

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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



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, 2024, and the statements of operations, remeasurement gains and losses, changes in net financial assets (debt), cash flows, and related schedules, I to VI, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, 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, 2024.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

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

MNP LLP

Medicine Hat, Alberta
April 15, 2025

Chartered Professional Accountants

Town of Oyen
Statement of Financial Position

As at December 31, 2024

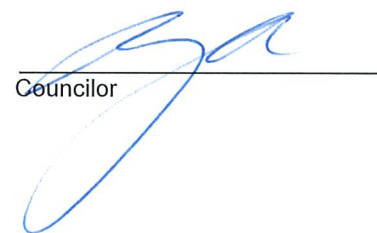
	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	1,287,655	1,378,087
Receivables		
Taxes and grants in place of taxes (Note 3)	109,149	42,384
Trade and other accounts receivable (Note 3)	477,096	302,163
Land held for resale inventory	214,841	231,713
Loans receivable (Note 4)	15,000	20,000
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, 2024

	Budget	2024	2023
REVENUE			
Net municipal taxes (Schedule III)	1,407,034	1,519,101	1,401,999
User fees and sales of goods	1,358,738	1,314,169	1,359,919
Government transfers for operating (Schedule IV)	767,750	812,634	704,239
Franchise and concession contracts	242,659	239,127	231,828
Penalties and costs of taxes	12,000	14,633	12,979
Investment income	6,190	23,326	14,663
Other	206,109	236,768	191,879
	4,000,480	4,159,758	3,917,506
EXPENSES			
Legislative	101,958	125,562	109,326
Administrative	752,404	740,388	731,834
Police, fire, disaster, ambulance and bylaw enforcement	262,091	226,262	185,250
Roads, streets, walks, lighting	828,307	861,777	755,640
Water supply and distribution	934,804	823,242	907,382
Wastewater treatment and disposal	147,087	177,160	171,205
Waste management	229,902	225,594	225,594
Public health and welfare	106,883	104,991	108,317
Planning and development	233,703	123,415	563,204
Recreation and culture	943,451	923,205	813,424
	4,540,590	4,331,596	4,571,176
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(540,110)	(171,838)	(653,670)
OTHER			
Gain (loss) on disposal of tangible capital assets	-	9,245	-
Government transfers for capital (Schedule IV)	2,597,368	652,756	799,490
		662,001	799,490
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	2,057,258	490,163	145,820
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,100,263	22,100,263	21,954,443
ACCUMULATED SURPLUS, END OF YEAR	24,157,521	22,590,426	22,100,263

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Remeasurement Gains and Losses
For the year ended December 31, 2024

	2024	2023
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	-	-
No change during the year	-	-
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	-	-

Statement of Changes in Net Financial Assets (Debt)
For the year ended December 31, 2024

	Budget	2024	2023
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	2,057,258	490,163	145,820
Acquisition of tangible capital assets	(3,463,193)	(1,665,994)	(474,660)
Proceeds on disposal of tangible capital assets	-	22,050	-
Amortization of tangible capital assets	979,788	971,210	984,404
(Gain) loss on disposal of tangible capital assets	-	(9,245)	-
	(2,483,405)	(681,979)	509,744
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(426,147)	(191,816)	655,564
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	(2,700,713)	(2,700,713)	(3,356,277)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	(3,126,860)	(2,892,529)	(2,700,713)

The accompanying notes are an integral part of these financial statements

Town of Oyen
Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	490,163	145,820
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	971,210	984,404
(Gain) loss 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	(66,765)	5,352
Decrease (increase) in trade and other accounts receivable	(174,933)	369,946
Decrease (increase) in land held for resale	16,872	75,757
Increase (decrease) in accounts payable and accrued liabilities	112,463	55,104
Increase (decrease) in deposit liabilities	725	6,998
Increase (decrease) in deferred revenue	359,825	(162,639)
Cash provided by operating transactions	1,700,315	1,480,742
CAPITAL		
Proceeds on disposal of tangible capital assets	22,050	-
Acquisition of tangible capital assets	(1,665,994)	(474,660)
Cash applied to capital transactions	(1,643,944)	(474,660)
INVESTING		
Decrease (increase) in investments	(2,576)	(1,464)
Loans receivable repaid	5,000	5,000
Cash provided by investing transactions	2,424	3,536
FINANCING		
Long-term debt repaid	(149,227)	(145,935)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(90,432)	863,683
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,378,087	514,404
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	1,287,655	1,378,087

