

**TOWN OF OYEN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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## AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Oyen, which comprise the statement of financial position as at December 31, 2012, 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, 2012 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Johnston Morrison Hunter & Co. Professional Corporation*

**CHARTERED ACCOUNTANTS**

**BROOKS, ALBERTA  
APRIL 9, 2013**

**TOWN OF OYEN**

**Statement of Financial Position  
December 31, 2012**

	2012	2011
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	1,389,035	891,596
Taxes and grants in place of taxes (Note 3)	51,617	42,999
Trade and other receivables	241,850	298,026
Land held for resale	4,360	5,813
Other financial assets (Note 4)	15,000	10,000
<b>TOTAL FINANCIAL ASSETS</b>	<u>1,701,862</u>	<u>1,248,434</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	382,495	532,706
Deposit liabilities	7,989	12,615
Deferred revenue (Note 5)	758,738	306,954
Long-term debt (Note 6)	250,403	337,816
<b>TOTAL LIABILITIES</b>	<u>1,399,625</u>	<u>1,190,091</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>302,237</u>	<u>58,343</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	22,481,200	22,968,277
Prepaid expenses	-	-
<b>ACCUMULATED SURPLUS (NOTE 10)</b>	<u>22,481,200</u>	<u>22,968,277</u>
	<u>22,783,437</u>	<u>23,026,620</u>
<b>CONTINGENCIES (NOTE 16)</b>		

**TOWN OF OYEN**

**Statement of Operations  
For The Year Ended December 31, 2012**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$
<b>REVENUE</b>			
Net taxes, Schedule 3	981,409	974,585	934,162
Government transfers, Schedule 4	438,615	440,315	540,996
Investment income	3,500	3,381	3,325
User fees and sale of goods	724,900	746,016	717,690
Penalties and costs on taxes	10,000	13,428	10,553
Franchise and concession contracts	210,000	151,838	135,615
Other	62,544	44,568	39,497
<b>Total Revenue</b>	2,430,968	2,374,131	2,381,838
<b>EXPENSES</b>			
Legislative	72,305	51,281	63,351
Administration	438,222	389,107	470,723
Fire, ambulance and bylaws enforcement	137,944	121,357	113,673
Roads, streets, walks and lighting	601,573	569,372	609,993
Water and wastewater	726,523	754,972	611,776
Waste management	187,681	180,279	172,811
Recreation and parks	778,089	602,826	607,506
Other	192,792	212,147	179,806
<b>Total Expenses</b>	3,135,129	2,881,341	2,829,639
<b>EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER, Schedule 6</b>			
	(704,161)	(507,210)	(447,801)
<b>OTHER</b>			
Contributed assets	-	141,750	-
Government transfers for capital, Schedule 4	342,807	122,277	187,145
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(361,354)	(243,183)	(260,656)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	23,026,620	23,026,620	23,287,276
<b>ACCUMULATED SURPLUS, END OF YEAR, Schedule 1</b>	22,665,266	22,783,437	23,026,620

**TOWN OF OYEN**

**Statement of Change in Net Financial Assets (Debt)  
For The Year Ended December 31, 2012**

	Budget	2012	2011
	\$	\$	\$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(361,354)	(243,183)	(260,656)
Acquisition of tangible capital assets	(342,807)	(122,277)	(365,811)
Contributed tangible capital assets	-	(141,750)	-
Amortization of tangible capital assets	704,161	751,104	749,438
(Gain) loss on sale of tangible capital assets	-	-	-
	361,354	487,077	383,627
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	-	-	-
	-	-	-
<b>INCREASE IN NET ASSETS</b>	-	243,894	122,971
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	58,343	58,343	(64,628)
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	58,343	302,237	58,343

**TOWN OF OYEN**

**Statement of Cash Flows  
For The Year Ended December 31, 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING</b>		
Excess of revenue over expenses	(243,183)	(260,656)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	751,104	749,438
Tangible capital assets received as contributions	(141,750)	-
Non-cash charges to operations (net change):		
(Increase) decrease in taxes and grants in place of taxes	(8,618)	8,372
Decrease in trade and other receivables	56,176	225,217
Decrease in land held for resale	1,453	-
(Increase) decrease in other financial assets	(5,000)	187,232
(Decrease) increase in accounts payable and accrued liabilities	(150,211)	187,073
(Decrease) increase in deposit liabilities	(4,626)	6,315
Increase in deferred revenue	451,784	196,717
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>707,129</b>	<b>1,299,708</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(122,277)	(365,811)
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(122,277)</b>	<b>(365,811)</b>
<b>FINANCING</b>		
Long-term debt repaid	(87,413)	(80,752)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<b>(87,413)</b>	<b>(80,752)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>497,439</b>	<b>853,145</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>891,596</b>	<b>38,451</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,389,035</b>	<b>891,596</b>
<b>CASH AND CASH EQUIVALENTS ARE MADE UP OF:</b>		
Cash and temporary investments (Note 2)	1,389,035	891,596

