

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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Independent Auditors' Report

TO THE MAYOR AND COUNCIL OF THE TOWN OF OYEN

Opinion

We have audited the accompanying financial statements of the **Town of Oyen**, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets and cash flows the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Town of Oyen** as at December 31, 2020, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards

Basis for Opinion

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 **Town of Oyen** 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 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 accounting standards for private enterprises, 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 of Oyen'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 of Oyen** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Town of Oyen's** financial reporting process.

Auditors' Responsibility 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:

Independent Auditors' Report (Continued)

- 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 Company'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 of Oyen 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 provided 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 municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town of Oyen's debt limit can be found in note 8.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and not the information required can be found in note 13.

Johnston Morrison Hunter & Co. Professional Corporation

Chartered Professional Accountants
Brooks, Alberta
April 15, 2021

TOWN OF OYEN

**Statement of Financial Position
December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	971,299	657,994
Taxes and grants in place of taxes (Note 3)	217,730	173,622
Trade and other receivables	818,835	568,088
Land held for resale	301,194	304,059
Loans receivable (Note 4)	454,931	535,714
Investments (Note 5)	5,536	5,536
TOTAL FINANCIAL ASSETS	<u>2,769,525</u>	<u>2,245,013</u>
LIABILITIES		
Accounts payable and accrued liabilities	634,222	638,146
Deposit liabilities	-	1,329
Deferred revenue (Note 6)	623,707	523,474
Long-term debt (Note 7)	4,300,886	1,389,325
TOTAL LIABILITIES	<u>5,558,815</u>	<u>2,552,274</u>
NET FINANCIAL ASSETS (DEBT)	<u>(2,789,290)</u>	<u>(307,261)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	25,628,205	22,372,665
Prepaid expenses	-	-
	<u>25,628,205</u>	<u>22,372,665</u>
ACCUMULATED SURPLUS (NOTE 11)	<u>22,838,915</u>	<u>22,065,404</u>
CONTINGENCIES (NOTE 17)		

TOWN OF OYEN

**Statement of Operations
For The Year Ended December 31, 2020**

	Budget	2020	2019
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	1,200,635	1,199,011	1,206,443
Government transfers, Schedule 4	322,439	387,724	437,924
Investment income	2,200	2,985	2,987
User fees and sale of goods	999,841	1,036,000	1,056,818
Penalties and costs on taxes	25,000	35,327	30,319
Franchise and concession contracts	180,000	178,974	180,922
Other	94,850	360,330	305,847
Total Revenue	<u>2,824,965</u>	<u>3,200,351</u>	<u>3,221,260</u>
EXPENSES			
Legislative	83,435	42,446	96,824
Administration	447,250	594,552	507,820
Fire, ambulance and bylaws enforcement	136,021	140,146	160,001
Roads, streets, walks and lighting	688,277	686,101	707,100
Water and wastewater	943,595	1,004,187	960,585
Waste management	232,345	228,746	218,244
Recreation and parks	752,209	713,965	787,873
Other	222,898	304,973	484,158
Total Expenses	<u>3,506,030</u>	<u>3,715,116</u>	<u>3,922,605</u>
EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER, Schedule 6	(681,065)	(514,765)	(701,345)
OTHER			
Contributed assets	-	-	-
Government transfers for capital, Schedule 4	1,028,569	1,288,276	468,671
EXCESS OF REVENUE OVER EXPENSES	<u>347,504</u>	<u>773,511</u>	<u>(232,674)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,065,404</u>	<u>22,065,404</u>	<u>22,298,078</u>
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	<u>22,412,908</u>	<u>22,838,915</u>	<u>22,065,404</u>

