

TOWN OF ONOWAY
Financial Statements
For The Year Ended December 31, 2017



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, 2017, 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, 2017, 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.

METRIX GROUP LLP

Chartered Professional Accountants

April 5, 2018
Edmonton, Alberta



**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.

Metrix Group LLP, Chartered Professional 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, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,188,320	\$ 946,742
Receivables (Note 3)	449,204	514,831
Land held for resale	<u>203,384</u>	<u>203,384</u>
	<u>1,840,908</u>	<u>1,664,957</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	339,965	304,677
Deferred revenue (Note 5)	357,397	-
Long-term debt (Note 7)	<u>1,716,516</u>	<u>1,787,324</u>
	<u>2,413,878</u>	<u>2,092,001</u>
NET DEBT	<u>(572,970)</u>	<u>(427,044)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	11,079,199	9,942,168
Prepaid expenses	<u>19,916</u>	<u>10,952</u>
	<u>11,099,115</u>	<u>9,953,120</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 10,526,145</u>	<u>\$ 9,526,076</u>

ON BEHALF OF THE TOWN COUNCIL:


 _____ Mayor


 _____ Councillor

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

TOWN OF ONOWAY
Statement of Operations and Changes in Accumulated Surplus
For The Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	\$ 1,077,378	\$ 1,075,654	\$ 1,083,528
Sales and user charges (Schedule 4)	874,700	795,772	833,072
Sales to other governments	341,136	384,415	344,029
Government transfers for operating (Schedule 3)	506,278	143,664	225,687
Franchise fees (Note 14)	74,000	83,248	75,535
Rentals	35,400	35,300	31,300
Penalties and costs on taxes	25,000	34,710	37,564
Interest income	8,000	15,608	12,229
Licenses and permits	4,000	13,091	9,986
Other	6,500	9,624	13,500
Fines	7,500	8,883	7,450
	<u>2,959,892</u>	<u>2,599,969</u>	<u>2,673,880</u>
EXPENSES			
General administration	477,200	476,665	474,488
Fire	264,141	323,469	332,255
Water supply and distribution	632,649	322,027	331,628
Roads, streets, walks, lighting	221,800	232,549	204,280
Common and equipment pool	188,310	203,457	173,044
Police	195,500	197,258	158,598
Wastewater treatment and disposal	148,579	127,905	120,259
Waste management	117,000	111,242	108,133
Parks and recreation	104,250	97,528	113,348
Family and community support services	100,205	95,375	105,563
Council and other legislative	84,650	84,662	72,334
Disaster and emergency services	373,846	33,170	63,782
Land use planning, zoning and development	19,000	22,651	17,155
Bylaws enforcement	13,500	13,814	348
Culture: libraries, museums, halls	12,000	9,564	9,474
Other	3,500	8,199	50,145
Recreation board and other services	7,000	8,160	8,833
Subdivision land and development	2,000	1,998	3,779
Land/housing/building rentals and other	31,227	(84,745)	11,395
Amortization	62,895	396,431	369,298
	<u>3,059,252</u>	<u>2,681,379</u>	<u>2,728,139</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(99,360)</u>	<u>(81,410)</u>	<u>(54,259)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,827,216	1,079,505	491,859
Gain on disposal of tangible capital assets	-	1,974	-
	<u>1,827,216</u>	<u>1,081,479</u>	<u>491,859</u>
ANNUAL SURPLUS	1,727,856	1,000,069	437,600
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,526,076</u>	<u>9,526,076</u>	<u>9,088,476</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,253,932</u>	<u>\$ 10,526,145</u>	<u>\$ 9,526,076</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, 2017

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
ANNUAL SURPLUS	<u>\$ 1,727,856</u>	<u>\$ 1,000,069</u>	<u>\$ 437,600</u>
Purchase of tangible capital assets	(1,876,116)	(1,553,462)	(690,706)
Proceeds on disposal of tangible capital assets	-	21,974	-
Amortization of tangible capital assets	62,895	396,431	369,298
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(1,974)</u>	<u>-</u>
	<u>(1,813,221)</u>	<u>(1,137,031)</u>	<u>(321,408)</u>
Acquisition (use) of prepaid expenses	<u>-</u>	<u>(8,964)</u>	<u>2,436</u>
INCREASE (DECREASE) IN NET DEBT	(85,365)	(145,926)	118,628
NET DEBT, BEGINNING OF YEAR	<u>(427,044)</u>	<u>(427,044)</u>	<u>(545,672)</u>
NET DEBT, END OF YEAR	<u>\$ (512,409)</u>	<u>\$ (572,970)</u>	<u>\$ (427,044)</u>