**TOWN OF OYEN**

**Schedule of Changes in Accumulated Surplus  
For The Year Ended December 31, 2012  
Schedule 1**

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	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2012	2011
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	128,344	267,815	22,630,461	<b>23,026,620</b>	23,287,276
Excess (deficiency) of revenues over expenses	(243,183)	-	-	<b>(243,183)</b>	(260,656)
Unrestricted funds designated for future use	(135,500)	135,500	-	-	-
Current year funds used for tangible capital assets	(122,277)	-	122,277	-	-
Contributed tangible capital assets	(141,750)	-	141,750	-	-
Annual amortization expense	751,104	-	(751,104)	-	-
Long term debt repaid	(87,413)	-	87,413	-	-
	<u>20,981</u>	<u>135,500</u>	<u>(399,664)</u>	<u><b>(243,183)</b></u>	<u>(260,656)</u>
Change in accumulated surplus					
<b>Balance, end of year</b>	<b><u>149,325</u></b>	<b><u>403,315</u></b>	<b><u>22,230,797</u></b>	<b><u>22,783,437</u></b>	<b><u>23,026,620</u></b>

**TOWN OF OYEN**

**Schedule of Tangible Capital Assets  
For The Year Ended December 31, 2012  
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>								
Balance, beginning of year	671,779	1,364,213	10,195,725	20,876,407	616,752	397,145	<b>34,122,021</b>	33,756,210
Acquisition of tangible capital assets	-	-	58,252	-	64,025	-	<b>122,277</b>	109,656
Contributed assets	-	-	-	141,750	-	-	<b>141,750</b>	256,155
Balance, end of year	<u>671,779</u>	<u>1,364,213</u>	<u>10,253,977</u>	<u>21,018,157</u>	<u>680,777</u>	<u>397,145</u>	<b><u>34,386,048</u></b>	<u>34,122,021</u>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	589,865	2,083,159	7,844,609	361,739	274,372	<b>11,153,744</b>	10,404,306
Annual amortization	-	52,995	198,619	426,535	39,808	33,147	<b>751,104</b>	749,438
Balance, end of year	<u>-</u>	<u>642,860</u>	<u>2,281,778</u>	<u>8,271,144</u>	<u>401,547</u>	<u>307,519</u>	<b><u>11,904,848</u></b>	<u>11,153,744</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u><b>671,779</b></u>	<u><b>721,353</b></u>	<u><b>7,972,199</b></u>	<u><b>12,747,013</b></u>	<u><b>279,230</b></u>	<u><b>89,626</b></u>	<u><b>22,481,200</b></u>	<u><b>22,968,277</b></u>



**TOWN OF OYEN**

**Schedule of Property And Other Taxes  
For The Year Ended December 31, 2012  
Schedule 3**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TAXATION</b>			
Real property taxes	1,153,445	1,154,372	1,061,391
Power, pipe, cable T.V. and other taxes	36,056	36,157	34,366
Government grants in place of property taxes	41,678	37,513	58,014
	<u>1,231,179</u>	<u>1,228,042</u>	<u>1,153,771</u>
<b>REQUISITIONS</b>			
School foundation program	201,702	201,702	184,983
Acadia seniors foundation	48,068	51,755	34,626
	<u>249,770</u>	<u>253,457</u>	<u>219,609</u>
<b>NET TAXES</b>	<u>981,409</u>	<u>974,585</u>	<u>934,162</u>

**TOWN OF OYEN**

**Schedule of Government Transfers  
For The Year Ended December 31, 2012  
Schedule 4**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	328,431	327,744	311,661
Federal government	7,680	7,896	126,790
Other local governments	102,504	104,675	102,545
	<u>438,615</u>	<u>440,315</u>	<u>540,996</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	268,807	103,710	112,145
Federal government	-	18,567	-
Other local governments	74,000	-	75,000
	<u>342,807</u>	<u>122,277</u>	<u>187,145</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>781,422</u>	<u>562,592</u>	<u>728,141</u>

**TOWN OF OYEN**

**Schedule of Expenses by Object  
For The Year Ended December 31, 2012  
Schedule 5**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENDITURES</b>			
Salaries, wages and benefits	885,080	809,180	845,969
Contracted and general services	618,812	548,246	535,196
Materials, goods and utilities	788,827	636,789	556,584
Transfers to local boards and agencies	111,219	107,651	101,563
Bank charges and short-term interest	1,500	988	1,951
Interest on long-term debt	23,500	23,503	30,374
Amortization of tangible capital assets	704,161	751,104	749,438
Other expenditures	2,030	3,880	8,564
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>3,135,129</b>	<b>2,881,341</b>	<b>2,829,639</b>
	<hr/>	<hr/>	<hr/>

