

TOWN OF RIMBEY
Consolidated Financial Statements
Year Ended December 31, 2018

TOWN OF RIMBEY
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Councils of Town of Rimbey

Opinion

We have audited the consolidated financial statements of Town of Rimbey (the Town), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Edmonton, Alberta
April 23, 2019

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

TOWN OF RIMBEY
Consolidated Statement of Financial Position
December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,912,873	\$ 3,926,695
Taxes and grants in place of taxes (Note 4)	136,659	164,122
Grants and receivables from other governments (Note 5)	39,374	14,097
Trade and other receivables	272,133	218,322
Long term Investments	2,326	2,326
	\$ 5,363,365	\$ 4,325,562
LIABILITIES		
Accounts payable	\$ 291,171	\$ 282,019
Deposits received	59,125	63,750
Long term debt (Note 11)	2,016,673	2,357,979
Deferred income (Note 8)	1,520,902	1,130,083
Designated donations (Note 10)	33,410	37,302
	3,921,281	3,871,133
NET FINANCIAL ASSET (DEBT)	1,442,084	454,429
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	28,966,223	28,937,059
Fire services agreement (Note 6.)	294,343	320,315
Prepaid expenses	89,868	84,171
	29,350,434	29,341,545
ACCUMULATED SURPLUS	\$ 30,792,518	\$ 29,795,974

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, 2018

	Budget (Unaudited) 2018	2018	2017
REVENUE			
Net municipal taxes (Schedule 1)	\$ 2,612,906	\$ 2,610,508	\$ 2,513,732
User fees and sale of goods	1,201,267	1,192,571	1,199,209
Government transfers for operating (Schedule 2)	438,038	437,551	442,985
Investment income	20,300	70,798	37,276
Penalties and costs of taxes	75,500	94,189	140,100
Licenses and permits	40,860	48,916	32,117
Rentals	180,687	209,650	193,274
Franchise fees & concession contracts	501,891	460,723	437,393
Other	93,694	276,397	187,836
Total revenue	5,165,143	5,401,303	5,183,922
EXPENSES			
Administration and legislative	964,820	909,719	940,422
Police services	69,403	98,378	53,525
Fire service	-	25,971	25,971
Bylaw enforcement	130,357	72,456	107,758
Disaster and emergency measures	3,125	2,035	1,935
Roads, streets, walks and lighting	774,669	642,214	578,086
Airport	14,735	4,054	11,989
Storm sewers and drainage	10,800	13,218	13,823
Water supply and distribution	344,060	337,671	299,392
Wastewater treatment and disposal	301,593	238,675	231,117
Waste management	210,803	191,150	196,756
Family and community support	286,148	275,954	264,432
Cemeteries and crematoriums	55,443	31,330	24,769
Land use planning, zoning and development	138,250	126,237	162,437
Parks and recreation	864,507	692,850	720,558
Libraries, museums and halls	548,035	509,309	486,336
Total operating expenses	4,716,748	4,171,221	4,119,306
Excess (deficiency) of revenue over expenses before other	448,395	1,230,082	1,064,616

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The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Operations *(continued)*
Year Ended December 31, 2018

	Budget (Unaudited) 2018	2018	2017
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	-	918,067	731,900
Gain on disposal of assets	-	76,260	-
Amortization of tangible capital assets	-	(1,227,865)	(1,280,848)
	-	(233,538)	(548,948)
EXCESS OF REVENUE OVER EXPENSES	448,395	996,544	515,668
ACCUMULATED SURPLUS, BEGINNING OF YEAR	29,795,974	29,795,974	29,280,306
ACCUMULATED SURPLUS, END OF YEAR	\$ 30,244,369	\$ 30,792,518	\$ 29,795,974

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, 2018

	2018	2017
Excess of revenue over expenses	\$ 996,544	\$ 515,668
Acquisition of tangible capital assets	(1,306,368)	(1,066,971)
Proceeds on disposal of tangible capital assets	125,600	-
Amortization of tangible capital assets	1,227,865	1,280,848
(Gain) loss on disposal of assets	(76,260)	-
	(29,163)	213,877
Use of deferred charges	25,971	\$ 25,971
Use of prepaids	(5,697)	\$ (1,643)
(INCREASE) DECREASE IN NET DEBT	987,655	753,873
Net financial assets (debt), beginning of year	454,429	(299,444)
NET ASSETS - END OF YEAR	\$ 1,442,084	\$ 454,429

