

TOWN OF RIMBEY
Financial Statements
Year Ended December 31, 2021

TOWN OF RIMBEY
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Year Ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Rimbey is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation and in accordance with Public Sector Accounting Standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council carries out its responsibilities for review of the financial statements principally through its Council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Seniuk and Company, independent external auditors, appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

The financial statements have been audited on behalf of the Members of Council by Seniuk and Company in accordance with Canadian public sector accounting standards (PSAS).

Ms. Lori Hillis, CAO

Rimbey, AB
March 28, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Rimbey

Opinion

We have audited the financial statements of Town of Rimbey (the Town), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS 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.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Alberta Municipal Governance Act, we also report the following:

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the entity's debt limit can be found in Note 10.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 14.

The engagement partner on the audit resulting in this Independent Auditor's Report is Michael G. Seniuk CPA, CA.

Edmonton, Alberta
March 28, 2022

Seniuk & Company
**Seniuk and Company,
Chartered Professional Accountants**

TOWN OF RIMBEY
Statement of Financial Position
December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 4,755,595	\$ 4,541,111
Restricted cash <i>(Note 2)</i>	657,887	1,380,023
Property taxes and grants in place of taxes receivable <i>(Note 3)</i>	79,374	94,418
Grants and receivables from other governments <i>(Note 4)</i>	742,195	208,455
Trade and other receivables	264,359	166,734
Notes receivable <i>(Note 6)</i>	50,000	-
Long term Investments	2,527	2,488
	6,551,937	6,393,229
LIABILITIES		
Accounts payable	1,507,904	759,478
Deposits received	112,381	93,531
Deferred income <i>(Note 8)</i>	1,219,402	1,568,905
Long term debt <i>(Note 9)</i>	1,843,096	1,410,222
Designated donations	25,100	23,688
	4,707,883	3,855,824
NET FINANCIAL ASSETS	1,844,054	2,537,405
NON-FINANCIAL ASSETS		
Prepaid expenses	109,150	101,267
Deferred charges - fire services agreement <i>(Note 5)</i>	216,429	242,400
Tangible capital assets <i>(Note 7)</i>	32,007,878	29,361,517
	32,333,457	29,705,184
ACCUMULATED SURPLUS	\$ 34,177,511	\$ 32,242,589

ON BEHALF OF THE BOARD

_____ *Mayor*

_____ *Councilor*

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2021

	Budget (Unaudited) 2021	2021	2020
REVENUES			
Net municipal taxes (Schedule 1)	\$ 2,578,918	\$ 2,537,243	\$ 2,533,196
User fees	1,169,830	1,162,400	1,105,228
Government transfers for operating (Schedule 2)	530,172	531,916	757,521
Investment income	60,170	47,424	62,190
Penalties and costs of taxes	68,300	45,791	31,343
Licenses and permits	50,625	66,778	54,118
Rentals	124,567	127,236	139,233
Franchise fees & concession contracts	537,961	513,579	500,909
Other	125,079	296,383	159,809
	5,245,622	5,328,750	5,343,547
EXPENSES			
Administration and legislative	1,057,132	974,109	1,000,742
Protective services	329,494	335,969	288,112
Transportation services	820,055	1,349,444	1,343,700
Environmental services	928,120	1,164,922	1,167,040
Land use planning, zoning and development	427,755	387,055	422,741
Parks, recreation, culture and family support	1,428,435	1,238,640	1,190,999
	4,990,991	5,450,139	5,413,334
SURPLUS (DEFICIT) FROM OPERATIONS	254,631	(121,389)	(69,787)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	2,708,676	1,964,851	896,791
Gain on disposal of tangible capital assets	32,000	91,459	-
	2,740,676	2,056,310	896,791
ANNUAL SURPLUS	2,995,307	1,934,921	827,004
ACCUMULATED SURPLUS - BEGINNING OF YEAR	32,242,590	32,242,590	31,415,585
ACCUMULATED SURPLUS - END OF YEAR	\$ 35,237,897	\$ 34,177,511	\$ 32,242,589

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Statement of Changes in Net Financial Assets (Debt)
Year Ended December 31, 2021

