

TOWN OF ONOWAY
ONOWAY, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Hawkings Epp Dumont LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Onoway

We have audited the accompanying financial statements of the Town of Onoway, which comprise the statement of financial position as at December 31, 2011, 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, 2011, 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.



Edmonton, Alberta
March 1, 2012

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Town of Onoway

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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, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash	\$ 570,308	\$ -
Receivables (Note 4)	792,815	2,012,442
Land held for resale	<u>144,926</u>	<u>19,926</u>
	<u>1,508,049</u>	<u>2,032,368</u>
LIABILITIES		
Bank indebtedness (Note 2)	-	492,831
Accounts payable and accrued liabilities (Note 5)	281,750	571,957
Deferred revenue (Note 6)	188,214	8,841
Long-term debt (Note 7)	<u>2,096,185</u>	<u>2,149,844</u>
	<u>2,566,149</u>	<u>3,223,473</u>
NET DEBT	(1,058,100)	(1,191,105)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	9,001,152	8,359,856
Prepaid expenses	<u>25,084</u>	<u>15,458</u>
	<u>9,026,236</u>	<u>8,375,314</u>
ACCUMULATED SURPLUS (NOTE 9)	\$ <u>7,968,136</u>	\$ <u>7,184,209</u>

ON BEHALF OF THE TOWN COUNCIL:

Walter Krasow Mayor

Ronald Krasow Councillor

TOWN OF ONOWAY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u> (Budget) (Note 14)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	\$ 778,288	\$ 765,900	\$ 777,588
Sales and user charges (Schedule 4)	733,500	740,065	746,064
Government transfers for operating (Schedule 3)	124,744	120,388	212,039
Penalties and costs on taxes	50,500	47,616	63,646
Franchise fees	35,000	41,955	38,773
Other	16,399	4,358	14,341
Fines	12,000	9,178	13,957
Rentals	3,900	5,567	1,740
Licenses and permits	<u>6,875</u>	<u>5,254</u>	<u>12,766</u>
	<u>1,761,206</u>	<u>1,740,281</u>	<u>1,880,914</u>
EXPENSES			
General administration	502,115	433,471	384,559
Water supply and distribution	255,816	254,876	220,616
Roads, streets, walks, lighting	134,586	214,585	367,823
Common and equipment pool	145,140	139,804	120,106
Wastewater treatment and disposal	143,346	135,926	127,722
Waste management	135,000	127,295	126,865
Fire	59,500	58,495	30,061
Parks and recreation	59,433	56,365	58,745
Council and other legislative	46,200	53,597	36,637
Family and community support services	44,859	28,710	29,709
Land/housing/building rentals and other	42,001	36,543	28,408
Land use planning, zoning and development	39,950	33,431	38,107
Police	44,600	21,457	43,732
Recreation board and other services	12,500	11,776	12,091
Culture: libraries, museums, halls	14,800	10,427	15,834
Other	5,000	4,162	20,563
Bylaws enforcement	12,500	1,943	18,592
Subdivision land and development	-	(124,929)	29,897
Amortization	<u>-</u>	<u>247,825</u>	<u>215,299</u>
	<u>1,697,346</u>	<u>1,745,749</u>	<u>1,925,366</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>63,860</u>	<u>(5,468)</u>	<u>(44,452)</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	1,396,614	794,339	1,261,399
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(4,944)</u>	<u>1,192</u>
	<u>1,396,614</u>	<u>789,395</u>	<u>1,262,591</u>
EXCESS OF REVENUE OVER EXPENSES	1,460,474	783,927	1,218,139
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>7,184,209</u>	<u>7,184,209</u>	<u>5,966,070</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 9)	<u>\$ 8,644,683</u>	<u>\$ 7,968,136</u>	<u>\$ 7,184,209</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, 2011

	<u>2011</u> (Budget) (Note 14)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,460,474</u>	<u>\$ 783,927</u>	<u>\$ 1,218,139</u>
Purchase of tangible capital assets	(2,488,065)	(930,065)	(1,354,991)
Proceeds on disposal of tangible capital assets	-	36,000	40,558
Amortization of tangible capital assets	-	247,825	215,299
Gain (loss) on disposal of tangible capital assets	-	4,944	(1,192)
	<u>(2,488,065)</u>	<u>(641,296)</u>	<u>(1,100,326)</u>
Acquisition (use) of prepaid expenses	-	(9,626)	(1,086)
INCREASE (DECREASE) IN NET DEBT	(1,027,591)	133,005	116,727
NET DEBT, BEGINNING OF YEAR	<u>(1,191,105)</u>	<u>(1,191,105)</u>	<u>(1,307,832)</u>
NET DEBT, END OF YEAR	<u>\$ (2,218,696)</u>	<u>\$ (1,058,100)</u>	<u>\$ (1,191,105)</u>

