



**Wilde and Company**

*Chartered Accountants*

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Rimbey

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Town of Rimbey, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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, 2011, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, AB  
April 23, 2012

*Wilde & Company*  
Chartered Accountants

**TOWN OF RIMBEY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2011**

	2011	2010
<b>Financial Assets</b>		
Cash and temporary investments (Note 3)	\$ 3,044,304	\$ 67,714
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	214,897	152,244
Due from governments	528,762	3,078,605
Trade and other receivables	381,112	198,049
Investments	2,329	2,329
	<b>4,171,404</b>	<b>3,498,941</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	411,601	1,028,856
Trust funds (Note 5)	70,208	74,413
Deferred revenue (Note 6)	1,784,777	1,365,842
Long term debt (Note 7, Note 8)	4,419,601	4,836,203
	<b>6,686,187</b>	<b>7,305,314</b>
<b>Net Financial Assets (Debt)</b>	<b>(2,514,783)</b>	<b>(3,806,373)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 1)	28,939,012	29,540,628
Prepaid expenses	54,556	56,654
	<b>28,993,568</b>	<b>29,597,282</b>
<b>Accumulated Surplus (Note 10)</b>	<b>\$ 26,478,785</b>	<b>\$ 25,790,909</b>

**TOWN OF RIMBEY**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2011**

	Budget (Unaudited)	2011	2010
<b>Revenue</b>			
Net municipal taxes (Schedule 3)	\$ 1,966,450	\$ 2,042,756	\$ 1,942,197
User fees and sales of goods	1,445,465	1,226,579	1,432,949
Government transfers for operating (Schedule 4)	959,634	930,988	1,052,188
Investment income	26,170	27,872	39,257
Penalties and costs on taxes	40,800	62,384	38,244
Rentals	216,544	196,317	212,586
Franchise revenues	175,000	214,571	219,143
Licenses, permits and fines	57,800	74,333	71,169
Other	54,850	193,336	111,563
	4,942,713	4,969,136	5,119,296
<b>Expenses</b>			
Administration and legislative	820,070	795,696	784,910
Fire protection and safety services	194,651	198,894	176,391
Ambulance services	848,575	948,137	729,215
Bylaw enforcement	34,900	22,925	10,710
Roads, streets, walks, lighting	550,941	1,092,626	1,040,613
Airport	3,613	4,103	5,920
Water supply and distribution	308,261	400,786	320,882
Wastewater treatment and disposal	202,897	407,423	354,762
Waste management	262,637	294,900	374,549
Family and community support	178,540	178,526	178,522
Cemetery	9,768	7,150	16,473
Land use planning, zoning and development	213,370	262,446	443,852
Parks and recreation	564,783	543,926	504,289
Culture	494,963	451,999	542,645
	4,687,969	5,609,537	5,483,733
<b>Excess (deficiency) of revenue over expenses before other</b>	254,744	(640,401)	(364,437)
<b>Other</b>			
Government transfers for capital (Schedule 4)	2,274,481	1,328,277	3,516,178
<b>Excess of revenues over expenses</b>	2,529,225	687,876	3,151,741
<b>Accumulated surplus - beginning of the year</b>	25,790,909	25,790,909	22,639,168
<b>Accumulated surplus - end of the year</b>	\$ 28,320,134	\$ 26,478,785	\$ 25,790,909

**TOWN OF RIMBEY**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**  
**Year Ended December 31, 2011**

	Budget (Unaudited)	2011	2010
<b>Excess of revenues over expenses</b>	\$ 2,529,225	\$ 687,876	\$ 3,151,741
Acquisition of tangible capital assets	(2,602,481)	(1,217,435)	(6,526,092)
Proceeds on disposal of tangible capital assets	-	427,563	-
Amortization of tangible capital assets	-	1,068,573	1,056,620
(Gain) loss on sale of tangible capital assets	-	322,915	97,841
	(2,602,481)	601,616	(5,371,631)
Acquisition of prepaid assets	-	-	(2,028)
Use of prepaid assets	-	2,098	-
	-	2,098	(2,028)
<b>(Increase) decrease in net debt</b>	(73,256)	1,291,590	(2,221,918)
<b>Net Financial Assets (Debt), beginning of year</b>	(3,806,373)	(3,806,373)	(1,584,455)
<b>Net Financial Assets (Debt), end of year</b>	\$ (3,879,629)	\$ (2,514,783)	\$ (3,806,373)