	Budget 2021	2021	2020
ANNUAL SURPLUS	\$ 2,995,307	\$ 1,934,921	\$ 827,004
Amortization of tangible capital assets	-	1,389,834	1,374,659
Purchase of tangible capital assets	(3,723,901)	(4,036,194)	(1,336,143)
Proceeds on disposal of tangible capital assets	-	91,459	-
Loss (gain) on disposal of assets	(32,000)	(91,459)	-
Decrease (increase) in prepaid expenses	-	(7,883)	5,114
Decrease in deferred charges	-	25,971	25,970
	(3,755,901)	(2,628,272)	69,600
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(760,594)	(693,351)	896,604
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	2,537,405	1,640,801
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (760,594)	\$ 1,844,054	\$ 2,537,405

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 1,934,921	\$ 827,004
Items not affecting cash:		
Amortization of tangible capital assets	1,389,834	1,374,659
Gain on disposal of tangible capital assets	(91,459)	-
Amortization of fire services agreement	25,971	25,971
	3,259,267	2,227,634
Changes in non-cash working capital:		
Trade and other receivables	(97,625)	130,982
Grants and receivables from other governments	(533,740)	(150,900)
Taxes and grants in place of taxes	15,044	12,280
Accounts payable	748,425	436,369
Deferred income	(349,503)	32,226
Prepaid expenses	(7,883)	5,114
Deposits received	18,850	93,530
Designated donations	1,412	(622)
	(205,020)	558,979
Cash flow from operating activities	3,054,247	2,786,613
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(4,036,194)	(1,336,143)
Proceeds on disposal of tangible capital assets	91,459	-
Cash flow used by capital activities	(3,944,735)	(1,336,143)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	722,136	101,488
Decrease (increase) note receivable	(50,000)	-
Decrease (increase) in term deposits	-	1,300,000
Decrease (increase) long term Investments	(39)	(111)
Proceeds from long term financing	755,000	-
Repayment of long term debt	(322,125)	(309,356)
Cash flow from investing activities	1,104,972	1,092,021
INCREASE IN CASH FLOW	214,484	2,542,491
Cash - beginning of year	4,541,111	1,998,620
CASH - END OF YEAR (Note 2)	\$ 4,755,595	\$ 4,541,111

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Schedule of Property and Other Taxes
Year Ended December 31, 2021

(Schedule 1)

	Budget (Unaudited) 2021	2021	2020
TAXATION			
Real property tax	\$ 3,407,564	\$ 3,365,919	\$ 3,342,199
Linear property taxes	60,556	60,556	61,719
Special assessments	33,056	33,056	33,056
Grants in lieu of property taxes	14,734	14,704	21,908
	3,515,910	3,474,235	3,458,882
REQUISITIONS			
Alberta school foundation	904,995	904,995	894,396
Seniors' housing requisition	31,997	31,997	31,290
	936,992	936,992	925,686
NET MUNICIPAL TAXES	\$ 2,578,918	\$ 2,537,243	\$ 2,533,196

Schedule of Government Transfers

(Schedule 2)

	Budget (Unaudited) 2021	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	\$ 223,267	\$ 225,011	\$ 489,546
Federal Government	3,200	3,200	-
Other Local Governments	303,705	303,705	267,975
	530,172	531,916	757,521
	530,172	531,916	757,521
TRANSFERS FOR CAPITAL			
Provincial Government	2,708,676	1,964,851	896,791
TOTAL GOVERNMENT TRANSFERS	\$ 3,238,848	\$ 2,496,767	\$ 1,654,312

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Schedule of Expenditures by Object
Year Ended December 31, 2021

(Schedule 3)

	Budget (Unaudited) 2021	2021	2020
EXPENSES			
Salaries, wages & benefits	\$ 2,166,076	\$ 1,815,600	\$ 1,891,941
Contracted and general services	1,325,356	1,027,102	961,247
Materials, goods and utilities	843,555	707,857	680,352
Transfer to local boards and agencies	398,629	399,429	418,912
Interest and bank charges	54,840	54,932	62,686
Other expenditures	161,790	55,385	23,537
Amortization	-	1,389,834	1,374,659
Total Expenditures by Object	\$ 4,950,246	\$ 5,450,139	\$ 5,413,334

