

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Management's Responsibility

To the Members of Council:

Management of the Town of Oyen (the "Town") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within these financial statements. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Council with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by MNP LLP, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.

April 16, 2024



Chief Administrative Officer

Independent Auditor's Report

To the Members of Council:

Qualified Opinion

We have audited the financial statements of the Town of Oyen (the "Town"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, remeasurement gains and losses, changes in net financial assets (debt), cash flows, and related schedules, I to VI, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As described in notes of the financial statements, information was not available to determine the costs associated with potential asset retirement obligations. It is currently not known what adjustments, if any, might be necessary to tangible capital assets, asset retirement obligations, accretion expense, excess (shortfall) of revenue and expenses, accumulated surplus and cashflows from operations as at December 31, 2023.

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 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.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related 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 are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 an audit 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 used 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 auditor's 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 auditor's report. However, future events or conditions may cause the Town 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 any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- *Debt Limit Regulation:*
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 10.
- *Supplementary Accounting Principles and Standards Regulation:*
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 15.

Medicine Hat, Alberta
April 16, 2024

MNP LLP

Chartered Professional Accountants

Town of Oyen
Statement of Financial Position

As at December 31, 2023

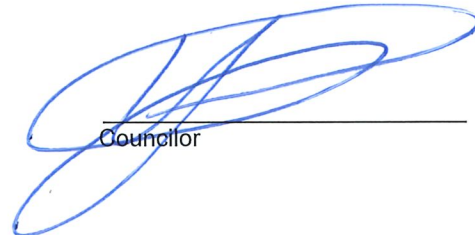
	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	1,378,087	514,404
Receivables		
Taxes and grants in place of taxes (Note 3)	42,384	47,736
Trade and other accounts receivable (Note 3)	302,163	672,109
Land held for resale inventory	231,713	307,468
Loans receivable (Note 4)	20,000	25,000
Investments (Note 5)	57,226	55,762
	2,031,573	1,622,479
LIABILITIES		
Temporary bank indebtedness (Note 6)	-	-
Accounts payable and accrued liabilities	160,210	105,104
Deposit liabilities	26,787	19,789
Deferred revenue (Note 7)	677,417	840,056
Long-term debt (Note 9)	3,867,872	4,013,807
	4,732,286	4,978,756
NET FINANCIAL ASSETS (DEBT)	(2,700,713)	(3,356,277)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	24,800,976	25,310,720
ACCUMULATED SURPLUS	22,100,263	21,954,443
ACCUMULATED OPERATING SURPLUS (Schedule I, Note 12)	22,100,263	21,954,443
ACCUMULATED REMEASUREMENT GAINS (LOSSES)	-	-

Contingencies (Note 16)

Approved on behalf of Council



Mayor



Councilor

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Operations

For the year ended December 31, 2023

	Budget	2023	2022
REVENUE			
Net municipal taxes (Schedule III)	1,391,374	1,401,999	1,328,071
User fees and sales of goods	1,344,425	1,359,919	1,371,155
Government transfers for operating (Schedule IV)	491,174	704,439	430,837
Franchise and concession contracts	250,000	231,828	243,260
Penalties and costs of taxes	12,000	12,979	13,689
Investment income	50	14,663	2,462
Other	82,850	191,679	123,500
	3,571,873	3,917,506	3,512,974
EXPENSES			
Legislative	100,416	109,326	106,065
Administrative	707,311	731,834	666,968
Police, fire, disaster, ambulance and bylaw enforcement	208,845	185,250	202,485
Roads, streets, walks, lighting	826,612	755,640	770,672
Water supply and distribution	850,183	907,382	821,573
Wastewater treatment and disposal	156,010	171,205	133,575
Waste management	229,852	225,594	225,404
Public health and welfare	119,267	108,317	121,360
Planning and development	98,459	563,204	129,334
Recreation and culture	895,879	813,424	857,122
Other		-	-
	4,192,834	4,571,176	4,034,558
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(620,961)	(653,670)	(521,584)
OTHER			
Government transfers for capital (Schedule IV)	684,888	799,490	112,492
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	63,927	145,820	(409,092)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,954,443	21,954,443	22,363,535
ACCUMULATED SURPLUS, END OF YEAR	22,018,370	22,100,263	21,954,443

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Remeasurement Gains and Losses
For the year ended December 31, 2023

	2023	2022
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	-	-
No change during the year	-	-
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	-	-

Statement of Changes in Net Financial Assets (Debt)
For the year ended December 31, 2023

	Budget	2023	2022
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	63,927	145,820	(409,092)
Acquisition of tangible capital assets	-	(474,660)	(41,176)
Amortization of tangible capital assets	978,637	984,404	976,423
Write down of tangible capital assets	-	-	5,000
	978,637	509,744	940,247
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,042,564	655,564	531,155
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	(3,356,277)	(3,356,277)	(3,887,432)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	(2,313,713)	(2,700,713)	(3,356,277)

