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
TAXATION			
Real property taxes	\$ 1,097,740	\$ 1,081,415	\$ 1,035,781
Linear property taxes	17,920	38,032	35,606
Local improvements	<u>70</u>	<u>70</u>	<u>70</u>
	<u>1,115,730</u>	<u>1,119,517</u>	<u>1,071,457</u>
REQUISITIONS			
Alberta School Foundation Fund	275,036	275,394	280,638
Lac Ste. Anne Foundation	<u>23,459</u>	<u>23,459</u>	<u>24,919</u>
	<u>298,495</u>	<u>298,853</u>	<u>305,557</u>
NET MUNICIPAL TAXES	<u>\$ 817,235</u>	<u>\$ 820,664</u>	<u>\$ 765,900</u>

TOWN OF ONOWAY

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> (Budget) (Note 14)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ <u>153,262</u>	\$ <u>303,722</u>	\$ <u>96,388</u>
	<u>153,262</u>	<u>303,722</u>	<u>96,388</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>485,370</u>	<u>218,664</u>	<u>794,339</u>
	<u>485,370</u>	<u>218,664</u>	<u>794,339</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 638,632</u>	<u>\$ 522,386</u>	<u>\$ 890,727</u>

TOWN OF ONOWAY

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2012

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 308,313	\$ 50,174	\$ 149,961	\$ 214,880	\$ -	\$ 97,336	\$ 820,664
Sales and user charges	1,629	-	-	-	536,981	12,380	550,990
Other	45,385	36,590	1,080	-	-	90,557	173,612
Government transfers	78,538	-	-	195,016	-	30,168	303,722
	<u>433,865</u>	<u>86,764</u>	<u>151,041</u>	<u>409,896</u>	<u>536,981</u>	<u>230,441</u>	<u>1,848,988</u>
EXPENSES							
Salaries, wages, and benefits	\$ 182,929	\$ -	\$ 63,349	\$ 75,662	\$ 152,656	\$ 112,545	\$ 587,141
Contracted and general services	189,974	83,730	27,426	300,390	97,401	53,038	751,959
Materials and goods	18,435	531	39,715	18,709	101,721	55,657	234,768
Utilities	14,315	1,945	8,595	52,834	24,654	1,930	104,273
Interest on long-term debt	177	-	-	-	96,598	-	96,775
Insurance	28,035	558	11,956	1,148	17,749	897	60,343
Other	-	-	-	-	-	35,186	35,186
	<u>433,865</u>	<u>86,764</u>	<u>151,041</u>	<u>448,743</u>	<u>490,779</u>	<u>259,253</u>	<u>1,870,445</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	(38,847)	46,202	(28,812)	(21,457)
Amortization	31,714	-	46,444	16,696	162,666	19,582	277,102
NET REVENUE	<u>\$ (31,714)</u>	<u>\$ -</u>	<u>\$ (46,444)</u>	<u>\$ (55,543)</u>	<u>\$ (116,464)</u>	<u>\$ (48,394)</u>	<u>\$ (298,559)</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, 2011

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Sales and user charges	\$ 2,232	\$ 100	\$ -	\$ -	\$ 737,733	\$ -	\$ 740,065
Taxation	310,659	43,127	139,805	216,457	-	55,852	765,900
Other	52,487	38,667	-	-	-	46,774	137,928
Government transfers	68,093	-	-	(1,873)	-	30,168	96,388
	<u>433,471</u>	<u>81,894</u>	<u>139,805</u>	<u>214,584</u>	<u>737,733</u>	<u>132,794</u>	<u>1,740,281</u>
EXPENSES							
Contracted and general services	116,845	80,077	27,650	79,527	129,307	56,039	489,445
Salaries, wages, and benefits	224,523	-	53,615	62,229	145,297	103,260	588,924
Materials and goods	12,720	-	37,588	20,601	114,941	51,367	237,217
Interest on long-term debt	8,035	-	-	-	99,171	-	107,206
Utilities	15,604	1,366	9,848	52,227	22,436	1,479	102,960
Insurance	55,744	451	11,104	-	6,944	56	74,299
Other	-	-	-	-	-	(102,127)	(102,127)
	<u>433,471</u>	<u>81,894</u>	<u>139,805</u>	<u>214,584</u>	<u>518,096</u>	<u>110,074</u>	<u>1,497,924</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	219,637	22,720	242,357
Amortization	29,841	-	44,505	10,631	151,237	11,611	247,825
NET REVENUE	<u>\$ (29,841)</u>	<u>\$ -</u>	<u>\$ (44,505)</u>	<u>\$ (10,631)</u>	<u>\$ 68,400</u>	<u>\$ 11,109</u>	<u>\$ (5,468)</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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) 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.