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

**Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2021**

(Schedule 4)

	Unrestricted Surplus	Operating Reserves	Capital Reserves	Equity in Tangible Capital Assets	Total 2021	Total 2020
BALANCE, BEGINNING OF YEAR	\$ 2,422,930	\$ 477,568	\$ 1,390,798	\$ 27,951,295	\$ 32,242,590	\$ 31,415,585
Excess (deficiency) of revenues over expenses	1,934,921	-	-	-	1,934,921	827,004
Current year funds used to purchase of tangible capital assets	(4,036,194)	-	-	4,036,194	-	-
Annual amortization expense	1,389,834	-	-	(1,389,834)	-	-
Principle repayments on long term debt	(322,125)	-	-	322,125	-	-
Proceeds on long term debt	755,000	-	-	(755,000)	-	-
Operating reserve transfers	38,666	(38,666)	-	-	-	-
Capital reserve transfers	63,619	-	(63,619)	-	-	-
	(176,279)	(38,666)	(63,619)	2,213,485	1,934,921	827,004
BALANCE, END OF YEAR	\$ 2,246,651	\$ 438,902	\$ 1,327,179	\$ 30,164,780	\$ 34,177,511	\$ 32,242,589

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Schedule of Segmented Disclosure
Year Ended December 31, 2021

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2021
REVENUE							
Net municipal taxes	\$ 2,537,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,537,243
Government transfers	29,843	-	-	4,744	497,329	-	531,916
User fees and sales of goods	4,719	14,285	209	3,450	75,768	1,063,968	1,162,399
Investment income	47,349	-	-	-	75	-	47,423
Other revenues	630,694	49,781	43,778	63,768	90,848	170,899	1,049,767
	3,249,848	64,066	43,987	71,962	664,020	1,234,867	5,328,748
EXPENSES							
Contract and general services	242,553	118,941	106,278	77,982	156,105	325,245	1,027,104
Salaries and wages	629,920	179,588	325,517	39,189	386,644	254,740	1,815,598
Materials, goods and utilities	44,572	18,411	213,166	8,040	240,806	182,862	707,857
Transfers to local boards	-	-	-	249,027	150,402	-	399,429
Amortization	54,248	18,623	691,249	8,648	245,072	371,994	1,389,834
Long term debt interest	-	-	12,537	-	12,315	30,080	54,932
Other expenses	2,816	406	697	4,170	47,295	-	55,384
	974,109	335,969	1,349,444	387,056	1,238,639	1,164,921	5,450,138
Excess (deficiency) of revenue over expenses before other	2,275,739	(271,903)	(1,305,457)	(315,094)	(574,619)	69,946	(121,390)
OTHER							
Government transfers for capital	-	-	-	-	46,689	1,918,163	1,964,852
Gain (loss) on disposal of capital assets	91,459	-	-	-	-	-	91,459
	91,459	-	-	-	46,689	1,918,163	2,056,311
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 2,367,198	\$ (271,903)	\$ (1,305,457)	\$ (315,094)	\$ (527,930)	\$ 1,988,109	\$ 1,934,921

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Schedule of Tangible Capital Assets
Year Ended December 31, 2021

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2021				
Cost				
Land	\$ 2,556,287	\$ 1,089,007	\$ -	\$ 3,645,294
Land improvements	1,165,578	13,264	-	1,178,842
Buildings	6,033,373	30,074	-	6,063,447
Engineered structures	39,882,001	2,830,676	(66,000)	42,646,677
Motor vehicles	498,580	-	(73,009)	425,571
Machinery and equipment	2,204,353	73,173	(70,089)	2,207,437
	52,340,172	4,036,194	(209,098)	56,167,268
	-	-	-	-
Accumulated Amortization				
Land improvements	(738,996)	(45,077)	-	(784,073)
Buildings	(3,126,448)	(177,040)	-	(3,303,488)
Engineered structures	(17,633,529)	(967,770)	66,000	(18,535,299)
Motor vehicles	(288,168)	(29,552)	73,009	(244,711)
Machinery and equipment	(1,191,514)	(170,396)	70,089	(1,291,821)
	(22,978,655)	(1,389,835)	209,098	(24,159,392)
Net Book Value	\$ 29,361,517	\$ 2,646,359	\$ -	\$ 32,007,876

