

TOWN OF ONOWAY

Financial Statements

For The Year Ended December 31, 2024

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.


Jennifer Thompson
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, 2024, 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, 2024, 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 24, 2025

TOWN OF ONOWAY
Statement of Financial Position
As at December 31, 2024

| | 2024 | 2023 <i>Restated</i> <i>(Note 19)</i> |
|--|---------------------|---|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents <i>(Note 2)</i> | 762,114 | 595,765 |
| Receivables <i>(Note 3)</i> | 782,263 | 533,912 |
| Land held for resale | 116,920 | 203,385 |
| | <u>1,661,297</u> | <u>1,333,062</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities <i>(Note 4)</i> | 365,660 | 289,632 |
| Deferred revenue <i>(Note 5)</i> | 254,312 | 211,433 |
| Long-term debt <i>(Note 6)</i> | 1,117,644 | 1,215,503 |
| Asset retirement obligations <i>(Note 7)</i> | 1,031,531 | 982,410 |
| | <u>2,769,147</u> | <u>2,698,978</u> |
| NET DEBT | <u>(1,107,850)</u> | <u>(1,365,916)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets <i>(Note 8)</i> | 10,799,554 | 11,047,147 |
| Prepaid expenses | 5,981 | 15,109 |
| | <u>10,805,535</u> | <u>11,062,256</u> |
| ACCUMULATED SURPLUS <i>(Note 9)</i> | <u>\$ 9,697,685</u> | <u>\$ 9,696,340</u> |

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, 2024

| | 2024 (Budget) (Note 17) | 2024 (Actual) | 2023 (Actual) Restated (Note 19) |
|---|-------------------------------|---------------------|---|
| REVENUE | | | |
| Net taxes available for municipal purposes (Schedule 2) | 1,454,152 | 1,455,588 | 1,394,863 |
| Sales and user charges (Schedule 4) | 1,130,306 | 1,290,923 | 1,202,548 |
| Sales to other governments | 432,029 | 394,100 | 419,458 |
| Government transfers for operating (Schedule 3) | 228,199 | 269,689 | 279,312 |
| Franchise fees (Note 15) | 124,042 | 145,521 | 129,770 |
| Other | 18,935 | 76,412 | 27,892 |
| Penalties and costs on taxes | 24,745 | 42,367 | 28,030 |
| Interest | 8,080 | 36,366 | 41,909 |
| Rentals | 27,600 | 27,600 | 27,700 |
| Licenses and permits | 4,600 | 12,388 | 7,870 |
| Fines | 7,500 | 1,269 | 6,591 |
| | <u>3,460,188</u> | <u>3,752,223</u> | <u>3,565,943</u> |
| EXPENSES | | | |
| General administration | 845,622 | 1,098,361 | 835,919 |
| Water supply and distribution | 549,433 | 611,487 | 544,211 |
| Fire | 549,572 | 535,077 | 610,745 |
| Roads, streets, walks, lighting | 282,158 | 255,966 | 244,683 |
| Wastewater treatment and disposal | 266,920 | 167,600 | 270,369 |
| Subdivision land and development | 3,500 | 162,561 | 413 |
| Common and equipment pool | 178,240 | 156,224 | 167,018 |
| Police | 140,409 | 140,409 | 95,509 |
| Council and other legislative | 150,690 | 115,763 | 132,133 |
| Parks and recreation | 126,072 | 93,535 | 93,923 |
| Waste management | 96,866 | 89,381 | 91,371 |
| Family and community support services | 80,739 | 75,891 | 68,166 |
| Other planning and development | 80,553 | 57,088 | 1,280 |
| Land use planning, zoning and development | 15,655 | 40,501 | 96,966 |
| Culture: libraries, museums, halls | 28,475 | 44,872 | 35,721 |
| Recreation board and other services | 29,150 | 18,029 | 14,100 |
| Other | 3,000 | 4,248 | 2,249 |
| Bylaws enforcement | 1,960 | 807 | 2,585 |
| Disaster and emergency services | 4,161 | 97 | 922 |
| Amortization | 69,674 | 470,040 | 493,191 |
| | <u>3,502,849</u> | <u>4,137,937</u> | <u>3,801,474</u> |
| ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE | (42,661) | (385,714) | (235,531) |
| OTHER REVENUE | | | |
| Government transfers for capital (Schedule 3) | 443,945 | 337,073 | 54,767 |
| Gain (loss) on disposal of tangible capital assets | - | 49,986 | (111,094) |
| ANNUAL SURPLUS (DEFICIT) | <u>401,284</u> | <u>1,345</u> | <u>(291,858)</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED | | | |
| | 9,696,340 | 9,696,340 | 10,830,621 |
| Adoption of new accounting standard (Note 19) | - | - | (842,423) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED | <u>9,696,340</u> | <u>9,696,340</u> | <u>9,988,198</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 10,097,624</u> | <u>\$ 9,697,685</u> | <u>\$ 9,696,340</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, 2024

