

TOWN OF RIMBEY
Consolidated Financial Statements
Year Ended December 31, 2013

TOWN OF RIMBEY
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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Town of Rimbey

We have audited the accompanying consolidated financial statements of Town of Rimbey, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 28, 2014


Seniuk & Company
Seniuk and Company
Chartered Accountants

TOWN OF RIMBEY
Consolidated Statement of Financial Position
December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 772,999	\$ 3,218,098
Term deposits	1,000,000	-
Current taxes and grants in place of taxes (Note 3)	147,910	151,616
Grants and receivables from other governments	34,705	30,752
Trade and other receivables	676,492	411,383
Long term Investments	502,278	2,265
	\$ 3,134,384	\$ 3,814,114
LIABILITIES		
Accounts payable	\$ 421,575	\$ 566,913
Deposits received	72,080	54,675
Current portion of long term debt (Note 8)	311,963	369,266
Long term debt (Note 8)	3,374,977	3,683,165
Deferred income (Note 5)	716,438	1,161,232
Designated donations (Note 6)	110,513	146,611
	5,007,546	5,981,862
NET FINANCIAL ASSET (DEBT)	(1,873,162)	(2,167,748)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	30,124,209	29,537,357
Prepaid expenses	75,087	54,573
	30,199,296	29,591,930
ACCUMULATED SURPLUS	\$ 28,326,134	\$ 27,424,182

On behalf of Council


 _____ Councilor


 _____ Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Operations
Year Ended December 31, 2013

	Budget		
	2013	2013	2012
REVENUE			
Net municipal taxes (Schedule 3)	\$ 2,286,335	\$ 2,239,530	\$ 2,135,813
User fees and sale of goods	1,170,076	1,522,076	1,060,556
Government transfers for operating	432,044	460,546	435,499
Investment income	26,300	31,706	27,913
Penalties and costs of taxes	69,000	51,340	67,765
Licenses and permits	54,600	55,365	60,777
Rentals	153,944	157,821	215,174
Franchise fees & concession contracts	264,000	265,772	221,150
Other	606,057	229,830	167,805
Total revenue	5,062,356	5,013,986	4,392,452
EXPENSES			
Administration and legislative	872,490	870,858	772,649
Police services	67,331	41,659	51,892
Fire service	106,664	107,674	95,356
Bylaw enforcement	50,372	59,276	37,300
Disaster and emergency measures	3,500	1,276	503
Ambulance	-	-	1,073
Roads, streets, walks and lighting	511,301	522,164	487,729
Airport	7,888	7,774	5,387
Storm sewers and drainage	4,825	4,143	2,819
Water supply and distribution	309,788	266,306	293,131
Wastewater treatment and disposal	212,102	229,906	250,246
Waste management	157,360	208,514	213,279
Family and community support	186,166	186,166	178,522
Cemeteries and Crematoriums	50,346	15,913	22,658
Land use planning, zoning and development	199,104	135,764	156,161
Parks and recreation	785,026	716,763	681,717
Libraries, museums and halls	443,875	588,334	450,755
Total operating expenses	3,968,138	3,962,490	3,701,177
Excess (deficiency) of revenue over expenses before other	1,094,218	1,051,496	691,275

(continues)

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Operations *(continued)*
Year Ended December 31, 2013

	Budget		
	2013	2013	2012
OTHER INCOME (EXPENSES)			
Government transfers for capital	-	1,239,007	1,503,902
Loss on disposal of assets	-	(19,116)	(13,528)
Amortization of tangible capital assets	-	(1,227,270)	(1,158,726)
Write down of AHS change order request <i>(Note 14)</i>	-	(142,166)	-
	-	(149,545)	331,648
EXCESS OF REVENUE OVER EXPENSES	1,094,218	901,951	1,022,923
ACCUMULATED SURPLUS, BEGINNING OF YEAR	27,424,182	27,424,182	26,401,259
ACCUMULATED SURPLUS, END OF YEAR	\$ 29,420,351	\$ 28,326,133	\$ 27,424,182