For the year ended December 31, 2020

Cost				
Land	\$ 2,556,287	\$ -	\$ -	\$ 2,556,287
Land improvements	1,165,578	-	-	1,165,578
Buildings	5,873,545	159,829	-	6,033,374
Engineered structures	38,909,537	972,466	-	39,882,003
Motor vehicles	444,723	53,856	-	498,579
Machinery and equipment	2,054,359	149,993	-	2,204,352
	51,004,029	1,336,144	-	52,340,173
	-	-	-	-
Accumulated Amortization				
Land improvements	(689,400)	(49,597)	-	(738,997)
Buildings	(2,974,477)	(151,971)	-	(3,126,448)
Engineered structures	(16,674,296)	(959,233)	-	(17,633,529)
Motor vehicles	(264,002)	(24,166)	-	(288,168)
Machinery and equipment	(1,001,823)	(189,691)	-	(1,191,514)
	(21,603,998)	(1,374,658)	-	(22,978,656)
Net Book Value	\$ 29,400,031	\$ (38,514)	\$ -	\$ 29,361,517

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rimbey (the Town) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Town are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

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 the Town Council in accordance with legislation and the 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 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 Schedule of Property and Other Taxes (Schedule 1).

Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Town's cash position throughout the year.

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.

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TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

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

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Town receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Town are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include:

- Estimated accrued receivables.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

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TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

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.

Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

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.

Non-Financial Assets

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies, and other assets.

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

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

Tangible Capital Assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	15 - 20 years
Buildings	25 - 50 years
Machinery and equipment	5 - 40 years
Engineered structures	10 - 75 years

The Town regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The Town tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	2021	2020
Cash and temporary investments	\$ 4,755,595	\$ 4,541,111
Restricted portion of cash	657,887	1,380,023
	\$ 5,413,482	\$ 5,921,134

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

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 8)

3. PROPERTY TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

Taxes receivable are comprised of:

	2021	2020
Current property taxes and grants in place of taxes	\$ 71,886	\$ 84,052
Arrears property taxes and grants in place of taxes	7,488	10,366
	\$ 79,374	\$ 94,418

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2021	2020
Grants receivable	\$ 672,026	\$ 157,210
Goods and services tax refundable	70,169	51,245
	\$ 742,195	\$ 208,455

5. DEFERRED CHARGES - FIRE SERVICES AGREEMENT

In 2015 the Town entered into a long term agreement with Ponoka County. In exchange for providing fire services to the Town until 2030, 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 has been set up as a deferred charge asset and will be amortized over the life of the agreement.

	2021	2020
Deferred fire services agreement	\$ 389,572	\$ 389,572
Accumulated amortization	(173,143)	(147,172)
	\$ 216,429	\$ 242,400

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

6. NOTES RECEIVABLE

	2021	2020
Town of Rimbey Library loan receivable bearing interest at 0% per annum, repayable in annual payments of \$10,000. The loan matures on December 31, 2026 and is unsecured	\$ 50,000	\$ -

Principal repayment terms are approximately:

2022	\$ 10,000
2023	10,000
2024	10,000
2025	10,000
2026	10,000
	<u>\$ 50,000</u>

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 3,645,294	\$ -	\$ 3,645,294	\$ 2,556,287
Land improvements	1,178,842	784,073	394,769	426,582
Engineered structures	42,646,678	18,535,298	24,111,380	22,248,472
Buildings	6,063,447	3,303,488	2,759,959	2,906,925
Machinery and equipment	2,207,437	1,291,821	915,616	1,012,839
Motor vehicles	425,571	244,711	180,860	210,412
	<u>\$ 56,167,269</u>	<u>\$ 24,159,391</u>	<u>\$ 32,007,878</u>	<u>\$ 29,361,517</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 6).

