TOWN OF OYEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2024 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 15, 2025

Ross

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, 2025, and the statements of operations, remeasurement gains and losses, changes in net financial assets, 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, 2025, 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 cash flows from operations as at December 31, 2025.

Public Sector Accounting Standards require that government partnerships be proportionately consolidated into the financial statements as they make up part of the government reporting entity. The Municipality has not consolidated certain entities over which it has joint control. The known entities are listed in Note 1 a); however, we were unable to obtain sufficient and appropriate audit evidence over the completeness and accuracy of the entity as financial statements were unavailable and unaudited at the time of our audit. There was no ability to know impact of non-financial assets and operations. As the consolidation was incomplete, these statements have not been referred to as consolidated throughout.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such 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.

MNP LLP

Medicine Hat, Alberta
April 15, 2026

Chartered Professional Accountants

Town of Oyen
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	**1,287,655**	1,378,087
Receivables		
Taxes and grants in place of taxes (Note 3)	**109,149**	42,384
Trade and other accounts receivable (Note 3)	**477,096**	302,163
Land held for resale inventory	**214,841**	231,713
Loans receivable (Note 4)	**15,000**	20,000
Investments (Note 5)	**59,804**	57,226
	2,163,545	2,031,573
LIABILITIES		
Accounts payable and accrued liabilities	**272,676**	160,210
Deposit liabilities	**27,512**	26,787
Deferred revenue (Note 7)	**1,037,242**	677,417
Long-term debt (Note 9)	**3,718,644**	3,867,872
	5,056,074	4,732,286
NET FINANCIAL ASSETS (DEBT)	**(2,892,529)**	(2,700,713)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	**25,482,955**	24,800,976
ACCUMULATED SURPLUS	**22,590,426**	22,100,263
ACCUMULATED OPERATING SURPLUS (Schedule I, Note 12)	**22,590,426**	22,100,263
ACCUMULATED REMEASUREMENT GAINS (LOSSES)	**-**	-

Contingencies (Note 17)

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, 2025

	Budget	**2025**	2024
REVENUE			
Net municipal taxes (Schedule III)	1,593,176	**1,625,825**	1,519,101
User fees and sales of goods	1,405,402	**1,294,325**	1,314,169
Government transfers for operating (Schedule IV)	905,430	**852,988**	812,634
Franchise and concession contracts	240,000	**240,107**	239,127
Penalties and costs of taxes	13,500	**24,419**	14,633
Investment income	22,730	**17,136**	23,326
Other	128,400	**102,437**	236,768
	4,308,638	**4,157,237**	4,159,758
EXPENSES			
Legislative	116,516	**115,127**	125,562
Administrative	758,260	**912,363**	740,388
Police, fire, disaster, ambulance and bylaw enforcement	263,403	**243,359**	226,262
Roads, streets, walks, lighting	863,020	**784,436**	861,777
Water supply and distribution	900,166	**878,723**	823,242
Wastewater treatment and disposal	213,558	**177,234**	177,160
Waste management	284,574	**189,088**	225,594
Public health and welfare	111,383	**441,484**	104,991
Planning and development	242,773	**112,147**	123,415
Recreation and culture	958,198	**924,834**	923,205
	4,711,851	**4,778,795**	4,331,596
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(403,213)	**(621,558)**	(171,838)
OTHER			
Gain on disposal of tangible capital assets	-	**-**	9,245
Government transfers for capital (Schedule IV)	2,597,368	**1,600,547**	652,756
		1,600,547	662,001
EXCESS OF REVENUE OVER EXPENSES	2,194,155	**978,989**	490,163
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,590,426	**22,590,426**	22,100,263
ACCUMULATED SURPLUS, END OF YEAR	24,784,581	**23,569,415**	22,590,426

Town of Oyen
Statement of Changes in Net Financial Debt
For the year ended December 31, 2025

	Budget	**2025**	2024
EXCESS OF REVENUE OVER EXPENSES	2,194,155	**978,989**	490,163
Acquisition of tangible capital assets	(3,463,193)	**(1,593,302)**	(1,665,994)
Proceeds on disposal of tangible capital assets	-	**-**	22,050
Amortization of tangible capital assets	1,011,145	**1,011,145**	971,210
Gain on disposal of tangible capital assets	-	**-**	(9,245)
	(2,452,048)	**(582,157)**	(681,979)
Net change in prepaid assets	-	**(1,174)**	-
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(257,893)	**395,658**	(191,816)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(2,892,529)	**(2,892,529)**	(2,700,713)
NET FINANCIAL DEBT, END OF YEAR	(3,150,422)	**(2,496,871)**	(2,892,529)

