

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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AUDITORS' REPORT

THE MAYOR AND COUNCIL OF 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, 2010, 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, 2010 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 LLP

CHARTERED ACCOUNTANTS

**BROOKS, ALBERTA
APRIL 5, 2011**

TOWN OF OYEN

**Statement of Financial Position
December 31, 2010**

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	38,451	591,847
Taxes and grants in place of taxes (Note 3)	51,371	53,273
Trade and other receivables	523,243	390,388
Land held for resale	5,813	13,557
Other financial assets (Note 4)	197,232	30,000
TOTAL FINANCIAL ASSETS	<u>816,110</u>	<u>1,079,065</u>
LIABILITIES		
Accounts payable and accrued liabilities	297,355	101,988
Deposit liabilities	6,300	8,252
Deferred revenue (Note 5)	110,237	588,542
Long-term debt (Note 6)	418,568	418,171
TOTAL LIABILITIES	<u>832,460</u>	<u>1,116,953</u>
NET FINANCIAL ASSETS (DEBT)	<u>(16,350)</u>	<u>(37,888)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	21,615,666	20,607,775
Prepaid expenses	-	4,845
	<u>21,615,666</u>	<u>20,612,620</u>
ACCUMULATED SURPLUS (NOTE 10)	<u>21,599,316</u>	<u>20,574,732</u>
CONTINGENCIES (NOTE 16)		

TOWN OF OYEN

**Statement of Operations
For The Year Ended December 31, 2010**

	Budget	2010	2009
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	885,755	881,786	845,631
Government transfers, Schedule 4	449,815	517,975	391,592
Investment income	3,500	1,899	1,046
User fees	646,500	692,424	673,888
Penalties and costs on taxes	14,000	10,052	13,209
Franchise and concession contracts	140,000	177,170	127,135
Other	42,850	65,824	98,126
Total Revenue	<u>2,182,420</u>	<u>2,347,130</u>	<u>2,150,627</u>
EXPENSES			
Legislative	59,300	68,053	57,816
Administration	406,875	447,379	389,690
Fire, ambulance and bylaws enforcement	66,000	103,750	100,933
Roads, streets, walks and lighting	279,500	536,276	490,608
Water and wastewater	373,557	614,119	656,665
Waste management	180,800	179,918	141,937
Recreation and parks	381,420	580,065	576,228
Other	198,845	174,330	170,546
Total Expenses	<u>1,946,297</u>	<u>2,703,890</u>	<u>2,584,423</u>
EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER	236,123	(356,760)	(433,796)
OTHER			
Government transfers for capital, Schedule 4	17,500	1,381,344	254,499
EXCESS OF EXPENSES OVER REVENUE	<u>253,623</u>	<u>1,024,584</u>	<u>(179,297)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>20,574,732</u>	<u>20,574,732</u>	<u>20,754,029</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>20,828,355</u>	<u>21,599,316</u>	<u>20,574,732</u>

TOWN OF OYEN

**Statement of Change in Net Financial Assets (Debt)
For The Year Ended December 31, 2010**

	Budget	2010	2009
	\$	\$	\$
EXCESS OF EXPENSES OVER REVENUE	253,623	1,024,584	(179,297)
Acquisition of tangible capital assets	(156,000)	(1,712,047)	(239,531)
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	-	704,156	655,720
(Gain) loss on sale of tangible capital assets	-	-	-
	(156,000)	(1,007,891)	416,189
Acquisition of prepaid expenses	-	-	(4,845)
Use of prepaid assets	-	4,845	-
	-	4,845	(4,845)
DECREASE IN NET DEBT	97,623	21,538	232,047
NET FINANCIAL DEBT, BEGINNING OF YEAR	(37,888)	(37,888)	(269,935)
NET FINANCIAL DEBT, END OF YEAR	59,735	(16,350)	(37,888)

TOWN OF OYEN

**Statement of Cash Flows
For The Year Ended December 31, 2010**

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses over revenue	1,024,584	(179,297)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	704,156	655,720
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes	1,902	27,015
(Increase) decrease in trade and other receivables	(132,855)	31,900
Decrease in land held for resale	7,744	-
(Increase) decrease in other financial assets	(167,232)	17,000
Increase in accounts payable and accrued liabilities	195,367	43,191
Decrease in deposit liabilities	(1,952)	
(Decrease) increase in deferred revenue	(478,305)	305,063
Decrease (increase) in prepaid expense	4,845	(4,845)
CASH PROVIDED BY OPERATING TRANSACTIONS	1,158,254	895,747
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,712,047)	(239,531)
CASH APPLIED TO CAPITAL TRANSACTIONS	(1,712,047)	(239,531)
FINANCING ACTIVITIES		
Long-term debt issued	69,268	-
Long-term debt repaid	(68,871)	(82,995)
CASH APPLIED TO FINANCING TRANSACTIONS	397	(82,995)
CHANGE IN CASH AND CASH EQUIVALENTS	(553,396)	573,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	591,847	18,626
CASH AND CASH EQUIVALENTS, END OF YEAR	38,451	591,847
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	38,451	591,847