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, 2024

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	427,572	726,806	20,945,885	22,100,263	21,954,443
Excess of revenue over expenses	490,163	-	-	490,163	145,820
Unrestricted funds designated for future use	(80,093)	80,093	-	-	-
Restricted funds used during the year	465,499	(465,499)	-	-	-
Current year funds used for tangible capital assets	(1,665,994)	-	1,665,994	-	-
Disposal of tangible capital assets	12,805	-	(12,805)	-	-
Long-term debt repaid	(136,447)	-	136,447	-	-
Annual amortization expense	971,210	-	(971,210)	-	-
Change in accumulated surplus	57,143	(385,406)	818,426	490,163	145,820
BALANCE, END OF YEAR	484,715	341,400	21,764,311	22,590,426	22,100,263

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2024

	Land	Land improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2024	2023
COST:								
BALANCE, BEGINNING OF YEAR	736,779	1,782,246	11,860,773	28,928,264	839,309	604,901	44,752,272	44,367,612
Acquisition of tangible capital assets	60,000	-	730,269	443,015	163,535	269,175	1,665,994	474,660
Disposal of tangible capital assets	-	-	-	-	(64,025)	-	(64,025)	(90,000)
BALANCE, END OF YEAR	796,779	1,782,246	12,591,042	29,371,279	938,819	874,076	46,354,241	44,752,272
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	1,099,522	4,860,102	12,968,290	536,071	487,311	19,951,296	19,056,892
Annual amortization	-	46,684	243,963	639,538	27,673	13,352	971,210	984,404
Accumulated amortization on disposals	-	-	-	-	(51,220)	-	(51,220)	(90,000)
BALANCE, END OF YEAR	-	1,146,206	5,104,065	13,607,828	512,524	500,663	20,871,286	19,951,296
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	796,779	636,040	7,486,977	15,763,451	426,295	373,413	25,482,955	24,800,976
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	736,779	682,724	7,000,671	15,959,974	303,238	117,590	24,800,976	

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule III - Schedule of Net Municipal Taxes
For the year ended December 31, 2024

	Budget	2024	2023
TAXATION			
Property taxes	1,707,637	1,812,260	1,702,845
Government grants in place of property taxes	19,654	34,614	17,353
	1,727,291	1,846,874	1,720,198
REQUISITIONS			
Alberta School Foundation Fund	256,000	262,536	253,942
Acadia Seniors Foundation	64,257	65,237	64,257
	320,257	327,773	318,199
NET MUNICIPAL TAXES	1,407,034	1,519,101	1,401,999

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, 2024

	Budget	2024	2023
TRANSFERS FOR OPERATING			
Provincial Government	272,279	232,591	221,129
Federal Government	35,420	23,100	23,100
Other Local Governments	460,051	556,943	460,010
	767,750	812,634	704,239
TRANSFERS FOR CAPITAL			
Provincial Government	2,597,368	566,154	619,145
Other Local Governments	-	86,602	180,345
	2,597,368	652,756	799,490
TOTAL GOVERNMENT TRANSFERS	3,365,118	1,465,390	1,503,729

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2024

	Budget	2024	2023
EXPENSES BY OBJECT			
Salaries, wages and benefits	1,193,559	1,217,362	1,105,313
Contracted and general services	1,182,493	986,145	962,229
Materials, goods and utilities	932,760	897,139	868,901
Transfers to local boards and agencies	156,772	163,529	142,518
Interest on long-term debt	92,268	92,316	95,548
Other expenditures	2,950	3,895	412,263
Amortization of tangible capital assets	979,788	971,210	984,404
	4,540,590	4,331,596	4,571,176