| | 2024 (Budget) (Note 17) | 2024 (Actual) | 2023 (Actual) <i>Restated</i> (Note 19) |
|--|-------------------------------|-----------------------------|--|
| ANNUAL SURPLUS (DEFICIT) | \$ 401,284 | \$ 1,345 | \$ (291,858) |
| Purchase of tangible capital assets | (443,945) | (436,661) | (73,695) |
| Proceeds on disposal of tangible capital assets | - | 264,200 | - |
| Amortization of tangible capital assets | 69,674 | 470,040 | 493,191 |
| Loss (gain) on disposal of tangible capital assets | - | (49,986) | 111,094 |
| | <u>(374,271)</u> | <u>247,593</u> | <u>530,590</u> |
| Acquisition (use) of prepaid expenses | - | 9,128 | (9,608) |
| INCREASE (DECREASE) IN NET DEBT | 27,013 | 258,066 | 229,124 |
| NET DEBT, BEGINNING OF YEAR | <u>(1,365,916)</u> | <u>(1,365,916)</u> | <u>(1,595,040)</u> |
| NET DEBT, END OF YEAR | <u>\$(1,338,903)</u> | <u>\$(1,107,850)</u> | <u>\$(1,365,916)</u> |

TOWN OF ONOWAY
Statement of Cash Flows
For The Year Ended December 31, 2024

| | 2024 | 2023 <i>Restated</i> <i>(Note 19)</i> |
|--|--------------------------|---|
| OPERATING ACTIVITIES | | |
| Cash from operations | | |
| Annual surplus (deficit) | \$ 1,345 | \$ (291,858) |
| Non-cash items included in excess of revenues over expenses: | | |
| Amortization | 470,040 | 493,191 |
| Loss (gain) on disposal of tangible capital assets | (49,986) | 111,094 |
| Accretion of asset retirement obligations | 49,121 | 46,781 |
| | <u>470,520</u> | <u>359,208</u> |
| Change in non-cash working capital balances related to operations: | | |
| Prepaid expenses | 9,128 | (9,608) |
| Receivables | (248,351) | 28,196 |
| Accounts payable and accrued liabilities | 76,028 | (154,239) |
| Land held for resale | 86,465 | - |
| Deferred revenue | 42,879 | 127,611 |
| | <u>436,669</u> | <u>351,168</u> |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | <u>(97,859)</u> | <u>(93,440)</u> |
| CAPITAL ACTIVITIES | | |
| Proceeds on disposal of tangible capital assets | 264,200 | - |
| Purchase of tangible capital assets | <u>(436,661)</u> | <u>(73,695)</u> |
| | <u>(172,461)</u> | <u>(73,695)</u> |
| CHANGE IN CASH CASH EQUIVALENTS DURING THE YEAR | 166,349 | 184,033 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>595,765</u> | <u>411,732</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 762,114</u> | <u>\$ 595,765</u> |

TOWN OF ONOWAY
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2024

Schedule 1

| | 2024 | 2023 <i>Restated</i> <i>(Note 19)</i> |
|---|---------------------|---|
| BALANCE, BEGINNING OF YEAR | \$ 8,849,234 | \$ 9,333,165 |
| Purchase of Tangible Capital Assets | 436,661 | 73,695 |
| Amortization of Tangible Capital Assets | (470,040) | (493,191) |
| Net Book Value of Tangible Capital Assets Disposed of | (214,214) | (111,094) |
| Repayment of Capital Long-Term Debt | 97,859 | 93,440 |
| Accretion of asset retirement obligations | (49,121) | (46,781) |
| BALANCE, END OF YEAR | \$ 8,650,379 | \$ 8,849,234 |

