

TOWN OF OYEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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AUDITORS' REPORT

TO THE MAYOR AND COUNCIL TOWN OF OYEN

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Oyen, which comprise the statement of financial position as at December 31, 2011, 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, 2011 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.

CHARTERED ACCOUNTANTS

**BROOKS, ALBERTA
APRIL 3, 2012**

TOWN OF OYEN

**Statement of Financial Position
December 31, 2011**

	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	891,596	38,451
Taxes and grants in place of taxes (Note 3)	42,999	51,371
Trade and other receivables	298,026	523,243
Land held for resale	5,813	5,813
Other financial assets (Note 4)	10,000	197,232
TOTAL FINANCIAL ASSETS	<u>1,248,434</u>	<u>816,110</u>
LIABILITIES		
Accounts payable and accrued liabilities	411,013	306,655
Deposit liabilities	12,615	6,300
Deferred revenue (Note 5)	306,954	110,237
Long-term debt (Note 6)	337,816	418,568
TOTAL LIABILITIES	<u>1,068,398</u>	<u>841,760</u>
NET FINANCIAL ASSETS (DEBT)	<u>180,036</u>	<u>(25,650)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	21,814,648	22,166,741
Prepaid expenses	-	-
ACCUMULATED SURPLUS (NOTE 10)	<u>21,814,648</u>	<u>22,166,741</u>
	<u>21,994,684</u>	<u>22,141,091</u>
CONTINGENCIES (NOTE 16)		

TOWN OF OYEN

**Statement of Operations
For The Year Ended December 31, 2011**

	Budget	2011	2010
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	934,050	934,162	881,786
Government transfers, Schedule 4	400,921	540,996	517,975
Investment income	1,500	3,325	1,899
User fees and sale of goods	748,560	717,690	692,424
Penalties and costs on taxes	10,000	10,553	10,052
Franchise and concession contracts	180,000	218,330	177,170
Other	29,250	39,497	56,524
Total Revenue	<u>2,304,281</u>	<u>2,464,553</u>	<u>2,337,830</u>
EXPENSES			
Legislative	81,119	63,351	68,053
Administration	470,407	470,723	461,129
Fire, ambulance and bylaws enforcement	121,330	113,673	103,750
Roads, streets, walks and lighting	559,156	578,459	536,276
Water and wastewater	633,913	611,776	614,119
Waste management	203,745	172,811	179,918
Recreation and parks	650,628	607,506	580,065
Other	181,433	179,806	174,328
Total Expenses	<u>2,901,731</u>	<u>2,798,105</u>	<u>2,717,638</u>
EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER, Schedule 6	(597,450)	(333,552)	(379,808)
OTHER			
Government transfers for capital, Schedule 4	431,739	187,145	1,381,344
EXCESS OF REVENUE OVER EXPENSES	<u>(165,711)</u>	<u>(146,407)</u>	<u>1,001,536</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,141,091</u>	<u>22,141,091</u>	<u>21,139,555</u>
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	<u>21,975,380</u>	<u>21,994,684</u>	<u>22,141,091</u>

TOWN OF OYEN

**Statement of Change in Net Financial Assets (Debt)
For The Year Ended December 31, 2011**

	Budget	2011	2010
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	(165,711)	(146,407)	1,001,536
Acquisition of tangible capital assets	(515,130)	(365,811)	(1,712,047)
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	711,955	717,904	717,904
(Gain) loss on sale of tangible capital assets	-	-	-
	196,825	352,093	(994,143)
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	-	-	4,845
	-	-	4,845
INCREASE IN NET ASSETS	31,114	205,686	12,238
NET FINANCIAL DEBT, BEGINNING OF YEAR	(25,650)	(25,650)	(37,888)
NET FINANCIAL ASSETS, END OF YEAR	5,464	180,036	(25,650)

