

**TOWN OF OYEN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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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, 2013, 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, 2013 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Johnston Morrison Hunter & Co. Professional Corporation*

CHARTERED ACCOUNTANTS

BROOKS, ALBERTA  
APRIL 9, 2014

**TOWN OF OYEN**

**Statement of Financial Position  
December 31, 2013**

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	746,274	1,389,035
Taxes and grants in place of taxes (Note 3)	46,967	51,617
Trade and other receivables	260,899	241,850
Land held for resale	16,768	4,360
Other financial assets (Note 4)	-	15,000
<b>TOTAL FINANCIAL ASSETS</b>	<u>1,070,908</u>	<u>1,701,862</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	145,786	382,495
Deposit liabilities	12,356	7,989
Deferred revenue (Note 5)	284,597	758,738
Long-term debt (Note 6)	157,594	250,403
<b>TOTAL LIABILITIES</b>	<u>600,333</u>	<u>1,399,625</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>470,575</u>	<u>302,237</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	22,738,977	22,481,200
Prepaid expenses	-	-
	<u>22,738,977</u>	<u>22,481,200</u>
<b>ACCUMULATED SURPLUS (NOTE 10)</b>	<u>23,209,552</u>	<u>22,783,437</u>
<b>CONTINGENCIES (NOTE 16)</b>		

**TOWN OF OYEN**

**Statement of Operations  
For The Year Ended December 31, 2013**

	Budget	2013	2012
	\$	\$	\$
<b>REVENUE</b>			
Net taxes, Schedule 3	1,035,134	1,037,594	974,585
Government transfers, Schedule 4	347,554	368,018	440,315
Investment income	2,000	2,612	3,381
User fees and sale of goods	929,363	908,921	746,016
Penalties and costs on taxes	10,500	11,479	13,428
Franchise and concession contracts	150,000	158,180	151,838
Other	109,054	104,997	44,568
<b>Total Revenue</b>	<u>2,583,605</u>	<u>2,591,801</u>	<u>2,374,131</u>
<b>EXPENSES</b>			
Legislative	71,693	59,748	51,281
Administration	450,950	412,876	389,107
Fire, ambulance and bylaws enforcement	134,694	103,657	121,357
Roads, streets, walks and lighting	588,533	675,535	569,372
Water and wastewater	875,397	747,076	754,972
Waste management	186,896	182,727	180,279
Recreation and parks	802,685	671,129	602,826
Other	199,419	175,172	212,147
<b>Total Expenses</b>	<u>3,310,267</u>	<u>3,027,920</u>	<u>2,881,341</u>
<b>EXCESS OF EXPENSES OVER REVENUE  BEFORE OTHER, Schedule 6</b>			
	(726,662)	(436,119)	(507,210)
<b>OTHER</b>			
Contributed assets	-	-	141,750
Government transfers for capital, Schedule 4	1,167,097	862,234	122,277
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>440,435</u>	<u>426,115</u>	<u>(243,183)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>22,783,437</u>	<u>22,783,437</u>	<u>23,026,620</u>
<b>ACCUMULATED SURPLUS, END OF YEAR, Schedule 1</b>	<u><u>23,223,872</u></u>	<u><u>23,209,552</u></u>	<u><u>22,783,437</u></u>

**TOWN OF OYEN**

**Statement of Change in Net Financial Assets (Debt)  
For The Year Ended December 31, 2013**

	Budget	2013	2012
	\$	\$	\$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	440,435	426,115	(243,183)
Acquisition of tangible capital assets	(1,430,813)	(1,041,306)	(122,277)
Contributed tangible capital assets	-	-	(141,750)
Amortization of tangible capital assets	726,662	783,529	751,104
(Gain) loss on sale of tangible capital assets	-	-	-
	<u>(704,151)</u>	<u>(257,777)</u>	<u>487,077</u>
Acquisition of prepaid expenses	-	-	-
Use of prepaid assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>INCREASE IN NET ASSETS</b>	(263,716)	168,338	243,894
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>302,237</u>	<u>302,237</u>	<u>58,343</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>38,521</u></u>	<u><u>470,575</u></u>	<u><u>302,237</u></u>

