

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	PAGE
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF OPERATIONS	3
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)	4
STATEMENT OF CASH FLOWS	5
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS	6
SCHEDULE OF TANGIBLE CAPITAL ASSETS	7
SCHEDULE OF PROPERTY AND OTHER TAXES	8
SCHEDULE OF GOVERNMENT TRANSFERS	9
SCHEDULE OF EXPENSES BY OBJECT	10
SCHEDULE OF SEGMENTED DISCLOSURE	11
NOTES TO THE FINANCIAL STATEMENTS	12

**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, 2015, 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, 2015 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 13, 2016

TOWN OF OYEN

**Statement of Financial Position
December 31, 2015**

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	572,290	1,092,991
Taxes and grants in place of taxes (Note 3)	31,779	49,334
Trade and other receivables	254,719	234,312
Land held for resale	228,638	31,345
TOTAL FINANCIAL ASSETS	<u>1,087,426</u>	<u>1,407,982</u>
LIABILITIES		
Accounts payable and accrued liabilities	299,186	83,155
Deposit liabilities	2,978	4,551
Deferred revenue (Note 4)	566,235	537,862
Long-term debt (Note 6)	128,877	83,590
TOTAL LIABILITIES	<u>997,276</u>	<u>709,158</u>
NET FINANCIAL ASSETS (DEBT)	<u>90,150</u>	<u>698,824</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	22,737,756	22,068,276
ACCUMULATED SURPLUS (NOTE 10)	<u>22,737,756</u>	<u>22,068,276</u>
	<u>22,827,906</u>	<u>22,767,100</u>
CONTINGENCIES (NOTE 16)		

TOWN OF OYEN
Statement of Operations
For The Year Ended December 31, 2015

	Budget	2015	2014
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	1,056,036	1,043,954	1,032,077
Government transfers, Schedule 4	809,795	713,879	558,028
Investment income	4,100	2,273	2,200
User fees and sale of goods	955,517	950,462	939,115
Penalties and costs on taxes	13,000	13,183	12,411
Franchise and concession contracts	167,870	164,631	164,227
Other	28,500	50,500	38,833
Total Revenue	3,034,818	2,938,882	2,746,891
EXPENSES			
Legislative	84,193	60,777	68,831
Administration	445,050	472,764	745,153
Fire, ambulance and bylaws enforcement	119,805	90,551	94,124
Roads, streets, walks and lighting	576,880	655,076	558,453
Water and wastewater	950,707	954,636	795,246
Waste management	191,215	189,541	183,374
Recreation and parks	780,287	804,304	710,578
Other	272,783	270,208	159,157
Total Expenses	3,420,920	3,497,857	3,314,916
EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER, Schedule 6	(386,102)	(558,975)	(568,025)
OTHER			
Contributed assets	-	-	-
Government transfers for capital, Schedule 4	685,000	619,781	125,573
EXCESS OF REVENUE OVER EXPENSES	298,898	60,806	(442,452)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,767,100	22,767,100	23,209,552
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	23,065,998	22,827,906	22,767,100

TOWN OF OYEN

**Statement of Change in Net Financial Assets (Debt)
 For The Year Ended December 31, 2015**

	Budget \$	2015 \$	2014 \$
EXCESS OF REVENUE OVER EXPENSES	298,898	60,806	(442,452)
Acquisition of tangible capital assets	(1,645,000)	(1,395,131)	(73,231)
Proceeds on disposal of tangible capital assets	-	-	6,500
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	688,051	725,651	730,599
(Gain) loss on sale of tangible capital assets	-	-	6,833
	(956,949)	(669,480)	670,701
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	-	-	-
	-	-	-
(DECREASE) INCREASE IN NET ASSETS	(658,051)	(608,674)	228,249
NET FINANCIAL ASSETS, BEGINNING OF YEAR	698,824	698,824	470,575
NET FINANCIAL ASSETS, END OF YEAR	40,773	90,150	698,824