TOWN OF OYEN

**Statement of Cash Flows
For The Year Ended December 31, 2011**

	2011	2010
	\$	\$
OPERATING		
Excess of revenue over expenses	(146,407)	1,001,536
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	717,904	717,906
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes	8,372	1,902
Decrease (increase) in trade and other receivables	225,217	(132,855)
Decrease in land held for resale	-	7,744
Decrease (increase) in other financial assets	187,232	(167,232)
Increase in accounts payable and accrued liabilities	104,358	204,665
Increase (decrease) in deposit liabilities	6,315	(1,952)
Increase (decrease) in deferred revenue	196,717	(478,305)
Decrease in prepaid expense	-	4,845
CASH PROVIDED BY OPERATING TRANSACTIONS	1,299,708	1,158,254
CAPITAL		
Acquisition of tangible capital assets	(365,811)	(1,712,047)
CASH APPLIED TO CAPITAL TRANSACTIONS	(365,811)	(1,712,047)
FINANCING		
Long-term debt issued	-	69,268
Long-term debt repaid	(80,752)	(68,871)
CASH APPLIED TO FINANCING TRANSACTIONS	(80,752)	397
CHANGE IN CASH AND CASH EQUIVALENTS	853,145	(553,396)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	38,451	591,847
CASH AND CASH EQUIVALENTS, END OF YEAR	891,596	38,451
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	891,596	38,451

TOWN OF OYEN

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2011
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2011	2010
	\$	\$	\$	\$	\$
Balance, beginning of year	330,789	62,129	21,748,173	22,141,091	21,139,555
Excess (deficiency) of revenues over expenses	(146,407)	-	-	(146,407)	1,001,536
Unrestricted funds designated for future use	(205,686)	205,686	-	-	-
Current year funds used for tangible capital assets	(365,811)	-	365,811	-	-
Annual amortization expense	717,904	-	(717,904)	-	-
Long term debt repaid	<u>(80,752)</u>	<u>-</u>	<u>80,752</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(80,752)</u>	<u>205,686</u>	<u>(271,341)</u>	<u>(146,407)</u>	<u>1,001,536</u>
Balance, end of year	<u>250,037</u>	<u>267,815</u>	<u>21,476,832</u>	<u>21,994,684</u>	<u>22,141,091</u>

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**Schedule of Tangible Capital Assets
For The Year Ended December 31, 2011
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2011	2010 (Restated)
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	671,779	1,364,213	9,911,070	20,109,771	562,857	397,145	33,016,835	31,304,788
Acquisition of tangible capital assets	-	-	28,500	27,261	53,895	-	109,656	1,636,910
Construction-in-progress	-	-	<u>256,155</u>	-	-	-	<u>256,155</u>	<u>75,137</u>
Balance, end of year	<u>671,779</u>	<u>1,364,213</u>	<u>10,195,725</u>	<u>20,137,032</u>	<u>616,752</u>	<u>397,145</u>	<u>33,382,646</u>	<u>33,016,835</u>
Accumulated Amortization:								
Balance, beginning of year	-	484,669	2,048,730	7,729,138	321,931	265,626	10,850,094	10,132,190
Annual amortization	-	<u>52,995</u>	<u>196,719</u>	<u>399,954</u>	<u>35,090</u>	<u>33,146</u>	<u>717,904</u>	<u>717,904</u>
Balance, end of year	-	<u>537,664</u>	<u>2,245,449</u>	<u>8,129,092</u>	<u>357,021</u>	<u>298,772</u>	<u>11,567,998</u>	<u>10,850,094</u>
Net Book Value of Tangible Capital Assets	<u>671,779</u>	<u>826,549</u>	<u>7,950,276</u>	<u>12,007,940</u>	<u>259,731</u>	<u>98,373</u>	<u>21,814,648</u>	<u>22,166,741</u>