**TOWN OF OYEN**

**Statement of Cash Flows  
For The Year Ended December 31, 2013**

	2013	2012
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenses	426,115	(243,183)
Non-cash items included in excess of expenses over revenue:		
Amortization of tangible capital assets	783,529	751,104
Tangible capital assets received as contributions	-	(141,750)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	4,650	(8,618)
(Increase) decrease in trade and other receivables	(19,049)	56,176
(Increase) decrease in land held for resale	(12,408)	1,453
Decrease (increase) in other financial assets	15,000	(5,000)
(Decrease) in accounts payable and accrued liabilities	(236,709)	(150,211)
Increase (decrease) in deposit liabilities	4,367	(4,626)
(Decrease) increase in deferred revenue	(474,141)	451,784
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<u>491,354</u>	<u>707,129</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,041,306)	(122,277)
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<u>(1,041,306)</u>	<u>(122,277)</u>
<b>FINANCING</b>		
Long-term debt repaid	(92,809)	(87,413)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<u>(92,809)</u>	<u>(87,413)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(642,761)	497,439
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,389,035</u>	<u>891,596</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>746,274</u></u>	<u><u>1,389,035</u></u>
<b>CASH AND CASH EQUIVALENTS ARE MADE UP OF:</b>		
Cash and temporary investments (Note 2)	<u>746,274</u>	<u>1,389,035</u>

TOWN OF OYEN

Schedule of Changes in Accumulated Surplus  
For The Year Ended December 31, 2013  
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
	\$	\$	\$	\$	\$
Balance, beginning of year	149,325	403,315	22,230,797	22,783,437	23,026,620
Excess (deficiency) of revenues over expenses	426,115	-	-	426,115	(243,183)
Unrestricted funds designated for future use	(10,000)	10,000	-	-	-
Restricted funds used for operations	44,290	(44,290)	-	-	-
Restricted funds used for tangible capital assets	-	(116,425)	116,425	-	-
Current year funds used for tangible capital assets	(924,881)	-	924,881	-	-
Annual amortization expense	783,529	-	(783,529)	-	-
Long term debt repaid	(92,809)	-	92,809	-	-
Change in accumulated surplus	226,244	(150,715)	350,586	426,115	(243,183)
Balance, end of year	<u>375,569</u>	<u>252,600</u>	<u>22,581,383</u>	<u>23,209,552</u>	<u>22,783,437</u>

**TOWN OF OYEN**

**Schedule of Tangible Capital Assets  
 For The Year Ended December 31, 2013  
 Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>								
Balance, beginning of year	671,779	1,364,213	10,253,977	21,018,157	680,777	397,145	34,386,048	34,122,021
Acquisition of tangible capital assets	-	-	99,794	941,512	-	-	1,041,306	122,277
Contributed assets	-	-	-	-	-	-	-	141,750
Balance, end of year	<u>671,779</u>	<u>1,364,213</u>	<u>10,353,771</u>	<u>21,959,669</u>	<u>680,777</u>	<u>397,145</u>	<u>35,427,354</u>	<u>34,386,048</u>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	642,860	2,281,778	8,271,144	401,547	307,519	11,904,848	11,153,744
Annual amortization	-	51,270	207,240	464,197	44,076	16,746	783,529	751,104
Balance, end of year	-	<u>694,130</u>	<u>2,489,018</u>	<u>8,735,341</u>	<u>445,623</u>	<u>324,265</u>	<u>12,688,377</u>	<u>11,904,848</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u><u>671,779</u></u>	<u><u>670,083</u></u>	<u><u>7,864,753</u></u>	<u><u>13,224,328</u></u>	<u><u>235,154</u></u>	<u><u>72,880</u></u>	<u><u>22,738,977</u></u>	<u><u>22,481,200</u></u>



**TOWN OF OYEN**

**Schedule of Property And Other Taxes  
For The Year Ended December 31, 2013  
Schedule 3**

	Budget	2013	2012
	\$	\$	\$
<b>TAXATION</b>			
Real property taxes	1,230,845	1,234,525	1,154,372
Power, pipe, cable T.V. and other taxes	36,056	34,636	36,157
Government grants in place of property taxes	41,678	40,387	37,513
	<u>1,308,579</u>	<u>1,309,548</u>	<u>1,228,042</u>
<b>REQUISITIONS</b>			
School foundation program	225,377	225,377	201,702
Acadia seniors foundation	48,068	46,577	51,755
	<u>273,445</u>	<u>271,954</u>	<u>253,457</u>
<b>NET TAXES</b>	<u>1,035,134</u>	<u>1,037,594</u>	<u>974,585</u>

**TOWN OF OYEN**

**Schedule of Government Transfers  
 For The Year Ended December 31, 2013  
 Schedule 4**

	Budget	2013	2012
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	232,898	162,447	327,744
Federal government	-	-	7,896
Other local governments	114,656	205,571	104,675
	<u>347,554</u>	<u>368,018</u>	<u>440,315</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	1,167,097	862,234	103,710
Federal government	-	-	18,567
	<u>1,167,097</u>	<u>862,234</u>	<u>122,277</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>1,514,651</u></u>	<u><u>1,230,252</u></u>	<u><u>562,592</u></u>