The accompanying notes are an integral part of these financial statements

Town of Oyen
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2024

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health Services	Total
REVENUE								
Net municipal taxes	1,519,102	-	-	-	-	-	-	1,519,102
Government transfers for operating	60,500	64,677	139,678	6,500	321,419	117,000	112,425	822,199
User fees and sales of goods	1,379	91,595	13,674	-	128,175	1,079,346	-	1,314,169
Investment income	23,326	-	-	-	-	-	-	23,326
Penalties and costs of taxes	14,633	-	-	-	-	-	-	14,633
Franchise and concession contracts	239,126	-	-	-	-	-	-	239,126
Other	6,940	6,397	-	165,817	35,364	22,050	-	236,568
Licenses and permits	-	-	-	-	-	-	-	-
Gain on disposal of tangible capital assets	-	-	9,245	-	-	-	-	9,245
Rental	-	-	-	-	-	-	-	-
	1,865,006	162,669	162,597	172,317	484,958	1,218,396	112,425	4,178,368
EXPENSES								
Contracted and general services	211,532	115,553	121,608	92,692	103,046	341,714	-	986,145
Salaries, wages and benefits	532,667	32,501	158,723	-	417,092	76,379	-	1,217,362
Materials, goods and utilities	91,759	43,887	129,300	2,620	159,624	469,949	-	897,139
Transfers to local boards and agencies	10,498	-	-	-	48,040	-	104,991	163,529
Long-term debt interest	-	269	17,912	28,103	48	45,984	-	92,316
Other expenses	3,759	-	-	-	-	136	-	3,895
	850,215	192,210	427,543	123,415	727,850	934,162	104,991	3,360,386
NET REVENUE, BEFORE AMORTIZATION	1,014,791	(29,541)	(264,946)	48,902	(242,892)	284,234	7,434	817,982
Government transfers for capital	-	-	115,116	45,312	19,592	204,202	259,169	643,391
Amortization expense	(15,735)	(34,052)	(434,234)	-	(195,355)	(291,834)	-	(971,210)
NET REVENUE	999,056	(63,593)	(584,064)	94,214	(418,655)	196,602	266,603	490,163

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

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

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

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

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

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

d) Valuation of Financial Assets and Liabilities

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

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

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

e) Cash and portfolio investments

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

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

f) Loans and notes receivable

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

g) Long-term debt

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

h) Requisition Over-levy and Under-levy

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

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

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

i) Inventories for Resale

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

j) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

k) Asset Retirement

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

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

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

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

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

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

l) Contaminated sites liability

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

m) Revenue recognition

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

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

n) Government Transfers

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

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

o) Non-financial Assets

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

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

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

i. Tangible Capital Assets

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

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

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

p) Adoption of new accounting standards

i. Revenue

The Canadian Public Sector Accounting Board approved PS 3400, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3400 establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). On January 1, 2024, the Town adopted this standard prospectively from the date of adoption.

ii. Public Private Partnerships

The Canadian Public Sector Accounting Board approved PS 3160, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3160 establishes guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. On January 1, 2024, the Town adopted this standard prospectively from the date of adoption.

iii. Purchased Intangibles

The Canadian Public Sector Accounting Board approved PSG-8, which comes into effect for fiscal years beginning on or after April 1, 2023. PSG-8 allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. On January 1, 2024, the Town adopted this standard prospectively from the date of adoption.

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2024

2. CASH AND CASH EQUIVALENTS

	2024	2023
Cash	1,287,655	1,378,087

3. RECEIVABLES

	2024	2023
Property taxes		
Current taxes and grants in place of taxes	63,743	29,456
Arrears	45,406	12,928
	109,149	42,384
Other		
Federal government grants	153,422	-
Utilities receivable	94,309	62,457
Trade accounts receivable	200,836	169,705
Goods and Services Tax receivable	23,268	16,798
Other receivables	5,261	53,203
	477,096	302,163

4. LOANS AND NOTES RECEIVABLE

	2024	2023
Loan to Oyen and District Golf Club	15,000	20,000

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

5. INVESTMENTS

	2024	2023
UFA equity account	6,860	6,313
Guaranteed Investment Certificate	52,944	50,913
	59,804	57,226

Guaranteed Investment Certificate earns interest at 4.85%, on a one year term, maturing April 15, 2025.