TOWN OF OYEN
Statement of Cash Flows
For The Year Ended December 31, 2015

	2015	2014
	\$	\$
OPERATING		
Excess of revenue over expenses	60,806	(442,452)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	725,651	730,599
Loss on disposal of tangible capital assets	-	6,833
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	17,555	(2,367)
(Increase) decrease in trade and other receivables	(20,407)	26,587
(Increase) in land held for resale	(197,293)	(14,577)
Increase (decrease) in accounts payable and accrued liabilities	216,031	(62,631)
(Decrease) increase in deposit liabilities	(1,573)	(7,805)
Increase in deferred revenue	28,373	253,265
CASH PROVIDED BY OPERATING TRANSACTIONS	829,143	487,452
CAPITAL		
Acquisition of tangible capital assets	(1,395,131)	(73,231)
Proceeds on sale of tangible capital assets	-	6,500
CASH APPLIED TO CAPITAL TRANSACTIONS	(1,395,131)	(66,731)
FINANCING		
Long-term debt issued	83,517	
Long-term debt repaid	(38,230)	(74,004)
CASH APPLIED TO FINANCING TRANSACTIONS	45,287	(74,004)
CHANGE IN CASH AND CASH EQUIVALENTS	(520,701)	346,717
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,092,991	746,274
CASH AND CASH EQUIVALENTS, END OF YEAR	572,290	1,092,991
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	572,290	1,092,991

TOWN OF OYEN

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2015
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
	\$	\$	\$	\$	\$
Balance, beginning of year	579,814	202,600	21,984,686	22,767,100	23,209,552
Excess (deficiency) of revenues over expenses	60,806	-	-	60,806	(442,452)
Unrestricted funds designated for future use	(25,000)	25,000	-	-	-
Current year funds used for tangible capital assets	(1,311,614)	-	1,311,614	-	-
Annual amortization expense	725,651	-	(725,651)	-	-
Long term debt repaid	(38,230)	-	38,230	-	-
Change in accumulated surplus	<u>(588,387)</u>	<u>25,000</u>	<u>624,193</u>	<u>60,806</u>	<u>(442,452)</u>
Balance, end of year	<u>(8,573)</u>	<u>227,600</u>	<u>22,608,879</u>	<u>22,827,906</u>	<u>22,767,100</u>

TOWN OF OYEN

**Schedule of Tangible Capital Assets
For The Year Ended December 31, 2015
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	671,779	1,364,213	10,368,311	21,975,760	675,472	397,145	35,452,680	35,427,354
Acquisition of tangible capital assets	30,000	-	507,471	355,117	-	83,517	976,105	73,231
Construction-in-progress	-	-	228,833	190,193	-	-	419,026	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(47,905)
Balance, end of year	<u>701,779</u>	<u>1,364,213</u>	<u>11,104,615</u>	<u>22,521,070</u>	<u>675,472</u>	<u>480,662</u>	<u>36,847,811</u>	<u>35,452,680</u>
Accumulated Amortization:								
Balance, beginning of year	-	745,399	2,699,526	9,143,614	454,853	341,012	13,384,404	12,688,377
Annual amortization	-	51,269	224,525	389,050	35,709	25,098	725,651	730,599
Accumulated amortization on disposals	-	-	-	-	-	-	-	(34,572)
Balance, end of year	<u>-</u>	<u>796,668</u>	<u>2,924,051</u>	<u>9,532,664</u>	<u>490,562</u>	<u>366,110</u>	<u>14,110,055</u>	<u>13,384,404</u>
Net Book Value of Tangible Capital Assets	<u>701,779</u>	<u>567,545</u>	<u>8,180,564</u>	<u>12,988,406</u>	<u>184,910</u>	<u>114,552</u>	<u>22,737,756</u>	<u>22,068,276</u>

TOWN OF OYEN

**Schedule of Property And Other Taxes
 For The Year Ended December 31, 2015
 Schedule 3**

	Budget	2015	2014
	\$	\$	\$
TAXATION			
Real property taxes	1,244,623	1,233,855	1,224,445
Power, pipe, cable T.V. and other taxes	36,840	36,840	37,190
Government grants in place of property taxes	39,212	39,212	42,965
	<u>1,320,675</u>	<u>1,309,907</u>	<u>1,304,600</u>
REQUISITIONS			
School foundation program	217,566	218,880	226,224
Acadia seniors foundation	47,073	47,073	46,299
	<u>264,639</u>	<u>265,953</u>	<u>272,523</u>
NET TAXES	<u>1,056,036</u>	<u>1,043,954</u>	<u>1,032,077</u>

