

TOWN OF RIMBEY
Consolidated Financial Statements
Year Ended December 31, 2016

TOWN OF RIMBEY
Index to Consolidated Financial Statements
Year Ended December 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3 - 4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Consolidated Schedule of Property and Other Taxes (<i>Schedule 1</i>)	7
Consolidated Schedule of Government Transfers (<i>Schedule 2</i>)	7
Consolidated Schedule of Expenditures by Object (<i>Schedule 3</i>)	8
Consolidated Schedule of Segmented Disclosure (<i>Schedule 4</i>)	9
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 5</i>)	10
Notes to Consolidated Financial Statements	11 - 22



INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Town of Rimbey

We have audited the accompanying consolidated financial statements of Town of Rimbey, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Town of Rimbey as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 24, 2017

Seniuk & Company

**Seniuk and Company
Chartered Accountants**

TOWN OF RIMBEY
Consolidated Statement of Financial Position
December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 3,344,595	\$ 3,292,077
Current taxes and grants in place of taxes (Note 3)	217,390	138,207
Grants and receivables from other governments (Note 4)	54,712	30,228
Trade and other receivables	265,609	598,901
Long term Investments	2,315	2,304
	\$ 3,884,621	\$ 4,061,717
LIABILITIES		
Accounts payable	\$ 443,815	\$ 310,458
Deposits received	64,600	180,975
Long term debt (Note 10)	2,711,157	3,049,987
Deferred income (Note 7)	906,852	1,365,459
Designated donations (Note 8)	57,641	94,588
	4,184,065	5,001,467
NET FINANCIAL ASSET (DEBT)	(299,444)	(939,750)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	29,150,937	28,946,121
Fire services agreement (Note 5.)	346,286	372,258
Prepaid expenses	82,528	89,865
	29,579,751	29,408,244
ACCUMULATED SURPLUS	\$ 29,280,307	\$ 28,468,494

On behalf of Council


 _____ Councilor


 _____ Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Operations
Year Ended December 31, 2016

	Budget (Unaudited) 2016	2016	2015
REVENUE			
Net municipal taxes (Schedule 1)	\$ 2,500,673	\$ 2,506,121	\$ 2,465,470
User fees and sale of goods	1,343,034	1,184,269	1,261,411
Government transfers for operating	449,817	457,858	466,167
Investment income	22,400	32,253	39,153
Penalties and costs of taxes	90,400	91,048	133,854
Licenses and permits	41,575	90,849	88,538
Rentals	172,115	220,960	189,885
Franchise fees & concession contracts	410,438	442,322	392,395
Other	126,068	185,354	279,870
Total revenue	5,156,520	5,211,034	5,316,743
EXPENSES			
Administration and legislative	913,691	898,887	818,882
Police services	49,135	74,766	70,215
Fire service	-	25,971	57,976
Bylaw enforcement	228,508	159,495	246,900
Disaster and emergency measures	3,050	796	991
Roads, streets, walks and lighting	789,256	622,166	584,701
Airport	15,330	15,925	5,742
Storm sewers and drainage	9,800	8,110	5,876
Water supply and distribution	347,125	276,894	338,449
Wastewater treatment and disposal	289,466	266,773	326,831
Waste management	240,088	187,970	253,500
Family and community support	238,424	238,582	222,924
Cemeteries and crematoriums	36,327	36,306	34,943
Land use planning, zoning and development	133,086	273,323	249,568
Parks and recreation	816,631	814,874	706,074
Libraries, museums and halls	509,224	487,636	481,972
Total operating expenses	4,619,141	4,388,474	4,405,544
Excess (deficiency) of revenue over expenses before other	537,379	822,560	911,199

(continues)

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Operations *(continued)*
Year Ended December 31, 2016