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2013

	2013	2012
Excess of revenue over expenses	\$ 901,952	\$ 1,022,923
Acquisition of tangible capital assets	(1,864,038)	(1,774,908)
Proceeds on disposal of tangible capital assets	30,800	4,311
Amortization of tangible capital assets	1,227,270	1,158,726
(Gain) loss on disposal of assets	19,116	13,528
	(586,852)	(598,343)
Use of prepaids	(20,514)	\$ (17)
(INCREASE) DECREASE IN NET DEBT	294,586	424,563
Net financial assets (debt), beginning of year	(2,167,748)	(2,592,311)
NET ASSETS - END OF YEAR	\$ (1,873,162)	\$ (2,167,748)

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 901,951	\$ 1,022,923
Items not affecting cash:		
Loss on disposal of assets	19,116	13,528
Amortization of tangible capital assets	1,227,270	1,158,726
	2,148,337	2,195,177
Changes in non-cash working capital:		
Trade and other receivables	(265,109)	(30,271)
Current taxes and grants in place of taxes	3,706	63,281
Grants and receivables from other governments	(3,953)	503,727
Accounts payable	(145,338)	180,876
Deferred income	(444,794)	(701,075)
Prepaid expenses	(20,514)	(17)
Deposits received	17,405	17,050
	(858,597)	33,571
Cash flow from operating activities	1,289,740	2,228,748
INVESTING ACTIVITIES		
Purchase of capital assets	(1,864,038)	(1,774,908)
Proceeds on disposal of capital assets	30,800	4,311
Long term Investments	(500,013)	64
Designated donations	(36,098)	82,749
Cash flow used by investing activities	(2,369,349)	(1,687,784)
FINANCING ACTIVITY		
Repayment of long term debt	(365,491)	(367,170)
INCREASE (DECREASE) IN CASH FLOW	(1,445,100)	173,794
Cash - beginning of year	3,218,098	3,044,304
CASH - END OF YEAR (Note 2)	\$ 1,772,998	\$ 3,218,098

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY**Consolidated Schedule 1 - Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2013**

	Budget 2013	2013	2012
TAXATION			
Real property tax	\$ 3,009,536	\$ 2,871,833	\$ 2,717,469
Linear property taxes	-	39,714	39,127
Special assessments	120,000	114,442	122,797
Grants in lieu of property taxes	-	56,742	59,939
	3,129,536	3,082,731	2,939,332
REQUISITIONS			
Alberta School Foundation	810,699	810,699	772,585
Seniors' housing requisition	32,502	32,502	30,934
	843,201	843,201	803,519
NET MUNICIPAL TAXES	\$ 2,286,335	\$ 2,239,530	\$ 2,135,813

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Schedule 2 - Schedule of Government Transfers
Year Ended December 31, 2013

(Schedule 2)

	Budget		
	2013	2013	2012
TRANSFERS FOR OPERATING			
Provincial Government	\$ 215,544	\$ 219,212	\$ 224,612
Federal Government	3,000	3,000	3,000
Other Local Governments	213,500	238,335	207,887
	432,044	460,547	435,499
	432,044	460,547	435,499
TRANSFERS FOR CAPITAL			
Provincial Government	-	1,099,142	1,114,838
Federal Government	-	139,865	389,064
	-	1,239,007	1,503,902
TOTAL GOVERNMENT TRANSFERS	\$ 432,044	\$ 1,699,554	\$ 1,939,401

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY**Consolidated Schedule 3 - Schedule of Expenditures by Object****(Schedule 3)****Year Ended December 31, 2013**

	Budget 2013	2013	2012
EXPENSES			
Salaries, wages & benefits	\$ 1,596,647	\$ 1,668,129	\$ 1,561,867
Contracted and general services	905,709	875,313	782,626
Materials, goods and utilities	874,733	818,754	796,541
Transfer to local boards and agencies	368,890	396,230	324,524
Bank charges and short term interest	5,000	5,573	5,278
Interest on long term	163,909	162,981	174,057
Other expenditures	38,250	31,185	51,944
Allowances and bad debts	15,000	146,491	4,341
Total Consolidated Expenditures by Object	\$ 3,968,138	\$ 4,104,656	\$ 3,701,178