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 996,544	\$ 515,668
Items not affecting cash:		
Gain on disposal of assets	(76,260)	-
Amortization of tangible capital assets	1,227,865	1,280,848
	2,148,149	1,796,516
Changes in non-cash working capital:		
Trade and other receivables	(53,811)	47,287
Current taxes and grants in place of taxes	27,463	53,268
Grants and receivables from other governments	(25,277)	40,615
Accounts payable	9,150	(161,795)
Deferred income	390,819	223,231
Prepaid expenses	(5,697)	(1,643)
Amortization of deferred charges	25,972	25,971
Deposits received	(4,625)	(850)
	363,994	226,084
Cash flow from operating activities	2,512,143	2,022,600
INVESTING ACTIVITIES		
Purchase of capital assets	(1,306,368)	(1,066,971)
Proceeds on disposal of capital assets	125,600	-
Long term Investments	-	(11)
Designated donations	(3,892)	(20,339)
Cash flow used by investing activities	(1,184,660)	(1,087,321)
FINANCING ACTIVITY		
Repayment of long term debt	(341,305)	(353,179)
INCREASE IN CASH FLOW	986,178	582,100
Cash - beginning of year	3,926,695	3,344,595
CASH - END OF YEAR (Note 2)	\$ 4,912,873	\$ 3,926,695

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2018

	Budget (Unaudited) 2018	2018	2017
TAXATION			
Real property tax	\$ 3,337,576	\$ 3,335,790	\$ 3,222,414
Linear property taxes	59,000	58,783	57,209
Special assessments	114,311	114,311	114,311
Grants in lieu of property taxes	29,000	28,605	27,720
	3,539,887	3,537,489	3,421,654
REQUISITIONS			
Alberta School Foundation	895,064	895,064	875,596
Seniors' housing requisition	31,917	31,917	32,326
	926,981	926,981	907,922
NET MUNICIPAL TAXES	\$ 2,612,906	\$ 2,610,508	\$ 2,513,732

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2018

	Budget (Unaudited) 2018	2018	2017
TRANSFERS FOR OPERATING			
Provincial Government	\$ 225,038	\$ 223,621	\$ 229,255
Federal Government	3,000	3,200	3,000
Other Local Governments	210,000	210,730	210,730
	438,038	437,551	442,985
	438,038	437,551	442,985
TRANSFERS FOR CAPITAL			
Provincial Government	-	918,067	731,900
TOTAL GOVERNMENT TRANSFERS	\$ 438,038	\$ 1,355,618	\$ 1,174,885

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY**Consolidated Schedule of Expenditures by Object****(Schedule 3)****Year Ended December 31, 2018**

	Budget (Unaudited) 2018	2018	2017
EXPENSES			
Salaries, wages & benefits	\$ 1,978,372	\$ 1,705,228	\$ 1,750,892
Contracted and general services	1,324,893	1,167,007	1,058,835
Materials, goods and utilities	832,160	738,615	728,126
Transfer to local boards and agencies	445,492	435,298	435,725
Interest on long term	93,841	88,563	103,444
Other expenditures	38,040	36,510	42,115
Allowances and bad debts	-	-	169
Total Consolidated Expenditures by Object	\$ 4,712,798	\$ 4,171,221	\$ 4,119,306

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2018

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2018
REVENUE								
Net municipal taxes	\$ 2,610,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610,508
Government transfers	-	-	-	-	404,354	33,197	-	437,551
User fees and sales of goods	3,828	-	8,128	800	111,884	1,067,931	-	1,192,571
Investment income	70,590	-	-	-	208	-	-	70,798
Other revenues	592,885	84,744	10,680	48,066	214,477	139,024	-	1,089,876
	3,277,811	84,744	18,808	48,866	730,923	1,240,152	-	5,401,304
EXPENSES								
Salaries & wages	599,796	56,837	265,653	20,607	515,054	247,280	-	1,705,227
Contract & general services	272,195	129,771	159,036	91,203	201,488	313,314	-	1,167,007
Materials, goods & utilities	34,206	11,857	219,039	5,465	316,460	151,588	-	738,615
Transfers to local boards	22,530	-	-	4,000	408,768	-	-	435,298
Long term debt interest	-	-	14,937	-	19,585	54,042	-	88,564
Other expenses	3,521	377	822	7,461	24,330	-	-	36,511
	932,248	198,842	659,487	128,736	1,485,685	766,224	-	4,171,222
Excess (deficiency) of revenue over expenses before other	2,345,563	(114,098)	(640,679)	(79,870)	(754,762)	473,928	-	1,230,082
OTHER								
Amortization	(28,289)	(17,413)	(602,359)	(8,231)	(209,529)	(362,044)	-	(1,227,865)
Gain on sale of assets	-	-	76,260	-	-	-	-	76,260
Government transfers for capital	-	-	568,067	-	-	350,000	-	918,067
	(28,289)	(17,413)	41,968	(8,231)	(209,529)	(12,044)	-	(233,538)
EXCESS OF REVENUE OVER EXPENSES	\$ 2,317,274	\$ (131,511)	\$ (598,711)	\$ (88,101)	\$ (964,291)	\$ 461,884	\$ -	\$ 996,544

