

AUDITORS' REPORT

To the Mayor and Council  
Town of Rimbey

We have audited the consolidated statement of financial position of the Town of Rimbey as at December 31, 2007 and the consolidated statement of financial activities with change in fund balances, statement of reserves, equity in capital assets and accumulated operating surplus, statement of municipal revenues, expenditures and change in operating fund, and the consolidated statement of changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Rimbey as at December 31, 2007 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, Alberta  
January 29, 2008

*Wilde & Company*  
Chartered Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2007


	2007	2006
	\$	\$
<b>ASSETS</b>		
Cash (note 2)	565,281	1,278,074
Receivables (note 3)	1,482,307	544,812
Investments	2,329	412,569
Prepaid expenses and deposits	47,229	45,066
	2,097,146	2,280,521
Capital assets (note 4)	22,656,555	20,615,698
	24,753,701	22,896,219
<b>LIABILITIES</b>		
Accounts payable and deposits	330,477	344,543
Deferred revenue (note 5)	386,613	659,081
Long term debt (note 6)	664,692	856,510
Trust funds (note 10)	78,684	71,226
	1,460,466	1,931,361
<b>MUNICIPAL EQUITY</b>		
Capital fund	-	212,659
Operating reserves (note 8)	162,399	153,272
Capital reserves (note 8)	776,210	579,931
Accumulated operating surplus	362,763	259,808
	1,301,372	1,205,670
Equity in capital assets (page 4)	21,991,863	19,759,188
	24,753,701	22,896,219

Contingency (note 12)

See accompanying notes

Approved by:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

TOWN OF RIMBEY  
 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES WITH CHANGE IN FUND BALANCES  
 For the year ended December 31, 2007

	Capital \$	Reserves \$	Operating \$	2007 \$	Budget \$	2006 \$
Revenues					(unaudited)	
Net municipal taxes - page 6			1,455,246	1,455,246	1,453,211	1,247,462
Sales of goods and services			1,296,297	1,296,297	1,289,785	1,220,452
Government transfers	1,369,925		715,476	2,085,401	2,319,500	998,694
Investment income	30,430		52,695	83,125	65,000	63,071
Penalties and costs of taxes			19,705	19,705	20,000	20,834
Other revenue own sources	50,592		846,597	897,189	806,644	569,795
Franchise contracts			138,923	138,923	130,000	137,645
	1,450,947	-	4,524,939	5,975,886	6,084,140	4,257,953
Expenditures						
Administrative and council			748,667	748,667	758,601	579,484
Protective services			574,096	574,096	598,738	537,653
Public works	955,621		273,096	1,228,717	1,759,337	687,093
Water, sewer and waste	1,023,220		608,261	1,631,481	1,146,868	711,794
Public health and welfare	20,832		170,920	191,752	196,150	163,124
Planning and development			528,769	528,769	925,601	397,234
Recreation and parks	42,215		375,755	417,970	414,549	342,706
Culture and other	13,721		353,194	366,915	394,494	417,606
	2,055,609	-	3,632,758	5,688,367	6,194,338	3,836,694
Excess of revenues over expenditures	(604,662)	-	892,181	287,519	(110,198)	421,259
Net interfund transfers						
From (to) capital	588,281	-	(588,281)	-	(5,672)	-
From (to) reserves	(196,278)	205,405	(9,127)	-	(89,106)	-
Debt repayment		-	(191,818)	(191,818)	(192,496)	(140,370)
Debtenture proceeds		-	-	-	-	250,000
Appropriation from prior year surplus		-	-	-	397,472	-
	392,003	205,405	(789,226)	(191,818)	110,198	109,630
Change in fund balances	(212,659)	205,405	102,955	95,701	-	530,889
Balance, beginning of year	212,659	733,203	259,808	1,205,670	-	674,709
Balance, end of year	-	938,608	362,763	1,301,371	-	1,205,598

See accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2007

	2007 \$	2006 \$
<b>Excess of revenues over expenditures - page 2</b>	287,519	421,259
Net change in non-cash operating working capital and other balances:		
(Increase) decrease in receivables	(937,494)	(32,840)
(Increase) decrease in investments	410,240	(410,240)
(Increase) decrease in prepaid expenses and deposits	(2,163)	3,824
Increase (decrease) in accounts payable and amounts due	(13,993)	(45,525)
Increase (decrease) in deferred revenue	(265,011)	293,694
Net cash provided by operating activities	(520,903)	230,173
<b>FINANCING ACTIVITIES</b>		
Proceeds on long term debt	-	250,000
Long term debt repayments	(191,818)	(140,370)
<b>Net increase (decrease) in cash during year</b>	(712,721)	339,803
Cash position at beginning of year	1,278,003	938,200
Cash position at end of year	565,282	1,278,003

