

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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**TO THE MAYOR AND COUNCIL
TOWN OF OYEN**

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Oyen, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets (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 of 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these 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 municipality as at December 31, 2014 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Johnston Morrison Hunter & Co. Professional Corporation

CHARTERED ACCOUNTANTS

**BROOKS, ALBERTA
APRIL 14, 2015**

TOWN OF OYEN

**Statement of Financial Position
December 31, 2014**

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,092,991	746,274
Taxes and grants in place of taxes (Note 3)	49,334	46,967
Trade and other receivables	234,312	260,899
Land held for resale	31,345	16,768
TOTAL FINANCIAL ASSETS	<u>1,407,982</u>	<u>1,070,908</u>
LIABILITIES		
Accounts payable and accrued liabilities	83,155	145,786
Deposit liabilities	4,551	12,356
Deferred revenue (Note 4)	537,862	284,597
Long-term debt (Note 5)	83,590	157,594
TOTAL LIABILITIES	<u>709,158</u>	<u>600,333</u>
NET FINANCIAL ASSETS (DEBT)	<u>698,824</u>	<u>470,575</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	22,068,276	22,738,977
	<u>22,068,276</u>	<u>22,738,977</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>22,767,100</u>	<u>23,209,552</u>
CONTINGENCIES (NOTE 15)		

TOWN OF OYEN
Statement of Operations
For The Year Ended December 31, 2014

	Budget	2014	2013
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	1,041,278	1,032,077	1,037,594
Government transfers, Schedule 4	496,255	558,028	368,018
Investment income	2,000	2,200	2,612
User fees and sale of goods	888,200	939,115	908,921
Penalties and costs on taxes	11,500	12,411	11,479
Franchise and concession contracts	150,000	164,227	158,180
Other	40,200	38,833	104,997
Total Revenue	<u>2,629,433</u>	<u>2,746,891</u>	<u>2,591,801</u>
EXPENSES			
Legislative	63,022	68,831	59,748
Administration	764,656	745,153	412,876
Fire, ambulance and bylaws enforcement	141,144	94,124	103,657
Roads, streets, walks and lighting	612,028	558,453	675,535
Water and wastewater	904,060	795,246	747,076
Waste management	186,546	183,374	182,727
Recreation and parks	732,473	710,578	671,129
Other	150,326	159,157	175,172
Total Expenses	<u>3,554,255</u>	<u>3,314,916</u>	<u>3,027,920</u>
EXCESS OF EXPENSES OVER REVENUE			
BEFORE OTHER, Schedule 6	(924,822)	(568,025)	(436,119)
OTHER			
Contributed assets	-	-	-
Government transfers for capital, Schedule 4	580,934	125,573	862,234
EXCESS OF REVENUE OVER EXPENSES	<u>(343,888)</u>	<u>(442,452)</u>	<u>426,115</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>23,209,552</u>	<u>23,209,552</u>	<u>22,783,437</u>
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	<u>22,865,664</u>	<u>22,767,100</u>	<u>23,209,552</u>

TOWN OF OYEN

**Statement of Change in Net Financial Assets (Debt)
For The Year Ended December 31, 2014**

	Budget	2014	2013
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	<u>(343,888)</u>	<u>(442,452)</u>	<u>426,115</u>
Acquisition of tangible capital assets	(762,111)	(73,231)	(1,041,306)
Proceeds on disposal of tangible capital assets	-	6,500	-
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	762,111	730,599	783,529
(Gáin) loss on sale of tangible capital assets	<u>-</u>	<u>6,833</u>	<u>-</u>
	<u>-</u>	<u>670,701</u>	<u>(257,777)</u>
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN NET ASSETS	<u>(343,888)</u>	<u>228,249</u>	<u>168,338</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>470,575</u>	<u>470,575</u>	<u>302,237</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>126,687</u></u>	<u><u>698,824</u></u>	<u><u>470,575</u></u>

