

TOWN OF ONOWAY
Financial Statements
For The Year Ended December 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Council of the Town of Onoway

Management of the Town of Onoway is responsible for the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

To assist in meeting its responsibility, management maintains appropriate systems of control and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of financial statements necessarily includes some amounts which are based on best estimates and judgments of management.

The financial statements have been audited by Metrix Group LLP, Chartered Professional Accountants. Their report to the Mayor and Town Council, stating the scope of their examination and opinion on the financial statements follows.



Wendy Wildman
Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Onoway

Opinion

We have audited the financial statements of the Town of Onoway, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Onoway as at December 31, 2018, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Council) are responsible for overseeing the Town's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants


Edmonton, Alberta

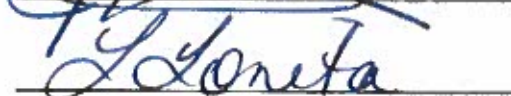
April 4, 2019

TOWN OF ONOWAY
Statement of Financial Position
As at December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	775,608	1,188,320
Receivables <i>(Note 3)</i>	497,939	449,204
Land held for resale	203,385	203,384
	1,476,932	1,840,908
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	1,132,010	339,965
Deferred revenue <i>(Note 6)</i>	77,684	357,397
Long-term debt <i>(Note 7)</i>	1,642,357	1,716,516
	2,852,051	2,413,878
NET DEBT	(1,375,119)	(572,970)
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	12,046,536	11,079,199
Prepaid expenses	23,749	19,916
	12,070,285	11,099,115
ACCUMULATED SURPLUS <i>(Note 9)</i>	\$ 10,695,166	\$ 10,526,145

ON BEHALF OF THE TOWN COUNCIL:





Mayor

Councillor

TOWN OF ONOWAY
Statement of Operations and Changes in Accumulated Surplus
For The Year Ended December 31, 2018

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	1,220,980	1,215,092	1,075,654
Sales and user charges (Schedule 4)	994,386	1,013,370	795,772
Sales to other governments	318,416	361,322	384,415
Government transfers for operating (Schedule 3)	169,858	207,603	143,664
Franchise fees (Note 14)	95,000	86,066	83,248
Penalties and costs on taxes	30,000	36,071	34,710
Rentals	36,000	36,000	35,300
Other	13,168	35,888	9,624
Interest income	24,000	22,846	15,808
Fines	11,000	8,440	8,883
Licenses and permits	12,900	7,739	13,091
	2,925,708	3,030,437	2,599,969
EXPENSES			
Roads, streets, walks, lighting	407,966	819,814	232,549
Water supply and distribution	551,074	541,054	322,027
General administration	529,471	538,224	476,665
Fire	326,572	330,146	323,469
Common and equipment pool	160,657	193,158	203,457
Police	120,570	162,486	197,258
Wastewater treatment and disposal	124,523	124,785	127,905
Parks and recreation	125,884	121,322	97,528
Council and other legislative	113,165	114,531	84,662
Family and community support services	105,798	104,523	95,375
Waste management	119,020	86,631	111,242
Land/housing/building rentals and other	26,034	57,040	(84,745)
Land use planning, zoning and development	22,190	21,460	22,651
Recreation board and other services	18,620	18,261	8,160
Bylaws enforcement	14,500	12,393	13,814
Culture: libraries, museums, halls	12,120	10,286	9,564
Disaster and emergency services	7,121	4,760	33,170
Other	3,535	3,873	8,199
Subdivision land and development	2,020	-	1,998
Amortization	63,524	441,614	396,431
	2,854,364	3,706,361	2,681,379
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	71,344	(675,924)	(81,410)
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,389,782	844,735	1,079,505
Gain on disposal of tangible capital assets	-	210	1,974
	1,389,782	844,945	1,081,479
ANNUAL SURPLUS	1,461,126	169,021	1,000,069
ACCUMULATED SURPLUS, BEGINNING OF YEAR	10,526,145	10,526,145	9,526,076
ACCUMULATED SURPLUS, END OF YEAR	\$ 11,987,271	\$ 10,695,166	\$ 10,526,145

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, 2018

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
ANNUAL SURPLUS	\$ 1,461,126	\$ 169,021	\$ 1,000,069
Purchase of tangible capital assets	(1,499,502)	(1,408,951)	(1,553,462)
Proceeds on disposal of tangible capital assets	-	210	21,974
Amortization of tangible capital assets	63,524	441,614	396,431
Loss (gain) on disposal of tangible capital assets	-	(210)	(1,974)
	(1,435,978)	(967,337)	(1,137,031)
Acquisition (use) of prepaid expenses	-	(3,833)	(8,964)
INCREASE (DECREASE) IN NET DEBT	25,148	(802,149)	(145,926)
NET DEBT, BEGINNING OF YEAR	(572,970)	(572,970)	(427,044)
NET DEBT, END OF YEAR	\$ (547,822)	\$ (1,375,119)	\$ (572,970)