**TOWN OF RIMBEY**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2011**

	2011	2010
<b>Operating</b>		
Excess of revenue over expenses	\$ 687,876	\$ 3,151,741
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	1,068,573	1,056,620
Loss on disposal of tangible capital assets	322,915	97,841
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	(62,653)	(46,482)
Decrease (increase) in government receivables	2,549,843	(1,966,709)
Decrease (increase) in trade and other receivables	(183,063)	3,918
Decrease (increase) in prepaid expenses	2,098	(2,028)
Increase (decrease) in accounts payable and accrued liabilities	(617,255)	709,070
Increase (decrease) in deferred revenues	418,935	718,675
Increase (decrease) in deposit liabilities	(4,205)	(2,857)
<i>Cash provided by operating transactions</i>	<b>4,183,064</b>	<b>3,719,789</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(1,217,434)	(6,526,092)
Proceeds from sale of tangible capital assets	427,562	-
<i>Cash applied to capital transactions</i>	<b>(789,872)</b>	<b>(6,526,092)</b>
<b>Investing</b>		
Decrease (increase) in restricted cash or cash equivalents	(418,935)	(718,675)
<i>Cash provided by investing transactions</i>	<b>(418,935)</b>	<b>(718,675)</b>
<b>Financing</b>		
Long term debt issued	-	2,515,000
Long term debt repaid	(416,602)	(306,164)
<i>Cash used in financing transactions</i>	<b>(416,602)</b>	<b>2,208,836</b>
<b>Change in cash and cash equivalents during the year</b>	<b>2,557,655</b>	<b>(1,316,142)</b>
Cash and cash equivalents, beginning of year	(1,298,128)	18,014
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,259,527</b>	<b>\$ (1,298,128)</b>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	\$ 3,044,304	\$ 67,714
Less: restricted portion of cash and temporary investments (Note 3)	(1,784,777)	(1,365,842)
	<b>\$ 1,259,527</b>	<b>\$ (1,298,128)</b>

See accompanying notes

**TOWN OF RIMBEY**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2011**  
**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2011 \$	2010 \$
<b>Cost</b>								
Balance, beginning of year	2,587,204	933,286	5,472,326	29,964,490	1,391,155	808,101	<b>41,156,562</b>	34,918,210
Acquisition of tangible capital assets	-	-	80,536	1,027,795	27,888	81,215	<b>1,217,434</b>	6,526,092
Disposal of tangible capital assets	(90,577)	-	(529,866)	-	(74,054)	(355,463)	<b>(1,049,960)</b>	(287,740)
<b>Balance, end of year</b>	<b>2,496,627</b>	<b>933,286</b>	<b>5,022,996</b>	<b>30,992,285</b>	<b>1,344,989</b>	<b>533,853</b>	<b>41,324,036</b>	<b>41,156,562</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	-	279,911	1,855,241	8,611,430	434,789	434,563	<b>11,615,934</b>	10,749,213
Annual amortization	-	36,080	142,578	769,404	77,748	42,763	<b>1,068,573</b>	1,056,620
Accumulated amortization on disposals	-	-	(21,195)	-	(48,598)	(229,690)	<b>(299,483)</b>	(189,899)
<b>Balance, end of year</b>	<b>-</b>	<b>315,991</b>	<b>1,976,624</b>	<b>9,380,834</b>	<b>463,939</b>	<b>247,636</b>	<b>12,385,024</b>	<b>11,615,934</b>
<b>Net book value of tangible capital assets</b>	<b>2,496,627</b>	<b>617,295</b>	<b>3,046,372</b>	<b>21,611,451</b>	<b>881,050</b>	<b>286,217</b>	<b>28,939,012</b>	<b>29,540,628</b>
2010 Net book value of tangible capital assets	2,587,204	653,375	3,617,085	21,353,060	956,366	373,538		29,540,628