(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.

(CONT'D)

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **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.

(f) **Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvements are recovered through annual special property assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the Town.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(g) **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 TEMPORARY INVESTMENTS

	<u>2012</u>	<u>2011</u>
Temporary investments	\$ 300,000	\$ -
Operating account	100,417	569,708
Cash on hand	<u>600</u>	<u>600</u>
	<u>\$ 401,017</u>	<u>\$ 570,308</u>

Temporary investments consist of a guaranteed investment certificate bearing interest at 1% and maturing April 3, 2013.

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

3. TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Engineered structures		
Water systems	\$ 4,784,783	\$ 4,652,391
Wastewater systems	3,096,795	3,029,234
Roadways	325,017	209,397
Storm systems	<u>60,199</u>	<u>61,667</u>
	8,266,794	7,952,689
Land	180,756	180,756
Buildings	446,675	438,972
Machinery, equipment, and furnishings	296,068	245,885
Vehicles	<u>203,840</u>	<u>182,850</u>
	<u>\$ 9,394,133</u>	<u>\$ 9,001,152</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 1,932,548	\$ 130,848	\$ -	-	\$ 2,063,396
Water systems	6,569,730	249,880	-	-	6,819,610
Wastewater systems	3,462,547	112,740	-	-	3,575,287
Storm systems	<u>111,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,587</u>
	12,076,412	493,468	-	-	12,569,880
Land	180,756	-	-	-	180,756
Buildings	1,191,235	32,892	-	-	1,224,127
Machinery, equipment, and furnishings	411,581	107,407	(17,473)	-	501,515
Vehicles	<u>252,732</u>	<u>46,801</u>	<u>-</u>	<u>-</u>	<u>299,533</u>
	<u>\$ 14,112,716</u>	<u>\$ 680,568</u>	<u>\$ (17,473)</u>	<u>\$ -</u>	<u>\$ 14,775,811</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,723,151	\$ 15,228	\$ -	-	\$ 1,738,379
Water systems	1,917,339	117,488	-	-	2,034,827
Wastewater systems	433,313	45,179	-	-	478,492
Storm systems	<u>49,920</u>	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>51,388</u>
	4,123,723	179,363	-	-	4,303,086
Buildings	752,263	25,189	-	-	777,452
Machinery, equipment, and furnishings	165,696	46,740	(6,989)	-	205,447
Vehicles	<u>69,882</u>	<u>25,811</u>	<u>-</u>	<u>-</u>	<u>95,693</u>
	<u>\$ 5,111,564</u>	<u>\$ 277,103</u>	<u>\$ (6,989)</u>	<u>\$ -</u>	<u>\$ 5,381,678</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

4. RECEIVABLES

	<u>2012</u>	<u>2011</u>
Trade and other	\$ 164,464	\$ 10,476
Taxes and grants in place of taxes	139,202	177,622
Government grants	130,927	497,746
Utilities	53,736	77,778
Goods and Services Tax	<u>52,979</u>	<u>43,826</u>
	541,308	807,448
Less: Allowance for doubtful accounts	<u>-</u>	<u>(14,633)</u>
	<u>\$ 541,308</u>	<u>\$ 792,815</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade payables	\$ 182,835	\$ 253,016
Accrued interest on long-term debt	<u>27,964</u>	<u>28,734</u>
	<u>\$ 210,799</u>	<u>\$ 281,750</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>
Municipal Sustainability Initiative				
Capital	\$ 66,028	\$ 269,988	\$ (105,352)	\$ 230,664
Operating	2,483	67,094	(69,577)	-
Streets Improvement Program	108,989	563	(108,989)	563
New Deal for City's & Communities	1,873	-	(1,873)	-
Collaborative Governance Initiative	<u>8,841</u>	<u>-</u>	<u>(8,841)</u>	<u>-</u>
	<u>\$ 188,214</u>	<u>\$ 337,645</u>	<u>\$ (294,632)</u>	<u>\$ 231,227</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

7. LONG-TERM DEBT

	<u>2012</u>	<u>2011</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>\$ 2,039,987</u>	<u>\$ 2,096,185</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 58,856	\$ 94,710	\$ 153,566
2014	61,640	91,925	153,565
2015	64,556	89,010	153,566
2016	67,610	85,955	153,565
2017	70,809	82,757	153,566
Thereafter	<u>1,716,516</u>	<u>739,536</u>	<u>2,456,052</u>
	<u>\$ 2,039,987</u>	<u>\$ 1,183,893</u>	<u>\$ 3,223,880</u>

The Town's cash payments for interest in 2012 were \$97,368 (2011 - \$99,905).