TOWN OF OYEN

**Statement of Cash Flows
For The Year Ended December 31, 2014**

	2014	2013
	\$	\$
OPERATING		
Excess of revenue over expenses	(442,452)	426,115
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	730,599	783,529
Loss on disposal of tangible capital assets	6,833	-
Non-cash charges to operations (net change):		
(Increase) decrease in taxes and grants in place of taxes	(2,367)	4,650
Decrease (increase) in trade and other receivables	26,587	(19,049)
(Increase) in land held for resale	(14,577)	(12,408)
Decrease (increase) in other financial assets	-	15,000
(Decrease) in accounts payable and accrued liabilities	(62,631)	(236,709)
(Decrease) increase in deposit liabilities	(7,805)	4,367
Increase (decrease) in deferred revenue	253,265	(474,141)
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>487,452</u>	<u>491,354</u>
CAPITAL		
Acquisition of tangible capital assets	(73,231)	(1,041,306)
Proceeds on sale of tangible capital assets	6,500	-
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(66,731)</u>	<u>(1,041,306)</u>
FINANCING		
Long-term debt repaid	(74,004)	(92,809)
CASH APPLIED TO FINANCING TRANSACTIONS	<u>(74,004)</u>	<u>(92,809)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	346,717	(642,761)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>746,274</u>	<u>1,389,035</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>1,092,991</u></u>	<u><u>746,274</u></u>
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	<u><u>1,092,991</u></u>	<u><u>746,274</u></u>

TOWN OF OYEN

Schedule of Changes in Accumulated Surplus For The Year Ended December 31, 2014 Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014	2013
	\$	\$	\$	\$	\$
Balance, beginning of year	375,569	252,600	22,581,383	23,209,552	22,783,437
Excess (deficiency) of revenues over expenses	(442,452)	-	-	(442,452)	426,115
Unrestricted funds designated for future use	(10,000)	10,000	-	-	-
Restricted funds used for operations	60,000	(60,000)	-	-	-
Current year funds used for tangible capital assets	(66,731)	-	66,731	-	-
Disposal of tangible capital assets	6,833	-	(6,833)	-	-
Annual amortization expense	730,599	-	(730,599)	-	-
Long term debt repaid	(74,004)	-	74,004	-	-
Change in accumulated surplus	<u>204,245</u>	<u>(50,000)</u>	<u>(596,697)</u>	<u>(442,452)</u>	<u>426,115</u>
Balance, end of year	<u>579,814</u>	<u>202,600</u>	<u>21,984,686</u>	<u>22,767,100</u>	<u>23,209,552</u>

TOWN OF OYEN

Schedule of Tangible Capital Assets For The Year Ended December 31, 2014 Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	671,779	1,364,213	10,353,771	21,959,669	680,777	397,145	35,427,354	34,386,048
Acquisition of tangible capital assets	-	-	14,540	16,091	42,600	-	73,231	1,041,306
Disposal of tangible capital assets	-	-	-	-	(47,905)	-	(47,905)	-
Balance, end of year	<u>671,779</u>	<u>1,364,213</u>	<u>10,368,311</u>	<u>21,975,760</u>	<u>675,472</u>	<u>397,145</u>	<u>35,452,680</u>	<u>35,427,354</u>
Accumulated Amortization:								
Balance, beginning of year	-	694,130	2,489,018	8,735,341	445,623	324,265	12,688,377	11,904,848
Annual amortization	-	51,269	210,508	408,273	43,802	16,747	730,599	783,529
Accumulated amortization on disposals	-	-	-	-	(34,572)	-	(34,572)	-
Balance, end of year	<u>-</u>	<u>745,399</u>	<u>2,699,526</u>	<u>9,143,614</u>	<u>454,853</u>	<u>341,012</u>	<u>13,384,404</u>	<u>12,688,377</u>
Net Book Value of								
Tangible Capital Assets	<u><u>671,779</u></u>	<u><u>618,814</u></u>	<u><u>7,668,785</u></u>	<u><u>12,832,146</u></u>	<u><u>220,619</u></u>	<u><u>56,133</u></u>	<u><u>22,068,276</u></u>	<u><u>22,738,977</u></u>