TOWN OF OYEN

**Statement of Change in Net Financial Assets (Debt)
For The Year Ended December 31, 2020**

	Budget	2020	2019
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	347,504	773,511	(232,674)
Acquisition of tangible capital assets	(8,246,000)	(4,036,533)	(630,439)
Proceeds on disposal of tangible capital assets	-	-	-
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	797,473	780,993	799,922
Loss (gain) on sale of tangible capital assets	-	-	2,501
	<u>(7,448,527)</u>	<u>(3,255,540)</u>	<u>171,984</u>
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	-	-	11,772
	<u>-</u>	<u>-</u>	<u>11,772</u>
(DECREASE) INCREASE IN NET ASSETS	(7,101,023)	(2,482,029)	(48,918)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>(307,261)</u>	<u>(307,261)</u>	<u>(258,343)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>(7,408,284)</u></u>	<u><u>(2,789,290)</u></u>	<u><u>(307,261)</u></u>

TOWN OF OYEN

**Statement of Cash Flows
For The Year Ended December 31, 2020**

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses over revenue	773,511	(232,674)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	780,993	799,922
Loss on disposal of tangible capital assets	-	2,501
Non-cash charges to operations (net change):		
(Increase) in taxes and grants in place of taxes	(44,108)	(78,801)
(Increase) in trade and other receivables	(250,747)	(208,537)
Decrease (increase) in land held for resale	2,865	(9,501)
(Decrease) increase in accounts payable and accrued liabilities	(3,924)	422,707
Increase in non-restricted deferred revenue	91,753	15,000
Decrease in prepaid expenses	-	11,772
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>1,350,343</u>	<u>722,389</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,036,533)	(630,439)
Proceeds on sale of tangible capital assets	-	-
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(4,036,533)</u>	<u>(630,439)</u>
INVESTING ACTIVITIES		
Decrease in investments	-	66
Loans receivable repaid (advanced)	80,783	(40,000)
CASH APPLIED TO INVESTING TRANSACTIONS	<u>80,783</u>	<u>(39,934)</u>
FINANCING ACTIVITIES		
Long-term debt issued	3,000,000	74,520
Long-term debt repaid	(88,438)	(70,152)
CASH APPLIED TO FINANCING TRANSACTIONS	<u>2,911,562</u>	<u>4,368</u>
CHANGE IN CASH AND CASH EQUIVALENTS	306,155	56,384
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>149,520</u>	<u>93,136</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>455,675</u>	<u>149,520</u>
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	971,299	657,994
Less: restricted portion of cash and temporary investments	(515,624)	(508,474)
	<u>455,675</u>	<u>149,520</u>

TOWN OF OYEN

**Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2020
Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
	\$	\$	\$	\$	\$
Balance, beginning of year	723,266	297,478	21,044,660	22,065,404	22,298,078
Excess (deficiency) of revenues over expenses	773,511	-	-	773,511	(232,674)
Unrestricted funds designated for future use	(19,328)	19,328	-	-	-
Current year funds used for tangible capital assets	(1,036,532)	-	1,036,532	-	-
Annual amortization expense	780,993	-	(780,993)	-	-
Long term debt repaid	(76,680)	-	76,680	-	-
Change in accumulated surplus	<u>421,964</u>	<u>19,328</u>	<u>332,219</u>	<u>773,511</u>	<u>(232,674)</u>
Balance, end of year	<u><u>1,145,230</u></u>	<u><u>316,806</u></u>	<u><u>21,376,879</u></u>	<u><u>22,838,915</u></u>	<u><u>22,065,404</u></u>

TOWN OF OYEN

**Schedule of Tangible Capital Assets
For The Year Ended December 31, 2020
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	701,779	1,566,011	11,654,576	24,079,995	934,309	480,662	39,417,332	38,924,408
Acquisition of tangible capital assets	-	-	-	165,602	-	-	165,602	595,572
Construction-in-progress	-	-	-	3,870,931	-	-	3,870,931	34,867
Disposal of tangible capital assets	-	-	-	(396,541)	-	-	(396,541)	(137,515)
Balance, end of year	701,779	1,566,011	11,654,576	27,719,987	934,309	480,662	43,057,324	39,417,332
Accumulated Amortization:								
Balance, beginning of year	-	952,336	3,882,101	11,299,686	471,642	438,902	17,044,667	16,379,759
Annual amortization	-	38,668	243,963	438,705	51,307	8,350	780,993	799,922
Accumulated amortization on disposals	-	-	-	(396,541)	-	-	(396,541)	(135,014)
Balance, end of year	-	991,004	4,126,064	11,341,850	522,949	447,252	17,429,119	17,044,667
Net Book Value of Tangible Capital Assets	701,779	575,007	7,528,512	16,378,137	411,360	33,410	25,628,205	22,372,665