TOWN OF OYEN

**Schedule of Government Transfers
 For The Year Ended December 31, 2015
 Schedule 4**

	Budget	2015	2014
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	600,705	501,773	346,262
Federal government	-	2,856	2,789
Other local governments	209,090	209,250	208,977
	<u>809,795</u>	<u>713,879</u>	<u>558,028</u>
TRANSFERS FOR CAPITAL			
Provincial government	560,000	403,658	113,182
Other local governments	125,000	216,123	12,391
	<u>685,000</u>	<u>619,781</u>	<u>125,573</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>1,494,795</u></u>	<u><u>1,333,660</u></u>	<u><u>683,601</u></u>

TOWN OF OYEN

**Schedule of Expenses by Object
 For The Year Ended December 31, 2015
 Schedule 5**

	Budget	2015	2014
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	895,042	919,492	856,677
Contracted and general services	942,894	926,184	934,434
Materials, goods and utilities	754,549	688,002	662,513
Transfers to local boards and agencies	132,234	232,620	113,269
Bank charges and short-term interest	-	-	235
Interest on long-term debt	5,000	4,507	10,355
Amorization of tangible capital assets	688,051	725,651	730,599
Other expenditures	3,150	1,401	6,834
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,420,920	3,497,857	3,314,916
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TOWN OF OYEN

Schedule of Segmented Disclosure
For The Year Ended December 31, 2015
Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Net municipal taxes	1,043,954	-	-	-	-	-	-	1,043,954
Government transfers	14,168	238,833	10,000	115,902	28,400	218,070	88,506	713,879
User fees and sales of goods	1,235	46,821	4,761	739,867	35,233	118,445	4,100	950,462
Investment income	2,273	-	-	-	-	-	-	2,273
Penalties and costs on taxes	13,183	-	-	-	-	-	-	13,183
Franchise contracts	164,631	-	-	-	-	-	-	164,631
Other revenues	17,657	17,920	100	-	12,000	2,823	-	50,500
	<u>1,257,101</u>	<u>303,574</u>	<u>14,861</u>	<u>855,769</u>	<u>75,633</u>	<u>339,338</u>	<u>92,606</u>	<u>2,938,882</u>
Expenses:								
Salaries & wages	304,079	28,495	140,606	96,311	-	341,457	8,544	919,492
Contract & general services	191,589	19,749	183,134	370,645	7,020	129,178	24,869	926,184
Goods & supplies	21,334	16,253	148,473	376,535	2,365	121,278	1,764	688,002
Transfers to local boards	-	-	-	-	109,000	32,651	90,969	232,620
Long-term debt interest	-	-	98	4,360	-	49	-	4,507
Other expenses	803	-	-	598	-	-	-	1,401
	<u>517,805</u>	<u>64,497</u>	<u>472,311</u>	<u>848,449</u>	<u>118,385</u>	<u>624,613</u>	<u>126,146</u>	<u>2,772,206</u>
Net revenue, before amortization	<u>739,296</u>	<u>239,077</u>	<u>(457,450)</u>	<u>7,320</u>	<u>(42,752)</u>	<u>(285,275)</u>	<u>(33,540)</u>	<u>166,676</u>
Amortization expense	<u>(15,735)</u>	<u>(26,053)</u>	<u>(182,764)</u>	<u>(295,726)</u>	<u>-</u>	<u>(204,748)</u>	<u>(625)</u>	<u>(725,651)</u>
Net Revenue	<u>723,561</u>	<u>213,024</u>	<u>(640,214)</u>	<u>(288,406)</u>	<u>(42,752)</u>	<u>(490,023)</u>	<u>(34,165)</u>	<u>(558,975)</u>

TOWN OF OYEN

**Notes to the Financial Statements
 For The Year Ended December 31, 2015**

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.

TOWN OF OYEN**Notes to the Financial Statements
For The Year Ended December 31, 2015**

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.

TOWN OF OYEN

**Notes to the Financial Statements
 For The Year Ended December 31, 2015**

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.

TOWN OF OYEN

**Notes to the Financial Statements
 For The Year Ended December 31, 2015**

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

	2015	2014
	\$	\$
Cash	-	433,765
Temporary investments	<u>572,290</u>	<u>659,226</u>
	<u>572,290</u>	<u>1,092,991</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 0.6 - 1.65% and maturing at various dates.

Included in the above are restricted amounts of \$566,235 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, 2015**

3. Taxes and Grants in Place of Taxes

	2015	2014
	\$	\$
Current taxes and grants in place of taxes	18,146	27,211
Non-current taxes and grants in place of taxes	<u>13,633</u>	<u>22,123</u>
	<u>31,779</u>	<u>49,334</u>

4. Deferred Revenue

	2015	2014
	\$	\$
Operating and capital project unspent funds	<u>566,235</u>	<u>537,862</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 2016. The unspent funds are supported by cash and temporary investments of \$566,235.