TOWN OF OYEN

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2010
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010	2009
	\$	\$	\$	\$	\$
Balance, beginning of year	252,963	132,165	20,189,604	20,574,732	20,754,029
Excess (deficiency) of revenues over expenses	1,024,584	-	-	1,024,584	(179,297)
Restricted funds used for operations	70,036	(70,036)	-	-	-
Current year funds used for tangible capital assets	(1,642,779)	-	1,642,779	-	-
Annual amortization expense	704,156	-	(704,156)	-	-
Long term debt repaid	(68,871)	-	68,871	-	-
Change in accumulated surplus	<u>87,126</u>	<u>(70,036)</u>	<u>1,007,494</u>	<u>1,024,584</u>	<u>(179,297)</u>
Balance, end of year	<u>340,089</u>	<u>62,129</u>	<u>21,197,098</u>	<u>21,599,316</u>	<u>20,574,732</u>

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**Schedule of Tangible Capital Assets
For The Year Ended December 31, 2010
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2010	2009 (Restated)
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	671,779	789,982	9,102,591	19,190,904	472,857	327,679	30,555,792	30,316,262
Acquisition of tangible capital assets	<u>-</u>	<u>574,232</u>	<u>120,980</u>	<u>857,369</u>	<u>90,000</u>	<u>69,466</u>	<u>1,712,047</u>	<u>239,531</u>
Balance, end of year	<u>671,779</u>	<u>1,364,214</u>	<u>9,223,571</u>	<u>20,048,273</u>	<u>562,857</u>	<u>397,145</u>	<u>32,267,839</u>	<u>30,555,793</u>
Accumulated Amortization:								
Balance, beginning of year	-	483,401	1,730,598	7,214,698	286,841	232,479	9,948,017	9,291,048
Annual amortization	<u>-</u>	<u>52,995</u>	<u>182,971</u>	<u>399,953</u>	<u>35,090</u>	<u>33,147</u>	<u>704,156</u>	<u>656,970</u>
Balance, end of year	<u>-</u>	<u>536,396</u>	<u>1,913,569</u>	<u>7,614,651</u>	<u>321,931</u>	<u>265,626</u>	<u>10,652,173</u>	<u>9,948,018</u>
Net Book Value of								
Tangible Capital Assets	<u>671,779</u>	<u>827,818</u>	<u>7,310,002</u>	<u>12,433,622</u>	<u>240,926</u>	<u>131,519</u>	<u>21,615,666</u>	<u>20,607,775</u>

TOWN OF OYEN

**Schedule of Property And Other Taxes
For The Year Ended December 31, 2010
Schedule 3**

	Budget	2010	2009
	\$	\$	\$
TAXATION			
Real property taxes	1,013,359	1,020,875	987,619
Power, pipe, cable T.V. and other taxes	42,000	34,505	42,095
Government grants in place of property taxes	39,650	37,867	38,392
	<u>1,095,009</u>	<u>1,093,247</u>	<u>1,068,106</u>
REQUISITIONS			
School foundation program	179,042	179,042	185,773
Acadia seniors foundation	30,212	32,419	36,702
	<u>209,254</u>	<u>211,461</u>	<u>222,475</u>
NET TAXES	<u>885,755</u>	<u>881,786</u>	<u>845,631</u>

TOWN OF OYEN

**Schedule of Government Transfers
For The Year Ended December 31, 2010
Schedule 4**

	Budget	2010	2009
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	230,775	314,750	222,800
Federal government	9,000	97,507	8,886
Other local governments	192,540	105,718	159,906
	<u>432,315</u>	<u>517,975</u>	<u>391,592</u>
TRANSFERS FOR CAPITAL			
Provincial government	17,500	1,381,344	254,499
	<u>17,500</u>	<u>1,381,344</u>	<u>254,499</u>
TOTAL GOVERNMENT TRANSFERS	<u>449,815</u>	<u>1,899,319</u>	<u>646,091</u>