TOWN OF OYEN

**Schedule of Property And Other Taxes
For The Year Ended December 31, 2014
Schedule 3**

	Budget	2014	2013
	\$	\$	\$
TAXATION			
Real property taxes	1,233,920	1,224,445	1,234,525
Power, pipe, cable T.V. and other taxes	37,189	37,190	34,636
Government grants in place of property taxes	42,693	42,965	40,387
	<u>1,313,802</u>	<u>1,304,600</u>	<u>1,309,548</u>
REQUISITIONS			
School foundation program	226,225	226,224	225,377
Acadia seniors foundation	46,299	46,299	46,577
	<u>272,524</u>	<u>272,523</u>	<u>271,954</u>
NET TAXES	<u>1,041,278</u>	<u>1,032,077</u>	<u>1,037,594</u>

TOWN OF OYEN

**Schedule of Government Transfers
For The Year Ended December 31, 2014
Schedule 4**

	Budget	2014	2013
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	287,290	346,262	162,447
Federal government	2,789	2,789	-
Other local governments	206,176	208,977	205,571
	<u>496,255</u>	<u>558,028</u>	<u>368,018</u>
TRANSFERS FOR CAPITAL			
Provincial government	580,934	113,182	862,234
Other local governments	-	12,391	-
	<u>580,934</u>	<u>125,573</u>	<u>862,234</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,077,189</u>	<u>683,601</u>	<u>1,230,252</u>

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**Schedule of Expenses by Object
For The Year Ended December 31, 2014
Schedule 5**

	Budget	2014	2013
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	890,124	856,677	790,904
Contracted and general services	996,946	934,434	655,667
Materials, goods and utilities	776,104	662,513	658,399
Transfers to local boards and agencies	115,418	113,269	121,965
Bank charges and short-term interest	235	235	196
Interest on long-term debt	10,355	10,355	16,000
Amorization of tangible capital assets	762,111	730,599	783,529
Other expenditures	2,962	6,834	1,260
TOTAL EXPENDITURES	<u>3,554,255</u>	<u>3,314,916</u>	<u>3,027,920</u>

TOWN OF OYEN

Schedule of Segmented Disclosure For The Year Ended December 31, 2014 Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Net municipal taxes	1,032,077	-	-	-	-	-	-	1,032,077
Government transfers	236,635	10,000	-	-	10,000	237,438	63,955	558,028
User fees and sales of goods	1,241	37,303	10,224	711,687	46,033	127,752	4,875	939,115
Investment income	2,200	-	-	-	-	-	-	2,200
Penalties and costs on taxes	12,411	-	-	-	-	-	-	12,411
Franchise contracts	164,227	-	-	-	-	-	-	164,227
Other revenues	18,083	8,500	-	-	12,250	-	-	38,833
	<u>1,466,874</u>	<u>55,803</u>	<u>10,224</u>	<u>711,687</u>	<u>68,283</u>	<u>365,190</u>	<u>68,830</u>	<u>2,746,891</u>
Expenses:								
Salaries & wages	313,075	16,668	140,218	88,691	-	292,021	6,004	856,677
Contract & general services	457,891	23,286	65,295	251,531	7,957	114,228	14,246	934,434
Goods & supplies	25,629	17,055	146,701	346,978	280	124,520	1,350	662,513
Transfers to local boards	-	-	-	-	27,832	11,342	74,095	113,269
Long-term debt interest	-	-	694	9,316	-	345	-	10,355
Other expenses	235	-	-	-	-	6,834	-	7,069
	<u>796,830</u>	<u>57,009</u>	<u>352,908</u>	<u>696,516</u>	<u>36,069</u>	<u>549,290</u>	<u>95,695</u>	<u>2,584,317</u>
Net revenue, before amortization	<u>670,044</u>	<u>(1,206)</u>	<u>(342,684)</u>	<u>15,171</u>	<u>32,214</u>	<u>(184,100)</u>	<u>(26,865)</u>	<u>162,574</u>
Amortization expense	<u>(15,735)</u>	<u>(34,146)</u>	<u>(208,512)</u>	<u>(283,523)</u>	<u>-</u>	<u>(188,058)</u>	<u>(625)</u>	<u>(730,599)</u>
Net Revenue	<u>654,309</u>	<u>(35,352)</u>	<u>(551,196)</u>	<u>(268,352)</u>	<u>32,214</u>	<u>(372,158)</u>	<u>(27,490)</u>	<u>(568,025)</u>

