

TOWN OF RIMBEY
Financial Statements
Year Ended December 31, 2012

TOWN OF RIMBEY
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Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Rimbey

We have audited the accompanying financial statements of Town of Rimbey, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in net financial assets 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.

Auditor's 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 from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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 Town of Rimbey as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Town of Rimbey for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2012.

(continues)

Independent Auditor's Report to the Members of Council of Town of Rimbey *(continued)*

As part of our audit of the 2012 financial statements, we also audited the adjustments described in Note 16, that were applied to amend the 2011 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2011 financial statements of the Town other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2011 financial statements taken as a whole.


Edmonton, Alberta
April 29, 2013

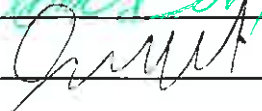
Seniuk & Company
Seniuk and Company
Chartered Accountants

TOWN OF RIMBEY
Statement of Financial Position
December 31, 2012

	2012	2011 <i>Restated</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 3,218,098	\$ 3,044,304
Current taxes and grants in place of taxes <i>(Note 3)</i>	151,616	214,897
Grants and receivables from other governments	30,752	534,479
Trade and other receivables	411,383	381,112
Long term Investments	2,265	2,329
	\$ 3,814,114	\$ 4,177,121
LIABILITIES		
Accounts payable	\$ 566,915	\$ 386,038
Deposits received	54,675	37,625
Current portion of long term debt <i>(Note 8)</i>	369,266	365,269
Long term debt <i>(Note 8)</i>	3,683,165	4,054,332
Deferred income <i>(Note 5)</i>	1,161,232	1,862,307
Amounts held in trust <i>(Note 6)</i>	146,611	63,862
	5,981,864	6,769,433
NET FINANCIAL ASSET (DEBT)	(2,167,750)	(2,592,312)
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 4)</i>	29,537,357	28,939,012
Prepaid expenses	54,573	54,556
	29,591,930	28,993,568
ACCUMULATED SURPLUS	\$ 27,424,180	\$ 26,401,256

On behalf of Council


 _____ Councilor


 _____ Councilor

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Statement of Operations
Year Ended December 31, 2012

	Budget		(Restated)
	2012	2012	2011
REVENUE			
Net municipal taxes (Schedule 3)	\$ 2,139,745	\$ 2,135,813	\$ 2,042,756
User fees and sale of goods	1,070,110	1,060,556	1,230,110
Government transfers for operating (Note 16)	401,995	435,499	930,989
Investment income	14,300	27,913	20,484
Penalties and costs of taxes	72,000	67,765	62,383
Licenses and permits	52,600	60,777	55,432
Rentals	216,194	215,174	198,166
Franchise fees & concession contracts	190,000	221,150	214,571
Other	154,659	124,073	214,244
Total revenue	4,311,603	4,348,720	4,969,135
EXPENSES			
Administration and Legislative	828,838	772,454	770,121
Police services	66,404	51,679	45,975
Fire service	124,690	95,055	182,316
Bylaw enforcement	38,707	37,300	22,925
Disaster and emergency measures	4,250	503	923
Ambulance	-	1,073	583,880
Roads, streets, walks and lighting	566,250	487,379	479,216
Airport	8,275	5,387	3,606
Storm sewers and drainage	3,000	2,819	1,891
Water supply and distribution	332,121	293,131	322,712
Wastewater treatment and disposal	247,333	250,246	215,223
Waste management	192,371	213,023	283,746
Family and community support	178,522	178,522	178,526
Cemeteries and Crematoriums	17,633	22,658	6,736
Land use planning, zoning and development	201,680	156,161	249,259
Parks and recreation	665,616	645,650	475,520
Libraries, museums and halls	421,232	444,404	395,474
Amortization	-	1,158,726	1,068,573
Gains (losses) on disposal of assets	-	13,528	322,915
Total operating expenses	3,896,922	4,829,698	5,609,537
Excess (deficiency) of revenue over expenses before other	414,681	(480,978)	(640,402)
OTHER			
Government transfers for capital	50,000	1,503,902	1,250,747
EXCESS OF REVENUE OVER EXPENSES	464,681	1,022,924	610,345
ACCUMULATED SURPLUS, BEGINNING OF YEAR	26,401,256	26,401,256	25,790,911
ACCUMULATED SURPLUS, END OF YEAR	\$ 27,888,861	\$ 27,424,180	\$ 26,401,256