See accompanying notes

**STATEMENT OF RESERVES, EQUITY IN CAPITAL  
ASSETS AND ACCUMULATED OPERATING SURPLUS**

For the year ended December 31, 2007

	2007 \$	2006 \$
<b>OPERATING RESERVES</b>		
<b>At beginning of year</b>	153,272	124,916
From current operations	35,000	33,356
Transfers to current operations	(25,873)	(5,000)
<b>At end of year</b>	<b>162,399</b>	153,272
<b>CAPITAL RESERVES</b>		
<b>At beginning and end of year</b>	579,931	329,320
Transfers from capital fund	324,431	346,589
Transfers to current operations	(128,152)	(95,978)
<b>At end of year</b>	<b>776,210</b>	579,931
<b>ACCUMULATED OPERATING SURPLUS</b>		
<b>At beginning of year</b>	259,808	220,473
Change in operating fund - page 5	102,955	39,335
<b>At end of year</b>	<b>362,763</b>	259,808
<b>EQUITY IN CAPITAL ASSETS</b>		
<b>At beginning of year</b>	19,759,188	19,146,800
Grants, interest, other	1,450,947	461,306
Principal payments on debt	191,818	140,370
Disposal of capital assets	(14,752)	-
Net transferred (to) from reserves	(196,278)	(250,611)
Net transferred from operating fund	588,281	473,982
Net transferred to capital fund	212,659	(212,659)
<b>At end of year</b>	<b>21,991,863</b>	19,759,188
Capital assets (note 4)	22,656,555	20,615,698
Long term debt (note 6)	(664,692)	(856,510)
	<b>21,991,863</b>	19,759,188

See accompanying notes

**STATEMENT OF MUNICIPAL REVENUES, EXPENDITURES  
AND CHANGE IN OPERATING FUND**

For the year ended December 31, 2007

	2007			2006	
	Revenues \$	Expenditures \$	Net revenue (expenditure) \$	Unaudited Budget \$	Net revenue (expenditure) \$
<b>General Municipal Revenues to fund Municipal Operations</b>					
Net municipal property taxes	1,455,246		1,455,246	1,453,211	1,247,462
Interest and dividends	51,412		51,412	40,000	42,138
Penalties and costs of taxes	19,705		19,705	20,000	20,834
Other revenues	134,684		134,684	108,684	6,184
Franchise	138,923		138,923	130,000	137,645
	1,799,970		1,799,970	1,751,895	1,454,263
<b>Municipal Operations</b>					
Administrative and council	115,284	748,970	(633,686)	(649,111)	(468,518)
Protective services	624,057	605,553	18,504	(26,059)	17,944
Public works	62,868	273,929	(211,061)	(231,762)	(196,974)
Water and wastewater	569,817	358,807	211,010	172,802	169,328
Waste management	283,991	300,948	(16,957)	(20,275)	(493)
Public health and welfare	162,619	170,920	(8,301)	(17,961)	(10,915)
Planning and development	620,088	528,769	91,319	(26,601)	(262)
Recreation and parks	274,675	386,078	(111,403)	(122,799)	(70,119)
Culture and other	120,829	368,043	(247,214)	(251,819)	(212,211)
<b>Excess (deficiency) of revenues over expenditures</b>					
	4,634,198	3,742,017	892,181	578,310	682,043
Transfer from accumulated surplus			-	184,813	-
Repayment of capital fund long term debt			(191,818)	(192,496)	(140,370)
Transfers to capital fund			(588,281)	(541,627)	(473,982)
Net transferred from (to) reserves			(9,127)	(29,000)	(28,356)
<b>Change in operating fund</b>			<b>102,955</b>	<b>-</b>	<b>39,335</b>