Equity in Tangible Capital Assets is Comprised of the Following:

| | | |
|----------------------------------|---------------------|---------------------|
| Tangible Capital Assets (Note 8) | \$ 10,799,554 | \$ 11,047,147 |
| Long-term Debt (Note 6) | (1,117,644) | (1,215,503) |
| Asset Retirement Obligations | (1,031,531) | (982,410) |
| | \$ 8,650,379 | \$ 8,849,234 |

TOWN OF ONOWAY
Schedule of Property Taxes Levied
For The Year Ended December 31, 2024

Schedule 2

| | 2024 (Budget) (Note 17) | 2024 (Actual) | 2023 (Actual) |
|--------------------------------|-------------------------------|---------------------|---------------------|
| TAXATION | | | |
| Real property taxes | \$ 1,724,963 | \$ 1,783,890 | \$ 1,678,532 |
| Linear property taxes | 72,364 | 58,883 | 51,871 |
| | <u>1,797,327</u> | <u>1,842,773</u> | <u>1,730,403</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 312,048 | 356,346 | 312,048 |
| Lac Ste. Anne Foundation | 31,127 | 30,839 | 23,492 |
| | <u>343,175</u> | <u>387,185</u> | <u>335,540</u> |
| NET MUNICIPAL TAXES | <u>\$ 1,454,152</u> | <u>\$ 1,455,588</u> | <u>\$ 1,394,863</u> |

TOWN OF ONOWAY
Schedule of Government Transfers
For The Year Ended December 31, 2024

Schedule 3

| | 2024 (Budget) <i>(Note 17)</i> | 2024 (Actual) | 2023 (Actual) |
|-----------------------------------|--------------------------------------|-------------------|-------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial government | 183,463 | 219,055 | 228,855 |
| Local governments | 44,736 | 50,634 | 50,457 |
| | <u>228,199</u> | <u>269,689</u> | <u>279,312</u> |
| TRANSFERS FOR CAPITAL | | | |
| Provincial government | 443,945 | 337,073 | 54,767 |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 672,144</u> | <u>\$ 606,762</u> | <u>\$ 334,079</u> |

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2024

Schedule 4

| | General Administration | Protective Services | Public Works | Roads Streets, Walks and Lighting | Utilities | All Other | Total |
|--|---------------------------|------------------------|--------------------|---|------------------|--------------------|---------------------|
| REVENUE | | | | | | | |
| Taxation | 946,926 | 170,335 | 145,366 | 142,812 | - | 50,149 | 1,455,588 |
| Sales and user charges | 2,527 | 66,938 | - | - | 1,101,065 | 120,393 | 1,290,923 |
| Other | 48,324 | 431,666 | - | 1,655 | - | 254,378 | 736,023 |
| Government transfers | 90,428 | - | - | - | - | 179,261 | 269,689 |
| | 1,088,205 | 668,939 | 145,366 | 144,467 | 1,101,065 | 604,181 | 3,752,223 |
| EXPENSES | | | | | | | |
| Contracted and general services | 496,599 | 523,825 | 46,810 | 36,787 | 512,406 | 81,820 | 1,698,247 |
| Salaries, wages, and benefits | 524,683 | 23,009 | 52,263 | 105,291 | 128,277 | 144,939 | 978,462 |
| Materials, goods, and supplies | 23,821 | 112,793 | 28,573 | 20,606 | 121,347 | 116,084 | 423,224 |
| Other | - | - | - | - | - | 242,385 | 242,385 |
| Utilities | 14,624 | 7,519 | 9,099 | 92,159 | 33,913 | 4,946 | 162,260 |
| Insurance | 28,478 | 1,793 | 8,621 | 1,123 | 11,494 | 8,324 | 59,833 |
| Interest on long-term debt | - | - | - | - | 54,365 | - | 54,365 |
| Asset retirement obligations accretion | 10,156 | 7,450 | 10,858 | - | 6,667 | 13,990 | 49,121 |
| | 1,098,361 | 676,389 | 156,224 | 255,966 | 868,469 | 612,488 | 3,667,897 |
| NET REVENUE BEFORE AMORTIZATION | (10,156) | (7,450) | (10,858) | (111,499) | 232,596 | (8,307) | 84,326 |
| Amortization | 22,154 | 12,954 | 63,200 | 133,882 | 228,269 | 9,581 | 470,040 |
| NET REVENUE (DEFICIT) | \$ (32,310) | \$ (20,404) | \$ (74,058) | \$ (245,381) | \$ 4,327 | \$ (17,888) | \$ (385,714) |