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

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 169,021	\$ 1,000,069
Non-cash items included in excess of revenues over expenses:		
Amortization	441,614	396,431
Gain (loss) on disposal of tangible capital assets	(210)	(1,974)
	610,425	1,394,526
Change in non-cash working capital balances related to operations:		
Prepaid expenses	(3,833)	(8,964)
Receivables	(48,735)	65,627
Accounts payable and accrued liabilities	792,045	35,288
Land held for resale	(1)	-
Deferred revenue	(279,713)	357,397
	1,070,188	1,843,874
FINANCING ACTIVITIES		
Repayment of long-term debt	(74,159)	(70,808)
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	210	21,974
Purchase of tangible capital assets	(1,408,951)	(1,553,462)
	(1,408,741)	(1,531,488)
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	(412,712)	241,578
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,188,320	946,742
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 775,608	\$ 1,188,320

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

TOWN OF ONOWAY
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2018

Schedule 1

	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 9,362,683	\$ 8,154,844
Purchase of Tangible Capital Assets	1,408,951	1,553,462
Amortization of Tangible Capital Assets	(441,614)	(396,431)
Net Book Value of Tangible Capital Assets Disposed of	-	(20,000)
Repayment of Capital Long-Term Debt	74,159	70,808
BALANCE, END OF YEAR	\$ 10,404,179	\$ 9,362,683

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 5)	\$ 12,046,536	\$ 11,079,199
Long-term Debt (Note 7)	(1,642,357)	(1,716,516)
	\$ 10,404,179	\$ 9,362,683

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2018

Schedule 2

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
TAXATION			
Real property taxes	\$ 1,529,204	\$ 1,527,660	\$ 1,398,273
Linear property taxes	62,382	62,383	31,980
	<u>1,591,586</u>	<u>1,590,043</u>	<u>1,430,253</u>
REQUISITIONS			
Alberta School Foundation Fund	348,945	348,945	329,876
Lac Ste. Anne Foundation	21,661	26,006	24,723
	<u>370,606</u>	<u>374,951</u>	<u>354,599</u>
NET MUNICIPAL TAXES	<u>\$ 1,220,980</u>	<u>\$ 1,215,092</u>	<u>\$ 1,075,654</u>

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

TOWN OF ONOWAY
Schedule of Government Transfers
For The Year Ended December 31, 2018

Schedule 3

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	100,513	138,258	78,932
Local governments	69,345	69,345	64,732
	169,858	207,603	143,664
TRANSFERS FOR CAPITAL			
Provincial government	1,389,782	744,735	1,079,505
Local governments	-	100,000	-
TOTAL GOVERNMENT TRANSFERS	\$ 1,559,640	\$ 1,052,338	\$ 1,223,169

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

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2018

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	440,019	68,796	193,158	414,927	-	98,192	1,215,092
Sales and user charges	1,642	51,691	-	-	953,514	6,523	1,013,370
Other	48,349	389,298	-	4,887	-	151,838	594,372
Government transfers	48,214	-	-	-	-	159,389	207,603
	<u>538,224</u>	<u>509,785</u>	<u>193,158</u>	<u>419,814</u>	<u>953,514</u>	<u>415,942</u>	<u>3,030,437</u>
EXPENSES							
Contracted and general services	255,262	411,634	61,118	20,967	367,924	57,401	1,174,306
Salaries, wages, and benefits	224,600	53,490	47,627	190,185	95,001	174,760	785,663
Transfers to other governments	-	-	-	500,000	-	-	500,000
Materials, goods, and supplies	21,635	41,604	66,195	49,096	176,103	138,046	492,679
Utilities	16,129	2,350	8,323	56,625	18,991	3,918	106,336
Interest on long-term debt	-	-	-	-	78,391	-	78,391
Insurance	20,598	707	9,895	2,941	16,061	2,661	52,863
Other	-	-	-	-	-	74,509	74,509
	<u>538,224</u>	<u>509,785</u>	<u>193,158</u>	<u>819,814</u>	<u>752,471</u>	<u>451,295</u>	<u>3,264,747</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	(400,000)	201,043	(35,353)	(234,310)
Amortization	29,012	10,299	69,924	86,035	212,115	34,229	441,614
NET REVENUE (DEFICIT)	\$ (29,012)	\$ (10,299)	\$ (69,924)	\$ (486,035)	\$ (11,072)	\$ (69,582)	\$ (675,924)