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Statement of Changes in Net Financial Assets
Year Ended December 31, 2012

	2012	2011 <i>(Restated)</i>
Excess (Shortfall) of Revenues Over Expenses, as previously reported	\$ -	\$ 687,875
Prior period adjustments <i>(Note 16)</i>	-	(77,529)
As restated	1,022,923	610,346
Acquisition of tangible capital assets	(1,774,908)	(1,217,434)
Proceeds on disposal of tangible capital assets	4,311	427,563
Amortization of tangible capital assets	1,158,726	1,068,573
(Gain) loss on disposal of assets	13,528	322,915
	(598,343)	601,617
Use of prepaids	(18)	\$ 2,098
(INCREASE) DECREASE IN NET DEBT	424,562	1,214,061
Net financial assets (debt), beginning of year	(2,592,312)	(3,806,373)
NET ASSETS - END OF YEAR	\$ (2,167,750)	\$ (2,592,312)

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Statement of Cash Flows
Year Ended December 31, 2012

	2012	2011 <i>Restated</i>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,022,924	\$ 610,345
Items not affecting cash:		
Loss on disposal of assets	13,528	322,915
Amortization	1,158,726	1,068,573
	2,195,178	2,001,833
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	63,281	(61,544)
Trade and other receivables	(30,271)	(155,786)
Grants and receivables from other governments	503,727	2,516,005
Accounts payable	180,875	(612,822)
Deferred income	(701,075)	496,465
Prepaid expenses	(17)	2,098
Deposits received	17,050	7,225
	33,570	2,191,641
Cash flow from operating activities	2,228,748	4,193,474
INVESTING ACTIVITIES		
Purchase of capital assets	(1,774,908)	(1,217,434)
Proceeds on disposal of capital assets	4,311	427,563
Long term Investments	64	-
Amounts held in trust	82,749	(10,525)
Cash flow used by investing activities	(1,687,784)	(800,396)
FINANCING ACTIVITY		
Repayment of long term debt	(367,170)	(416,488)
INCREASE IN CASH FLOW	173,794	2,976,590
Cash - beginning of year	3,044,304	67,714
CASH - END OF YEAR (Note 2)	\$ 3,218,098	\$ 3,044,304

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY**Schedule 1 - Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2012**

	Budget 2012	2012	2011
TAXATION			
Real property tax	\$ 2,822,070	\$ 2,717,469	\$ 2,531,889
Linear property taxes	-	39,127	39,000
Special assessments	122,500	122,797	127,610
Grants in lieu of property taxes	-	59,939	69,342
	2,944,570	2,939,332	2,767,841
REQUISITIONS			
Alberta School Foundation	772,585	772,585	699,731
Seniors' housing requisition	32,240	30,934	25,354
	804,825	803,519	725,085
NET MUNICIPAL TAXES	\$ 2,139,745	\$ 2,135,813	\$ 2,042,756

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Schedule 2 - Schedule of Government Transfers
Year Ended December 31, 2012

(Schedule 2)

	Budget		(Restated)
	2012	2012	2011
TRANSFERS FOR OPERATING			
Provincial Government	\$ 221,095	\$ 224,612	\$ 744,211
Federal Government	4,000	3,000	-
Other Local Governments	176,900	207,887	186,778
	401,995	435,499	930,989
	401,995	435,499	930,989
TRANSFERS FOR CAPITAL			
Provincial Government	50,000	1,114,838	369,038
Federal Government	-	389,064	381,710
Other Local Governments	-	-	500,000
	50,000	1,503,902	1,250,748
TOTAL GOVERNMENT TRANSFERS	\$ 451,995	\$ 1,939,401	\$ 2,181,737

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY

Schedule 3 - Schedule of Consolidated Expenditures by Object

(Schedule 3)

Year Ended December 31, 2012

	Budget 2012	2012	2011
EXPENSES			
Salaries, wages & benefits	\$ 1,575,229	\$ 1,561,867	\$ 1,917,946
Contracted and general services	843,320	773,260	883,084
Materials, goods and utilities	929,725	805,907	865,446
Transfer to local boards and agencies	327,949	324,524	258,533
Bank charges and short term interest	4,500	5,278	4,559
Interest on long term	178,699	174,057	191,925
Other expenditures	4,500	8,211	34,402
Amortization	-	1,158,726	1,068,573
Loss on disposal of tangible capital assets	-	13,528	322,915
Allowances and bad debts	33,000	4,341	62,153
Total Consolidated Expenditures by Object	\$ 3,896,922	\$ 4,829,699	\$ 5,609,536