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Consolidated Schedule 4 - Schedule of Segmented Disclosure

(Schedule 4)

Year Ended December 31, 2013

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
								\$
REVENUE								
Net municipal taxes	\$ 2,239,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,239,530
Government transfers	1,295,532	55,885	-	4,000	185,450	-	158,686	1,699,553
User fees and sales of goods	4,102	16,810	8,330	228	84,846	989,380	12,380	1,116,076
Investment income	31,355	-	-	-	-	-	351	31,706
Other revenues	329,334	103,812	2,532	65,556	172,711	466,928	213	1,141,086
	3,899,853	176,507	10,862	69,783	443,007	1,456,308	171,630	6,227,952
EXPENSES								
Contract & general services	217,048	78,306	113,046	63,303	163,973	239,612	25	875,313
Salaries & wages	598,806	68,888	217,690	56,759	491,891	220,067	14,028	1,668,128
Goods & supplies	34,016	62,170	162,897	11,568	393,982	152,263	1,859	818,754
Transfers to local boards	11,840	-	-	-	198,224	-	186,166	396,230
Long-term debt interest	-	40,089	-	-	30,160	92,733	-	162,981
Other expenses	8,954	142,166	21,916	4,134	100	53	-	177,323
	870,664	391,618	515,548	135,764	1,278,329	704,727	202,079	4,098,729
NET REVENUE, BEFORE AMORTIZATION	3,029,190	(215,111)	(504,686)	(65,981)	(835,322)	751,581	(30,449)	2,129,223
Amortization expense	25,475	34,067	621,012	11,911	189,729	344,659	417	1,227,270
NET REVENUE	\$ 3,003,715	\$ (249,178)	\$ (1,125,698)	\$ (77,892)	\$ (1,025,051)	\$ 406,922	\$ (30,865)	\$ 901,953

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Town of Rimbey (the "Town"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Rimbey Fire Department

Town of Rimbey Water Park

Town of Rimbey Arena

Town of Rimbey Community Centre

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

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

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

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

Use of Estimates

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

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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

Investments

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

Debt Charges Recoverable

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

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventories for resale

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

Prepaid Local Improvement Charges

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

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

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

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction are not expected to be repaid in the future or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Non-Financial Assets

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

Tangible Capital Assets

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

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

No amortization is charged in the year of acquisition and 100% of the annual amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Cultural and Historical Tangible Capital Assets

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

Leases

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

TOWN OF RIMBEY

Notes to Consolidated Financial Statements

Year Ended December 31, 2013

2. CASH AND TEMPORARY INVESTMENTS

	2013	2012
Cash and temporary investments	\$ 662,486	\$ 1,975,905
Temporary investments	1,000,000	-
Restricted cash	110,513	1,242,193
	\$ 1,772,999	\$ 3,218,098

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

Included in cash are restricted amounts received from the Municipal Sustainability Initiative, Basic Municipal Transportation Grant, Federal Gas Tax Fund, and Storm Sewer Hospital Grant and are held exclusively for future approved projects (Note 5) as well as designated donations (Note: 6).

Cash held in term deposits (2013 - \$ 500,000, 2012 - \$ NIL) maturing beyond one year (July 26, 2015) are classified as long term investments.

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2013	2012
Current taxes and grants in place of taxes	\$ 72,433	\$ 17,335
Arrears taxes and grants in place of taxes	78,251	136,549
Sub-total	150,684	153,884
Allowance for doubtful accounts	(2,774)	(2,268)
	\$ 147,910	\$ 151,616

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 2,596,627	\$ -	\$ 2,596,627	\$ 2,596,627
Land improvements	1,048,179	-	1,048,179	1,039,511
Engineered structures	33,790,470	11,608,479	22,181,991	21,751,830
Buildings	5,078,146	2,248,889	2,829,257	2,915,386
Machinery and equipment	1,634,596	539,590	1,095,006	867,412
Motor vehicles	641,303	268,154	373,149	366,591
	\$ 44,789,321	\$ 14,665,112	\$ 30,124,209	\$ 29,537,357

The net book value of the tangible capital assets at year end, less related debt, represents the amount of equity in tangible capital assets (See Note: 10).