TOWN OF OYEN

**Schedule of Property And Other Taxes
For The Year Ended December 31, 2020
Schedule 3**

	Budget	2020	2019
	\$	\$	\$
TAXATION			
Real property taxes	1,406,025	1,415,542	1,410,367
Power, pipe, cable T.V. and other taxes	36,253	38,158	37,708
Government grants in place of property taxes	38,531	34,874	34,395
	<u>1,480,809</u>	<u>1,488,574</u>	<u>1,482,470</u>
REQUISITIONS			
School foundation program	232,134	241,523	232,167
Acadia seniors foundation	48,040	48,040	43,860
	<u>280,174</u>	<u>289,563</u>	<u>276,027</u>
NET TAXES	<u><u>1,200,635</u></u>	<u><u>1,199,011</u></u>	<u><u>1,206,443</u></u>

TOWN OF OYEN

**Schedule of Government Transfers
For The Year Ended December 31, 2020
Schedule 4**

	Budget	2020	2019
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	109,439	183,374	233,737
Other local governments	213,000	204,350	204,187
	<u>322,439</u>	<u>387,724</u>	<u>437,924</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,028,569	1,288,276	388,665
Other local governments	-	-	80,006
	<u>1,028,569</u>	<u>1,288,276</u>	<u>468,671</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>1,351,008</u></u>	<u><u>1,676,000</u></u>	<u><u>906,595</u></u>

TOWN OF OYEN

**Schedule of Expenses by Object
For The Year Ended December 31, 2020
Schedule 5**

	Budget	2020	2019
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	911,026	1,005,561	985,646
Contracted and general services	751,901	838,971	911,942
Materials, goods and utilities	865,850	874,869	871,135
Transfers to local boards and agencies	136,535	150,905	313,659
Interest on long-term debt	43,245	63,817	40,301
Amorization of tangible capital assets	797,473	780,993	799,922
TOTAL EXPENDITURES	3,506,030	3,715,116	3,922,605

TOWN OF OYEN

**Schedule of Segmented Disclosure
For The Year Ended December 31, 2020
Schedule 6**

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Net municipal taxes	1,199,011	-	-	-	-	-	-	1,199,011
Government transfers	15,000	10,000	-	10,772	4,500	251,849	95,603	387,724
User fees and sales of goods	1,049	66,849	4,348	859,450	480	101,424	2,400	1,036,000
Investment income	2,985	-	-	-	-	-	-	2,985
Penalties and costs on taxes	35,327	-	-	-	-	-	-	35,327
Franchise contracts	178,974	-	-	-	-	-	-	178,974
Other revenues	117,427	-	53,586	115,627	73,690	-	-	360,330
	<u>1,549,773</u>	<u>76,849</u>	<u>57,934</u>	<u>985,849</u>	<u>78,670</u>	<u>353,273</u>	<u>98,003</u>	<u>3,200,351</u>
Expenses:								
Salaries & wages	405,006	32,631	183,600	88,319	-	291,505	4,500	1,005,561
Contract & general services	147,021	29,517	99,846	356,135	77,471	111,863	17,118	838,971
Goods & supplies	45,774	43,617	143,735	487,495	2,197	118,381	33,670	874,869
Transfers to local boards	17,280	-	-	-	-	23,020	104,425	144,725
Long-term debt interest	-	1,290	23,380	6,038	32,494	615	-	63,817
Other expenses	6,180	-	-	-	-	-	-	6,180
	<u>621,261</u>	<u>107,055</u>	<u>450,561</u>	<u>937,987</u>	<u>112,162</u>	<u>545,384</u>	<u>159,713</u>	<u>2,934,123</u>
Net revenue, before amortization	928,512	(30,206)	(392,627)	47,862	(33,492)	(192,111)	(61,710)	266,228
Amortization expense	(15,735)	(33,098)	(235,540)	(294,945)	-	(201,675)	-	(780,993)
Net Revenue	<u>912,777</u>	<u>(63,304)</u>	<u>(628,167)</u>	<u>(247,083)</u>	<u>(33,492)</u>	<u>(393,786)</u>	<u>(61,710)</u>	<u>(514,765)</u>