See accompanying notes

## PROPERTY TAXES

For the year ended December 31, 2007

	2007 \$	2006 \$
<b>LEVIES</b>		
Residential land and improvements	1,434,033	1,267,316
Grants in place	66,181	63,981
Non-residential land, improvements, machinery and equipment	602,015	548,393
Local improvements	58,700	60,555
<b>Total taxes and grants in place</b>	<b>2,160,929</b>	<b>1,940,245</b>
<b>REQUISITIONS</b>		
Alberta School Foundation Fund	638,954	623,695
Rimoka Seniors Foundation	8,029	8,533
<b>Total requisitions</b>	<b>646,983</b>	<b>632,228</b>
Balance of levies for municipal purposes	1,513,946	1,308,017
Less: local improvements	58,700	60,555
<b>Net taxes for general municipal purposes</b>	<b>1,455,246</b>	<b>1,247,462</b>

## MUNICIPAL EXPENDITURES BY OBJECT

	2007 \$	2006 \$
Salaries and benefits	1,419,640	1,307,255
Contracted services	1,132,515	968,804
Materials, goods, supplies	547,736	473,499
Purchases from other governments	78,712	67,600
Grants to individuals and organizations	347,042	208,509
Debenture and other interest	42,106	44,039
Other transactions, discounts, adjustments	65,007	44,899
<b>Total expenditures - page 2</b>	<b>3,632,758</b>	<b>3,114,605</b>
<i>Net of intra-departmental recoveries</i>		
<i>See accompanying notes</i>		

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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.

**b) Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditure as disclosed in Note 1e).

**c) Fund Accounting**

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

**d) Interest on Long Term Debt**

Interest on long term debt is accrued to year end. The amount payable as at December 31, 2007 is included with trade accounts payable.

**e) Pension Expenditure**

The Town of Rimbey participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

**f) 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.



**g) Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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

**h) Capital Assets**

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not depreciated.

Effective January 1, 2008, the Town of Rimbey will adopt Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Town of Rimbey will work towards compliance with the new recommendations for accounting for tangible capital assets.

As of January 1, 2008, capital assets including assets held under capital leases will be recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems will be capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information is not available will be recorded at current fair market value discounted by a relevant inflation factor.

**i) 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.

**j) Allowances for Operating and Capital Assets**

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues in the respective operating and capital fund.

**k) Equity in Capital Assets**

Equity in capital assets represents the Town of Rimbey's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

**l) Adjustments to Accumulated Surplus**

Council may authorize appropriations from accumulated surplus to fund current year operating expenditures. Such appropriations are recorded as an adjustment in the Consolidated Statement of Financial Activities with Change in Fund Balances.

**m) 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.

**n) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**o) 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.

**p) Operating Fund**

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

**q) Capital Fund**

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**r) Reserve Fund**

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

2. CASH

	2007 \$	2006 \$
Cash and bank	565,281	1,278,074

Council has designated funds of \$776,210 (2006 - \$579,931) included in the above amounts for equipment replacement, the balance funded from grants receivable forthcoming.

3. RECEIVABLES

Receivables consist of the following:

	2007 \$	2006 \$
Taxes	41,491	54,944
Less - allowance for doubtful taxes	-	(1,000)
	41,491	53,944
Trade receivables	181,015	224,904
Utilities receivable	64,334	63,386
Due from government	243,798	100,707
Grants receivable	951,669	101,871
	1,482,307	544,812

4. CAPITAL ASSETS

	2007			2006
	Municipal \$	Additions \$	Total \$	Total \$
<b>Carrying costs of assets acquired</b>				
Engineered structures	11,673,712	1,574,790	13,248,502	11,673,712
Machinery and equipment	1,462,530	410,698	1,873,228	1,462,530
Buildings	6,206,393	70,121	6,276,514	6,206,393
Vehicles	849,104	(14,752)	834,352	849,104
Land	423,959	-	423,959	423,959
	20,615,698	2,040,857	22,656,555	20,615,698

**5. DEFERRED REVENUE**

	2007 \$	2006 \$
Deferred grants and fees	324,051	595,606
Prepaid local improvement charges	62,562	63,475
	386,613	659,081

Deferred grants and fees include:

	Opening \$	Amounts Received \$	Amounts Spent \$	Closing \$
Alberta Municipal Infrastructure Program	416,391	410,240	619,346	207,285
Street Improvement Program	37,559	129,600	58,624	108,535
Municipal Sponsorship Grant	38,880	-	38,880	-
Donations	100,000	-	100,000	-
Other	2,776	7,045	1,590	8,231
Total deferred grants and fees	595,606	546,885	818,440	324,051

The use of these are restricted to eligible projects as approved under the funding agreements. Unexpended funds are supported by cash in the bank.