**TOWN OF OYEN**

**Schedule of Expenses by Object  
 For The Year Ended December 31, 2013  
 Schedule 5**

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENDITURES</b>			
Salaries, wages and benefits	962,219	790,904	809,180
Contracted and general services	758,901	655,667	548,246
Materials, goods and utilities	715,325	658,399	636,789
Transfers to local boards and agencies	128,360	121,965	107,651
Bank charges and short-term interest	1,500	196	988
Interest on long-term debt	16,000	16,000	23,503
Amortization of tangible capital assets	726,662	783,529	751,104
Other expenditures	1,300	1,260	3,880
<b>TOTAL EXPENDITURES</b>	<b>3,310,267</b>	<b>3,027,920</b>	<b>2,881,341</b>

TOWN OF OYEN

Schedule of Segmented Disclosure  
For The Year Ended December 31, 2013  
Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Planning & Development	Recreation & Culture	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>								
Net municipal taxes	1,037,594	-	-	-	-	-	-	1,037,594
Government transfers	135,993	22,900	-	-	22,250	125,070	61,805	368,018
User fees and sales of goods	957	34,768	48,247	662,433	42,245	116,471	3,800	908,921
Investment income	2,612	-	-	-	-	-	-	2,612
Penalties and costs on taxes	11,479	-	-	-	-	-	-	11,479
Franchise contracts	158,180	-	-	-	-	-	-	158,180
Other revenues	15,775	15,724	-	-	2,600	70,194	704	104,997
	<u>1,362,590</u>	<u>73,392</u>	<u>48,247</u>	<u>662,433</u>	<u>67,095</u>	<u>311,735</u>	<u>66,309</u>	<u>2,591,801</u>
<b>Expenses:</b>								
Salaries & wages	308,793	21,355	141,917	55,168	-	258,460	5,211	790,904
Contract & general services	136,343	23,595	106,641	229,422	10,333	137,051	12,282	655,667
Goods & supplies	11,577	24,559	160,211	344,508	147	117,206	191	658,399
Transfers to local boards	-	-	-	-	27,852	20,968	73,145	121,965
Long-term debt interest	-	-	1,320	14,024	-	656	-	16,000
Other expenses	196	-	-	1,260	-	-	-	1,456
	<u>456,909</u>	<u>69,509</u>	<u>410,089</u>	<u>644,382</u>	<u>38,332</u>	<u>534,341</u>	<u>90,829</u>	<u>2,244,391</u>
Net revenue, before amortization	905,681	3,883	(361,842)	18,051	28,763	(222,606)	(24,520)	347,410
Amortization expense	(15,735)	(34,146)	(268,375)	(282,448)	-	(182,200)	(625)	(783,529)
<b>Net Revenue</b>	<u>889,946</u>	<u>(30,263)</u>	<u>(630,217)</u>	<u>(264,397)</u>	<u>28,763</u>	<u>(404,806)</u>	<u>(25,145)</u>	<u>(436,119)</u>

**TOWN OF OYEN****Notes to the Financial Statements  
For The Year Ended December 31, 2013**

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**1. Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

**Basis of Accounting**

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

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

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

**Use of Estimates**

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

**Investments**

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

**TOWN OF OYEN****Notes to the Financial Statements  
For The Year Ended December 31, 2013**

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**Significant Accounting Policies (Continued)****Requisition Over-levy and Under-levy**

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

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

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

**Inventories for Resale**

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

**Government Transfers**

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

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

**Non-Financial Assets**

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

**TOWN OF OYEN**

**Notes to the Financial Statements  
 For The Year Ended December 31, 2013**

**Significant Accounting Policies (Continued)**

**Tangible Capital Assets**

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

	<b>Years</b>
Land improvements	15 - 25
Buildings	50
Engineered structures	
Roadway 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.

**2. Cash and Temporary Investments**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash	398,733	257,777
Temporary investments	<u>347,541</u>	<u>1,131,258</u>
	<u><u>746,274</u></u>	<u><u>1,389,035</u></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 \$284,597 received from external sources and held exclusively for capital projects .

**TOWN OF OYEN**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

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

	2013	2012
	\$	\$
Current taxes and grants in place of taxes	21,190	32,537
Non-current taxes and grants in place of taxes	<u>25,777</u>	<u>19,080</u>
	<u><u>46,967</u></u>	<u><u>51,617</u></u>

**4. Other Financial Assets**

	2013	2012
	\$	\$
Oyen 2013 Centennial Committee advance	<u>-</u>	<u>15,000</u>
	<u><u>-</u></u>	<u><u>15,000</u></u>

The Oyen 2013 Centennial Committee advance was repaid in full during the year.