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

TOWN OF ONOWAY
Schedule of Segmented Information
For The Year Ended December 31, 2023

Schedule 4

| | General Administration | Protective Services | Public Works | Roads Streets, Walks and Lighting | Utilities | All Other | Total |
|--|---------------------------|------------------------|--------------------|---|--------------------|-------------------|---------------------|
| REVENUE | | | | | | | |
| Taxation | 672,215 | 102,635 | 156,678 | 243,545 | - | 219,790 | 1,394,863 |
| Sales and user charges | 1,365 | 140,093 | - | - | 1,052,727 | 8,363 | 1,202,548 |
| Other | 41,240 | 459,824 | - | 1,138 | - | 187,018 | 689,220 |
| Government transfers | 111,428 | - | - | - | 20,733 | 147,151 | 279,312 |
| | 826,248 | 702,552 | 156,678 | 244,683 | 1,073,460 | 562,322 | 3,565,943 |
| EXPENSES | | | | | | | |
| Contracted and general services | 205,751 | 471,745 | 61,583 | 49,826 | 562,027 | 146,873 | 1,497,805 |
| Salaries, wages, and benefits | 501,482 | 13,494 | 49,477 | 97,013 | 120,866 | 149,196 | 931,528 |
| Materials, goods, and supplies | 70,726 | 208,027 | 28,350 | 14,395 | 119,185 | 109,411 | 550,094 |
| Utilities | 12,598 | 7,493 | 8,599 | 82,358 | 27,241 | 1,684 | 139,973 |
| Interest on long-term debt | 1,750 | - | - | - | 58,846 | - | 60,596 |
| Insurance | 33,941 | 1,793 | 8,669 | 1,091 | 11,437 | 1,852 | 58,783 |
| Asset retirement obligations accretion | 9,672 | 7,095 | 10,341 | - | 6,349 | 13,324 | 46,781 |
| Other | - | - | - | - | - | 22,723 | 22,723 |
| | 835,920 | 709,647 | 167,019 | 244,683 | 905,951 | 445,063 | 3,308,283 |
| NET REVENUE BEFORE AMORTIZATION | (9,672) | (7,095) | (10,341) | - | 167,509 | 117,259 | 257,660 |
| Amortization | 22,835 | 12,954 | 62,041 | 128,521 | 256,281 | 10,559 | 493,191 |
| NET REVENUE (DEFICIT) | \$ (32,507) | \$ (20,049) | \$ (72,382) | \$ (128,521) | \$ (88,772) | \$ 106,700 | \$ (235,531) |

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 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 Town is a member of the West Inter Lake District Regional Water Services Commission and Highway 43 East Waste Commission. The Town has not proportionately consolidated these financial results of the organizations.

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) 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.

(d) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

| | |
|--|--|
| Cash | Cost and amortized cost |
| Investments | Fair value and amortized cost |
| Receivables | Lower of cost or net recoverable value |
| Accounts payable and accrued liabilities | Cost |
| Long-term debt | Amortized cost |

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

(f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized gains and losses from changes in the fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investment income is recorded as revenue in the period it is earned.

(g) 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.

(h) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(i) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) Taxation 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.