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

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 1,000,069	\$ 437,600
Non-cash items included in excess of revenues over expenses:		
Amortization	396,431	369,298
Gain (loss) on disposal of tangible capital assets	<u>(1,974)</u>	<u>-</u>
	1,394,526	806,898
Change in non-cash working capital		
balances related to operations:		
Prepaid expenses	(8,964)	2,436
Receivables	65,627	(67,531)
Accounts payable and accrued liabilities	35,288	(10,324)
Land held for resale	-	(116,918)
Deferred revenue	<u>357,397</u>	<u>(37,567)</u>
	<u>1,843,874</u>	<u>576,994</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(70,808)	(67,610)
Loan receivable	<u>-</u>	<u>116,918</u>
	<u>(70,808)</u>	<u>49,308</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	21,974	-
Purchase of tangible capital assets	<u>(1,553,462)</u>	<u>(690,706)</u>
	<u>(1,531,488)</u>	<u>(690,706)</u>
CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR	241,578	(64,404)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>946,742</u>	<u>1,011,146</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,188,320</u>	<u>\$ 946,742</u>

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, 2017

Schedule 1

	<u>2017</u>	<u>2016</u>
BALANCE, BEGINNING OF YEAR	\$ 8,154,844	\$ 7,765,826
Purchase of Tangible Capital Assets	1,553,462	690,706
Amortization of Tangible Capital Assets	(396,431)	(369,298)
Net Book Value of Tangible Capital Assets Disposed of	(20,000)	-
Repayment of Capital Long-Term Debt	<u>70,808</u>	<u>67,610</u>
BALANCE, END OF YEAR	\$ <u>9,362,683</u>	\$ <u>8,154,844</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible Capital Assets (Note 6)	\$ 11,079,199	\$ 9,942,168
Long-term Debt (Note 7)	<u>(1,716,516)</u>	<u>(1,787,324)</u>
	\$ <u>9,362,683</u>	\$ <u>8,154,844</u>

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

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2017

Schedule 2

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TAXATION			
Real property taxes	\$ 1,399,997	\$ 1,398,273	\$ 1,364,921
Linear property taxes	<u>31,980</u>	<u>31,980</u>	<u>34,462</u>
	<u>1,431,977</u>	<u>1,430,253</u>	<u>1,399,383</u>
REQUISITIONS			
Alberta School Foundation Fund	329,876	329,876	293,533
Lac Ste. Anne Foundation	<u>24,723</u>	<u>24,723</u>	<u>22,322</u>
	<u>354,599</u>	<u>354,599</u>	<u>315,855</u>
NET MUNICIPAL TAXES	<u>\$ 1,077,378</u>	<u>\$ 1,075,654</u>	<u>\$ 1,083,528</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, 2017

Schedule 3

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 442,526	\$ 78,932	\$ 156,765
Local governments	<u>63,752</u>	<u>64,732</u>	<u>68,922</u>
	<u>506,278</u>	<u>143,664</u>	<u>225,687</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>1,827,216</u>	<u>1,079,505</u>	<u>491,859</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,333,494</u>	<u>\$ 1,223,169</u>	<u>\$ 717,546</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, 2017

Schedule 4

	<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							
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	<u>40,326</u>	<u>6,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,120</u>	<u>143,664</u>
	<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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,531</u>	<u>17,531</u>
	<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	<u>27,165</u>	<u>7,439</u>	<u>69,901</u>	<u>63,155</u>	<u>195,523</u>	<u>33,248</u>	<u>396,431</u>
NET REVENUE (DEFICIT)	<u>\$ (27,165)</u>	<u>\$ (7,439)</u>	<u>\$ (69,901)</u>	<u>\$ (63,155)</u>	<u>\$ (56,163)</u>	<u>\$ 142,413</u>	<u>\$ (81,410)</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, 2016

Schedule 4

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

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

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.