**TOWN OF RIMBEY**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2011**  
**Schedule 2**

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	2011 \$	2010 \$
Balance, beginning of year	433,030	133,533	519,921	24,704,425	<b>25,790,909</b>	22,639,168
Excess of revenues over expenses	687,876	-	-	-	<b>687,876</b>	3,151,741
Unrestricted funds designated for future use	10,040	(10,040)	-	-	-	-
Restricted funds used for TCA	17,158	-	(17,158)	-	-	-
Restricted funds used for fire department capital	(58,513)	-	58,513	-	-	-
Current year funds used for TCA	(1,217,435)	-	-	1,217,435	-	-
NBV of asset disposals	750,478	-	-	(750,478)	-	-
Annual amortization expense	1,068,573	-	-	(1,068,573)	-	-
TCA long term debt repaid	(416,602)	-	-	416,602	-	-
<b>Balance, end of year</b>	<b>1,274,605</b>	<b>123,493</b>	<b>561,276</b>	<b>24,519,411</b>	<b>26,478,785</b>	<b>25,790,909</b>

**TOWN OF RIMBEY**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2011**  
**Schedule 3**

	Budget (Unaudited)	2011	2010
<b>Taxation</b>			
Real property taxes	\$ 2,594,989	\$ 1,800,195	\$ 1,703,877
Linear property	-	770,694	709,094
Government grants in place of property taxes	-	69,342	65,747
Special assessments and local improvement taxes	116,192	127,610	129,607
	2,711,181	2,767,841	2,608,325
<b>Requisitions</b>			
Alberta School Foundation Fund	699,731	699,731	654,488
Rimoka Seniors Foundation	45,000	25,354	11,640
	744,731	725,085	666,128
<b>Net Municipal Taxes</b>	\$ 1,966,450	\$ 2,042,756	\$ 1,942,197



**TOWN OF RIMBEY**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2011**  
**Schedule 4**

	Budget (Unaudited)	2011	2010
<b>Transfers for operating</b>			
Federal Government	\$ -	\$ -	\$ 4,000
Provincial Government	720,077	<b>581,000</b>	808,618
Other Local Governments	239,557	<b>349,988</b>	239,570
	959,634	<b>930,988</b>	1,052,188
<b>Transfers for Capital</b>			
Federal Government	429,916	<b>415,036</b>	1,881,889
Provincial Government	1,344,565	<b>413,241</b>	1,134,289
Other Local Governments	500,000	<b>500,000</b>	500,000
	2,274,481	<b>1,328,277</b>	3,516,178
<b>Total Government Transfers</b>	\$ 3,234,115	\$ <b>2,259,265</b>	\$ 4,568,366

**TOWN OF RIMBEY**  
**Schedule of Consolidated Expenses by Object**  
**Year Ended December 31, 2011**  
**Schedule 5**

	Budget (Unaudited)	2011	2010
<b>Consolidated Expenses by Object</b>			
Salaries, wages and benefits	\$ 2,179,849	\$ 1,917,945	\$ 2,015,249
Contracted and general services	966,891	875,390	920,204
Purchases from other governments	55,505	67,041	83,541
Materials, goods, supplies and utilities	906,745	837,420	759,439
Provision for allowances	78,600	65,239	153,017
Transfers to local boards and agencies	250,940	258,533	240,431
Bank charges and short term interest	3,000	4,559	2,849
Interest on long term debt	217,999	191,925	154,542
Net loss on sale of tangible capital assets	-	322,915	97,841
Amortization of tangible capital assets	28,440	1,068,570	1,056,620
	\$ 4,687,969	\$ 5,609,537	\$ 5,483,733