(l) 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, 2024

2. CASH AND CASH EQUIVALENTS

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Deposit account with financial institution | \$ 761,764 | \$ 595,588 |
| Cash on hand | 350 | 177 |
| | <u>\$ 762,114</u> | <u>\$ 595,765</u> |

3. RECEIVABLES

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|-------------------|-------------------|
| Trade and other | \$ 527,894 | \$ 279,807 |
| Taxes and grants in place of taxes | 146,823 | 159,877 |
| Utilities | 94,876 | 99,157 |
| Goods and Services Tax | 19,411 | 16,812 |
| | <u>789,004</u> | <u>555,653</u> |
| Less: Allowance for doubtful accounts | <u>(6,741)</u> | <u>(21,741)</u> |
| | <u>\$ 782,263</u> | <u>\$ 533,912</u> |

All receivables, other than taxes and grants in place of taxes, are current. The age of taxes and grants in place of taxes receivables that are not impaired are as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------|-------------------|-------------------|
| Current | \$ 94,695 | \$ 76,726 |
| 1 year | 25,614 | 9,932 |
| 2 years | - | 3,287 |
| Over 3 years | 19,773 | 48,191 |
| | <u>\$ 140,082</u> | <u>\$ 138,136</u> |

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2024</u> | <u>2023</u> |
|----------------------------|-------------------|-------------------|
| Trade payables | \$ 324,749 | \$ 258,157 |
| Vacation pay | 25,591 | 14,813 |
| Interest on long-term debt | 15,320 | 16,662 |
| | <u>\$ 365,660</u> | <u>\$ 289,632</u> |

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

5. DEFERRED REVENUE

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

| | 2023 | Received | Used | 2024 |
|--------------------------------------|-------------------|-------------------|---------------------|-------------------|
| Local Government Fiscal Framework | \$ - | \$ 279,411 | \$ (153,912) | \$ 125,499 |
| Other grants | 77,822 | 10,000 | (15,765) | 72,057 |
| Canada Community-Building Fund | 214 | 106,276 | (51,390) | 55,100 |
| Climate Resilience Capacity Building | 1,656 | - | - | 1,656 |
| Municipal Sustainability Initiative | 131,741 | - | (131,741) | - |
| | <u>\$ 211,433</u> | <u>\$ 395,687</u> | <u>\$ (352,808)</u> | <u>\$ 254,312</u> |

6. LONG-TERM DEBT

Government of Alberta 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.

| 2024 | 2023 |
|---------------------|---------------------|
| <u>\$ 1,117,644</u> | <u>\$ 1,215,503</u> |

Principal and interest payments are as follows:

| | Principal | Interest | Total |
|------------|---------------------|-------------------|---------------------|
| 2025 | \$ 102,489 | \$ 51,077 | \$ 153,566 |
| 2026 | 107,337 | 46,228 | 153,565 |
| 2027 | 112,415 | 41,151 | 153,566 |
| 2028 | 117,733 | 35,833 | 153,566 |
| 2029 | 123,303 | 30,263 | 153,566 |
| Thereafter | 554,367 | 90,159 | 644,526 |
| | <u>\$ 1,117,644</u> | <u>\$ 294,711</u> | <u>\$ 1,412,355</u> |

The Town's cash payments for interest in 2024 were \$55,706 (2023 - \$60,126).

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

7. ASSET RETIREMENT OBLIGATIONS

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or being demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur. The total Town's expected undiscounted future cash flows related to this total \$1,373,200 to be realized between 2028 and 2085. The estimated liability is based on the sum of discounted future cash flows using a discount rate of 5.00% and inflation rate of 3.10%.

The Town has not designated assets for settling these liabilities.

| | <u>2024</u> | | <u>2023</u> |
|--------------------------------|---------------------|----|----------------|
| Balance, beginning of the year | \$ 982,410 | \$ | 935,629 |
| Accretion expense | 49,121 | | 46,781 |
| Balance, end of the year | <u>\$ 1,031,531</u> | \$ | <u>982,410</u> |

TOWN OF ONOWAY
Notes to Financial Statementscc
For The Year Ended December 31, 2024