TOWN OF OYEN

**Schedule of Property And Other Taxes
For The Year Ended December 31, 2011
Schedule 3**

	Budget	2011	2010
	\$	\$	\$
TAXATION			
Real property taxes	1,061,286	1,061,391	1,020,875
Power, pipe, cable T.V. and other taxes	34,359	34,366	34,505
Government grants in place of property taxes	58,014	58,014	37,867
	<u>1,153,659</u>	<u>1,153,771</u>	<u>1,093,247</u>
REQUISITIONS			
School foundation program	184,983	184,983	179,042
Acadia seniors foundation	34,626	34,626	32,419
	<u>219,609</u>	<u>219,609</u>	<u>211,461</u>
NET TAXES	<u>934,050</u>	<u>934,162</u>	<u>881,786</u>

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Schedule of Government Transfers For The Year Ended December 31, 2011 Schedule 4

	Budget	2011	2010
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial government	299,141	311,661	314,750
Federal government	6,300	126,790	97,507
Other local governments	95,480	102,545	105,718
	<u>400,921</u>	<u>540,996</u>	<u>517,975</u>
TRANSFERS FOR CAPITAL			
Provincial government	411,739	112,145	1,381,344
Other local governments	20,000	75,000	-
	<u>431,739</u>	<u>187,145</u>	<u>1,381,344</u>
TOTAL GOVERNMENT TRANSFERS	<u>832,660</u>	<u>728,141</u>	<u>1,899,319</u>

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**Schedule of Expenses by Object
For The Year Ended December 31, 2011
Schedule 5**

	Budget	2011	2010
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	879,583	845,969	820,478
Contracted and general services	540,802	535,196	480,331
Materials, goods and utilities	611,950	556,584	552,674
Transfers to local boards and agencies	110,545	101,563	104,738
Bank charges and short-term interest	1,500	1,951	487
Interest on long-term debt	28,590	30,374	33,022
Amortization of tangible capital assets	711,955	717,904	717,904
Other expenditures	16,806	8,564	8,004
TOTAL EXPENDITURES	2,901,731	2,798,105	2,717,638

TOWN OF OYEN

**Schedule of Segmented Disclosure
For The Year Ended December 31, 2011
Schedule 6**

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Net municipal taxes	934,162	-	-	-	-	-	-	934,162
Government transfers	17,311	64,460	29,761	68,500	87,152	404,152	56,805	728,141
User fees and sales of goods	19,540	26,890	6,040	551,646	2,224	109,714	1,636	717,690
Investment income	3,325	-	-	-	-	-	-	3,325
Franchise contracts	218,330	-	-	-	-	-	-	218,330
Other revenues	<u>24,611</u>	<u>19,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,010</u>	<u>-</u>	<u>50,050</u>
	<u>1,217,279</u>	<u>110,779</u>	<u>35,801</u>	<u>620,146</u>	<u>89,376</u>	<u>519,876</u>	<u>58,441</u>	<u>2,651,698</u>
Expenses:								
Contract & general services	168,854	17,069	38,733	199,230	5,674	101,885	3,751	535,196
Salaries & wages	313,449	30,705	191,368	33,327	46,454	226,165	4,501	845,969
Goods & supplies	25,519	20,069	136,884	250,374	5,618	118,120	-	556,584
Transfers to local boards	-	-	-	-	22,875	12,743	65,945	101,563
Long-term debt interest	-	-	2,458	26,693	-	1,223	-	30,374
Other expenses	<u>10,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,515</u>
	<u>518,337</u>	<u>67,843</u>	<u>369,443</u>	<u>509,624</u>	<u>80,621</u>	<u>460,136</u>	<u>74,197</u>	<u>2,080,201</u>
Net revenue, before amortization	<u>698,942</u>	<u>42,936</u>	<u>(333,642)</u>	<u>110,522</u>	<u>8,755</u>	<u>59,740</u>	<u>(15,756)</u>	<u>571,497</u>
Amortization expense	<u>(15,735)</u>	<u>(45,830)</u>	<u>(209,015)</u>	<u>(274,965)</u>	<u>-</u>	<u>(171,734)</u>	<u>(625)</u>	<u>(717,904)</u>
Net Revenue	<u>683,207</u>	<u>(2,894)</u>	<u>(542,657)</u>	<u>(164,443)</u>	<u>8,755</u>	<u>(111,994)</u>	<u>(16,381)</u>	<u>(146,407)</u>