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, 2017

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, 2017

2. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Operating account (overdraft)	\$ 38,024	\$ (203,704)
Guaranteed Investment Certificates	1,149,696	1,149,846
Cash on hand	<u>600</u>	<u>600</u>
	<u>\$ 1,188,320</u>	<u>\$ 946,742</u>

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

3. RECEIVABLES

	<u>2017</u>	<u>2016</u>
Taxes and grants in place of taxes	\$ 157,518	\$ 177,832
Trade and other	114,358	82,346
Goods and Services Tax	74,087	27,535
Utilities	67,794	68,379
Government grants	<u>42,581</u>	<u>158,739</u>
	456,338	514,831
Less: Allowance for doubtful accounts	<u>(7,134)</u>	-
	<u>\$ 449,204</u>	<u>\$ 514,831</u>

Taxes and grants in place of taxes include arrears taxes in the amount of \$87,977 (2016 - \$83,900).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 316,435	\$ 280,177
Accrued interest on long-term debt	<u>23,530</u>	<u>24,500</u>
	<u>\$ 339,965</u>	<u>\$ 304,677</u>

5. 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	-	291,204	(24,077)	267,127
Other	-	60,000	-	60,000
Federal Gas Tax	<u>-</u>	<u>56,334</u>	<u>(26,064)</u>	<u>30,270</u>
	<u>\$ -</u>	<u>\$ 407,538</u>	<u>\$ (50,141)</u>	<u>\$ 357,397</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2017

6. TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Engineered structures		
Water systems	\$ 4,368,496	\$ 4,487,201
Wastewater systems	4,261,775	3,019,190
Roadways	1,111,068	1,023,458
Storm systems	<u>52,859</u>	<u>54,327</u>
	9,794,198	8,584,176
Machinery, equipment, and furnishings	668,116	661,499
Buildings	345,241	372,980
Land	183,672	183,672
Vehicles	<u>87,972</u>	<u>139,841</u>
	<u>\$ 11,079,199</u>	<u>\$ 9,942,168</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 2,914,117	\$ 149,297	\$ -	-	\$ 3,063,414
Water systems	6,882,767	-	-	-	6,882,767
Wastewater systems	3,672,935	1,300,224	-	-	4,973,159
Storm systems	<u>111,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,587</u>
	13,581,406	1,449,521	-	-	15,030,927
Land	183,672	-	-	-	183,672
Buildings	1,257,967	-	-	-	1,257,967
Machinery, equipment, and furnishings	1,125,641	103,941	-	-	1,229,582
Vehicles	<u>338,690</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>298,690</u>
	<u>\$ 16,487,376</u>	<u>\$ 1,553,462</u>	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 18,000,838</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,890,659	\$ 61,687	\$ -	-	\$ 1,952,346
Water systems	2,395,566	118,705	-	-	2,514,271
Wastewater systems	653,745	57,639	-	-	711,384
Storm systems	<u>57,260</u>	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>58,728</u>
	4,997,230	239,499	-	-	5,236,729
Buildings	884,987	27,739	-	-	912,726
Machinery, equipment, and furnishings	464,142	97,324	-	-	561,466
Vehicles	<u>198,849</u>	<u>31,869</u>	<u>(20,000)</u>	<u>-</u>	<u>210,718</u>
	<u>\$ 6,545,208</u>	<u>\$ 396,431</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 6,921,639</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2017

7. LONG-TERM DEBT

	<u>2017</u>	<u>2016</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>\$ 1,716,516</u>	<u>\$ 1,787,324</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 74,158	\$ 79,407	\$ 153,565
2019	77,667	75,899	153,566
2020	81,341	72,225	153,566
2021	85,188	68,377	153,565
2022	89,219	64,347	153,566
Thereafter	<u>1,308,943</u>	<u>443,627</u>	<u>1,752,570</u>
	<u>\$ 1,716,516</u>	<u>\$ 803,882</u>	<u>\$ 2,520,398</u>

The Town's cash payments for interest in 2017 were \$82,757 (2016 - \$85,955).