8. TANGIBLE CAPITAL ASSETS

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|----------------------|----------------------|
| Engineered structures | | |
| Wastewater systems | \$ 3,976,064 | \$ 4,051,982 |
| Water systems | 3,692,226 | 3,778,075 |
| Roadways | 1,544,182 | 1,502,541 |
| Storm systems | 642,343 | 574,960 |
| | <u>9,854,815</u> | <u>9,907,558</u> |
| Machinery, equipment, and furnishings | 373,756 | 558,233 |
| Buildings | 331,035 | 323,880 |
| Land | 179,480 | 179,480 |
| Vehicles | 60,468 | 77,996 |
| | <u>\$ 10,799,554</u> | <u>\$ 11,047,147</u> |

| | Cost Beginning of Year | Additions | Disposals | Write-downs | Cost End of Year |
|--|------------------------------|-------------------|---------------------|-------------|------------------------|
| Engineered structures | | | | | |
| Water systems | \$ 6,972,088 | \$ 38,475 | \$ - | - | \$ 7,010,563 |
| Wastewater systems | 5,193,031 | - | - | - | 5,193,031 |
| Roadways | 4,083,363 | 165,270 | - | - | 4,248,633 |
| Storm systems | 682,404 | 77,636 | - | - | 760,040 |
| | <u>16,930,886</u> | <u>281,381</u> | <u>-</u> | <u>-</u> | <u>17,212,267</u> |
| Land | 179,480 | - | - | - | 179,480 |
| Buildings | 1,535,052 | 40,630 | - | - | 1,575,682 |
| Machinery, equipment, and furnishings | 1,449,839 | 114,650 | (281,339) | - | 1,283,150 |
| Vehicles | 357,013 | - | - | - | 357,013 |
| | <u>\$ 20,452,270</u> | <u>\$ 436,661</u> | <u>\$ (281,339)</u> | <u>\$ -</u> | <u>\$ 20,607,592</u> |

| | Accumulated Amortization Beginning of Year | Current Amortization | Disposals | Write-downs | Accumulated Amortization End of Year |
|--|---|-------------------------|--------------------|-------------|---|
| Engineered structures | | | | | |
| Water systems | \$ 3,194,013 | \$ 124,324 | \$ - | - | \$ 3,318,337 |
| Roadways | 2,580,822 | 123,629 | - | - | 2,704,451 |
| Wastewater systems | 1,141,049 | 75,918 | - | - | 1,216,967 |
| Storm systems | 107,444 | 10,253 | - | - | 117,697 |
| | <u>7,023,328</u> | <u>334,124</u> | <u>-</u> | <u>-</u> | <u>7,357,452</u> |
| Buildings | 1,211,172 | 33,475 | - | - | 1,244,647 |
| Machinery, equipment, and furnishings | 891,606 | 84,913 | (67,125) | - | 909,394 |
| Vehicles | 279,017 | 17,528 | - | - | 296,545 |
| | <u>\$ 9,405,123</u> | <u>\$ 470,040</u> | <u>\$ (67,125)</u> | <u>\$ -</u> | <u>\$ 9,808,038</u> |

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

9. ACCUMULATED SURPLUS

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Unrestricted surplus | 288,745 | 139,011 |
| Restricted surplus | | |
| Operating reserves (Note 10) | 296,354 | 245,888 |
| Capital reserves (Note 10) | 462,207 | 462,207 |
| Equity in tangible capital assets (Schedule 1) | <u>8,650,379</u> | <u>8,849,234</u> |
| | \$ 9,697,685 | \$ 9,696,340 |

10. RESERVES

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------|-------------------|
| Operating Reserves | | |
| General operating | \$ 245,888 | \$ 245,888 |
| Lagoon | <u>50,466</u> | <u>-</u> |
| | \$ 296,354 | \$ 245,888 |
| Capital Reserves | | |
| General capital | \$ 402,207 | \$ 402,207 |
| Recreation venue / opportunity | <u>60,000</u> | <u>60,000</u> |
| | \$ 462,207 | \$ 462,207 |

11. CREDIT FACILITIES

The Town has a revolving line of credit with an authorized amount of up to \$1,000,000 bearing interest at prime plus 1.00% per annum. At year end, \$NIL (2023 - \$NIL) was drawn upon.

The Town has a credit card with an authorized credit limit of \$30,000, of which \$NIL was drawn at year end.