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	145,820	(409,092)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	984,404	976,423
Write down of tangible capital assets	-	5,000
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	5,352	34,248
Decrease (increase) in trade and other accounts receivable	369,946	(23,736)
Decrease (increase) in land held for resale	75,757	-
Increase (decrease) in accounts payable and accrued liabilities	55,104	(110,062)
Increase (decrease) in deposit liabilities	6,998	4,813
Increase (decrease) in deferred revenue	(162,639)	528,656
Cash provided by operating transactions	1,480,742	1,006,250
CAPITAL		
Acquisition of tangible capital assets	(474,660)	(41,176)
INVESTING		
Decrease (increase) in investments	(1,464)	(50,084)
Loans receivable repaid	5,000	320,707
Cash provided by investing transactions	3,536	270,623
FINANCING		
Long-term debt repaid	(145,935)	(141,974)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	863,683	1,093,723
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	514,404	(579,319)
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	1,378,087	514,404

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	307,447	324,533	21,322,463	21,954,443	22,363,535
Excess of revenue over expenses	145,820	-	-	145,820	(409,092)
Unrestricted funds designated for future use	(402,273)	402,273	-	-	-
Current year funds used for tangible capital assets	(474,660)	-	474,660	-	-
Long-term debt repaid	(133,166)	-	133,166	-	-
Annual amortization expense	984,404	-	(984,404)	-	-
Change in accumulated surplus	120,125	402,273	(376,578)	145,820	(409,092)
BALANCE, END OF YEAR	427,572	726,806	20,945,885	22,100,263	21,954,443

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2023

	Land	Land improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2023	2022
COST:								
BALANCE, BEGINNING OF YEAR	736,779	1,581,854	11,674,566	28,895,974	929,309	549,130	44,367,612	44,331,436
Acquisition of tangible capital assets	-	200,392	186,207	32,290	-	55,771	474,660	41,176
Disposal of tangible capital assets	-	-	-	-	(90,000)	-	(90,000)	-
Write down of tangible capital assets	-	-	-	-	-	-	-	(5,000)
BALANCE, END OF YEAR	736,779	1,782,246	11,860,773	28,928,264	839,309	604,901	44,752,272	44,367,612
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	1,052,838	4,616,139	12,324,086	589,870	473,959	19,056,892	18,080,469
Annual amortization	-	46,684	243,963	644,204	36,201	13,352	984,404	976,423
Accumulated amortization on disposals	-	-	-	-	(90,000)	-	(90,000)	-
BALANCE, END OF YEAR	-	1,099,522	4,860,102	12,968,290	536,071	487,311	19,951,296	19,056,892
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	736,779	682,724	7,000,671	15,959,974	303,238	117,590	24,800,976	25,310,720
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	736,779	529,016	7,058,427	16,571,888	339,439	75,171	25,310,720	

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule III - Schedule of Net Municipal Taxes

For the year ended December 31, 2023

	Budget	2023	2022
TAXATION			
Property taxes	1,680,840	1,702,845	1,688,742
Government grants in place of property taxes	30,546	17,353	632
	1,711,386	1,720,198	1,689,374
REQUISITIONS			
Alberta School Foundation Fund	255,755	253,942	294,628
Acadia Seniors Foundation	64,257	64,257	66,675
	320,012	318,199	361,303
NET MUNICIPAL TAXES	1,391,374	1,401,999	1,328,071

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2023

	Budget	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	185,186	221,129	160,847
Federal Government	35,420	23,100	-
Other Local Governments	270,568	460,210	269,990
	491,174	704,439	430,837
TRANSFERS FOR CAPITAL			
Provincial Government	684,888	619,145	16,506
Federal Government	-	-	77,518
Other Local Governments	-	180,344	18,468
	684,888	799,489	112,492
TOTAL GOVERNMENT TRANSFERS	1,176,062	1,503,928	543,329

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2023

	Budget	2023	2022
EXPENSES BY OBJECT			
Salaries, wages and benefits	1,072,819	1,105,313	1,024,421
Contracted and general services	919,041	962,229	847,944
Materials, goods and utilities	966,487	868,901	921,658
Transfers to local boards and agencies	144,156	142,518	139,394
Interest on long-term debt	95,812	95,548	99,252
Other expenditures	15,516	412,263	25,466
Amortization of tangible capital assets	978,637	984,404	976,423
	4,192,468	4,571,176	4,034,558