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	**978,989**	490,163
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	**1,011,145**	971,210
Gain on disposal of tangible capital assets	**-**	(9,245)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	**(5,182)**	(66,765)
Decrease (increase) in trade and other accounts receivable	**(479,162)**	(174,933)
Decrease (increase) in land held for resale	**77,726**	16,872
Decrease (increase) in inventory for consumption	**-**	-
Decrease (increase) in prepaid expenses	**(1,175)**	-
Increase (decrease) in accounts payable and accrued liabilities	**57,512**	112,463
Increase (decrease) in deposit liabilities	**545**	725
Increase (decrease) in deferred revenue	**63,228**	359,825
Cash provided by operating transactions	**1,703,626**	1,700,315
CAPITAL		
Proceeds on disposal of tangible capital assets	**-**	22,050
Acquisition of tangible capital assets	**(1,593,302)**	(1,665,994)
Cash applied to capital transactions	**(1,593,302)**	(1,643,944)
INVESTING		
Amounts redeemed from investments	**52,944**	-
Amounts contributed to investments	**(557)**	(2,576)
Loans receivable issued	**(130,000)**	-
Loans receivable repaid	**5,000**	5,000
Cash provided by investing transactions	**(72,613)**	2,424
FINANCING		
Long-term debt repaid	**(139,811)**	(149,227)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	**(102,100)**	(90,432)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**1,287,655**	1,378,087
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	**1,185,555**	1,287,655

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, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	**2025**	2024
BALANCE, BEGINNING OF YEAR	**484,715**	**341,400**	**21,764,311**	**22,590,426**	22,100,263
Excess of revenue over expenses	978,989	-	-	978,989	490,163
Unrestricted funds designated for future use	(512,722)	512,722	-	-	-
Restricted funds used during the year	110,781	(110,781)	-	-	-
Current year funds used for tangible capital assets	(1,593,301)	-	1,593,301	-	-
Long-term debt repaid	(139,811)	-	139,811	-	-
Amortization expense	1,011,144	-	(1,011,144)	-	-
Change in accumulated surplus	(144,920)	401,941	721,968	978,989	490,163
BALANCE, END OF YEAR	**339,795**	**743,341**	**22,486,279**	**23,569,415**	22,590,426

Town of Oyen
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2025

	Land	Land improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	**2025**	2024
COST:								
BALANCE, BEGINNING OF YEAR	796,779	1,782,246	12,591,042	29,371,279	938,819	874,076	**46,354,241**	44,752,272
Acquisition of tangible capital assets	-	53,942	66,699	1,108,279	216,598	147,783	**1,593,301**	1,665,994
Disposal of tangible capital assets	-	-	-	-	(91,243)	(45,184)	**(136,427)**	(64,025)
BALANCE, END OF YEAR	796,779	1,836,188	12,657,741	30,479,558	1,064,174	976,675	**47,811,115**	46,354,241
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	1,146,206	5,104,065	13,607,828	512,524	500,663	**20,871,286**	19,951,296
Annual amortization	-	46,684	260,577	639,844	39,257	24,783	**1,011,145**	971,210
Accumulated amortization on disposals	-	-	-	-	(91,243)	(45,184)	**(136,427)**	(51,220)
BALANCE, END OF YEAR	-	1,192,890	5,364,642	14,247,672	460,538	480,262	**21,746,004**	20,871,286
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**796,779**	**643,298**	**7,293,099**	**16,231,886**	**603,636**	**496,413**	**26,065,111**	25,482,955
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	796,779	636,040	7,486,977	15,763,451	426,296	373,412	25,482,955	

Town of Oyen
Schedule III - Schedule of Net Municipal Taxes
For the year ended December 31, 2025

	Budget	**2025**	2024
TAXATION			
Property taxes	1,919,550	**1,950,813**	1,812,260
Government grants in place of property taxes	35,626	**39,923**	34,614
	1,955,176	**1,990,736**	1,846,874
REQUISITIONS			
Alberta School Foundation Fund	295,000	**301,184**	262,536
Acadia Seniors Foundation	67,000	**63,727**	65,237
	362,000	**364,911**	327,773
NET MUNICIPAL TAXES	1,593,176	**1,625,825**	1,519,101

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, 2025

	Budget	**2025**	2024
TRANSFERS FOR OPERATING			
Provincial Government	321,967	**231,967**	232,591
Federal Government	26,520	**19,550**	23,100
Other Local Governments	556,943	**601,471**	556,943
	905,430	**852,988**	812,634
TRANSFERS FOR CAPITAL			
Provincial Government	2,597,368	**1,229,383**	566,154
Other Local Governments	-	**371,164**	86,602
	2,597,368	**1,600,547**	652,756
TOTAL GOVERNMENT TRANSFERS	3,502,798	**2,453,535**	1,465,390