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

1. Significant Accounting Policies

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

Reporting Entity

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

Basis of Accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Requisition Over-levy and Under-levy

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

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

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

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

Government Transfers

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

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

Tax Revenue

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

Non-Financial Assets

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

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

Significant Accounting Policies (Continued)**Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

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

Contributions of Tangible Capital Assets

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

Contaminated Site 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 a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

Significant Accounting Policies (Continued)**Measurement of Financial Instruments**

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Cash and Temporary Investments

	2020	2019
	\$	\$
Cash	901,037	587,732
ATB Financial guaranteed investment certificate	<u>70,262</u>	<u>70,262</u>
	<u>971,299</u>	<u>657,994</u>

The guarantee investment certificate has an effective interest rate of 1.4% and matures October 8, 2021.

Included in the above are restricted amounts of \$515,624 (2019 - \$508,474) received from external sources and held exclusively for operating and capital projects .

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

3. Taxes and Grants in Place of Taxes

	2020	2019
	\$	\$
Current taxes and grants in place of taxes	106,145	111,817
Non-current taxes and grants in place of taxes	<u>111,585</u>	<u>61,805</u>
	<u><u>217,730</u></u>	<u><u>173,622</u></u>

4. Loans Receivable

	\$	\$
Loan to Special Areas and Oyen Development Corporation	419,931	495,714
Loan to Oyen and District Golf Club	<u>35,000</u>	<u>40,000</u>
	<u><u>454,931</u></u>	<u><u>535,714</u></u>

The loan advanced to Special Areas and Oyen Development Corporation is due on demand with interest calculated at 0.84%, annual payments of \$107,849 are scheduled for July 1 each year and the term ends in 2024.

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

	2020	2019
	\$	\$
UFA equity account	<u>5,536</u>	<u>5,536</u>

TOWN OF OYEN

Notes to the Financial Statements
 For The Year Ended December 31, 2020

6. Deferred Revenue

	2020	2019
	\$	\$
Alberta Community Partnership	311,328	316,798
Municipal Operating Support Transfer	43,552	-
Federal Gas Tax Fund	-	83,748
AUMA Economic Development	-	19,614
ATCO Electric Water Loop Fund	69,122	69,122
Recreation Fund	15,627	18,627
Oyen 100th Capital Trust	565	565
Deferred rental income	108,083	15,000
CARES project	53,078	-
Donations	22,352	-
	<u>623,707</u>	<u>523,474</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 2021.

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

7. Long-Term Debt

	2020	2019
	\$	\$
Tax supported debentures	4,245,074	1,298,465
Finance contracts	6,251	29,540
Loan from Special Areas	<u>49,561</u>	<u>61,320</u>
	<u><u>4,300,886</u></u>	<u><u>1,389,325</u></u>

The current portion of long-term debt is \$145,106 (2019 - \$89,071).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	145,106	102,827	247,933
2022	142,226	99,268	241,494
2023	145,682	95,812	241,494
2024	149,228	92,268	241,496
2025	139,811	88,635	228,446
2026 and on	<u>3,578,833</u>	<u>1,030,132</u>	<u>4,608,965</u>
	<u><u>4,300,886</u></u>	<u><u>1,508,942</u></u>	<u><u>5,809,828</u></u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.15% to 3.245% per annum and matures in periods through 2041. The average annual interest rate is 2.39% for 2020. 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 \$2,056, including principal with interest calculated ranging at prime less .25% to 3.7%, due in periods through October, 2021.