**TOWN OF RIMBEY**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2011**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
								\$
<b>Revenue</b>								
Net municipal taxes	-	-	-	-	-	-	2,042,756	2,042,756
Government transfers	-	483,169	55,798	49,009	26,562	157,764	158,686	930,988
User fees and sales of goods	4,989	264,218	5,289	886,458	1,914	49,873	13,838	1,226,579
Investment income	-	-	2,631	2,918	-	7,287	15,036	27,872
Other revenues	9,357	169,690	940	29,190	101,730	158,506	271,528	740,941
	14,346	917,077	64,658	967,575	130,206	373,430	2,501,844	4,969,136
<b>Expenses</b>								
Salaries, wages and benefits	438,962	571,327	173,410	217,986	151,090	361,312	3,864	1,917,951
Contracted and general services	187,715	105,027	149,822	301,954	48,487	81,106	1,276	875,387
Materials, goods, supplies and utilities	65,181	93,951	160,226	165,405	14,076	336,980	1,595	837,414
Transfers to local boards and agencies	12,270	-	-	-	-	67,737	178,526	258,533
Interest on long term debt	-	-	49,605	108,392	-	33,903	-	191,900
Other expenses	66,095	330,295	15	27,948	35,602	(176)	-	459,779
	770,223	1,100,600	533,078	821,685	249,255	880,862	185,261	4,540,964
<b>Net revenue before amortization</b>	(755,877)	(183,523)	(468,420)	145,890	(119,049)	(507,432)	2,316,583	428,172
Amortization of tangible capital assets	25,475	69,356	563,649	281,424	13,191	115,063	415	1,068,573
<b>2011 net revenue</b>	(781,352)	(252,879)	(1,032,069)	(135,534)	(132,240)	(622,495)	2,316,168	(640,401)
<b>2010 net revenue</b>	(675,859)	5,631	(1,034,472)	69,903	(292,173)	(621,314)	2,183,847	(364,437)

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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1. Significant accounting policies

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

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 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.

Basis of accounting

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

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

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

Use of estimates

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

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**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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1. Significant accounting policies (*continued*)

Investments

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

Cash

Cash is comprised of petty cash and bank account balance.

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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Prepaid local improvement charges

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

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

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

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**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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1. 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.

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**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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1. Significant accounting policies (*continued*)

Non-financial assets

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

a) Tangible capital assets

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

	<b>YEARS</b>
Land improvements	15-20
Buildings	25-50
Engineered structures	
Water system	35-75
Wastewater system	35-75
Other engineered structures	5-80
Machinery and equipment	5-40
Vehicles	10-40

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.

b) 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.

c) 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.

d) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

e) Cultural and historical tangible capital assets

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

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3410 - Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3510 – Tax Revenue

This new standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

3. Cash and temporary investments

	2011	2010
Cash	\$ 3,044,304	\$ 67,714

Council has designated funds of \$561,276 (2010 - \$519,921) for equipment replacement.

The Town holds a restricted amount of \$1,714,643 (2010 - \$1,284,291) received from various grant programs (Note 6).

4. Taxes and grants in place of taxes receivable

	2011	2010
Current taxes and grants in place of taxes	\$ 148,905	\$ 101,535
Arrears taxes	70,558	51,811
	<b>219,463</b>	153,346
Less: allowance for doubtful accounts	<b>(4,566)</b>	(1,102)
	<b>\$ 214,897</b>	<b>\$ 152,244</b>



**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

5. Trust funds

The municipality administers the following trusts:

	2011	2010
Cemetery Perpetual Care	\$ 32,200	\$ 30,000
Community Centre donations	6,252	6,376
Fire Department funds	25,046	33,288
Library donations	225	4,665
Other	6,485	84
<b>Balance, end of the year</b>	<b>\$ 70,208</b>	<b>\$ 74,413</b>

6. Deferred revenue

	2011	2010
Alberta Municipal Infrastructure Program	\$ 182,042	\$ 259,572
Municipal Sustainability Initiative	869,051	530,251
Street Improvement Program	371,764	230,265
Special Grant	92,228	92,228
Federal Gas Tax Fund	199,088	111,623
Prepaid local improvement charges	70,134	81,551
Other	470	60,352
	<b>\$ 1,784,777</b>	<b>\$ 1,365,842</b>

The use of these funds are restricted to eligible projects as approved under the funding agreements.