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2018**

(Schedule 5)

	Unrestricted Surplus	Special Projects Operating Reserve	Capital Reserves	Equity in Tangible Capital Assets	Total 2018	Total 2017
BALANCE, BEGINNING OF YEAR	\$ 2,010,635	\$ 166,128	\$ 1,040,129	\$ 26,579,082	\$ 29,795,974	\$ 29,280,306
Excess (deficiency) of revenues over expenses	996,544		-	-	996,544	515,668
Current year funds used for tangible capital assets	(1,306,368)	-	-	1,306,368	-	-
Annual amortization expense	1,227,865	-	-	(1,227,865)	-	-
Principle repayments on long term debt	(341,305)	-	-	341,305	-	-
Net transfers to/from capital reserves	(1,119,587)	-	1,119,587	-	-	-
Net transfers to/from operating reserves	(392,470)	392,470	-	-	-	-
Disposal to tangible capital assets	49,340	-	-	(49,340)	-	-
	(885,981)	392,470	1,119,587	370,468	996,544	515,668
BALANCE, END OF YEAR	\$ 1,124,654	\$ 558,598	\$ 2,159,716	\$ 26,949,550	\$ 30,792,518	\$ 29,795,974

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

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Town of Rimbey Fire Department (Until April 2015. See Note 6 for further details)

Town of Rimbey Water Park

Town of Rimbey Arena

Town of Rimbey Community Centre

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

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

Basis of Accounting

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

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

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

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

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

Tax Revenue

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

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

Use of Estimates

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

Investments

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

Debt Charges Recoverable

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

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.

(*continues*)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

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

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

Inventories for Resale

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

Deferred Charges

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

Local Improvements

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

Contaminated Sites Liability

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

Government Transfers

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

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

Non-Financial Assets

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

(*continues*)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

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

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.

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash	\$ 2,246,409	\$ 1,668,916
Restricted cash	1,466,463	1,057,779
Temporary investments	1,200,001	1,200,000
	\$ 4,912,873	\$ 3,926,695

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

Included in cash are restricted amounts received from the municipal grants and are held exclusively for future approved projects (Note 8) as well as designated donations (Note 10).

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

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

3. TEMPORARY INVESTMENTS

	2018 Cost	2018 Market value	2017 Cost	2017 Market value
Short term note due August 2018	\$ -	\$ -	\$ 200,000	\$ 200,000
Short term note due May 2018	-	-	1,000,000	1,000,000
Short term note due August 2018	-	-	200,000	200,000
Short term note due May 2019	1,000,000	1,000,000	-	-
Short term note due October 2019	200,000	200,000	-	-
	\$ 1,200,000	\$ 1,200,000	\$ 1,400,000	\$ 1,400,000

Short term notes and deposits have effective interest rates of 2.0% (2017 – 1.6%) and mature in less than one year. See Note 2 for the breakdown between the restricted and unrestricted portions.

4. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2018	2017
Current taxes and grants in place of taxes	\$ 88,503	\$ 146,255
Arrears taxes and grants in place of taxes	48,156	17,867
	\$ 136,659	\$ 164,122

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2018	2017
GST receivable	\$ 39,374	\$ 14,097

6. DEFERRED CHARGES

In 2015 the Town entered into a long term agreement with Ponoka County. In exchange for providing fire services to the Town until 2030, Ponoka County received title to the firehall, related equipment and related vehicles with a net book value of \$389,582. The net book value of the assets transferred have been set up a deferred charge asset and will be amortized over the life of the agreement.