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2017

Schedule 4

	General Administration	Protective Services	Public Works	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	388,612	89,669	203,458	228,142	-	165,773	1,075,654
Sales and user charges	1,532	88,462	-	-	700,534	5,244	795,772
Other	46,194	383,362	-	4,408	-	150,915	584,879
Government transfers	40,326	6,218	-	-	-	97,120	143,664
	<u>476,664</u>	<u>567,711</u>	<u>203,458</u>	<u>232,550</u>	<u>700,534</u>	<u>419,052</u>	<u>2,599,969</u>
EXPENSES							
Contracted and general services	235,403	463,266	51,948	21,114	189,759	51,713	1,013,203
Salaries, wages, and benefits	188,895	88,253	72,113	117,495	133,163	121,531	721,450
Materials, goods, and supplies	15,150	12,359	60,313	34,817	115,415	46,313	284,367
Utilities	17,441	2,316	8,658	56,233	24,524	3,630	112,802
Interest on long-term debt	-	-	-	-	81,786	-	81,786
Insurance	19,775	1,517	10,426	2,891	16,527	2,673	53,809
Other	-	-	-	-	-	17,531	17,531
	<u>476,664</u>	<u>567,711</u>	<u>203,458</u>	<u>232,550</u>	<u>561,174</u>	<u>243,391</u>	<u>2,284,948</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	139,360	175,661	315,021
Amortization	27,165	7,439	69,901	63,155	195,523	33,248	396,431
NET REVENUE (DEFICIT)	\$ (27,165)	\$ (7,439)	\$ (69,901)	\$ (63,155)	\$ (56,163)	\$ 142,413	\$ (81,410)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The financial statements reflect assets, liabilities, revenue and expenses and changes in fund balances and changes in financial position of the Town. This is comprised of the municipal operations plus all of the organizations that are owned or accountable to the Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) 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 Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

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) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(i) Under-Levies and Over-Levies

Under-levies and over-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property taxes. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced.

Requisition tax rates in the subsequent year are adjusted for any under-levies or over-levies of the prior year.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

2. CASH AND CASH EQUIVALENTS

	2018	2017
Operating account (overdraft)	92,312	38,024
Guaranteed Investment Certificate	682,696	1,149,696
Cash on hand	600	600
	\$ 775,608	\$ 1,188,320

Guaranteed Investment Certificate bears interest at 2.39% and matures October 2019.

3. RECEIVABLES

	2018	2017
Taxes and grants in place of taxes	169,761	157,518
Trade and other	168,762	114,358
Utilities	90,520	67,794
Government grants	59,066	42,581
Goods and Services Tax	19,830	74,087
	507,939	456,338
Less: Allowance for doubtful accounts	(10,000)	(7,134)
	\$ 497,939	\$ 449,204

Taxes and grants in place of taxes include arrears taxes in the amount of \$92,663 (2017 - \$87,977).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 609,497	\$ 316,435
Lac Ste. Anne County	500,000	-
Accrued interest on long-term debt	22,513	23,530
	\$ 1,132,010	\$ 339,965

During 2018, the Town entered into a cost participation agreement with Lac Ste. Anne County for improvements to Township Road 544 from RR 11 east to RR 21 and RR 21 from Township Road 544 north to Township Road 545. Under the terms of the agreement, the Town agreed to reimburse the County for \$500,000 of the total costs of the project repayable in annual instalment of \$100,000 from 2018 - 2022.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

5. TANGIBLE CAPITAL ASSETS

	2018	2017
Engineered structures		
Water systems	4,360,508	4,368,496
Wastewater systems	4,217,505	4,261,775
Roadways	1,552,177	1,086,991
Storm systems	608,490	76,936
	10,738,680	9,794,198
Machinery, equipment, and furnishings	661,220	668,116
Buildings	339,588	345,241
Land	183,672	183,672
Vehicles	123,376	87,972
	\$ 12,046,536	\$ 11,079,199

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	3,039,337	545,853	-	-	3,585,190
Water systems	6,882,767	114,056	-	-	6,996,823
Wastewater systems	4,973,159	22,259	-	-	4,995,418
Storm systems	135,664	536,923	-	-	672,587
	15,030,927	1,219,091	-	-	16,250,018
Land	183,672	-	-	-	183,672
Buildings	1,257,967	22,860	-	-	1,280,827
Machinery, equipment, and furnishings	1,229,582	101,292	-	-	1,330,874
Vehicles	298,690	65,708	-	-	364,398
	\$ 18,000,838	\$ 1,408,951	\$ -	\$ -	\$ 19,409,789

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	1,952,346	80,667	-	-	2,033,013
Water systems	2,514,271	122,044	-	-	2,636,315
Wastewater systems	711,384	66,529	-	-	777,913
Storm systems	58,728	5,369	-	-	64,097
	5,236,729	274,609	-	-	5,511,338
Buildings	912,726	28,513	-	-	941,239
Machinery, equipment, and furnishings	561,466	108,188	-	-	669,654
Vehicles	210,718	30,304	-	-	241,022
	\$ 6,921,639	\$ 441,614	\$ -	\$ -	\$ 7,363,253