5. Contaminated Sites Liability

On January 1, 2015, the town adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the town. The town does have one contaminated site identified and, since 2014, has received provincial funding under the Tank Site Remediation Program to remediate the site. While the site has now been remediated, the engineering report issued in 2015 stated that there remains uncertainty as to whether the lands adjacent to the site were also contaminated and further testing was recommended. The town intends to conduct further testing as soon as possible and, at the release date of this audit, the remediation liability (if any) remains unknown.

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2015**

6. Long-Term Debt

	2015	2014
	\$	\$
Tax supported debentures	45,359	75,628
Finance contracts	<u>83,518</u>	<u>7,962</u>
	<u>128,877</u>	<u>83,590</u>

The current portion of long-term debt is \$42,464 (2014 - \$38,231).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2016	42,464	4,251	46,715
2017	31,759	2,383	34,142
2018	20,189	1,381	21,570
2019	17,167	652	17,819
2020	<u>17,298</u>	<u>228</u>	<u>17,526</u>
	<u>128,877</u>	<u>8,895</u>	<u>137,772</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.05% to 9.1% per annum and matures in periods through 2018. The average annual interest rate is 6% for 2015 (8% for 2014). 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 \$1,485, including principal and interest calculated at prime less .25%, due December, 2020.

Interest on long-term debt amounted to \$4,507 (2014 - \$10,355). The Town's total cash payments for interest in 2015 were \$4,667 (2014 - \$11,774).

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2015**

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:

	2015	2014
	\$	\$
Total debt limit	4,408,323	4,120,337
Total debt	<u>128,877</u>	<u>83,590</u>
Amount of debt limit unused	<u>4,279,446</u>	<u>4,036,747</u>
Debt servicing limit	734,721	686,723
Debt servicing	<u>46,715</u>	<u>42,739</u>
Amount of debt servicing limit unused	<u>688,006</u>	<u>643,984</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

	2015	2014
Net Book Value	\$	\$
Land	701,779	671,779
Land improvements	567,545	618,814
Buildings	8,180,564	7,668,785
Engineered structures		
Roadway system	2,243,652	2,128,741
Water system	9,745,611	9,680,780
Wastewater system	999,143	1,022,625
Machinery and equipment	184,910	220,619
Vehicles	<u>114,552</u>	<u>56,133</u>
	<u>22,737,756</u>	<u>22,068,276</u>

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2015**

9. Equity in Tangible Capital Assets

	2015	2014
	\$	\$
Tangible capital assets, Schedule 2	36,847,811	35,452,680
Accumulated amortization, Schedule 2	(14,110,055)	(13,384,404)
Long term debt (Note 5)	<u>(128,877)</u>	<u>(83,590)</u>
	<u>22,608,879</u>	<u>21,984,686</u>

10. Accumulated Surplus

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

	2015	2014
	\$	\$
Unrestricted surplus	(8,573)	579,814
Restricted surplus		
Rate stabilization	110,471	110,471
General operations	117,129	92,129
Equity in tangible capital assets	<u>22,608,879</u>	<u>21,984,686</u>
	<u>22,827,906</u>	<u>22,767,100</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, 2015**

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:

	2015			2014
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Doug Jones	9,735	2,284	12,019	16,086
Councillors				
Dennis Punter	4,705	1,487	6,192	7,141
Kevin Brost	4,865	257	5,122	6,007
Joseph Lazzari	5,195	1,349	6,544	6,838
Bradley Odland	2,125	665	2,790	7,042
Tom Tracy	4,265	1,006	5,271	5,461
Stacey Wiechnik	6,280	3,263	9,543	9,311
Trevor Hittel	2,430	590	3,020	-
Municipal administrator	<u>84,134</u>	<u>16,792</u>	<u>100,926</u>	<u>155,757</u>
	<u>123,734</u>	<u>27,693</u>	<u>151,427</u>	<u>213,643</u>

- 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.

TOWN OF OYEN

**Notes to the Financial Statements
 For The Year Ended December 31, 2015**

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 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2015 were \$54,963 (2014 - \$54,612).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2015 were \$50,354 (2014 - \$49,886).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 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. 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, 2015**

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. Budgeted Figures

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

18. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 13, 2016.