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

1. Significant Accounting Policies

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

Reporting Entity

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

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

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

Basis of Accounting

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

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

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

Use of Estimates

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

Investments

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

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

Significant Accounting Policies (Continued)

Requisition Over-levy and Under-levy

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

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

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

Inventories for Resale

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

Government Transfers

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

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

Non-Financial Assets

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

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

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 systems	25
Sidewalks, curbs and gutters	25
Water system	15 - 75
Wastewater system	75
Machinery and equipment	5 - 20
Vehicles	10

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

Contributions of Tangible Capital Assets

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

2. Cash and Temporary Investments

	2011	2010
	\$	\$
Cash	820,196	38,451
Temporary investments	<u>71,400</u>	<u>-</u>
	<u>891,596</u>	<u>38,451</u>

Temporary investments were received from external sources and are held exclusively for capital projects. They are invested in a guaranteed investment certificate earning interest at 1.15% and maturing October 11, 2012.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

3. Taxes and Grants in Place of Taxes

	2011	2010
	\$	\$
Current taxes and grants in place of taxes	18,014	19,245
Non-current taxes and grants in place of taxes	<u>24,985</u>	<u>32,126</u>
	<u>42,999</u>	<u>51,371</u>

4. Other Financial Assets

	2011	2010
	\$	\$
Big Country Agricultural Society promissory note	10,000	20,000
Acadia Foundation promissory note	<u>-</u>	<u>177,232</u>
	<u>10,000</u>	<u>197,232</u>

The Big Country Agricultural Society promissory note is repayable in annual instalments of \$10,000 and bears no interest, due 2012. The Acadia Foundation promissory note was repaid in full during the year.

5. Deferred Revenue

	2011	2010
	\$	\$
Operating and capital project unspent funds	296,954	90,237
Prepaid local government transfers	<u>10,000</u>	<u>20,000</u>
	<u>306,954</u>	<u>110,237</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 2012.

Prepaid local government transfers are being amortized to revenue over ten years. .

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

6. Long-Term Debt

	2011	2010
	\$	\$
Tax supported debentures	281,400	345,837
Finance contracts	<u>56,416</u>	<u>72,731</u>
	<u>337,816</u>	<u>418,568</u>

The current portion of long-term debt is \$87,413 (2010 - \$80,752).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2012	87,413	25,611	113,024
2013	92,809	18,326	111,135
2014	74,004	10,355	84,359
2015	38,231	4,508	42,739
2016	26,511	2,383	28,894
2017 and on	<u>18,848</u>	<u>1,225</u>	<u>20,073</u>
	<u>337,816</u>	<u>62,408</u>	<u>400,224</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 5.05% to 12% per annum and matures in periods through 2018. The average annual interest rate is 8% for 2011 (8% for 2010). 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 \$1,667, including principal and interest calculated at 0% to 6.4%, due June, 2013 through 2015.

Interest on long-term debt amounted to \$30,374 (2010 - \$33,022). The Town's total cash payments for interest in 2011 were \$32,271 (2010 - \$36,041).

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Notes to the Financial Statements For The Year Ended December 31, 2011

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:

	2011	2010
	\$	\$
Total debt limit	3,809,330	3,506,745
Total debt	<u>337,816</u>	<u>418,568</u>
Amount of debt limit unused	<u>3,471,514</u>	<u>3,088,177</u>
Debt servicing limit	634,888	584,457
Debt servicing	<u>113,024</u>	<u>113,023</u>
Amount of debt servicing limit unused	<u>521,864</u>	<u>471,434</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