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

6. DEFERRED REVENUE

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

	Opening	Receipts	Revenue	Ending
Municipal Sustainability Initiative	267,127	391,783	(622,671)	36,239
Other	60,000	-	-	60,000
Federal Gas Tax	30,270	56,754	(105,579)	(18,555)
	\$ 357,397	\$ 448,537	\$ (728,250)	\$ 77,684

7. LONG-TERM DEBT

	2018	2017
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.	\$ 1,642,357	\$ 1,716,516

Principal and interest payments are as follows:

	Principal	Interest	Total
2019	\$ 77,667	\$ 75,899	\$ 153,566
2020	81,341	72,225	153,566
2021	85,188	68,977	153,565
2022	89,219	64,347	153,566
2023	93,439	59,126	152,565
Thereafter	1,215,503	320,154	1,535,657
	\$ 1,642,357	\$ 660,128	\$ 2,302,485

The Town's cash payments for interest in 2018 were \$79,407 (2017 - \$82,757).

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:

	2018	2017
Total debt limit	\$ 4,545,656	\$ 3,899,954
Total debt	(1,642,357)	(1,716,516)
Amount of debt limit unused	\$ 2,903,299	\$ 2,183,438
Service on debt limit	\$ 757,609	\$ 649,992
Service on debt	(153,566)	(153,565)
Amount of debt servicing limit unused	\$ 604,043	\$ 496,427

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

9. ACCUMULATED SURPLUS

	2018	2017
Unrestricted surplus (deficit)	(545,635)	171,585
Restricted surplus		
Operating reserves (Note 10)	505,864	638,588
Capital reserves (Note 10)	330,758	353,289
Equity in tangible capital assets (Schedule 1)	10,404,179	9,362,683
	\$ 10,695,166	\$ 10,526,145

10. RESERVES

	2018	2017
Operating Reserves		
Future development	188,395	157,929
Roads and streets	177,574	206,255
Lagoon	57,974	18,362
Water upgrades	34,840	92,840
Tax stabilization	28,962	47,202
Special projects	16,000	16,000
Recreation	1,104	-
Election	1,015	-
Sidewalks	-	100,000
	\$ 505,864	\$ 638,588
Capital Reserves		
Utilities	101,387	130,260
Machinery and equipment	59,844	68,199
Recreation venue / opportunity	60,000	60,000
Parks, recreation and playgrounds	32,195	32,195
Building - administration	25,670	21,630
Parks improvements - Fortis	15,366	13,149
Vehicle - public works	11,870	11,870
Fire	10,000	5,000
Building - public works	6,396	4,780
Parks beautification	4,130	3,316
Culture and hall	3,900	2,890
	\$ 330,758	\$ 353,289

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

11. TRUST FUNDS

The Town administers the following trusts on behalf of third parties. As related trust assets are not owned by the Town, the trusts have been excluded from the financial statements. The following table provides a summary of the transactions within these trusts during the year:

	Opening	Receipts	Disbursements	Ending
Collaboration Program Grants	340,511	-	(105,224)	235,287
Tax sale proceeds	70,843	1,524	-	72,367
Seniors Housing	1,000	-	-	1,000
Syrian refugee donations	26,261	-	(9,000)	17,261
	\$ 438,615	\$ 1,524	\$ (114,224)	\$ 325,915

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:

	Salary	2018 Benefits and Allowances	Total	2017 Total
Town Council				
Tracy (Mayor)	13,968	290	14,258	11,689
St. Hilaire	13,164	263	13,427	7,242
Tonita	12,518	242	12,760	2,016
Neilson	9,639	156	9,795	2,393
Mickle	5,392	33	5,425	5,119
Krasnow (Mayor)	-	-	-	6,379
Feth	-	-	-	5,347
	\$ 54,681	\$ 984	\$ 55,665	\$ 40,185
Chief Administrative Officer				
Wildman	\$ 130,116	\$ -	\$ 130,116	\$ 129,050
Designated Officers	\$ 10,440	\$ -	\$ 10,440	\$ -

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.

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2018

14. UTILITY FRANCHISE AGREEMENTS

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

	2018	2017
Fortis Alberta Inc.	\$ 61,414	\$ 61,134
Atco Gas	24,652	22,114
	\$ 86,066	\$ 83,248

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

The 2018 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 1, 2018. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2018 (Budget)	2018 (Actual)
Annual surplus	1,461,126	169,021
Add back:		
Amortization expense	-	441,614
Net transfers from (to) reserves	121,534	155,255
Deduct:		
Proceeds on disposal of tangible capital assets	-	(210)
Principal debt repayments	(83,158)	(74,158)
Purchase of tangible capital assets	(1,499,502)	(1,408,951)
Result of Operations	\$ -	\$ (717,429)

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.