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**Schedule of Expenses by Object
For The Year Ended December 31, 2010
Schedule 5**

	Budget	2010	2009
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	770,145	820,478	702,125
Contracted and general services	201,275	480,331	470,387
Materials, goods and utilities	833,775	552,674	597,586
Transfers to local boards and agencies	99,195	104,738	102,677
Bank charges and short-term interest	3,000	487	1,047
Interest on long-term debt	33,901	33,022	40,388
Amortization of tangible capital assets	-	704,156	655,720
Other expenditures	5,006	8,004	14,493
TOTAL EXPENDITURES	1,946,297	2,703,890	2,584,423

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**Schedule of Segmented Disclosures
For The Year Ended December 31, 2010
Schedule 6**

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Net municipal taxes	881,786	-	-	-	-	-	-	881,786
Government transfers	20,000	17,500	40,833	48,275	91,191	245,922	54,254	517,975
User fees and sales of goods	16,787	21,031	5,661	521,363	29,977	95,848	1,757	692,424
Investment income	1,899	-	-	-	-	-	-	1,899
Franchise contracts	177,170	-	-	-	-	-	-	177,170
Other revenues	21,504	45,733	-	-	-	8,639	-	75,876
	<u>1,119,146</u>	<u>84,264</u>	<u>46,494</u>	<u>569,638</u>	<u>121,168</u>	<u>350,409</u>	<u>56,011</u>	<u>2,347,130</u>
Expenses:								
Contract & general services	164,153	16,202	30,586	201,322	5,053	60,075	2,940	480,331
Salaries & wages	293,335	26,093	185,613	32,026	52,535	226,376	4,500	820,478
Goods & supplies	43,204	15,623	119,028	244,735	17,660	108,976	3,448	552,674
Transfers to local boards	-	-	-	-	22,250	16,543	65,945	104,738
Long-term debt interest	-	-	1,425	30,888	-	709	-	33,022
Other expenses	8,491	-	-	-	-	-	-	8,491
	<u>509,183</u>	<u>57,918</u>	<u>336,652</u>	<u>508,971</u>	<u>97,498</u>	<u>412,679</u>	<u>76,833</u>	<u>1,999,734</u>
Net revenue, before amortization	<u>609,963</u>	<u>26,346</u>	<u>(290,158)</u>	<u>60,667</u>	<u>23,670</u>	<u>(62,270)</u>	<u>(20,822)</u>	<u>347,396</u>
Amortization expense	<u>(6,251)</u>	<u>(45,832)</u>	<u>(181,902)</u>	<u>(282,049)</u>	<u>-</u>	<u>(168,093)</u>	<u>(20,029)</u>	<u>(704,156)</u>
Net Revenue	<u>603,712</u>	<u>(19,486)</u>	<u>(472,060)</u>	<u>(221,382)</u>	<u>23,670</u>	<u>(230,363)</u>	<u>(40,851)</u>	<u>(356,760)</u>

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

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.

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.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

Significant Accounting Policies (Continued)

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.

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, 2010

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 systems	25
Sidewalks, curbs and gutters	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

	2010	2009
	\$	\$
Cash	38,451	234,708
Temporary investments	<u>-</u>	<u>357,139</u>
	<u>38,451</u>	<u>591,847</u>

Temporary investments were used exclusively for operating and capital projects during the year.

3. Taxes and Grants in Place of Taxes

	2010	2009
	\$	\$
Current taxes and grants in place of taxes	19,245	22,668
Non-current taxes and grants in place of taxes	<u>32,126</u>	<u>30,605</u>
	<u>51,371</u>	<u>53,273</u>

TOWN OF OYEN

Notes to the Financial Statements
For The Year Ended December 31, 2010

4. Other Financial Assets

	2010	2009
	\$	\$
Big Country Agricultural Society promissory note	20,000	30,000
Acadia Foundation promissory note	<u>177,232</u>	<u>-</u>
	<u>197,232</u>	<u>30,000</u>

The Big Country Agricultural Society promissory note is repayable in annual instalments of \$10,000 and bears no interest, due 2012.

5. Deferred Revenue

	2010	2009
	\$	\$
Operating and capital project unspent funds	90,237	558,542
Prepaid local government transfers	<u>20,000</u>	<u>30,000</u>
	<u>110,237</u>	<u>588,542</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 2010.

Prepaid local government transfers are being amortized to revenue over ten years. .