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2023

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health Services	Total
REVENUE								
Net municipal taxes	1,401,999	-	-	-	-	-	-	1,401,999
Government transfers for operating	210,100	10,000	40,678	35,000	302,427	54,374	51,860	704,439
User fees and sales of goods	1,124	77,891	4,662	-	179,277	1,096,965	-	1,359,919
Penalties and costs of taxes	12,979	-	-	-	-	-	-	12,979
Franchise and concession contracts	231,828	-	-	-	-	-	-	231,828
Other	27,838	8,136	46,554	117,057	6,758	-	-	206,342
	1,885,868	96,027	91,894	152,057	488,462	1,151,339	51,860	3,917,506
EXPENSES								
Contracted and general services	192,115	87,285	69,638	132,598	110,126	370,467	-	962,229
Salaries, wages and benefits	535,765	30,949	118,536	-	332,955	87,108	-	1,105,313
Materials, goods and utilities	73,282	32,684	110,165	3,347	146,539	502,884	-	868,901
Transfers to local boards and agencies	10,000	-	-	-	24,201	-	108,317	142,518
Long-term debt interest	-	280	18,402	29,259	(13)	47,620	-	95,548
Other expenses	14,263	-	-	398,000	-	-	-	412,263
	825,425	151,198	316,741	563,204	613,808	1,008,079	108,317	3,586,772
NET REVENUE, BEFORE AMORTIZATION	1,060,443	(55,171)	(224,847)	(411,147)	(125,346)	143,260	(56,457)	330,734
Government transfers for capital	121,040	-	180,345	408,487	-	70,257	19,361	799,490
Contributions from other organizations	-	-	-	-	-	-	-	-
Amortization expense	(15,735)	(34,052)	(438,899)	-	(199,616)	(296,102)	-	(984,404)
NET REVENUE	1,165,748	(89,223)	(483,401)	(2,660)	(324,962)	(82,585)	(37,096)	145,820

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Oyen (the "Town") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town as follows:

a) Reporting Entity

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

The schedule of taxes levied also includes requisitions for education, health, social and senior foundations that are not part of the Town's reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) 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 or 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.

c) 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 revenue and expenses 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts as provided where necessary. Amortization is based on the estimated lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

d) Valuation of Financial Assets and Liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost and amortized cost
Trade and other accounts receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

e) Cash and portfolio investments

Cash is comprised of balances held with banks and short-term investments with maturities of three months or less.

Investments in interest bearing securities 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.

f) Loans and notes receivable

Loans receivable are initially recognized at cost, net of any transactions costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

g) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

h) 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.

i) 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 physical assets under the respective function.

j) 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.

k) Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

k) Asset Retirement *(continued from previous page)*

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the town reviews the carrying amount of the liability. The town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Currently no asset retirement obligations have been recognized and the Town has not determined if there are items that would require an asset retirement obligation.

l) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

m) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

n) 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.

o) 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

o) Non-financial Assets *(continued from previous page)*

i. 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:

	<u>Years</u>
Buildings	50
Land improvements	25
Engineered structures:	
Water system	75
Wastewater system	75
Roadway system	25
Machinery and equipment	15
Vehicles	10

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. 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.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

p) Future Accounting Changes

i. Revenue

The Canadian Public Sector Accounting Board approved PS 3400, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3400 provides guidance on when to recognize revenue arising from exchange transactions and from unilateral transactions. This section is to be adopted retroactively or prospectively. The Town has not yet adopted this section or determined the effect on the financial statements.

ii. Public Private Partnerships

The Canadian Public Sector Accounting Board approved PS 3160, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3160 provides standards for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public private partnership arrangements. This section is to be adopted retroactively with or without prior period restatement. The Town has not yet adopted this section or determined the effect on the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

q) Adoption of new accounting standards

i. PSAS 3450 – Financial Instruments

On January 1, 2023, the Town adopted Public Accounting Standards PS 3450 – Financial Instruments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Town's accounting policy choices. There were no instruments impacted by the change in policy and measurement of financial instrument remains consistent.

ii. PSAS 3280 - Asset Retirement Obligation

On January 1, 2023, the Town adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations however is yet to determine the full impact of this policy change. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2023

2. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	1,378,087	514,404

3. RECEIVABLES

	2023	2022
Property taxes		
Current taxes and grants in place of taxes	29,456	19,559
Arrears	12,928	28,177
	42,384	47,736
Other		
Provincial government grants	-	-
Federal government grants	-	180,909
Utilities receivable	62,457	88,050
Trade accounts receivable	169,705	311,841
Goods and Services Tax receivable	16,798	10,049
Other receivables	53,203	81,260
	302,163	672,109

4. LOANS AND NOTES RECEIVABLE

	2023	2022
Loan to Oyen and District Golf Club	20,000	25,000

The loan advanced to the Oyen and District Golf Club is repayable in annual instalments of \$5,000 with no interest and is due October 31, 2028.

5. INVESTMENTS

	2023	2022
UFA equity account	6,313	5,762
Guaranteed Investment Certificate	50,913	50,000
	57,226	55,762

Guaranteed Investment Certificate earns interest at 4.00%, on a one year term, maturing April 12, 2024.