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

5. DEFERRED REVENUE

Deferred revenue is comprised of:

	2013	2012
Alberta Municipal Infrastructure Program	\$ -	\$ 8,551
Federal Gas Tax Fund	-	762
Municipal Sustainability Initiative - Capital	642,273	994,040
Storm Sewer Hospital Grant	-	92,229
Other deferred revenue	2,328	3,269
Prepaid local improvement charges	59,504	62,381
Prepaid property taxes	12,333	-
	\$ 716,438	\$ 1,161,232

Alberta Municipal Infrastructure Program

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

Basic Municipal Transportation Grant

Additional funding in the amount of \$142,680 was received in the current year from the Basic Municipal Transportation Grant and is restricted to eligible capital transportation projects, as approved under the funding agreement. All projects related to this grant were fully completed during the year.

Federal Gas Tax Fund

Additional funding in the amount of \$139,102 was received in the current year from the Federal Gas Tax Fund and is restricted to eligible capital projects, as approved under the funding agreement. All projects related to this grant were fully completed during the year.

Municipal Sustainability Initiative - Capital

Additional funding in the amount of \$503,914 was received in the current year from the Municipal Sustainability Initiative - Capital and is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in the next 5 years. Unexpended funds related to the advance are supported by restricted cash of \$642,273 held exclusively for these projects (refer to Note 2).

Storm Sewer Hospital Grant

In 2008, a \$429,860 grant was received from the Provincial Government to support the costs of upgrading the storm sewer system servicing the Rimbey Hospital and Provincial Building. This project was fully completed during the year.

Prepaid Local Improvement Charges

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

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

6. DESIGNATED DONATIONS

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

	2013	2012
Cemetery Perpetual Care	\$ 36,490	\$ 34,620
Community Centre donations	6,286	6,286
Fire Department funds	13,681	24,571
Pool Equipment Fund	51,496	81,134
	\$ 107,953	\$ 146,611

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

7. EMPLOYEE BENEFIT OBLIGATIONS

Included in accounts payable are employee benefit obligations of:

	2013	2012
Vacation and overtime	\$ 54,349	\$ 45,586

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

8. LONG TERM DEBT

	2013	2012
Alberta Capital Finance Authority debenture loan bearing interest at 5.625% per annum, repayable in annual blended payments of \$31,342. The loan matures on September 15, 2018 and is secured by the credit and security of the Town at large.	\$ 133,381	\$ 155,951
Alberta Capital Finance Authority debenture loan bearing interest at 2.02% per annum, repayable in semi-annual blended payments of \$26,838. The loan matures on September 17, 2018 and is secured by the credit and security of the Town at large.	218,852	262,364
Alberta Capital Finance Authority debenture loan bearing interest at 2.24% per annum, repayable in semi-annual blended payments of \$28,145. The loan matures on December 31, 2024 and is secured by the credit and security of the Town at large.	467,386	501,580

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

8. LONG TERM DEBT (continued)

	2013	2012
Alberta Capital Finance Authority debenture loan bearing interest at 2.17% per annum, repayable in semi-annual blended payments of \$48,397. The loan matures on September 17, 2023 and is secured by the credit and security of the Town at large.	747,022	809,358
Alberta Capital Finance Authority debenture loan bearing interest at 3.488% per annum, repayable in semi-annual blended payments of \$43,094. The loan matures on September 15, 2025 and is secured by the credit and security of the Town at large.	839,209	894,670
ATB bank loan bearing interest at prime less 0.25% per annum, repayable in annual payments of \$70,008 plus interest. The loan matures on December 31, 2013 and is secured by land.	-	69,954
CMHC loan bearing interest at 4.15% per annum, repayable in annual blended payments of \$137,694. The loan matures on May 1, 2025 and is secured by the credit and security of the Town at large.	1,281,090	1,358,554
	3,686,940	4,052,431
Amounts payable within one year	(311,963)	(369,266)
	\$ 3,374,977	\$ 3,683,165