6 TEMPORARY BANK INDEBTEDNESS

A line of credit facility of up to \$1,000,000 is available to the Town. This facility is secured by a Municipal Borrowing Bylaw and the Town of Oyen at large, due on demand and advances would bear interest at prime minus 0.25%. No amounts were advanced on this facility at December 31, 2024 (none in 2023).

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2024

7. DEFERRED REVENUE

	2024	2023
Municipal Sustainability Initiative - Capital	-	20,073
Alberta Community Partnership	3,980	363,261
Canada Community-Building Fund (formerly Federal Gas Tax Fund)	232,537	129,115
Local Government Fiscal Framework Program - Capital	188,863	-
Recreation Fund	14,627	14,627
Small Community Opportunity Program	44,688	-
Deferred rental income	-	-
Alberta Municipal Water/Wastewater Partnership	542,547	150,000
Other deferred revenue	10,000	341
	1,037,242	677,417

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating and capital projects, as approved under the funding agreement. \$20,073 of these funds were allocated to projects in 2024.

Canada Community-Building Fund

Funding was received from 2014 to 2024 from the Canada Community-Building Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement. \$103,422 of these funds were allocated to projects in 2024.

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 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 statements at this time.

9. LONG-TERM DEBT

	2024	2023
Tax supported debentures	3,718,644	3,855,091
Loan from Special Areas	-	12,781
	3,718,644	3,867,872

The current portion of the long-term debt amounts to \$139,811 (2023 - \$149,229).

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2024

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

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	139,811	88,635	228,446
2026	143,262	85,185	228,447
2027	146,801	81,645	228,446
2028	150,431	78,016	228,447
2029	154,154	74,292	228,446
Thereafter	2,984,185	710,994	3,695,179
	3,718,644	1,118,767	4,837,411

Debenture debt is repayable to Treasury Board and Finance and matures in periods 2031 through 2050. Interest rates range from 2.15% to 3.25%, before provincial subsidy. The average annual interest rate for 2024 is 2.52% (2023 - 2.52%). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Oyen at large.

The loan from Special Areas was paid off on December 20, 2024.

Interest on long-term debt amounted to \$92,316 (2023 - \$95,548). The Town's total cash payments for interest in 2024 were \$93,642 (2023 - \$95,964).

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:

	2024	2023
Total debt limit	6,239,637	5,876,259
Total debt	3,718,644	3,867,871
Amount of debt limit unused	2,520,993	2,008,388
Debt servicing limit	1,039,940	979,377
Debt servicing	228,446	241,497
Amount of debt servicing limit unused	811,494	737,880

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

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

Town of Oyen
Notes to the Financial Statements
For the year ended December 31, 2024

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule II)	46,354,241	44,752,272
Accumulated amortization (Schedule II)	(20,871,286)	(19,951,296)
Long-term debt (Note 9)	(3,718,644)	(3,855,091)
	21,764,311	20,945,885

12. ACCUMULATED SURPLUS

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

	2024	2023
Unrestricted surplus	484,715	427,572
Restricted surplus (Note 13)	341,400	726,806
Equity in tangible capital assets (Note 11)	21,764,311	20,945,885
	22,590,426	22,100,263

13. RESERVES

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

	2024	2023
Capital		
Recreation	52,944	50,000
Storm water	-	-
Sewer	283,456	625,381
Water	-	-
Roads	-	51,425
General capital	-	-
Airport	-	-
Cemetery	5,000	-
	341,400	726,806

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	2024	2023
Mayor:				
D. Jones	28,155	-	28,155	24,575
Councillors:				
J. Hauck	4,325	109	4,434	4,050
B. Hertz	4,700	81	4,781	5,475
T. Hittel	6,625	191	6,816	5,889
E. Hogan	7,075	-	7,075	6,000
R. Kacso	10,900	-	10,900	13,325
J. Walker	3,600	53	3,653	4,192
Chief Administrative Officer	114,132	19,674	133,806	132,493
Designated officer	21,000	-	21,000	18,980

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% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$58,986 (2023 - \$54,752). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2024 were \$52,236 (2023 - \$48,489).

17. CONTINGENCIES

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

18. FINANCIAL INSTRUMENTS

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

19. COMPARATIVE FIGURES

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

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.