6. TEMPORARY BANK INDEBTEDNESS

A line of credit facility of up to \$1,000,000 is available to the Town. This facility is secured by a Municipal Borrowing Bylaw and the Town of Oyen at large, due on demand and advances would bear interest at prime minus 0.25%. No amounts were advanced on this facility at December 31, 2023 (none in 2022).

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2023

7. DEFERRED REVENUE

	2023	2022
Municipal Sustainability Initiative - Capital	20,073	473,405
Alberta Community Partnership	363,261	271,520
Canada Community-Building Fund (formerly Federal Gas Tax Fund)	129,115	65,136
CARES Funding	-	15,368
Recreation Fund	14,627	14,627
FCSS	-	-
Deferred rental income	-	-
Alberta Municipal Water/Wastewater Partnership	150,000	-
Other deferred revenue	341	-
	677,417	840,056

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating and capital projects, as approved under the funding agreement. \$748,047 of these funds were allocated to projects in 2023.

Canada Community-Building Fund

Funding was received from 2014 to 2023 from the Canada Community-Building Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement. \$Nil of these funds were allocated to projects in 2023.

8. ASSET RETIREMENT OBLIGATION

Landfill

The Town does not maintain a landfill or waste disposal site and accordingly there is no accrued liability for estimated future closure costs for such a site.

Asbestos

The Town may have title to buildings with asbestos and currently does not have information to know if, or what extent, a liability exists. It is not known what impact this would have to the statements at this time.

9. LONG-TERM DEBT

	2023	2022
Tax supported debentures	3,855,091	3,988,257
Loan from Special Areas	12,781	25,550
	3,867,872	4,013,807

The current portion of the long-term debt amounts to \$149,229 (2022 - \$145,682).

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2023

9. LONG-TERM DEBT (continued from previous page)

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	149,229	92,268	241,497
2025	139,811	88,635	228,446
2026	143,262	85,185	228,447
2027	146,801	81,645	228,446
2028	150,431	78,016	228,447
Thereafter	3,138,338	785,285	3,923,623
	3,867,872	1,211,034	5,078,906

Debenture debt is repayable to Treasury Board and Finance and matures in periods 2031 through 2050. Interest rates range from 2.15% to 3.25%, before provincial subsidy. The average annual interest rate for 2023 is 2.52% (2022 - 2.52%). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Oyen at large.

The loan from Special Areas is repayable in annual instalments of \$13,048 including interest calculated at 2.013%, due December 20, 2024.

Interest on long-term debt amounted to \$95,548 (2022 - \$99,252). The Town's total cash payments for interest in 2023 were \$95,964 (2022 - \$111,012).

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Oyen disclosed as follows:

	2023	2022
Total debt limit	5,876,259	5,269,461
Total debt	3,867,872	4,013,807
Amount of debt limit unused	2,008,387	1,255,654
Debt servicing limit	979,377	878,244
Debt servicing	241,497	241,494
Amount of debt servicing limit unused	737,880	636,750

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) 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 which could be a 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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2023

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (Schedule II)	44,752,272	44,367,612
Accumulated amortization (Schedule II)	(19,951,296)	(19,056,892)
Long-term debt (Note 9)	(3,855,091)	(3,988,257)
	20,945,885	21,322,463

12. ACCUMULATED SURPLUS

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

	2023	2022
Unrestricted surplus	427,572	307,447
Restricted surplus (Note 13)	726,806	324,533
Equity in tangible capital assets (Note 11)	20,945,885	21,322,463
	22,100,263	21,954,443

13. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	2023	2022
Capital		
Recreation	50,000	90,000
Fire	-	76,533
Storm water	-	60,000
Sewer	625,381	25,000
Water	-	25,000
Roads	51,425	20,000
General capital	-	18,000
Airport	-	5,000
Cemetery	-	5,000
	726,806	324,533

14. 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 VI).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental services use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

15. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2023	2022
Mayor:				
D. Jones	24,575	-	24,575	22,290
Councillors:				
J. Hauck	3,975	75	4,050	5,659
B. Hertz	5,200	275	5,475	4,863
T. Hittel	5,750	139	5,889	5,978
E. Hogan	6,000	-	6,000	5,870
R. Kacso	13,325	-	13,325	8,710
J. Walker	4,141	51	4,192	4,413
Chief Administrative Officer	112,298	20,195	132,493	122,389
Designated officer	18,980	-	18,980	18,700

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria 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, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The plan serves about 275,000 people and 433 employers. 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 is required to make current service contributions to the LAPP of 8.45% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$54,752 (2022 - \$49,159). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2023 were \$48,489 (2022 - \$43,219).

17. CONTINGENCIES

The Town 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.

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest rate or currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Town manages risk exposure on these items similar to other receivables and payables.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.