	Budget (Unaudited) 2016	2016	2015
OTHER INCOME (EXPENSES)			
Government transfers for capital	-	1,203,441	194,899
Gain (loss) on disposal of assets	-	10,399	(5,821)
Amortization of tangible capital assets	-	(1,224,587)	(1,258,219)
	-	(10,747)	(1,069,141)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	537,379	811,813	(157,942)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	28,468,494	28,468,494	28,626,436
ACCUMULATED SURPLUS, END OF YEAR	\$ 29,005,873	\$ 29,280,307	\$ 28,468,494

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2016

	2016	2015
Excess of revenue over expenses	\$ 811,813	\$ (157,942)
Acquisition of tangible capital assets	(1,437,383)	(464,296)
Proceeds on disposal of tangible capital assets	18,382	357,049
Amortization of tangible capital assets	1,224,587	1,258,219
(Gain) loss on disposal of assets	(10,399)	5,821
	(204,813)	1,156,793
Use of deferred charges	25,971	\$ (372,258)
Use of prepaids	7,335	\$ (8,728)
(INCREASE) DECREASE IN NET DEBT	640,306	617,865
Net financial assets (debt), beginning of year	(939,750)	(1,557,615)
NET ASSETS - END OF YEAR	\$ (299,444)	\$ (939,750)

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 811,813	\$ (157,942)
Items not affecting cash:		
Loss (gain) on disposal of assets	(10,399)	5,821
Amortization of tangible capital assets	1,224,587	1,258,219
	2,026,001	1,106,098
Changes in non-cash working capital:		
Trade and other receivables	333,292	11,930
Current taxes and grants in place of taxes	(79,183)	(12,321)
Grants and receivables from other governments	(24,484)	(6,611)
Fire services agreement	-	(389,572)
Accounts payable	133,356	(164,663)
Deferred income	(458,607)	684,264
Prepaid expenses	7,337	(8,728)
Amortization of deferred charges	25,972	17,314
Deposits received	(116,375)	117,875
	(178,692)	249,488
Cash flow from operating activities	1,847,309	1,355,586
INVESTING ACTIVITIES		
Purchase of capital assets	(1,437,383)	(464,296)
Proceeds on disposal of capital assets	18,382	357,049
Long term Investments	(11)	(13)
Designated donations	(36,947)	(9,754)
Cash flow used by investing activities	(1,455,959)	(117,014)
FINANCING ACTIVITY		
Repayment of long term debt	(338,831)	(325,073)
INCREASE IN CASH FLOW	52,519	913,499
Cash - beginning of year	3,292,076	2,378,577
CASH - END OF YEAR (Note 2)	\$ 3,344,595	\$ 3,292,076

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2016

	Budget (Unaudited) 2016	2016	2015
TAXATION			
Real property tax	\$ 3,285,860	\$ 3,184,449	\$ 3,096,454
Linear property taxes	-	60,298	61,759
Special assessments	107,000	114,311	114,311
Grants in lieu of property taxes	-	39,249	49,612
	3,392,860	3,398,307	3,322,136
REQUISITIONS			
Alberta School Foundation	859,474	859,474	824,080
Seniors' housing requisition	32,713	32,713	32,586
	892,187	892,187	856,666
NET MUNICIPAL TAXES	\$ 2,500,673	\$ 2,506,120	\$ 2,465,470

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2016

	Budget (Unaudited) 2016	2016	2015
TRANSFERS FOR OPERATING			
Provincial Government	\$ 246,817	\$ 254,163	\$ 252,631
Federal Government	3,000	3,000	3,000
Other Local Governments	200,000	200,695	210,536
	449,817	457,858	466,167
	449,817	457,858	466,167
TRANSFERS FOR CAPITAL			
Provincial Government	-	966,130	94,899
Federal Government	-	237,311	-
Other Local Governments	-	-	100,000
	-	1,203,441	194,899
TOTAL GOVERNMENT TRANSFERS	\$ 449,817	\$ 1,661,299	\$ 661,066