TOWN OF ONOWAY
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Cash from operations		
Excess of revenue over expenditures	\$ 783,927	\$ 1,218,139
Non-cash items included in excess of revenues over expenses:		
Amortization	247,825	215,299
Gain (loss) on disposal of tangible capital assets	<u>4,944</u>	<u>(1,192)</u>
	1,036,696	1,432,246
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(9,626)	(1,086)
Receivables	1,219,627	(507,683)
Accounts payable and accrued liabilities	(290,207)	394,128
Land held for resale	(125,000)	-
Deferred revenue	<u>179,373</u>	<u>(233,507)</u>
	<u>2,010,863</u>	<u>1,084,098</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(53,659)</u>	<u>(57,068)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of tangible capital assets	36,000	40,558
Purchase of tangible capital assets	<u>(930,065)</u>	<u>(1,354,991)</u>
	<u>(894,065)</u>	<u>(1,314,433)</u>
CHANGE IN CASH (BANK INDEBTEDNESS) DURING THE YEAR	1,063,139	(287,403)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>(492,831)</u>	<u>(205,428)</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ <u>570,308</u>	\$ <u>(492,831)</u>

TOWN OF ONOWAY

SCHEDULE 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
BALANCE, BEGINNING OF YEAR	\$ 6,210,012	\$ 5,052,618
Purchase of Tangible Capital Assets	930,065	1,354,991
Amortization of Tangible Capital Assets	(247,825)	(215,299)
Net Book Value of Tangible Capital Assets Disposed of	(40,944)	(39,366)
Repayment of Capital Long-Term Debt	<u>53,659</u>	<u>57,068</u>
BALANCE, END OF YEAR	<u>\$ 6,904,967</u>	<u>\$ 6,210,012</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 3)	\$ 9,001,162	\$ 8,359,856
Long-term Debt (Note 7)	<u>(2,096,185)</u>	<u>(2,149,844)</u>
	<u>\$ 6,904,967</u>	<u>\$ 6,210,012</u>

TOWN OF ONOWAY
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE 2

	<u>2011</u> (Budget) (Note 14)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
TAXATION			
Real property taxes	\$ 1,066,747	\$ 1,035,781	\$ 1,056,561
Linear property taxes	17,067	35,606	-
Local improvements	<u>32</u>	<u>70</u>	<u>32</u>
	<u>1,083,846</u>	<u>1,071,457</u>	<u>1,056,593</u>
REQUISITIONS			
Alberta School Foundation Fund	280,639	280,638	255,787
Lac Ste. Anne Foundation	<u>24,919</u>	<u>24,919</u>	<u>23,218</u>
	<u>305,558</u>	<u>305,557</u>	<u>279,005</u>
NET MUNICIPAL TAXES	<u>\$ 778,288</u>	<u>\$ 765,900</u>	<u>\$ 777,588</u>

TOWN OF ONOWAY**SCHEDULE 3****SCHEDULE OF GOVERNMENT TRANSFERS****FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u> (Budget) (Note 14)	<u>2011</u> (Actual)	<u>2010</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 100,744	\$ 96,388	\$ 212,039
Local governments	<u>24,000</u>	<u>24,000</u>	<u>-</u>
	<u>124,744</u>	<u>120,388</u>	<u>212,039</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,396,614	794,339	1,260,399
Local governments	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>1,396,614</u>	<u>794,339</u>	<u>1,261,399</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,521,358</u>	<u>\$ 914,727</u>	<u>\$ 1,473,438</u>

TOWN OF ONOWAY

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Administration</u>	<u>Protective Services</u>	<u>Public Works</u>	<u>Roads Streets, Walks and Lighting</u>	<u>Utilities</u>	<u>All Other</u>	<u>Total</u>
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
Government transfers	68,093	24,000	-	(1,873)	-	30,168	120,388
Other	<u>52,487</u>	<u>14,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,774</u>	<u>113,928</u>
	<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							
Salaries, wages, and benefits	\$ 224,523	\$ -	\$ 53,615	\$ 62,229	\$ 145,297	\$ 103,260	\$ 588,924
Contracted and general services	116,845	80,077	27,650	79,527	129,307	56,039	489,445
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,127)</u>	<u>(102,127)</u>
	<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>
EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	-	-	-	-	219,637	22,720	242,357
Amortization	<u>29,841</u>	<u>-</u>	<u>44,505</u>	<u>10,631</u>	<u>151,237</u>	<u>11,611</u>	<u>247,825</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<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

SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Administration</u>	<u>Protective Services</u>	<u>Public Works</u>	<u>Roads Streets, Walks and Lighting</u>	<u>Utilities</u>	<u>All Other</u>	<u>Total</u>
REVENUE							
Sales and user charges	\$ 17,213	\$ 1,400	\$ -	\$ -	\$ 727,451	\$ -	\$ 746,064
Taxation	259,885	63,761	120,106	243,218	-	90,618	777,588
Other	66,593	27,225	-	-	-	51,404	145,222
Government transfers	<u>40,868</u>	<u>-</u>	<u>-</u>	<u>124,605</u>	<u>-</u>	<u>46,567</u>	<u>212,040</u>
	<u>384,559</u>	<u>92,386</u>	<u>120,106</u>	<u>367,823</u>	<u>727,451</u>	<u>188,589</u>	<u>1,880,914</u>
EXPENSES							
Contracted and general services	79,243	89,625	22,136	200,975	125,075	86,979	604,033
Salaries, wages, and benefits	220,698	-	50,642	59,676	142,238	84,886	558,140
Materials and goods	11,745	2,056	27,468	61,849	77,615	48,077	228,810
Interest on long-term debt	1,478	-	-	33	101,628	-	103,139
Utilities	17,070	705	10,830	44,528	22,517	1,411	97,061
Insurance	54,325	-	9,030	762	6,131	506	70,754
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,130</u>	<u>48,130</u>
	<u>384,559</u>	<u>92,386</u>	<u>120,106</u>	<u>367,823</u>	<u>475,204</u>	<u>269,989</u>	<u>1,710,067</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	-	-	-	-	252,247	(81,400)	170,847
Amortization	<u>24,279</u>	<u>-</u>	<u>38,482</u>	<u>7,837</u>	<u>136,888</u>	<u>7,813</u>	<u>215,299</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (24,279)</u>	<u>\$ -</u>	<u>\$ (38,482)</u>	<u>\$ (7,837)</u>	<u>\$ 115,359</u>	<u>\$ (89,213)</u>	<u>\$ (44,452)</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

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. BANK INDEBTEDNESS

Bank indebtedness is a revolving line of credit for general business purposes bearing interest at prime rate plus 1.50% with a maximum credit limit of \$1,000,000.

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

3. TANGIBLE CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Engineered structures		
Water systems	\$ 4,772,696	\$ 4,884,631
Wastewater systems	2,908,928	2,179,529
Roadways	209,397	106,800
Storm systems	<u>61,667</u>	<u>63,135</u>
	7,952,688	7,234,095
Land	180,756	180,756
Buildings	438,973	463,340
Machinery, equipment, and furnishings	245,884	275,344
Vehicles	<u>182,851</u>	<u>206,321</u>
	<u>\$ 9,001,152</u>	<u>\$ 8,359,656</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 1,820,788	\$ 111,760	\$ -	\$ -	\$ 1,932,548
Water systems	6,578,100	-	-	-	6,578,100
Wastewater systems	2,563,411	768,702	-	-	3,332,113
Storm systems	<u>110,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,118</u>
	11,072,417	880,462	-	-	11,952,879
Land	180,756	-	-	-	180,756
Buildings	1,191,235	-	-	-	1,191,235
Machinery, equipment, and furnishings	405,846	49,603	(43,869)	-	411,580
Vehicles	<u>252,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,732</u>
	<u>\$ 13,102,986</u>	<u>\$ 930,065</u>	<u>\$ (43,869)</u>	<u>\$ -</u>	<u>\$ 13,989,182</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,713,988	\$ 9,163	\$ -	\$ -	\$ 1,723,151
Water systems	1,693,469	111,935	-	-	1,805,404
Wastewater systems	383,882	39,303	-	-	423,185
Storm systems	<u>46,983</u>	<u>1,466</u>	<u>-</u>	<u>-</u>	<u>48,451</u>
	3,838,322	161,869	-	-	4,000,191
Buildings	727,895	24,367	-	-	752,262
Machinery, equipment, and furnishings	130,502	38,119	(2,925)	-	165,696
Vehicles	<u>46,411</u>	<u>23,470</u>	<u>-</u>	<u>-</u>	<u>69,881</u>
	<u>\$ 4,743,130</u>	<u>\$ 247,825</u>	<u>\$ (2,925)</u>	<u>\$ -</u>	<u>\$ 4,988,030</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