**TOWN OF OYEN**

**Schedule of Segmented Disclosure  
For The Year Ended December 31, 2012  
Schedule 6**

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>								
Net municipal taxes	974,585	-	-	-	-	-	-	974,585
Government transfers	-	27,000	-	101,025	87,269	163,216	61,805	440,315
User fees and sales of goods	1,625	34,203	2,311	553,930	2,631	116,270	35,046	746,016
Investment income	3,381	-	-	-	-	-	-	3,381
Penalties and costs on taxes	13,428	-	-	-	-	-	-	13,428
Franchise contracts	151,838	-	-	-	-	-	-	151,838
Other revenues	8,802	28,273	-	-	2,839	4,654	-	44,568
	<u>1,153,659</u>	<u>89,476</u>	<u>2,311</u>	<u>654,955</u>	<u>92,739</u>	<u>284,140</u>	<u>96,851</u>	<u>2,374,131</u>
<b>Expenses:</b>								
Contract & general services	129,128	23,996	52,951	227,619	10,869	91,551	12,132	548,246
Salaries & wages	277,148	20,627	132,243	85,402	59,810	227,582	6,368	809,180
Goods & supplies	17,330	26,164	151,395	320,388	877	119,610	1,025	636,789
Transfers to local boards	-	-	-	-	24,925	11,781	70,945	107,651
Long-term debt interest	-	-	1,907	20,647	-	949	-	23,503
Other expenses	1,121	20	90	3,014	-	623	-	4,868
	<u>424,727</u>	<u>70,807</u>	<u>338,586</u>	<u>657,070</u>	<u>96,481</u>	<u>452,096</u>	<u>90,470</u>	<u>2,130,237</u>
Net revenue, before amortization	<u>728,932</u>	<u>18,669</u>	<u>(336,275)</u>	<u>(2,115)</u>	<u>(3,742)</u>	<u>(167,956)</u>	<u>6,381</u>	<u>243,894</u>
Amortization expense	<u>(15,735)</u>	<u>(50,548)</u>	<u>(230,714)</u>	<u>(278,181)</u>	<u>-</u>	<u>(175,301)</u>	<u>(625)</u>	<u>(751,104)</u>
<b>Net Revenue</b>	<b><u>713,197</u></b>	<b><u>(31,879)</u></b>	<b><u>(566,989)</u></b>	<b><u>(280,296)</u></b>	<b><u>(3,742)</u></b>	<b><u>(343,257)</u></b>	<b><u>5,756</u></b>	<b><u>(507,210)</u></b>

# TOWN OF OYEN

## Notes to the Financial Statements For The Year Ended December 31, 2012

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### 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, 2012

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#### **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, 2012

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#### 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:

	<b>Years</b>
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

	2012	2011
	\$	\$
Cash	257,777	820,196
Temporary investments	<u>1,131,258</u>	<u>71,400</u>
	<u><b>1,389,035</b></u>	<u><b>891,596</b></u>

Temporary investments were received from external sources and are held exclusively for capital projects. They are invested in guaranteed investment certificates earning interest at 1.2 - 1.3% and maturing at various dates in 2013.

**TOWN OF OYEN**

**Notes to the Financial Statements  
For The Year Ended December 31, 2012**

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**3. Taxes and Grants in Place of Taxes**

	2012	2011
	\$	\$
Current taxes and grants in place of taxes	32,537	18,014
Non-current taxes and grants in place of taxes	<u>19,080</u>	<u>24,985</u>
	<u>51,617</u>	<u>42,999</u>

**4. Other Financial Assets**

	2012	2011
	\$	\$
Oyen 2013 Centennial Committee advance	15,000	-
Big Country Agricultural Society promissory note	<u>-</u>	<u>10,000</u>
	<u>15,000</u>	<u>10,000</u>

The Oyen 2013 Centennial Committee advance bears no interest and is due during 2013. The Big Country Agricultural Society promissory note was repaid in full during the year.

**5. Deferred Revenue**

	2012	2011
	\$	\$
Operating and capital project unspent funds	758,738	296,954
Prepaid local government transfers	<u>-</u>	<u>10,000</u>
	<u>758,738</u>	<u>306,954</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 2013.