12. TRUST FUNDS

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

| | <u>Opening</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Ending</u> |
|------------------------------|-------------------|-----------------|----------------------|-------------------|
| Tax sale property funds | \$ 82,083 | \$ 2,760 | \$ - | \$ 84,843 |
| Collaboration Program Grants | 22,211 | - | - | 22,211 |
| Seniors Housing | <u>1,000</u> | <u>-</u> | <u>-</u> | <u>1,000</u> |
| | \$ 105,294 | \$ 2,760 | \$ - | \$ 108,054 |

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

13. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officers, and designated officers as required by Alberta Regulation 313/2000 is as follows:

| | 2024 | | 2023 | |
|------------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Salary | Benefits and Allowances | Total | Total |
| Town Council | | | | |
| Kwasny (Mayor) | 9,300 | 5,613 | 14,913 | 13,802 |
| Coninx | 11,275 | 5,806 | 17,081 | 17,746 |
| Johnson | 8,825 | 5,661 | 14,486 | 15,428 |
| Pocket | 7,500 | 5,587 | 13,087 | 3,416 |
| Murray | 7,250 | 5,567 | 12,817 | 15,468 |
| Winterford | - | - | - | 6,640 |
| | <u>\$ 44,150</u> | <u>\$ 28,234</u> | <u>\$ 72,384</u> | <u>\$ 72,500</u> |
| Chief Administrative Officer | <u>\$ 142,857</u> | <u>\$ 16,189</u> | <u>\$ 159,046</u> | <u>\$ 150,828</u> |
| Designated Officers (1) | <u>\$ 13,664</u> | <u>\$ -</u> | <u>\$ 13,664</u> | <u>\$ 13,198</u> |

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

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

14. CONTRACTUAL OBLIGATIONS

(a) Emergency Services

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, 2021 - December 31, 2025. The basic annual fee for these services is approximately \$260,000 annually.

(b) Waste Collection

The Town has entered into an agreement for waste collection services for the period January 1, 2021 - December 31, 2025. Estimated annual charges for \$65,000 annually.

15. UTILITY FRANCHISE AGREEMENTS

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

| | 2024 | 2023 |
|---------------------|-------------------|-------------------|
| Fortis Alberta Inc. | \$ 103,646 | \$ 93,624 |
| Atco Gas | 41,875 | 36,146 |
| | <u>\$ 145,521</u> | <u>\$ 129,770</u> |

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

16. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Town's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt. The Town is exposed to the following risks with respect to these financial instruments.

(a) Credit Risk

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the Town's earnings will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the Town's long-debt is managed through fixed rate debt.

(c) Liquidity Risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with its financial liabilities. The Town maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the Town's liquidity position on a regular basis.

17. BUDGET

The 2024 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 11, 2024. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

| | 2024 (Budget) | 2024 (Actual) |
|---|------------------|---------------------|
| Annual surplus | 401,284 | 1,345 |
| Add back: | | |
| Amortization expense | 69,674 | 470,040 |
| Net transfers from (to) reserves | 140,521 | (50,466) |
| Deduct: | | |
| Gain on disposal of tangible capital assets | - | (49,986) |
| Principal debt repayments | (97,860) | (97,860) |
| Purchase of tangible capital assets | (443,945) | (436,661) |
| | <u>\$ 69,674</u> | <u>\$ (163,588)</u> |

TOWN OF ONOWAY
Notes to Financial Statements
For The Year Ended December 31, 2024

18. 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>2024</u> | <u>2023</u> |
|---------------------------------------|---------------------|--------------|
| Total debt limit | \$ 5,628,335 | \$ 5,348,915 |
| Total debt | (1,117,644) | (1,215,503) |
| Amount of debt limit unused | \$ 4,510,691 | \$ 4,133,412 |
| Service on debt limit | \$ 938,056 | \$ 891,486 |
| Service on debt | (153,566) | (153,566) |
| Amount of debt servicing limit unused | \$ 784,490 | \$ 737,920 |

19. ADOPTION OF NEW ACCOUNTING STANDARD

Effective January 1 2024, the Town adopted *PS 3280 Asset Retirement Obligations* retroactively and comparative figures have been restated. The effect of this adoption on the comparative figures has been to increase asset retirement obligations and tangible capital assets by \$982,410 and \$86,980 respectively, decrease accumulated surplus \$895,430, increase expenses and the annual deficit by \$53,007.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and administration.