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2014

1. Significant Accounting Policies

The financial statements of the Town of Oyen are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Oyen are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and change in financial position of the Town of Oyen.

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. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues 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.

Cash and Cash Equivalents

The municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2014

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis 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.

Requisition Over-levy and Under-levy

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

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

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

Inventories 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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the Change in Net Financial Assets (Debt) for the year.

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

Significant Accounting Policies (Continued)

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 the estimated useful life as follows:

	Years
Land improvements	15 - 25
Buildings	50
Engineered structures	
Roadway system	25
Water system	15 - 75
Wastewater system	75
Machinery and equipment	5 - 20
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. Cash and Temporary Investments

	2014	2013
	\$	\$
Cash	433,765	398,733
Temporary investments	<u>659,226</u>	<u>347,541</u>
	<u>1,092,991</u>	<u>746,274</u>

Temporary investments were received from external sources and are held exclusively for capital projects. They are invested in guaranteed investment certificates earning interest at 0.6 - 1.65% and maturing at various dates.

Included in the above are restricted amounts of \$537,862 received from external sources and held exclusively for capital projects .

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

3. Taxes and Grants in Place of Taxes

	2014	2013
	\$	\$
Current taxes and grants in place of taxes	27,211	21,190
Non-current taxes and grants in place of taxes	<u>22,123</u>	<u>25,777</u>
	<u><u>49,334</u></u>	<u><u>46,967</u></u>

4. Deferred Revenue

	2014	2013
	\$	\$
Operating and capital project unspent funds	<u><u>537,862</u></u>	<u><u>284,597</u></u>

Operating and capital project unspent funds were received from external sources and have not been expended in the current year. The use of these funds is restricted to eligible projects which are scheduled for completion in 2014. The unspent funds are supported by cash and temporary investments of \$537,862.

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

5. Long-Term Debt

	2014	2013
	\$	\$
Tax supported debentures	75,628	134,450
Finance contracts	<u>7,962</u>	<u>23,144</u>
	<u><u>83,590</u></u>	<u><u>157,594</u></u>

The current portion of long-term debt is \$38,231 (2013 - \$74,004).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2015	38,231	4,508	42,739
2016	26,511	2,383	28,894
2017	15,411	911	16,322
2018	<u>3,437</u>	<u>314</u>	<u>3,751</u>
	<u><u>83,590</u></u>	<u><u>8,116</u></u>	<u><u>91,706</u></u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.05% to 11.3% per annum and matures in periods through 2018. The average annual interest rate is 8% for 2014 (8% for 2013). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Oyen at large.

The finance contracts are repayable in combined monthly instalments of \$1,350, including principal and interest calculated at 6.4%, due June, 2015.

Interest on long-term debt amounted to \$10,355 (2013 - \$16,000). The Town's total cash payments for interest in 2014 were \$11,774 (2013 - \$18,326).