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY**Consolidated Schedule of Expenditures by Object
Year Ended December 31, 2016****(Schedule 3)**

	Budget (Unaudited) 2016	2016	2015
EXPENSES			
Salaries, wages & benefits	\$ 1,869,364	\$ 1,676,399	\$ 1,802,781
Contracted and general services	1,412,271	1,331,544	1,336,958
Materials, goods and utilities	751,456	740,872	627,631
Transfer to local boards and agencies	430,321	480,189	474,924
Interest on long term	123,154	117,718	132,268
Other expenditures	32,575	41,582	27,017
Allowances and bad debts	-	170	3,965
Total Consolidated Expenditures by Object	\$ 4,619,141	\$ 4,388,474	\$ 4,405,544

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2016

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2016
REVENUE								
Net municipal taxes	\$ 2,506,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,506,124
Government transfers	54,158	-	-	4,511	208,765	-	190,424	457,858
User fees and sales of goods	3,608	13,373	4,161	18,535	88,684	1,047,205	21,521	1,197,087
Investment income	31,863	-	-	-	-	-	390	32,253
Other revenues	551,232	76,652	6,820	87,919	248,197	46,648	250	1,017,718
	3,146,985	90,025	10,981	110,965	545,646	1,093,853	212,585	5,211,040
EXPENSES								
Contract & general services	328,652	116,625	172,855	215,677	192,617	298,421	8,795	1,333,642
Salaries & wages	503,121	121,975	251,713	36,743	520,327	216,448	26,075	1,676,402
Materials, goods & utilities	48,883	22,187	195,238	8,440	313,992	148,599	1,436	738,775
Transfers to local boards	11,861	-	-	4,000	225,747	-	238,582	480,190
Long term debt interest	-	-	25,512	-	24,035	68,170	-	117,717
Other expenses	6,201	243	883	8,463	25,793	-	-	41,583
Allowances for bad debt	170	-	-	-	-	-	-	170
	898,888	261,030	646,201	273,323	1,302,511	731,638	274,888	4,388,479
Excess (deficiency) of revenue over expenses before other	2,248,097	(171,005)	(635,220)	(162,358)	(756,865)	362,215	(62,303)	822,561
OTHER EXPENSE								
Amortization	(19,983)	(19,827)	(629,008)	(11,911)	(187,695)	(355,746)	(417)	(1,224,587)
Gain on sale of assets	-	-	4,057	-	6,342	-	-	10,399
Government transfers for capital	-	-	641,517	-	450,762	111,161	-	1,203,440
	(19,983)	(19,827)	16,566	(11,911)	269,409	(244,585)	(417)	(10,748)
EXCESS OF REVENUE OVER EXPENSES	\$ 2,228,114	\$ (190,832)	\$ (618,654)	\$ (174,269)	\$ (487,456)	\$ 117,630	\$ (62,720)	\$ 811,813

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

(Schedule 5)

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2016

	Unrestricted Surplus	Special Projects Operating Reserve	Capital Reserves	Equity in Tangible Capital Assets	Total 2016	Total 2015
BALANCE, BEGINNING OF YEAR	\$ 916,356	\$ 349,029	\$ 1,306,975	\$ 25,896,134	\$ 28,468,494	\$ 28,626,436
Excess (deficiency) of revenues over expenses	811,813	-	-	-	811,813	(157,942)
Current year funds used for tangible capital assets	(1,437,383)	-	-	1,437,383	-	-
Annual amortization expense	1,224,587	-	-	(1,224,587)	-	-
Net reductions on tangible capital assets	7,981	-	-	(7,981)	-	-
Principle repayments on long term debt	(338,831)	-	-	338,831	-	-
Net transfers to/from capital reserves	230,429	-	(230,429)	-	-	-
Net transfers to/from operating reserves	182,902	(182,902)	-	-	-	-
	681,498	(182,902)	(230,429)	543,646	811,813	(157,942)
BALANCE, END OF YEAR	\$ 1,597,854	\$ 166,127	\$ 1,076,546	\$ 26,439,780	\$ 29,280,307	\$ 28,468,494

Note: The net book value of the tangible capital assets at year end, less related debt, represents the amount of equity in tangible capital assets. Please see Note 12 for details.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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 Chartered Professional Accountants of Canada. 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 (Until April 2015. See Note 5 for further details)

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.