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Schedule 4 - Schedule of Segmented Disclosure
Year Ended December 31, 2012

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	\$ 2,135,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,135,813
Government transfers	1,552,868	42,962	4,400	9,680	170,805	-	158,686	1,939,401
User fees and sales of goods	3,586	33,100	1,213	2,377	98,928	904,612	16,741	1,060,557
Investment income	27,578	-	-	-	-	-	336	27,913
Other revenues	291,168	113,623	1,970	108,137	105,243	67,949	849	688,939
	4,011,013	189,684	7,583	120,195	374,976	972,561	176,611	5,852,623
EXPENSES								
Contract & general services	178,967	68,649	117,403	40,833	124,177	248,136	4,462	782,626
Salaries & wages	548,481	69,310	159,359	93,332	426,069	247,753	17,562	1,561,867
Goods & supplies	29,200	41,450	173,952	19,063	340,955	163,388	634	768,643
Transfers to local boards	7,200	4,793	-	-	138,802	-	178,522	329,317
Long-term debt interest	-	44,871	-	-	32,064	97,122	-	174,057
Other expenses	8,607	1,409	-	2,932	41,516	-	-	54,464
	772,454	230,480	450,715	156,161	1,103,583	756,399	201,180	3,670,973
NET REVENUE, BEFORE AMORTIZATION	3,238,559	(40,796)	(443,132)	(35,965)	(728,607)	216,162	(24,569)	2,181,650
Amortization expense	25,475	28,193	565,840	13,191	181,939	343,672	417	1,158,726
NET REVENUE	\$ 3,213,084	\$ (68,989)	\$ (1,008,972)	\$ (49,157)	\$ (910,547)	\$ (127,510)	\$ (24,986)	\$ 1,022,924

The accompanying notes are an integral part of these financial statements.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rimbey are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town 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 Rimbey (the "Town"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Rimbey Fire Department

Town of Rimbey Water Park

Town of Rimbey Arena

Town of Rimbey Community Centre

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 or services and/or the legal obligation to pay.

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

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

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure 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.

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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 physical assets under the respective function.

Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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:

Land improvements	15 - 20 years
Buildings	25 - 50 years
Machinery and equipment	5 - 40 years
Engineered structures - Aquatic Centre	50 years
Engineered structures - Roadways	10 - 30 years
Engineered structures - Water system	35 - 75 years
Engineered structures - Wastewater system	35 - 75 years

No amortization is charged in the year of acquisition and 100% of the annual amortization is charged in the year of disposal. 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.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Leases

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

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

2. CASH AND TEMPORARY INVESTMENTS

	2012	2011
Cash and temporary investments	\$ 2,122,516	\$ 1,330,131
Restricted cash	1,095,582	1,714,173
	\$ 3,218,098	\$ 3,044,304

Temporary investments are short-term deposits with original maturities of three months or less.

Included in cash are restricted amounts received from the Municipal Sustainability Initiative, Basic Municipal Transportation Grant, Federal Gas Tax Fund, and Storm Sewer Hospital Grant and are held exclusively for future approved projects. (Note 5)

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2012	2011
Current taxes and grants in place of taxes	\$ 17,335	\$ 148,905
Arrears taxes and grants in place of taxes	136,549	70,558
Sub-total	153,884	219,463
Allowance for doubtful accounts	(2,268)	(4,566)
	\$ 151,616	\$ 214,897

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Land	\$ 2,596,627	\$ -	\$ 2,596,627	\$ 2,496,627
Land improvements	1,039,511	-	1,039,511	933,286
Engineered structures	32,373,282	10,621,452	21,751,830	21,295,461
Buildings	5,028,017	2,112,631	2,915,386	3,046,372
Machinery and equipment	1,411,394	543,982	867,412	881,049
Motor vehicles	632,276	265,685	366,591	286,217
	\$ 43,081,107	\$ 13,543,750	\$ 29,537,357	\$ 28,939,012

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

5. DEFERRED REVENUE

Deferred revenue is comprised of:

	2012	2011 restated
Alberta Municipal Infrastructure Program	\$ 8,551	\$ 207,935
Basic Municipal Transportation Grant	-	371,763
Federal Gas Tax Fund	762	250,725
Municipal Sustainability Initiative - Capital	994,040	869,051
Storm Sewer Hospital Grant	92,229	92,228
Prepaid local improvement charges	62,381	70,134
Other	3,269	470
	\$ 1,161,232	\$ 1,862,306

Alberta Municipal Infrastructure Program

The Alberta Municipal Infrastructure Program was restricted to eligible capital projects, as approved under the funding agreement. All projects related to this grant were fully completed during the year.