Principal reductions over the next 5 years are approximately:

2014	\$ 311,963
2015	325,158
2016	338,919
2017	353,271
2018	341,401
Thereafter	<u>2,016,228</u>
	\$ 3,686,940

Interest on long-term debt amounted to \$ 163,957 (2012 - 177,131)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. DEBT LIMITS

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

	2013	2012
Total debt limit	\$ 7,520,979	\$ 6,523,080
Total debt	(3,686,941)	(4,052,432)
Amount of debt limit unused	3,834,038	2,470,648
Debt servicing limit	1,253,497	1,087,180
Debt servicing	(365,491)	(544,301)
Amount of debt servicing limit unused	\$ 888,006	\$ 542,879

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

10. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2013	2012
Tangible capital assets (Note 4)	\$ 44,789,321	\$ 43,081,107
Accumulated amortization (Note 4)	(14,665,113)	(13,543,750)
Long term debt (Note 8)	(3,686,941)	(4,052,432)
	\$ 26,437,267	\$ 25,484,925

11. ACCUMULATED SURPLUS

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

	2013	2012
Unrestricted surplus	\$ 318,628	\$ 1,054,485
Operating reserve	323,494	123,494
Restricted reserve	1,246,743	761,276
Equity in tangible capital assets	26,437,267	25,484,925
	\$ 28,326,132	\$ 27,424,180

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

12. LOCAL AUTHORITIES PENSION PLAN

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

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

The Town is required to make current service contributions to the LAPP of 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2013 were \$113,741 (2012 - \$91,640). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2013 were \$104,992 (2012 - \$83,115).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

13. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 4).

14. AMBULANCE CHANGE ORDER CLAIM

In October 2011 the Town filed a change order claim with Alberta Health Services (AHS) for cost recoveries arising from a funding shortfall from AHS for ambulance services for the period comprising April 1, 2009 to September 30, 2011. The claim was in the amount of \$ 202,557 representing ambulance costs in excess of revenue over the period claimed during which time the Town was providing regional ambulance services under contract with AHS. Subsequent to September 2011 the ambulance service was discontinued by the Town and was taken over by a private contractor under contract with AHS.

In 2013 the change order claims were settled for \$ 60,391 and the balance of the change order claim has been written off in 2013. As this is not representative of normal ambulance service operating costs the write down has been reflected as other expense.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

				2013	2012
	Salary (1)	\$ Benefits & allowances (2)	Total	Total	
Sheldon Ibbotson - Mayor	\$ 17,080	\$ 426	\$ 17,506	\$ 21,846	
Rick Pankiw - Mayor	5,454	570	6,024	-	
Joseph Anglin - Councilor	-	-	-	10,041	
Scott Ellis - Councilor	11,949	2,347	14,296	6,979	
Mathew Jaycox - Councilor	4,310	532	4,842	-	
Paul Payson - Councilor	14,420	2,826	17,246	18,446	
Einar Olsen - Councilor	4,310	532	4,842	-	
Gayle Rondeel - Councilor	11,300	2,326	13,626	19,344	
Jack Webb - Councilor	16,753	2,896	19,649	18,160	
Chief Administrative Officer	142,106	26,379	168,485	157,300	
Assistant Chief Administrative Officer (former)	-	-	-	95,164	
Assistant Chief Administrative Officer (current)	78,320	17,058	95,378	20,540	
	\$ 306,002	\$ 55,892	\$ 361,894	\$ 367,820	

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, 2013

16. FINANCIAL INSTRUMENTS

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

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

Credit risk

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

Fair value

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

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

17. CONTINGENT LIABILITY

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

19. COMPARATIVE FIGURES

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

20. BUDGET AMOUNTS

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