The accompanying notes are an integral part of these financial statements

Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2025

	Budget	**2025**	2024
EXPENSES BY OBJECT			
Salaries, wages and benefits	1,245,357	**1,252,294**	1,217,362
Contracted and general services	1,285,611	**1,337,263**	986,145
Materials, goods and utilities	923,931	**838,700**	897,139
Transfers to local boards and agencies	153,772	**165,575**	163,529
Interest on long-term debt	88,635	**85,925**	92,316
Other expenditures	3,400	**87,893**	3,895
Amortization of tangible capital assets	1,011,145	**1,011,145**	971,210
	4,711,851	**4,778,795**	4,331,596

Town of Oyen
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health Services	Total
REVENUE								
Net municipal taxes	1,625,825	-	-	-	-	-	-	**1,625,825**
Government transfers for operating	56,045	10,000	181,619	59,688	287,492	32,019	597,589	**1,224,452**
User fees and sales of goods	1,815	99,570	6,702	-	131,246	1,054,992	-	**1,294,325**
Investment income	17,136	-	-	-	-	-	-	**17,136**
Penalties and costs of taxes	24,419	-	-	-	-	-	-	**24,419**
Franchise and concession contracts	240,107	-	-	-	-	-	-	**240,107**
Other	5,852	7,456	1,603	66,959	6,000	869	-	**88,739**
	1,971,199	117,026	189,924	126,647	424,738	1,087,880	597,589	**4,515,003**
EXPENSES								
Contracted and general services	212,528	133,416	68,706	83,743	136,689	331,017	371,164	**1,337,263**
Salaries, wages and benefits	564,103	34,419	146,875	-	411,912	94,987	-	**1,252,296**
Materials, goods and utilities	83,594	27,690	111,372	1,698	147,317	467,031	-	**838,702**
Transfers to local boards and agencies	60,750	-	-	-	34,503	-	70,320	**165,573**
Long-term debt interest	-	-	16,833	26,706	1	42,385	-	**85,925**
Other expenses	87,506	-	-	-	-	386	-	**87,892**
	1,008,481	195,525	343,786	112,147	730,422	935,806	441,484	**3,767,651**
NET REVENUE, BEFORE AMORTIZATION	962,718	(78,499)	(153,862)	14,500	(305,684)	152,074	156,105	**747,352**
Government transfers for capital	-	-	-	-	13,398	1,229,383	-	**1,242,781**
Amortization expense	(19,009)	(47,834)	(440,650)	-	(194,412)	(309,239)	-	**(1,011,144)**
NET REVENUE	**943,709**	**(126,333)**	**(594,512)**	**14,500**	**(486,698)**	**1,072,218**	**156,105**	**978,989**

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 Chartered Professional Accountants of Canada. 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.

Partnerships: A partnership represents a contractual arrangement between the Municipality and a party or parties outside the reporting entity. The partners have significant, clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the partnership. This partnership has not been proportionately consolidated into the Municipality.

Special Areas and Oyen Development Corporation

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. Inventory is based upon their assessment of the realizable amount less selling costs.

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.

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

d) Valuation of Financial Assets and Liabilities

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

Financial statement component	Measurement
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

e) Cash and cash equivalents

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.

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

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.

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. The Town has not identified any liability for contaminated sites.

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.

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

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.

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:

	Years
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.

2. CASH AND CASH EQUIVALENTS

	2025	2024
Cash	**1,185,555**	1,287,655

3. RECEIVABLES

	2025	2024
Property taxes		
Current taxes and grants in place of taxes	**58,383**	63,743
Arrears	**55,948**	45,406
	114,331	109,149
Other		
Federal government grants	**634,016**	153,422
Utilities receivable	**78,084**	94,309
Trade accounts receivable	**188,313**	200,836
Goods and Services Tax receivable	**42,183**	23,268
Other receivables	**13,662**	5,261
	956,258	477,096

4. LOANS AND NOTES RECEIVABLE

	2025	2024
Loan to Oyen and District Golf Club	**10,000**	15,000
Loan to Special Areas and Oyen Development Corp.	**100,000**	-
Loan to the Royal Canadian Legion Branch 208	**30,000**	-
	140,000	15,000

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

The loan advanced to the Special Areas and Oyen Development Corporation is repayable in annual instalments of $6,709, including interest of 4.45%.

The loan advanced to the Royal Canadian Legion Branch 208 is repayable in annual instalments of $6,000 with no interest.