Prior period adjustment - In 2011, \$77,529 was incorrectly included in revenue - Government transfers related to this grant. The error was due to incorrectly applying a project to this grant which was not approved under the funding agreement. The effect of applying this adjustment resulted in an increase in deferred revenue related to this grant from \$182,042 to \$259,572. Please refer to Note 16 for additional details.

Basic Municipal Transportation Grant

Additional funding in the amount of \$146,760 was received in the current year from the Basic Municipal Transportation Grant and is restricted to eligible capital transportation projects, as approved under the funding agreement. All projects related to this grant were fully completed during the year.

Federal Gas Tax Fund

Additional funding in the amount of \$139,102 was received in the current year from the Federal Gas Tax Fund and is restricted to eligible capital projects, as approved under the funding agreement which is scheduled for completion in 2013. Unexpended funds related to the advance are supported by restricted cash of \$762 held exclusively for these projects (refer to Note 2).

Municipal Sustainability Initiative - Capital

Additional funding in the amount of \$513,154 was received in the current year from the Municipal Sustainability Initiative - Capital and is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in the next 5 years. Unexpended funds related to the advance are supported by restricted cash of \$994,040 held exclusively for these projects (refer to Note 2).

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

5. DEFERRED REVENUE *(continued)*

2012 2011 restated

Storm Sewer Hospital Grant

In 2008, a \$429,860 grant was received from the Provincial Government to support the costs of upgrading the storm sewer system servicing the Rimbey Hospital and Provincial Building. The project is scheduled for completion in 2013. Unexpended funds related to the advance are supported by restricted cash of \$92,229 held exclusively for this project (refer to Note 2).

Prepaid Local Improvement Charges

Prepaid local improvements charges are being amortized to revenue at the various amounts over the next 4 - 10 years.

6. TRUST FUNDS

The municipality administers the following trusts:

	2012	2011
Cemetery Perpetual Care	\$ 34,620	\$ 32,200
Community Centre donations	6,286	6,153
Fire Department funds	24,571	25,046
Pool Equipment Fund	81,134	-
Other	-	463
	\$ 146,611	\$ 63,862

7. EMPLOYEE BENEFIT OBLIGATIONS

Included in accounts payable are employee benefit obligations of:

	2012	2011
Vacation and overtime	\$ 45,586	\$ -

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. Vacation and overtime were not accrued in the prior year.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

8. LONG TERM DEBT

	2012	2011
Alberta Capital Finance Authority debenture loan bearing interest at 6.375% per annum, repayable in annual blended payments of \$8,677. The loan matures on December 31, 2012 and is secured by the credit and security of the Town at large.	\$ -	\$ 8,157
Alberta Capital Finance Authority debenture loan bearing interest at 5.625% per annum, repayable in annual blended payments of \$31,342. The loan matures on September 15, 2018 and is secured by the credit and security of the Town at large.	155,951	177,319
Alberta Capital Finance Authority debenture loan bearing interest at 2.02% per annum, repayable in semi-annual blended payments of \$26,838. The loan matures on September 17, 2018 and is secured by the credit and security of the Town at large.	262,364	304,171
Alberta Capital Finance Authority debenture loan bearing interest at 2.24% per annum, repayable in semi-annual blended payments of \$28,145. The loan matures on December 31, 2024 and is secured by the credit and security of the Town at large.	501,580	534,291
Alberta Capital Finance Authority debenture loan bearing interest at 2.17% per annum, repayable in semi-annual blended payments of \$48,397. The loan matures on September 17, 2023 and is secured by the credit and security of the Town at large.	809,358	869,075
Alberta Capital Finance Authority debenture loan bearing interest at 3.488% per annum, repayable in semi-annual blended payments of \$43,094. The loan matures on September 15, 2025 and is secured by the credit and security of the Town at large.	894,670	948,245
ATB bank loan bearing interest at prime less 0.25% per annum, repayable in annual payments of \$70,008 plus interest. The loan matures on December 31, 2013 and is secured by land.	69,954	139,976
CMHC loan bearing interest at 4.15% per annum, repayable in annual blended payments of \$137,694. The loan matures on May 1, 2025 and is secured by the credit and security of the Town at large.	1,358,554	1,438,367
	4,052,431	4,419,601
Amounts payable within one year	(369,266)	(365,269)