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

6. Long-Term Debt

	2010	2009
	\$	\$
Tax supported debentures	345,837	404,956
Finance contracts	<u>72,731</u>	<u>13,215</u>
	<u>418,568</u>	<u>418,171</u>

The current portion of long-term debt is \$80,752 (2009 - \$62,895).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2011	80,752	32,271	113,023
2012	87,413	25,610	113,023
2013	92,809	18,326	111,135
2014	74,004	10,355	84,359
2015	38,231	4,508	42,739
2016 and on	<u>45,359</u>	<u>3,608</u>	<u>48,967</u>
	<u>418,568</u>	<u>94,678</u>	<u>513,246</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.05% to 12% per annum and matures in periods through 2018. The average annual interest rate is 8 % for 2010 (8.6% for 2009). 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 \$1,667, including principal and interest calculated at 0% to 6.4%, due June, 2013 through 2015.

Interest on long-term debt amounted to \$33,022 (2009 - \$40,388). The Town's total cash payments for interest in 2010 were \$36,041 (2009 - \$42,303).

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

7. 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:

	2010	2009
	\$	\$
Total debt limit	3,520,695	3,225,941
Total debt	<u>418,568</u>	<u>418,171</u>
Amount of debt limit unused	<u>3,102,127</u>	<u>2,807,770</u>
Debt servicing limit	586,782	537,656
Debt servicing	<u>113,023</u>	<u>123,383</u>
Amount of debt servicing limit unused	<u>473,759</u>	<u>414,273</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.

8. Tangible Capital Assets

	2010	2009 (Restated)
Net Book Value	\$	\$
Land	671,779	671,779
Land improvements	827,818	306,581
Buildings	7,310,002	7,371,993
Engineered structures		
Roadway system	1,327,959	756,292
Water system	10,111,575	10,203,837
Wastewater system	994,088	1,016,077
Machinery and equipment	240,926	186,016
Vehicles	<u>131,519</u>	<u>95,200</u>
	<u>21,615,666</u>	<u>20,607,775</u>

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

9. Equity in Tangible Capital Assets

	2010	2009 (Restated)
	\$	\$
Tangible capital assets, Schedule 1	32,267,839	30,555,792
Accumulated amortization, Schedule 1	(10,652,173)	(9,948,017)
Long term debt (Note 6)	<u>(418,568)</u>	<u>(418,171)</u>
	<u>21,197,098</u>	<u>20,189,604</u>

10. Accumulated Surplus

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

	2010	2009
	\$	\$
Unrestricted surplus	340,089	252,963
Restricted surplus		
General operations	62,129	132,165
Equity in tangible capital assets	<u>21,197,098</u>	<u>20,189,604</u>
	<u>21,599,316</u>	<u>20,574,732</u>

11. 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 Disclosures (Schedule 6).

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2010

12. 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:

	2010			2009
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Paul Christianson	2,685	579	3,264	-
Wayne Wilson	6,555	2,105	8,660	10,924
Councillors				
Lois Bedwell	5,798	5,026	10,824	8,077
Rudy Brockmann	1,080	1,044	2,124	-
Vicki Christianson	4,295	770	5,065	8,254
Shane Hertz	1,005	1,119	2,124	-
Doug Lehman	7,900	6,097	13,997	11,794
Manfred Schroeder	6,910	4,851	11,761	6,447
Gordon Thomson	610	-	610	-
Darrow Tye	2,495	24	2,519	3,455
Tom VanOtterloo	2,980	257	3,237	5,767
Municipal administrator	79,944	19,132	99,076	92,935
	122,257	41,004	163,261	147,653

- 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, 2010

13. 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.

14. 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 plan serves about 133,000 people and about 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Oyen is required to make current service contributions to the LAPP of 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2010 were \$34,408 (2009 - \$27,946).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2010 were \$30,790 (2009 - \$24,786).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

15. 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. As of the date of these financials, 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, 2010

16. Contingencies

In 2009, the 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.

17. Prior Period Adjustments

In 2009, the Town of Oyen restated its financial statements to comply with the provisions of section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. During 2010, it was noted that a significant tangible capital asset was not included in the restated financial statements in error. The 2009 comparative figures have been adjusted as follows:

	\$
Adjustments to opening accumulated surplus:	
As previously reported	20,524,730
Adjustment to net book value of tangible capital assets	<u>50,002</u>
As restated	<u>20,574,732</u>
Adjustments to tangible capital assets:	
As previously reported	20,557,773
Adjustment to historical cost of tangible capital assets	62,502
Accumulated amortization recorded	<u>(12,500)</u>
As restated	<u>20,607,775</u>

18. Budgeted Figures

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

19. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 5, 2011.