**6. LONG TERM DEBT**

	2007 \$	2006 \$
Tax and special levy supported debentures	348,457	404,786
Self supported debentures	112,413	201,724
BMO Bank of Montreal loan	203,822	250,000
	664,692	856,510

The current portion of long term debt is \$147,267 (2006 - \$190,883).

Principal repayment requirements on long term debt are as follows:

	Principal \$	Interest \$
2008	147,267	43,761
2009	129,364	34,060
2010	113,855	26,795
2011	88,730	20,440
2012	29,525	14,836
Thereafter	155,951	42,595
	664,692	182,487

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.308% to 9.875% per annum, before Provincial subsidy, and matures in periods 2008 through 2018. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Rimbey at large. The BMO Bank of Montreal loan bears interest at 4.89% and matures in 2011.

**7. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Rimbey be disclosed as follows:

	2007 \$	2006 \$
Total debt limit	6,908,942	5,742,371
Total debt	664,692	856,510
<b>Amount of debt limit unused</b>	<b>6,244,250</b>	<b>4,885,861</b>
Debt servicing limit	1,151,490	957,062
Debt servicing	191,028	234,644
<b>Amount of debt servicing limit unused</b>	<b>960,462</b>	<b>722,418</b>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**8. RESERVE FUND**

Reserves for operating and capital activities changed as follows:

	Opening \$	Transfers to \$	Transfers from \$	Closing \$
Operating				
Water and sewer	47,000			47,000
RCMP	11,584			11,584
Special projects	86,332	35,000	21,100	100,232
Library	8,356		4,773	3,583
<b>Total Operating</b>	<b>153,272</b>	<b>35,000</b>	<b>25,873</b>	<b>162,399</b>
Capital				
Restricted Municipal	21,598	33,752	9,669	45,681
Fire	25,672			25,672
Roads	193,790	74,179		267,969
Ambulance	87,060	150,000		237,060
Water and sewer	173,181		88,094	85,087
Community Centre	8,866		8,866	-
RV park	40,000	55,000		95,000
Recreation	25,764		21,523	4,241
Museum	4,000	10,000		14,000
Cemetery	-	1,500		1,500
<b>Total Capital</b>	<b>579,931</b>	<b>324,431</b>	<b>128,152</b>	<b>776,210</b>
	<b>733,203</b>	<b>359,431</b>	<b>154,025</b>	<b>938,609</b>

**9. 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:

	2007		2006	
	Salary \$	Benefits & Allowances \$	Total \$	Total \$
Mayor				
Dale Barr	38,701	5,058	43,759	39,518
Councillors				
Wayne Clark	12,810	3,059	15,869	18,039
Kathy Davies	2,979	711	3,690	-
Dave Huff	14,786	4,233	19,019	15,091
David Karroll	11,104	4,111	15,215	15,568
Rhonda Stewart Tarney	9,584	3,437	13,021	17,544
Municipal Treasurer	56,334	11,421	67,755	64,666
Chief Administrative Officer	79,397	14,921	94,318	87,638

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 planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**10. TRUST FUNDS**

A summary of trust funds administered by the Town of Rimbey is as follows:

	2007 \$	2006 \$
Ambulance donations	19,976	16,829
Cemetery perpetual care	32,860	32,200
Community Centre donations	6,376	6,376
Fire department funds	17,982	14,612
Library donations	1,390	1,110
Other	100	100
	78,684	71,226

**11. TAX RECOVERY PROPERTIES**

Tax recovery properties represent properties acquired by the Town for property tax arrears and penalties. The amount reflected represents the lower of the outstanding taxes and penalties, and the appraised value of the property.

**12. CONTINGENCY**

The Town of Rimbey is a member of the Jubilee Insurance Program. Under the terms of the membership, the Town of Rimbey 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.

**13. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable, accrued liabilities 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.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**14. COMMITMENT**

The Town of Rimbey is committed to the expansion of the lagoon. The 2008 budgeted costs are \$3.8 million with grants available estimated at \$2.35 million. The Town is also completing the hospital storm sewer in 2008 with budgeted costs of \$220,000 remaining. This project will be funded by grant revenues. The Town is committed to completing the Ethanol Plant Feasibility Study to be funded by grant revenues.

**15. BUDGET FIGURES**

Budget figures are included for information purposes only and are not audited.

**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.