4. RECEIVABLES

	<u>2011</u>	<u>2010</u>
Trade and other	\$ 508,222	\$ 1,674,773
Taxes and grants in place of taxes	177,622	198,493
Goods and Services Tax	43,826	79,550
Utilities	<u>77,778</u>	<u>70,433</u>
	807,448	2,023,249
Less: Allowance for doubtful accounts	<u>(14,633)</u>	<u>(10,807)</u>
	<u>\$ 792,815</u>	<u>\$ 2,012,442</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2011</u>	<u>2010</u>
Trade payables	\$ 253,016	\$ 542,488
Accrued interest on long-term debt	<u>28,734</u>	<u>29,469</u>
	<u>\$ 281,750</u>	<u>\$ 571,957</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	\$ -	\$ 281,932	\$ (215,904)	\$ 66,028
Operating	-	2,483	-	2,483
Streets Improvement Program	-	220,750	(111,761)	108,989
New Deal for City's & Communities	-	1,873	-	1,873
Collaborative Governance Initiative	<u>8,841</u>	<u>-</u>	<u>-</u>	<u>8,841</u>
	<u>\$ 8,841</u>	<u>\$ 507,038</u>	<u>\$ (327,665)</u>	<u>\$ 188,214</u>

TOWN OF ONOWAY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

7. LONG-TERM DEBT

	<u>2011</u>	<u>2010</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>\$ 2,096,185</u>	<u>\$ 2,149,844</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 56,198	\$ 97,370	\$ 153,568
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
Thereafter	<u>1,787,325</u>	<u>822,293</u>	<u>2,609,618</u>
	<u>\$ 2,096,185</u>	<u>\$ 1,281,263</u>	<u>\$ 3,377,448</u>

The Town's cash payments for interest in 2011 were \$99,905 (2010 - \$103,841).

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>2011</u>	<u>2010</u>
Total debt limit	\$ 2,810,422	\$ 2,821,371
Total debt	<u>(2,096,185)</u>	<u>(2,149,844)</u>
Amount of debt limit unused	<u>\$ 514,237</u>	<u>\$ 671,527</u>
Service on debt limit	\$ 435,070	\$ 470,229
Service on debt	<u>(153,568)</u>	<u>(153,564)</u>
Amount of debt servicing limit unused	<u>\$ 281,502</u>	<u>\$ 316,665</u>

TOWN OF ONOWAY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2011

9. ACCUMULATED SURPLUS

	<u>2011</u>	<u>2010</u>
Unrestricted surplus	\$ 337,340	\$ 163,527
Restricted surplus		
Operating reserves (Note 10)	50,000	50,000
Capital reserves (Note 10)	675,829	760,670
Equity in tangible capital assets (Schedule 1)	<u>6,904,967</u>	<u>6,210,012</u>
	<u>\$ 7,968,136</u>	<u>\$ 7,184,209</u>

10. RESERVES

	<u>2011</u>	<u>2010</u>
Operating Reserves		
Tax stabilization	\$ <u>50,000</u>	\$ <u>50,000</u>
Capital Reserves		
Utilities	\$ 325,829	\$ 410,670
Roads and streets	200,000	200,000
Equipment	100,000	100,000
Parks and playground	<u>50,000</u>	<u>50,000</u>
	<u>\$ 675,829</u>	<u>\$ 760,670</u>

11. TRUST FUNDS

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

	<u>2011</u>	<u>2010</u>
Tax Sale Properties		
Balance, beginning of year	\$ 22,493	\$ 21,557
Interest income	<u>(98)</u>	<u>936</u>
Balance, end of year	<u>\$ 22,395</u>	<u>\$ 22,493</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, 2011

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>2011 Benefits and Allowances</u>	<u>Total</u>	<u>2010 Total</u>
Town Council				
Roberts	\$ 8,826	\$ 2,671	\$ 11,497	\$ 1,085
Krasnow (Mayor)	8,795	265	9,060	1,670
Walker	6,311	1,092	7,403	1,029
Harrison	4,308	2,595	6,903	954
Feth	4,134	69	4,203	788
Yuill	-	-	-	4,055
Medori	-	-	-	1,990
Kwasny	-	-	-	1,390
Jendyk (Mayor)	-	-	-	3,511
	<u>\$ 32,374</u>	<u>\$ 6,692</u>	<u>\$ 39,066</u>	<u>\$ 16,472</u>
Chief Administrative Officers				
Wildman	\$ 46,101	\$ -	\$ 46,101	\$ -
Griffiths	<u>22,175</u>	<u>639</u>	<u>22,814</u>	<u>99,371</u>
	<u>\$ 68,276</u>	<u>\$ 639</u>	<u>\$ 68,915</u>	<u>\$ 99,371</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.

14. BUDGET FIGURES

Budget figures are provided for informational purposes only and are unaudited.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.