The loan from Special Areas is repayable in annual instalments of \$13,048 including principal and interest with interest calculated at 2.103%, due December 20, 2024.

Interest on long-term debt amounted to \$63,817 (2019 - \$39,934). The Town's total cash payments for interest in 2020 were \$41,283 (2019 - \$40,129).

Notes to the Financial Statements
For The Year Ended December 31, 2020

8. 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 be disclosed as follows:

	2020	2019
	\$	\$
Total debt limit	4,800,526	4,443,261
Total debt	<u>4,300,886</u>	<u>1,389,325</u>
Amount of debt limit unused	<u>499,640</u>	<u>3,053,936</u>
Debt servicing limit	800,088	740,543
Debt servicing	<u>247,933</u>	<u>129,535</u>
Amount of debt servicing limit unused	<u>552,155</u>	<u>611,008</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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 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.

9. Tangible Capital Assets

	2020	2019
Net Book Value	\$	\$
Land	701,779	701,779
Land improvements	590,509	613,675
Buildings	7,569,513	7,772,475
Engineered structures		
Roadway system	6,566,292	3,022,689
Water system	8,678,273	8,805,473
Wastewater system	1,077,069	952,147
Machinery and equipment	411,360	462,667
Vehicles	<u>33,410</u>	<u>41,760</u>
	<u>25,628,205</u>	<u>22,372,665</u>

TOWN OF OYEN

**Notes to the Financial Statements
 For The Year Ended December 31, 2020**

10. Equity in Tangible Capital Assets

	2020	2019
	\$	\$
Tangible capital assets, Schedule 2	43,057,324	39,417,332
Accumulated amortization, Schedule 2	(17,429,119)	(17,044,667)
Long term debt (Note 7)	<u>(4,251,326)</u>	<u>(1,328,005)</u>
	<u>21,376,879</u>	<u>21,044,660</u>

11. Accumulated Surplus

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

	2020	2019
	\$	\$
Unrestricted surplus	1,145,230	723,266
Restricted surplus		
Future capital reserves	256,806	110,471
Fire reserves	60,000	187,007
Equity in tangible capital assets	<u>21,376,879</u>	<u>21,044,660</u>
	<u>22,838,915</u>	<u>22,065,404</u>

12. 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, 2020**

13. 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:

	2020			2019
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Doug Jones	11,530	5,612	17,142	37,887
Councillors				
Jack Hauck	3,550	221	3,771	3,936
Blake Hertz	3,950	207	4,157	4,497
Ed Hogan	5,335	313	5,648	8,143
Robert Kacso	4,990	283	5,273	8,851
James Walker	3,125	366	3,491	4,946
Stacey Wiechnik	835	-	835	10,062
Municipal administrator	96,508	9,226	105,734	77,822
	129,823	16,228	146,051	156,144

- 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, tuition, travel and subsistence.

**Notes to the Financial Statements
For The Year Ended December 31, 2020**

14. 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.

15. Local Authorities Pension Plan

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

The Town of Oyen is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2020 were \$41,076 (2019 - \$34,256).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2020 were \$36,772 (2019 - \$30,673).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 million.

16. Commitments

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

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2020

17. 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.

18. Related Party Transactions

During 2018, the Town of Oyen was issued shares in the Special Areas and Oyen Development Corporation, an Alberta non-profit corporation. As the non-profit had yet to establish its own bank account, the Town of Oyen paid expenses of \$57,021 (2019 - \$238,817) and collected revenues of \$329,273 (2019 - \$335,400) on its behalf. At year-end, the Town of Oyen owes the non-profit corporation a net amount of \$122,741 which is included in accounts payable and accrued liabilities on the statement of financial position and is subject to normal trade terms. In addition, the Town of Oyen has advanced a loan receivable to the Special Areas and Oyen Development Corporation, the terms of which are disclosed in Note 4.

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 15, 2021.