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

6. 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 of Oyen be disclosed as follows:

	2014	2013
	\$	\$
Total debt limit	4,120,337	3,887,701
Total debt	<u>83,590</u>	<u>157,594</u>
Amount of debt limit unused	<u>4,036,747</u>	<u>3,730,107</u>
Debt servicing limit	686,723	647,950
Debt servicing	<u>42,739</u>	<u>84,359</u>
Amount of debt servicing limit unused	<u>643,984</u>	<u>563,591</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

7. Tangible Capital Assets

	2014	2013
Net Book Value	\$	\$
Land	671,779	671,779
Land improvements	618,814	670,083
Buildings	7,668,785	7,864,753
Engineered structures		
Roadway system	2,128,741	2,285,451
Water system	9,680,780	9,892,768
Wastewater system	1,022,625	1,046,109
Machinery and equipment	220,619	235,154
Vehicles	<u>56,133</u>	<u>72,880</u>
	<u>22,068,276</u>	<u>22,738,977</u>

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

8. Equity in Tangible Capital Assets

	2014	2013
	\$	\$
Tangible capital assets, Schedule 2	35,452,680	35,427,354
Accumulated amortization, Schedule 2	(13,384,404)	(12,688,377)
Long term debt (Note 5)	<u>(83,590)</u>	<u>(157,594)</u>
	<u>21,984,686</u>	<u>22,581,383</u>

9. Accumulated Surplus

Accumulated surplus consists of unrestricted and restricted amounts and equity in tangible capital assets as follows:

	2014	2013
	\$	\$
Unrestricted surplus	579,814	375,569
Restricted surplus		
Rate stabilization	110,471	170,471
General operations	82,129	82,129
Equity in tangible capital assets	<u>21,984,686</u>	<u>22,581,383</u>
	<u>22,757,100</u>	<u>23,209,552</u>

10. Segmented Disclosure

The Town of Oyen provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 6).

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2014**

11. Salary and Benefits Disclosure

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

	2014			2013
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Doug Jones	11,615	4,471	16,086	2,305
Councillors				
Dennis Punter	5,985	1,156	7,141	4,931
Kevin Brost	5,385	622	6,007	1,365
Joseph Lazzari	4,935	1,903	6,838	1,140
Bradley Odland	5,540	1,502	7,042	1,440
Tom Tracy	4,715	746	5,461	4,173
Stacey Wiechnik	7,115	2,196	9,311	765
Municipal administrator	<u>129,048</u>	<u>26,709</u>	<u>155,757</u>	<u>115,513</u>
	<u>174,338</u>	<u>39,305</u>	<u>213,643</u>	<u>131,632</u>

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems and any other direct cash remuneration.
- 2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, healthcare, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2014

12. Financial Instruments

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, deferred revenue, and long-term debt. It is management's opinion that the Town is not exposed to significant currency risk arising from these financial statements.

The Town is subject to interest rate risk. Interest rate risk is the risk that the liability associated with a financial instrument will fluctuate due to changes in market rates of interest. The Town is exposed to interest rate risk because of its bank indebtedness being incurred at a variable rate of interest.

The Town is subject to credit risk with respect to taxes and grants in place of taxes 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.

Unless otherwise noted, the fair value of the financial instruments approximates their carrying values.

13. Local Authorities Pension Plan

Employees of the Town of Oyen participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Oyen is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2014 were \$54,612 (2013 - \$43,884).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2014 were \$49,886 (2013 - \$39,905).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

14. Commitments

On November 26, 2008 the Town of Oyen entered into a memorandum of understanding with the Acadia Foundation. In doing so, the Town of Oyen agreed to share the future borrowing costs related to the Acadia Foundation Building Expansion Project. The Town of Oyen's share of the future borrowing is estimated at \$97,972 principal plus interest. The Town of Oyen intends to amortize this debt over 25 years.

TOWN OF OYEN**Notes to the Financial Statements
For The Year Ended December 31, 2014**

15. Contingencies

The Town of Oyen is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

16. Budgeted Figures

The budgeted figures have not been audited and are presented for information purposes only.

17. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 14, 2015.