	2018	2017
Fire services agreement	\$ 389,572	\$ 389,572
Accumulated amortization of Fire Services Agreement	(95,229)	(69,257)
	\$ 294,343	\$ 320,315

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 2,556,287	\$ -	\$ 2,556,287	\$ 2,596,627
Land improvements	1,143,182	640,698	502,484	542,879
Engineered structures	37,672,141	15,762,139	21,910,002	21,563,854
Buildings	5,634,566	2,865,431	2,769,135	2,865,009
Machinery and equipment	1,927,666	866,676	1,060,990	1,171,834
Motor vehicles	405,723	238,398	167,325	196,856
	\$ 49,339,565	\$ 20,373,342	\$ 28,966,223	\$ 28,937,059

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2018	2017
Municipal Sustainability Initiative - Capital	\$ 1,466,463	\$ 1,057,779
Other deferred revenue	-	14,745
Prepaid property taxes	9,040	21,117
Prepaid local improvement charges	25,252	32,102
Prepaid Utilities	5,037	4,340
	\$ 1,505,792	\$ 1,130,083

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects as approved under the funding agreement which are scheduled for completion in the next 5 years. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

Prepaid Local Improvement Charges

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

9. EMPLOYEE BENEFIT OBLIGATIONS

Included in accounts payable are employee benefit obligations of:

	2018	2017
Vacation and overtime	\$ 87,332	\$ 68,983

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.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

10. DESIGNATED DONATIONS

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

	2018	2017
Cemetery Perpetual Care	\$ 16,604	\$ 24,984
Community Centre donations	6,586	6,586
Pool Equipment Fund	1,459	1,459
Trail System benches	2,000	2,000
Historical Society	257	-
Other	6,504	2,273
	\$ 33,410	\$ 37,302

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

11. LONG TERM DEBT

	2018	2017
Alberta Capital Finance Authority debenture loan bearing interest at 4.481% per annum, repayable in 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.	\$ 271,724	\$ 314,399
Alberta Capital Finance Authority debenture loan bearing interest at 5.625% per annum, repayable in semi-annual blended payments of \$31,342. The loan matures on December 31, 2018 and is secured by the credit and security of the Town at large. This debt was fully repaid during the year.	-	29,673
Alberta Capital Finance Authority debenture loan bearing interest at 4.04% per annum, repayable in semi-annual blended payments of \$26,838. The loan matures on December 31, 2018 and is secured by the credit and security of the Town at large. This debt was fully repaid during the year.	-	26,307
Alberta Capital Finance Authority debenture loan bearing interest at 4.34% per annum, repayable in semi-annual blended payments of \$48,397. The loan matures on March 17, 2023 and is secured by the credit and security of the Town at large.	391,839	469,103
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.	531,226	597,155

(continues)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

11. LONG TERM DEBT (continued)

	2018	2017
CMHC Loan loan bearing interest at 4.15% per annum, repayable in semi-annual blended payments of \$137,694. The loan matures on and is secured by Credit + security of Town at large.	821,884	921,342
	\$ 2,016,673	\$ 2,357,979

Principal reductions over the next 5 years are approximately:

2019	\$ 297,096
2020	309,356
2021	322,125
2022	335,425
2023	300,883
Thereafter	451,788
	<u>\$ 2,016,673</u>

Interest on long term debt amounted to \$88,563 (2017 - \$103,444)

12. 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:

	2018	2017
Total debt limit	\$ 8,101,955	\$ 7,775,883
Total debt	(2,016,673)	(2,357,978)
Amount of debt limit unused	6,085,282	5,417,905
Debt servicing limit	1,350,326	1,295,981
Debt servicing	(429,868)	(456,623)
Amount of debt servicing limit unused	\$ 920,458	\$ 839,358

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

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

13. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2018	2017
Tangible capital assets (Note 7)	\$ 49,339,564	\$ 48,098,536
Accumulated amortization (Note 7)	(20,373,343)	(19,161,478)
Long term debt (Note 11)	(2,016,673)	(2,357,978)
	\$ 26,949,548	\$ 26,579,080

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$151,572 (2017 - \$161,909). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2018 were \$139,070 (2017 - \$148,567).

At December 31, 2017 the LAPP disclosed an actuarial deficiency of \$4.835 billion.

15. SEGMENTED DISCLOSURE

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

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

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

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.

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2018

17. 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:

			2018	2017
	Salary (1)	Benefits & allowances (2)	Total	Total
Rick Pankiw - Mayor	\$ 31,766	\$ 4,567	\$ 36,333	\$ 35,419
Brian Godlonton - Councilor	-	-	-	26,568
Mathew Jaycox - Councilor	-	-	-	23,153
Paul Payson - Councilor	16,399	4,065	20,464	21,778
Jack Webb - Councilor	-	-	-	26,657
Bill Coulthard - Councilor	-	-	-	5,903
John Coulthard - Councilor	19,141	4,156	23,297	-
Lana Curle - Councilor	20,846	4,212	25,058	4,768
Gayle Rondeel - Councilor	17,913	4,115	22,028	5,256
Chief Administrative Officer	142,875	29,009	171,884	163,173
Designated Officers	41,032	-	41,032	38,922
	\$ 289,972	\$ 50,124	\$ 340,096	\$ 351,597

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.

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.