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>2017</u>	<u>2016</u>
Total debt limit	<u>\$ 3,899,954</u>	\$ 4,010,820
Total debt	<u>(1,716,516)</u>	<u>(1,787,324)</u>
Amount of debt limit unused	<u>\$ 2,183,438</u>	<u>\$ 2,223,496</u>
Service on debt limit	\$ 649,992	\$ 668,470
Service on debt	<u>(153,565)</u>	<u>(153,565)</u>
Amount of debt servicing limit unused	<u>\$ 496,427</u>	<u>\$ 514,905</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2017

9. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 171,585	\$ 217,761
Restricted surplus		
Operating reserves (Note 10)	638,588	780,126
Capital reserves (Note 10)	353,289	373,345
Equity in tangible capital assets (Schedule 1)	<u>9,362,683</u>	<u>8,154,844</u>
	<u>\$ 10,526,145</u>	<u>\$ 9,526,076</u>

10. RESERVES

	<u>2017</u>	<u>2016</u>
Operating Reserves		
Roads and streets	\$ 206,255	\$ 204,155
Future development	157,929	424,929
Sidewalks	100,000	-
Water upgrades	92,840	92,840
Tax stabilization	47,202	42,202
Lagoon	18,362	-
Special projects	<u>16,000</u>	<u>16,000</u>
	<u>\$ 638,588</u>	<u>\$ 780,126</u>
Capital Reserves		
Utilities	\$ 130,260	\$ 211,122
Machinery and equipment	68,199	59,199
Recreation venue / opportunity	60,000	-
Parks, recreation and playgrounds	32,195	32,195
Building - administration	21,630	17,630
Parks improvements - Fortis	13,149	28,474
Vehicle - public works	11,870	11,870
Fire	5,000	-
Building - public works	4,780	3,180
Parks beautification	3,316	7,785
Culture and hall	<u>2,890</u>	<u>1,890</u>
	<u>\$ 353,289</u>	<u>\$ 373,345</u>

11. TRUST FUNDS

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

	<u>Opening</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u>
Collaboration Program Grants	\$ 648,512	\$ -	\$ (308,001)	\$ 340,511
Tax sale proceeds	70,577	266	-	70,843
Seniors Housing	1,000	-	-	1,000
Syrian refugee donations	<u>19,633</u>	<u>6,628</u>	<u>-</u>	<u>26,261</u>
	<u>\$ 739,722</u>	<u>\$ 6,894</u>	<u>\$ (308,001)</u>	<u>\$ 438,615</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2017

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>2017 Benefits and Allowances</u>	<u>Total</u>	<u>2016 Total</u>
Town Council				
Tracy (Mayor)	\$ 11,480	\$ 209	\$ 11,689	\$ 5,186
St. Hilaire	7,173	69	7,242	4,460
Krasnow (Mayor)	6,300	79	6,379	8,259
Feth	5,300	47	5,347	4,000
Mickle	5,093	26	5,119	3,299
Neilson	2,358	35	2,393	-
Tonita	<u>1,985</u>	<u>31</u>	<u>2,016</u>	<u>-</u>
	<u>\$ 39,689</u>	<u>\$ 496</u>	<u>\$ 40,185</u>	<u>\$ 25,204</u>
Chief Administrative Officer				
Wildman	<u>\$ 129,050</u>	<u>\$ -</u>	<u>\$ 129,050</u>	<u>\$ 118,689</u>

Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.

13. CONTRACTUAL OBLIGATIONS

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

14. UTILITY FRANCHISE AGREEMENTS

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

	<u>2017</u>	<u>2016</u>
Fortis Alberta Inc.	\$ 61,134	\$ 59,208
Atco Gas	<u>22,114</u>	<u>16,327</u>
	<u>83,248</u>	<u>75,535</u>

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2017

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 2017 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 4, 2017. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2017</u> (Budget)	<u>2017</u> (Actual)
Annual surplus	1,727,856	1,000,069
Add back:		
Amortization expense	-	396,431
Net transfers from (to) reserves	219,068	161,594
Deduct:		
Gain on disposal of tangible capital assets	-	(1,974)
Principal debt repayments	(70,808)	(70,809)
Purchase of tangible capital assets	<u>(1,876,116)</u>	<u>(1,553,462)</u>
Result of Operations	<u>\$ -</u>	<u>\$ (68,151)</u>

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.