**5. Deferred Revenue**

	2013	2012
	\$	\$
Operating and capital project unspent funds	<u>284,597</u>	<u>758,738</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 2014. The unspent funds are supported by cash and temporary investments of \$284,597.



**TOWN OF OYEN**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

**6. Long-Term Debt**

	2013	2012
	\$	\$
Tax supported debentures	134,450	211,128
Finance contracts	<u>23,144</u>	<u>39,275</u>
	<u>157,594</u>	<u>250,403</u>

The current portion of long-term debt is \$74,004 (2012 - \$92,809).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	74,004	10,355	84,359
2014	38,231	4,508	42,739
2015	26,511	2,383	28,894
2016	15,411	911	16,322
2017	<u>3,437</u>	<u>314</u>	<u>3,751</u>
	<u>157,594</u>	<u>18,471</u>	<u>176,065</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 2013 (8% for 2012). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Oyen at large.

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

Interest on long-term debt amounted to \$16,000 (2012 - \$23,503). The Town's total cash payments for interest in 2013 were \$18,326 (2012 - \$25,611).

**TOWN OF OYEN**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

**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:

	2013	2012
	\$	\$
Total debt limit	3,887,701	3,801,672
Total debt	<u>157,594</u>	<u>250,403</u>
Amount of debt limit unused	<u>3,730,107</u>	<u>3,551,269</u>
Debt servicing limit	647,950	633,612
Debt servicing	<u>84,359</u>	<u>110,916</u>
Amount of debt servicing limit unused	<u>563,591</u>	<u>522,696</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**

	2013	2012
Net Book Value	\$	\$
Land	671,779	671,779
Land improvements	670,083	721,353
Buildings	7,864,753	7,972,199
Engineered structures		
Roadway system	2,285,451	1,557,644
Water system	9,892,768	10,119,777
Wastewater system	1,046,109	1,069,592
Machinery and equipment	235,154	279,230
Vehicles	<u>72,880</u>	<u>89,626</u>
	<u>22,738,977</u>	<u>22,481,200</u>

**TOWN OF OYEN**

**Notes to the Financial Statements  
For The Year Ended December 31, 2013**

**9. Equity in Tangible Capital Assets**

	2013	2012
	\$	\$
Tangible capital assets, Schedule 2	35,427,354	34,386,048
Accumulated amortization, Schedule 2	(12,688,377)	(11,904,848)
Long term debt (Note 6)	<u>(157,594)</u>	<u>(250,403)</u>
	<u>22,581,383</u>	<u>22,230,797</u>

**10. Accumulated Surplus**

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

	2013	2012
	\$	\$
Unrestricted surplus	375,569	149,325
Restricted surplus		
Rate stabilization	170,471	331,186
General operations	82,129	72,129
Equity in tangible capital assets	<u>22,581,383</u>	<u>22,230,797</u>
	<u>23,209,552</u>	<u>22,783,437</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, 2013**

**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:

	2013			2012
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor				
Doug Jones	1,940	365	2,305	-
Paul Christianson	9,410	1,654	11,064	11,414
Councillors				
Dennis Punter	4,005	926	4,931	1,830
Kevin Brost	1,365	-	1,365	-
Joseph Lazzari	1,140	-	1,140	-
Bradley Odland	1,440	-	1,440	-
Tom Tracy	3,980	193	4,173	1,990
Stacey Wiechnik	765	-	765	-
Lois Bedwell	3,410	668	4,078	4,005
Doug Lehman	4,015	2,014	6,029	9,173
Manfred Schroeder	3,740	221	3,961	4,555
Rudy Brockmann	4,340	648	4,988	5,164
Municipal administrator	94,480	21,033	115,513	112,020
	134,030	27,722	161,752	150,151

- 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, 2013**

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**13. Financial Instruments**

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

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

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

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

**14. Local Authorities Pension Plan**

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

The Town of Oyen is required to make current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions of the Town of Oyen to the LAPP in 2013 were \$43,884 (2012 - \$42,793).

Total current service contributions by the employees of the Town of Oyen to the LAPP in 2013 were \$39,905 (2012 - \$38,695).

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

**15. Commitments**

On November 26, 2008 the Town of Oyen entered into a memorandum of understanding with the Acadia Foundation. In doing so, the Town of Oyen agreed to share the future borrowing costs related to the Acadia Foundation Building Expansion Project. 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, 2013**

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**16. Contingencies**

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

**17. 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 9, 2014.