## TOWN OF OYEN

### Notes to the Financial Statements For The Year Ended December 31, 2012

#### 6. Long-Term Debt

	2012	2011
	\$	\$
Tax supported debentures	211,128	281,400
Finance contracts	<u>39,275</u>	<u>56,416</u>
	<u><b>250,403</b></u>	<u><b>337,816</b></u>

The current portion of long-term debt is \$92,809 (2011 - \$87,413).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	92,809	18,326	<b>111,135</b>
2014	74,004	10,355	<b>84,359</b>
2015	38,231	4,508	<b>42,739</b>
2016	26,511	2,383	<b>28,894</b>
2017	15,411	911	<b>16,322</b>
2018 and on	<u>3,437</u>	<u>314</u>	<u><b>3,751</b></u>
	<u><b>250,403</b></u>	<u><b>36,797</b></u>	<u><b>287,200</b></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 2012 (8% for 2011). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Oyen at large.

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

Interest on long-term debt amounted to \$23,503 (2011 - \$30,374). The Town's total cash payments for interest in 2012 were \$25,611 (2011 - \$32,271).

## TOWN OF OYEN

### Notes to the Financial Statements For The Year Ended December 31, 2012

#### 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:

	2012	2011
	\$	\$
Total debt limit	3,801,672	3,809,330
Total debt	<u>250,403</u>	<u>337,816</u>
Amount of debt limit unused	<u>3,551,269</u>	<u>3,471,514</u>
Debt servicing limit	633,612	634,888
Debt servicing	<u>110,916</u>	<u>113,024</u>
Amount of debt servicing limit unused	<u>522,696</u>	<u>521,864</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

	2012	2011
Net Book Value	\$	\$
Land	671,779	671,779
Land improvements	721,353	774,348
Buildings	7,972,199	8,112,566
Engineered structures		
Roadway system	1,557,644	1,733,688
Water system	10,119,777	10,205,034
Wastewater system	1,069,592	1,093,076
Machinery and equipment	279,230	255,013
Vehicles	<u>89,626</u>	<u>122,773</u>
	<u>22,481,200</u>	<u>22,968,277</u>

## TOWN OF OYEN

### Notes to the Financial Statements For The Year Ended December 31, 2012

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#### 9. Equity in Tangible Capital Assets

	2012	2011
	\$	\$
Tangible capital assets, Schedule 2	34,386,048	34,122,021
Accumulated amortization, Schedule 2	(11,904,848)	(11,153,744)
Long term debt (Note 6)	<u>(250,403)</u>	<u>(337,816)</u>
	<u>22,230,797</u>	<u>22,630,461</u>

#### 10. Accumulated Surplus

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

	2012	2011
	\$	\$
Unrestricted surplus	149,325	128,344
Restricted surplus		
Rate stabilization	331,186	205,686
General operations	72,129	62,129
Equity in tangible capital assets	<u>22,230,797</u>	<u>22,630,461</u>
	<u>22,783,437</u>	<u>23,026,620</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 Disclosure (Schedule 6).

## TOWN OF OYEN

### Notes to the Financial Statements For The Year Ended December 31, 2012

#### 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:

	2012			2011
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Paul Christianson	9,560	1,854	<b>11,414</b>	10,355
Councillors				
Lois Bedwell	3,890	115	<b>4,005</b>	6,002
Doug Lehman	5,895	3,278	<b>9,173</b>	10,293
Manfred Schroeder	4,555	-	<b>4,555</b>	7,373
Shane Hertz	785	-	<b>785</b>	3,050
Gordon Thomson	530	-	<b>530</b>	3,776
Rudy Brockmann	4,855	309	<b>5,164</b>	5,069
Dennis Punter	1,830	-	<b>1,830</b>	-
Tom Tracy	1,990	-	<b>1,990</b>	-
Municipal administrator	92,209	19,811	<b>112,020</b>	109,428
	126,099	25,367	<b>151,466</b>	155,346

- 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, 2012

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#### 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 2012 were \$42,793 (2011 - \$32,188).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2012 were \$38,695 (2011 - \$28,988).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

#### 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, 2012

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#### 16. Contingencies

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

#### 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 2012, several errors were noted and the tangible capital assets balances were restated as a result. In addition, the Town of Oyen was advised that franchise revenues had been received in error dating back to 2009. The Town of Oyen has agreed to repay these franchise revenues and the resulting liability has been recorded. The 2011 comparative figures have been adjusted as follows:

	\$
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	21,994,684
Adjustment to net book value of tangible capital assets	1,153,629
Adjustment to franchise and concession contracts revenue (accounts payable restated as well)	<u>(121,693)</u>
<b>As restated</b>	<u><b>23,026,620</b></u>
<b>Adjustments to tangible capital assets:</b>	
As previously reported	21,814,648
Adjustment to historical cost of tangible capital assets	739,375
Adjustment to accumulated amortization recorded	<u>414,254</u>
<b>As restated</b>	<u><b>22,968,277</b></u>

#### 18. Comparative Figures

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

#### 19. Budgeted Figures

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

#### 20. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 9, 2013.