5. INVESTMENTS

	2025	2024
UFA equity account	**7,418**	6,861
Guaranteed Investment Certificate	**-**	52,943
	7,418	59,804

6 TEMPORARY BANK INDEBTEDNESS

A line of credit facility of up to $1,000,000 (2024 - $1,000,000) for operating and $250,000 (2024 - $250,000) revolving facility for capital equipment 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, 2025 (none in 2024).

7. DEFERRED REVENUE

	2025	2024
Alberta Community Partnership	**-**	3,980
Canada Community-Building Fund (formerly Federal Gas Tax Fund)	**164,479**	232,537
Local Government Fiscal Framework Program - Capital	**300,679**	188,863
Recreation Fund	**1,229**	14,627
Small Community Opportunity Program	**-**	44,688
Physician's Clinic Project	**628,836**	-
Alberta Municipal Water/Wastewater Partnership	**-**	542,547
Other deferred revenue	**5,247**	10,000
	1,100,470	1,037,242

Canada Community-Building Fund
Funding was received from 2014 to 2025 from the Canada Community-Building Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement. $188,816 of these funds were allocated to projects in 2025.

8. ASSET RETIREMENT OBLIGATION

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

Water Lagoon

The Town may have obligations relating to retirement of a water lagoon. The Town currently does not have information to know if, or to what extent, a liability exists. It is not known what impact this would have to the financial statements at this time.

9. LONG-TERM DEBT

	2025	2024
Tax supported debentures	**3,578,832**	3,718,644

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2026	143,262	85,185	228,447
2027	146,801	81,646	228,447
2028	150,431	78,016	228,447
2029	154,154	74,293	228,447
2030	157,973	70,474	228,447
Thereafter	2,826,211	640,520	3,466,731
	3,578,832	1,030,134	4,608,966

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% (2024 - 2.15% to 3.25%), before provincial subsidy. The average annual interest rate for 2025 is 2.52% (2024 - 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.

Interest on long-term debt amounted to $85,925 (2024 - $92,316). The Town's total cash payments for interest in 2025 were $86,325 (2024 - $93,642).

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:

	2025	2024
Total debt limit	**6,235,856**	6,239,637
Total debt	**3,578,832**	3,718,644
Amount of debt limit unused	**2,657,024**	2,520,993
Debt servicing limit	**1,039,309**	1,039,940
Debt servicing	**228,447**	228,446
Amount of debt servicing limit unused	**810,862**	811,494

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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule II)	**47,811,115**	46,354,241
Accumulated amortization (Schedule II)	**(21,746,004)**	(20,871,286)
Long-term debt (Note 9)	**(3,578,832)**	(3,718,644)
	22,486,279	21,764,311

12. ACCUMULATED SURPLUS

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

	2025	2024
Unrestricted surplus	**339,795**	484,716
Restricted surplus (Note 13)	**743,341**	341,400
Equity in tangible capital assets (Note 11)	**22,486,279**	21,764,311
	23,569,415	22,590,426

13. RESERVES

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

	2025	2024
Operations	**30,000**	-
Capital		
Recreation	**11,723**	52,944
Public Health	**174,000**	-
Disaster services	**3,762**	-
Land	**80,000**	-
Sewer	**275,776**	283,456
Airport	**120,941**	-
Cemetery	**47,139**	5,000
	743,341	341,400

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]	2025	2024
Mayor:				
D. Jones	25,800	-	**25,800**	28,155
Councilors:				
J. Hauck	4,050	74	**4,124**	4,434
B. Hertz	4,825	322	**5,147**	4,781
T. Hittel	4,625	107	**4,732**	6,816
E. Hogan	4,350	-	**4,350**	7,075
R. Kacso	7,602	-	**7,602**	10,900
J. Walker	3,950	83	**4,033**	3,653
T. Maclean	1,750	53	**1,803**	-
K. Munro	2,200	57	**2,257**	-
A. O'Connor	2,200	61	**2,261**	-
D. Dick	1,850	75	**1,925**	-
Chief Administrative Officer	122,150	21,018	**143,168**	133,806
Designated officers	33,158	-	**33,158**	21,000

15. SALARY AND BENEFITS DISCLOSURE *(continued from previous page)*

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% (2024 - 8.45%) of pensionable earnings up to the year’s maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 11.65%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2024 - 10.65%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2025 were $57,808 (2024 - $58,986). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2025 were $51,214 (2024 - $52,236).

At December 31, 2024, LAPP disclosed an actuarial surplus of $19.6 billion (2023 - surplus of $15.1 billion).

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. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.