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>2012</u>	<u>2011</u>
Total debt limit	<u>\$ 2,773,482</u>	\$ 2,610,422
Total debt	<u>(2,039,987)</u>	<u>(2,096,185)</u>
Amount of debt limit unused	<u>\$ 733,495</u>	<u>\$ 514,237</u>
Service on debt limit	<u>\$ 462,247</u>	\$ 435,070
Service on debt	<u>(153,566)</u>	<u>(153,568)</u>
Amount of debt servicing limit unused	<u>\$ 308,681</u>	<u>\$ 281,502</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

9. ACCUMULATED SURPLUS

	<u>2012</u>	<u>2011</u>
Unrestricted surplus	\$ 216,473	\$ 337,340
Restricted surplus		
Operating reserves (Note 10)	42,202	50,000
Capital reserves (Note 10)	403,289	675,829
Equity in tangible capital assets (Schedule 1)	<u>7,354,146</u>	<u>6,904,967</u>
	<u>\$ 8,016,110</u>	<u>\$ 7,968,136</u>

10. RESERVES

	<u>2012</u>	<u>2011</u>
Operating Reserves		
Tax stabilization	<u>\$ 42,202</u>	<u>\$ 50,000</u>
Capital Reserves		
Roads and streets	\$ 200,000	\$ 200,000
Utilities	120,090	325,829
Equipment	53,199	100,000
Parks and playground	<u>30,000</u>	<u>50,000</u>
	<u>\$ 403,289</u>	<u>\$ 675,829</u>

11. TRUST FUNDS

A summary of trust fund activities by the Town is as follows:

	<u>2012</u>	<u>2011</u>
Tax Sale Properties		
Balance, beginning of year	\$ 21,395	\$ 21,493
Receipts	62,000	-
Disbursements	<u>(28,902)</u>	<u>(98)</u>
Balance, end of year	<u>\$ 54,493</u>	<u>\$ 21,395</u>
Seniors' Housing		
Balance, beginning of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2012

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>2012 Benefits and Allowances</u>	<u>Total</u>	<u>2011 Total</u>
Town Council				
Roberts	\$ 6,642	\$ 1,502	\$ 8,144	\$ 11,497
Krasnow (Mayor)	8,374	295	8,669	9,060
Walker	6,772	1,689	8,461	7,403
Harrison	4,996	3,798	8,794	6,903
Feth	<u>4,609</u>	<u>69</u>	<u>4,678</u>	<u>4,203</u>
	<u>\$ 31,393</u>	<u>\$ 7,353</u>	<u>\$ 38,746</u>	<u>\$ 39,066</u>
Chief Administrative Officers				
Wildman	\$ 96,914	\$ -	\$ 96,914	\$ 46,101
Griffiths	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,814</u>
	<u>\$ 96,914</u>	<u>\$ -</u>	<u>\$ 96,914</u>	<u>\$ 68,915</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. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, 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, 2012

14. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited. The 2012 budget, prepared by the Town of Onoway, 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>2012</u> (Budget)	<u>2012</u> (Actual)	<u>2011</u> (Actual)
Excess of Revenue Over Expenses	538,577	47,974	783,927
Add back:			
Amortization expense	-	277,102	247,825
Net transfers to (from) reserves	250,789	280,339	84,840
Deduct:			
Gain (loss) on disposal of tangible capital assets	-	(1,752)	4,944
Principal debt repayments	(56,198)	(56,198)	(53,659)
Other capital revenue	-	(126,117)	-
Purchase of tangible capital assets	<u>(733,168)</u>	<u>(680,567)</u>	<u>(930,065)</u>
	<u>\$ -</u>	<u>\$ (259,219)</u>	<u>\$ 137,812</u>

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.

16. COMPARATIVE FIGURES

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