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

8. LONG TERM DEBT (continued)

	2012	2011
	\$ 3,683,165	\$ 4,054,332

Principal reductions over the next 5 years are approximately:

2013	\$ 369,266
2014	311,963
2015	325,158
2016	338,919
2017	353,271
Thereafter	<u>2,353,854</u>
	<u>\$ 4,052,431</u>

Interest on long-term debt amounted to \$ 177,131 (2011 - 197,041)

9. 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 Rimbey be disclosed as follows:

	2012	2011
Total debt limit	\$ 6,523,080	\$ 7,453,703
Total debt	(4,052,432)	(4,419,601)
Amount of debt limit unused	2,470,648	3,034,102
Debt servicing limit	1,087,180	1,242,284
Debt servicing	(367,170)	(613,529)
Amount of debt servicing limit unused	\$ 720,010	\$ 628,755

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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2012	2011
Tangible capital assets (Note 4)	\$ 43,081,107	\$ 41,324,036
Accumulated amortization (Note 4)	(13,543,750)	(12,385,024)
Long term debt (Note 8)	(4,052,432)	(4,419,601)
	\$ 25,484,925	\$ 24,519,411

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

11. ACCUMULATED SURPLUS

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

	2012	2011 restated
Unrestricted surplus	\$ 1,054,485	\$ 1,197,075
Operating reserve	123,494	123,494
Restricted reserve	761,276	561,276
Equity in tangible capital assets	25,484,925	24,519,411
	\$ 27,424,180	\$ 26,401,256

12. LOCAL AUTHORITIES PENSION PLAN

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

Contributions for current service are recorded as expenditures in the year in which they become due. The town is required to make current service contributions to the LAPP of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2012 were \$91,640 (2011 - \$73,797). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2012 were \$83,115 (2011 - \$66,640).

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

13. SEGMENTED DISCLOSURE

The Town of Rimbey 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 4).

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

14. 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:

			2012	2011
		\$		\$
	Salary (1)	Benefits & allowances (2)	Total	Total
Sheldon Ibbotson - Mayor	\$ 21,259	\$ 586	\$ 21,845	\$ 20,001
Joseph Anglin - Councillor	8,705	1,336	10,041	22,750
Scott Ellis - Councillor	5,814	1,165	6,979	-
Paul Payson - Councillor	15,558	2,888	18,446	17,452
Gayle Rondeel - Councillor	16,409	2,935	19,344	16,615
Jack Webb - Councillor	15,277	2,883	18,160	18,644
Chief Administrative Officer	133,334	23,965	157,299	154,689
Assistant Chief Administrative Officer	97,829	17,875	115,704	106,832
	\$ 314,185	\$ 53,633	\$ 367,818	\$ 356,983

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt.

It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

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

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TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2012

15. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The Town's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for debt with similar terms.

16. PRIOR PERIOD ADJUSTMENTS

In the course of our audit an accounting error relating to deferred grant revenue in the prior period were discovered. The effects of the Town's restatement on previously reported financial statements and for the period ended December 31, 2011 are summarized below:

In the statement of financial position deferred revenue was understated by \$77,529. The previously reported amount of \$1,784,778 was adjusted and restated to \$1,862,307.

In the statement of operations, revenue - government transfers related to grants were overstated by \$77,529. The previously reported amount of \$1,328,276 was adjusted and restated to \$1,250,747. This resulted in the previously reported excess of revenue over expenditures amount of \$18,590 being restated to a loss of \$46,094.

The net effects of these adjustments is that the accumulated surplus was overstated by \$77,529. The previously reported amount of \$26,478,785 was adjusted and restated to \$26,401,256.

17. CONTINGENT LIABILITY

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

20. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited. It should be noted that the budget is not PSAB compliant in that it does not include an estimate for amortization.