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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

Tax Revenue

Annually, the Town bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Town Council in accordance with legislation and Town Council approved policies to raise the tax revenue required to meet the Town's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Town also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

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.

(*continues*)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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

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.

Deferred Charges

Deferred charges are assets in which a contractual agreement is in place to provide long term services. The asset is recorded when the transaction is initially incurred and the costs are amortized over the life of the contract.

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 collectible 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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(*continues*)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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 Changes 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 Consolidated Financial Statements
Year Ended December 31, 2016

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash and temporary investments	\$ 2,053,356	\$ 1,887,566
Restricted cash	1,291,239	1,404,510
	\$ 3,344,595	\$ 3,292,076

Temporary investments are short term deposits with original maturities of one year or less.

Included in cash are restricted amounts received from the municipal grants and are held exclusively for future approved projects (Note 7) as well as designated donations (Note 8).

Cash held in term deposits maturing beyond one year are classified as long term investments.

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2016	2015
Current taxes and grants in place of taxes	\$ 164,747	\$ 82,482
Arrears taxes and grants in place of taxes	52,643	62,463
Sub-total	217,390	144,945
Allowance for doubtful accounts	-	(6,738)
	\$ 217,390	\$ 138,207

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2016	2015
Municipal Sustainability Initiative	\$ 30,158	\$ -
GST receivable	24,554	30,228
	\$ 54,712	\$ 30,228

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

5. DEFERRED CHARGES

During the year, the Town entered into a long term agreement with Ponoka County. In exchange for providing fire services to the Town for the next 15 years, Ponoka County received title to the firehall, related equipment and related vehicles with a net book value of \$389,582. The net book value of the assets transferred have been set up a deferred charge asset and will be amortized over the life of the agreement.

	2016	2015
Fire services agreement	\$ 389,572	\$ 389,572
Accumulated amortization of Fire Services Agreement	(43,286)	(17,314)
	\$ 346,286	\$ 372,258

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 2,596,627	\$ -	\$ 2,596,627	\$ 2,596,627
Land improvements	1,109,368	-	1,109,368	1,102,157
Engineered structures	35,471,268	14,513,178	20,958,090	21,140,474
Buildings	5,588,967	2,586,630	3,002,337	2,738,910
Machinery and equipment	1,905,613	599,432	1,306,181	1,222,225
Motor vehicles	359,723	181,389	178,334	145,728
	\$ 47,031,566	\$ 17,880,629	\$ 29,150,937	\$ 28,946,121

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2016	2015
Federal Gas Tax Fund	\$ -	\$ 124,662
Municipal Sustainability Initiative - Capital	857,997	1,085,260
Ponoka County grant	-	100,000
Other deferred revenue	4,282	5,123
Prepaid property taxes	5,620	4,611
Prepaid local improvement charges	38,953	45,803
	\$ 906,852	\$ 1,365,459

Federal Gas Tax Fund

The Federal Gas Tax Fund is restricted to eligible capital projects as approved under the funding agreement which are scheduled for completion in the next few years. This grant was fully utilized during the year.

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital 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 held exclusively for these projects (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.