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2021	2020
Family and Community Support Services (FCSS) grant	\$ 47,606	\$ 15,876
Canada Community Building Fund (CCBF)	153,729	146,837
Municipal Sustainability Initiative - Capital	975,769	1,364,147
Subtotal	1,177,104	1,526,860
Prepaid property taxes	18,221	19,453
Prepaid utilities	10,982	5,422
Prepaid local improvement charges	12,626	16,835
Other	469	335
	\$ 1,219,402	\$ 1,568,905

Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Town in the current year from the Municipal Sustainability Initiative - Capital Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

Canada Community Building Fund

Funding from the Provincial Government was allocated to the Town in the current year from the Canada Community Building Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2.).

9. LONG TERM DEBT

	2021	2020
Alberta Capital Finance Authority debenture loan bearing interest at 4.48% 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.	\$ 131,741	\$ 180,484
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 March 17, 2023 and is secured by the credit and security of the Town at large.	139,109	226,995
Alberta Capital Finance Authority debenture loan bearing interest at 3.49% 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.	319,194	392,329

(continues)

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

9. LONG TERM DEBT *(continued)*

	2021	2020
Alberta Capital Finance Authority debenture loan bearing interest at 2.297% per annum, repayable in semi-annual blended payments of \$23,648. The loan matures on September 15, 2041 and is secured by the credit and security of the Town at large.	755,000	-
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.	498,052	610,414
	\$ 1,843,096	\$ 1,410,222

Principal repayment terms are approximately:

2022	\$ 365,551
2023	331,704
2024	267,130
2025	248,453
2026	33,007
Thereafter	597,251
	<u>\$ 1,843,096</u>

Interest on long term debt amounted to \$54,932 (2020 - \$62,686).

10. 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:

	2021	2020
Total debt limit	\$ 7,993,125	\$ 8,015,321
Total debt	(1,843,096)	(1,410,221)
Amount of debt limit unused	6,150,029	6,605,100
Debt servicing limit	1,332,188	1,335,887
Debt servicing	(424,260)	(376,965)
Amount of debt servicing limit unused	\$ 907,928	\$ 958,922

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.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

11. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2021	2020
Tangible capital assets (Note 7.)	\$ 56,167,269	\$ 52,340,172
Accumulated amortization (Note 7.)	(24,159,391)	(22,978,656)
Long term debt (Note 9.)	(1,843,096)	(1,410,221)
	\$ 30,164,782	\$ 27,951,295

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 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% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8% of pensionable salary up to the year's maximum pensionable salary and 13% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2021 were \$149,786 (2020 - \$155,663). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2021 were \$135,294 (2020 - \$140,659).

The LAPP reported a surplus for the overall plan as at December 31, 2020 of \$4,961,337. Information as at December 31, 2021 was not available at the time of preparing these financial statements.

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, 2021

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:

			2021	2020
	Salary (1)	Benefits & allowances (2)	Total	Total
R. Pankiw - Mayor	\$ 28,128	\$ 5,066	\$ 33,194	\$ 32,942
P. Payson - Councillor	20,059	4,048	24,107	21,675
B. Coulthard - Councillor	14,244	3,281	17,525	20,801
L. Curle - Councillor	20,828	4,637	25,465	25,006
G. Rondeel - Councillor	17,488	4,455	21,943	23,439
J. Coston - Councillor	3,514	732	4,246	-
W. Clark - Councillor	3,591	737	4,328	-
Chief Administrative Officer	158,853	29,596	188,449	187,859
Designated Officers (3)	44,248	-	44,248	45,545
	\$ 310,953	\$ 52,552	\$ 363,505	\$ 357,267

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. 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 is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of December 31, 2021.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides 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.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its taxpayers and other related sources, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

TOWN OF RIMBEY
Notes to Financial Statements
Year Ended December 31, 2021

16. LITIGATION

In the prior year, a claim was filed against the Municipality for compensation in regards to a potential land purchase. The claim is seeking either the execution and completion of a land purchase for \$1,229,250 or for alternative damages in the amount of \$1,229,250. The Municipality settled the claim in 2021.

17. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2021 (2020 – Nil) as a result of this standard.

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.