7. Long term debt

	2011	2010
Tax and special levy supported debentures	\$ 2,841,258	\$ 3,056,351
CHMC debenture	1,438,367	1,515,000
Alberta Treasury Branch loan	139,976	209,984
BMO Bank of Montreal loan	-	54,868
	<b>\$ 4,419,601</b>	<b>\$ 4,836,203</b>

(continues)

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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7. Long term debt (*continued*)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 365,269	\$ 178,699	\$ 543,968
2013	369,201	163,909	533,110
2014	311,882	150,102	461,984
2015	325,073	136,911	461,984
2016	338,831	125,153	463,984
Thereafter	<u>2,709,345</u>	<u>496,309</u>	<u>3,205,654</u>
	<u>\$ 4,419,601</u>	<u>\$ 1,251,083</u>	<u>\$ 5,670,684</u>

The current portion of the long term debt amounts to \$365,269 (2010 - \$413,678)

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.488% to 9.875% per annum and matures in periods 2012 through 2025. The average annual interest rate is 5.0014% for 2011 (6.48% for 2010).

Debenture debt is issued on the credit and security of the municipality at large.

The BMO Bank of Montreal loan was repaid in the year. The Alberta Treasury Branch loan bears interest at the prime rate and matures in 2013.

Interest on long term debt amounted to \$191,900 (2010 - \$178,412).

The municipality's total cash payments for interest in 2011 were \$123,618 (2010 - \$109,447).

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
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8. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the municipality be disclosed as follows:

	2011	2010
Total debt limit	\$ 7,453,704	\$ 7,678,944
Total debt	(4,419,601)	(4,836,203)
Amount of debt limit unused	<b>3,034,103</b>	2,842,741
Debt servicing limit	1,242,284	1,279,824
Debt servicing	(543,968)	(609,265)
	<b>698,316</b>	670,559

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

9. Tangible capital assets (at net book value)

	2011	2010
Land	\$ 2,496,627	\$ 2,587,204
Land improvements	617,295	653,375
Buildings	3,046,372	3,617,085
Engineered structures	-	-
Aquatic Centre	3,142,426	2,598,471
Roadway system	5,112,720	5,591,186
Storm system	813,525	835,881
Water distribution system	5,318,202	5,013,276
Waste water treatment system	7,224,578	7,314,246
Machinery, equipment and furnishings	881,050	956,366
Vehicles	286,217	373,538
	<b>\$ 28,939,012</b>	<b>\$ 29,540,628</b>

**TOWN OF RIMBEY**  
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10. Equity in tangible capital assets

	2011	2010
Tangible capital assets (Schedule 1)	\$ 41,324,036	\$ 41,156,562
Accumulated amortization (Schedule 1)	(12,385,024)	(11,615,934)
Long term debt (Note 6)	(4,419,601)	(4,836,203)
	<b>\$ 24,519,411</b>	<b>\$ 24,704,425</b>

11. Accumulated surplus

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

	2011	2010
Unrestricted surplus	\$ 1,274,605	\$ 433,030
Restricted surplus		
Operating reserve	123,493	133,533
Restricted reserve	561,276	519,921
Equity in tangible capital assets	<b>24,519,411</b>	<b>24,704,425</b>
	<b>\$ 26,478,785</b>	<b>\$ 25,790,909</b>

12. Segmented disclosure

The municipality provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

13. 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:

	Salary	(1)	2011 Benefits & allowances (2,3)	Total	2010 Total			
Mayor Sheldon Ibbotson	\$	19,514	\$	487	\$	20,001	\$	3,623
Mayor Dale Barr		-		-		-		56,852
Joseph Anglin		19,357		3,393		22,750		4,322
Paul Payson		14,309		3,143		17,452		3,319
Gayle Rondeel		13,511		3,104		16,615		4,763
Jack Webb		15,445		3,199		18,644		3,737
Wayne Clark		-		-		-		27,169
Dave Huff		-		-		-		28,160
David Karroll		-		-		-		23,176
Steve Schrader		-		-		-		24,367
Chief Administrative Officer - Goode		132,600		22,089		154,689		116,652
Chief Administrative Officer - Wardrope		-		-		-		45,292
Assistant Chief Administrative Officer		90,168		16,664		106,832		101,748
	\$	304,904	\$	52,079	\$	356,983	\$	443,180

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, 2011**

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14. Local Authorities Pension Plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 206,000 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The municipality is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2011 were \$73,797. Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2011 were \$66,640.

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

15. 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.

16. Financial instruments

The municipality's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality 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.

17. Approval of financial statements

Council and Management have approved these financial statements.

**TOWN OF RIMBEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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18. 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.