Ponoka County Grant

The County of Ponoka grant is restricted to eligible capital projects as approved under the funding agreement which are scheduled for completion in the next few years. This grant was fully utilized during the year.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

8. DESIGNATED DONATIONS

The municipality has received donations designated for specific purposes as follows:

	2016	2015
Cemetery Perpetual Care	\$ 32,965	\$ 41,055
Community Centre donations	6,586	6,586
Pool Equipment Fund	11,519	36,753
Trail System benches	2,000	2,000
Historical Society	1,500	700
Lions Club Park Fund	-	7,000
Other	3,071	494
	\$ 57,641	\$ 94,588

As the Town has committed itself to expending these funds according to the donees wishes, designated donations are reflected as restricted cash.

9. EMPLOYEE BENEFIT OBLIGATIONS

Included in accounts payable are employee benefit obligations of:

	2016	2015
Vacation and overtime	\$ 70,686	\$ 67,769

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.

10. LONG TERM DEBT

	2016	2015
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.	\$ 57,765	\$ 84,362
Alberta Capital Finance Authority debenture loan bearing interest at 4.04% 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.	77,369	126,428
Alberta Capital Finance Authority debenture loan bearing interest at 4.481% 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.	355,224	394,280

(continues)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

10. LONG TERM DEBT *(continued)*

	2016	2015
Alberta Capital Finance Authority debenture loan bearing interest at 4.34% 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.	543,120	614,025
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.	660,842	722,365
CMHC loan loan bearing interest at 4.15% per annum, repayable in semi-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.	1,016,837	1,108,527
	\$ 2,711,157	\$ 3,049,987

Principal reductions over the next 5 years are approximately:

2017	\$ 353,179
2018	341,305
2019	297,096
2020	309,356
2021	322,125
Thereafter	1,088,096
	<u>\$ 2,711,157</u>

Interest on long term debt amounted to \$117,718 (2015 - \$132,268)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

11. 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:

	2016	2015
Total debt limit	\$ 7,816,551	\$ 7,919,891
Total debt	(2,711,157)	(3,049,988)
Amount of debt limit unused	5,105,394	4,869,903
Debt servicing limit	1,302,759	1,319,982
Debt servicing	(461,984)	(463,490)
Amount of debt servicing limit unused	\$ 840,775	\$ 856,492

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.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2016	2015
Tangible capital assets (Note 6)	\$ 47,031,566	\$ 45,643,200
Accumulated amortization (Note 6)	(17,880,629)	(16,697,078)
Long term debt (Note 10)	(2,711,157)	(3,049,988)
	\$ 26,439,780	\$ 25,896,134

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Public Sector Pension Plans Act. The 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2016 were \$151,572 (2015 - \$161,909). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2016 were \$139,070 (2015 - \$148,567).

At December 31, 2015 the LAPP disclosed an actuarial deficiency of \$923 million.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

14. 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).

15. 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:

				2016	2015
		\$	\$	\$	\$
	Salary (1)	Benefits & allowances (2)	Total	Total	Total
Rick Pankiw - Mayor	\$ 30,143	\$ 4,534	\$ 34,677	\$ 33,625	
Mathew Jaycox - Councilor	18,811	4,189	23,000	23,082	
Brian Godlonton - Councilor	19,850	4,206	24,056	22,413	
Paul Payson - Councilor	17,214	4,135	21,349	21,473	
Jack Webb - Councilor	23,560	4,340	27,900	22,452	
Donna Tona - Chief Administrative Officer	47,709	-	47,709	78,444	
Lucien Cloutier - Chief Administrative Officer	-	-	-	20,346	
Lori Hillis - Chief Administrative Officer (August to December 2016)	54,786	10,541	65,327	-	
Designated Officers	111,597	18,714	130,311	181,760	
	\$ 323,670	\$ 50,659	\$ 374,329	\$ 403,595	

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.

TOWN OF RIMBEY

Notes to Consolidated Financial Statements

Year Ended December 31, 2016

16. 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.

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.

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.

The Town is currently the defendant in a claim in the amount of \$150,000 filed in relation to the costs associated with walking trails on land owned by a corporation that had been granted to the Town on specific conditions. Neither the possible outcome nor the amount of the possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

19. 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.