	2011	2010 (Restated)
Net Book Value	\$	\$
Land	671,779	671,779
Land improvements	826,549	879,544
Buildings	7,950,276	7,862,340
Engineered structures		
Roadway system	1,147,787	1,274,872
Water system	9,888,054	10,111,673
Wastewater system	972,099	994,088
Machinery and equipment	259,731	240,926
Vehicles	<u>98,373</u>	<u>131,519</u>
	<u>21,814,648</u>	<u>22,166,741</u>

TOWN OF OYEN

**Notes to the Financial Statements
For The Year Ended December 31, 2011**

9. Equity in Tangible Capital Assets

	2011	2010 (Restated)
	\$	\$
Tangible capital assets, Schedule 2	33,382,646	33,016,835
Accumulated amortization, Schedule 2	(11,567,998)	(10,850,094)
Long term debt (Note 6)	<u>(337,816)</u>	<u>(418,568)</u>
	<u>21,476,832</u>	<u>21,748,173</u>

10. Accumulated Surplus

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

	2011	2010
	\$	\$
Unrestricted surplus	250,037	330,789
Restricted surplus		
Rate stabilization	205,686	-
General operations	62,129	62,129
Equity in tangible capital assets	<u>21,476,832</u>	<u>21,748,173</u>
	<u>21,994,684</u>	<u>22,141,091</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, 2011

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:

	2011			2010
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Paul Christianson	8,710	1,645	10,355	3,264
Councillors				
Lois Bedwell	5,170	832	6,002	10,824
Doug Lehman	6,190	4,103	10,293	13,997
Manfred Schroeder	5,920	1,453	7,373	11,761
Shane Hertz	3,050	-	3,050	2,124
Gordon Thomson	3,200	576	3,776	610
Rudy Brockmann	4,320	749	5,069	2,124
Municipal administrator	<u>82,706</u>	<u>26,722</u>	<u>109,428</u>	<u>99,076</u>
	<u>119,266</u>	<u>36,080</u>	<u>155,346</u>	<u>143,780</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 and tuition.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

13. Financial Instruments

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, deferred revenue, and long-term debt. It is management's opinion that the Town is not exposed to significant currency risk arising from these financial statements.

The Town is subject to interest rate risk. Interest rate risk is the risk that the liability associated with a financial instrument will fluctuate due to changes in market rates of interest. The Town is exposed to interest rate risk because of its bank indebtedness being incurred at a variable rate of interest.

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

Unless otherwise noted, the fair value of the financial instruments approximates their carrying values.

14. Local Authorities Pension Plan

Employees of the Town of Oyen participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan serves about 133,000 people and about 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Oyen is required to make current service contributions to the LAPP of 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2011 were \$32,188 (2010 - \$34,408).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2011 were \$28,988 (2010 - \$30,790).

At December 31, 2010, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

15. Commitments

On November 26, 2008 the Town of Oyen entered into a memorandum of understanding with the Acadia Foundation. In doing so, the Town of Oyen agreed to share the future borrowing costs related to the Acadia Foundation Building Expansion Project. As of the date of these financials, the Town of Oyen's share of the future borrowing is estimated at \$97,972 principal plus interest. The Town of Oyen intends to amortize this debt over 25 years.

TOWN OF OYEN

Notes to the Financial Statements For The Year Ended December 31, 2011

16. Contingencies

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

17. Prior Period Adjustments

In 2009, the Town of Oyen restated its financial statements to comply with the provisions of section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. During 2011, several computer errors were noted and the tangible capital assets balances were restated as a result. The 2010 comparative figures have been adjusted as follows:

	\$
Adjustments to opening accumulated surplus:	
As previously reported	22,126,266
Adjustment to net book value of tangible capital assets	<u>14,825</u>
As restated	<u>22,141,091</u>
Adjustments to tangible capital assets:	
As previously reported	22,151,916
Adjustment to historical cost of tangible capital assets	61,497
Accumulated amortization recorded	<u>(46,672)</u>
As restated	<u>22,166,741</u>

18. Budgeted Figures

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

19. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 3, 2012.