



Wilde and Company

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council 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, 2010 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 generally accepted accounting principles, 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, 2010, and 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 generally accepted accounting principles.

Vegreville, AB
May 18, 2011

Wilde & Company
Chartered Accountants

TOWN OF RIMBEY
Consolidated Statement of Financial Position
As at December 31, 2010

	2010	2009
Financial Assets		
Cash and temporary investments (Note 3)	\$ 67,714	\$ 665,181
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	152,244	105,762
Due from governments	3,078,605	1,111,896
Trade and other receivables	198,049	201,967
Investments	2,329	2,329
	3,498,941	2,087,135
Liabilities		
Accounts payable and accrued liabilities	1,028,856	319,786
Trust funds (Note 11)	74,413	77,270
Deferred revenue (Note 5)	1,365,842	647,167
Long term debt (Note 6, Note 7)	4,836,203	2,627,367
	7,305,314	3,671,590
Net Financial Assets (Debt)	(3,806,373)	(1,584,455)
Non-Financial Assets		
Tangible capital assets (Schedule 1)	29,540,628	24,168,998
Prepaid expenses	56,654	54,626
	29,597,282	24,223,624
Accumulated Surplus (Note 10)	\$ 25,790,909	\$ 22,639,168

Contingencies (Note 14)

TOWN OF RIMBEY
Consolidated Statement of Operations
Year Ended December 31, 2010

	Budget (Unaudited)	2010	2009
Revenue			
Net municipal taxes (Schedule 3)	\$ 1,949,213	\$ 1,942,197	\$ 1,840,434
User fees and sales of goods	1,515,120	1,432,949	1,454,347
Government transfers for operating (Schedule 4)	1,012,748	1,052,188	960,677
Investment income	26,580	39,257	25,565
Penalties and costs on taxes	30,000	38,244	25,791
Rentals	187,470	212,586	173,421
Franchise revenues	200,000	219,143	192,532
Licenses, permits and fines	54,050	71,169	85,350
Other	75,135	111,563	227,356
	5,050,316	5,119,296	4,985,473
Expenses			
Administration and legislative	846,069	784,910	790,842
Fire protection and safety services	165,990	176,391	189,050
Ambulance services	682,740	729,215	674,649
Bylaw enforcement	12,700	10,710	10,618
Roads, streets, walks, lighting	481,134	1,040,613	1,112,830
Airport	8,955	5,920	6,977
Water supply and distribution	235,783	320,882	318,687
Wastewater treatment and disposal	200,727	354,762	251,234
Waste management	364,236	374,549	355,666
Family and community support	178,522	178,522	177,191
Cemetery	14,384	16,473	10,024
Land use planning, zoning and development	391,400	443,852	345,534
Parks and recreation	425,872	504,289	518,682
Culture	502,017	542,645	496,018
	4,510,529	5,483,733	5,258,002
Excess (deficiency) of revenue over expenses before other			
	539,787	(364,437)	(272,529)
Other			
Government transfers for capital (Schedule 4)	5,081,945	3,516,178	1,734,143
Other capital contributions	-	-	-
Excess of revenues over expenses			
	5,621,732	3,151,741	1,461,614
Accumulated surplus - beginning of the year			
	22,639,168	22,639,168	21,177,554
Accumulated surplus - end of the year			
	\$ 28,260,900	\$ 25,790,909	\$ 22,639,168

Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2010

	Budget (Unaudited)	2010	2009
Excess of revenues over expenses	\$ 5,621,732	\$ 3,151,741	\$ 1,461,614
Acquisition of tangible capital assets	(8,435,355)	(6,526,092)	(3,155,602)
Contributed tangible capital assets		-	(109,136)
Proceeds on disposal of tangible capital assets			8,650
Amortization of tangible capital assets		1,056,621	856,679
(Gain) loss on sale of tangible capital assets		97,841	109,825
	(8,435,355)	(5,371,630)	(2,289,584)
Acquisition of supplies inventories		-	-
Acquisition of prepaid assets		(2,029)	(4,831)
Use of supplies inventories		-	-
Use of prepaid assets		-	-
	-	(2,029)	(4,831)
(Increase) decrease in net debt	(2,813,623)	(2,221,918)	(832,801)
Net Financial Assets (Debt), beginning of year	(1,584,454)	(1,584,455)	(751,653)
Net Financial Assets (Debt), end of year	\$ (4,398,077)	\$ (3,806,373)	\$ (1,584,454)

TOWN OF RIMBEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2010

	2010	2009
Operating		
Excess of revenue over expenses	\$ 3,151,741	\$ 1,461,614
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	1,056,620	856,679
Loss on disposal of tangible capital assets	97,841	109,625
Tangible capital assets received as contributions	-	(109,140)
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	(46,482)	(41,871)
Decrease (increase) in government receivables	(1,966,709)	(657,305)
Decrease (increase) in trade and other receivables	3,918	62,305
Decrease (increase) in prepaid expenses	(2,028)	(4,831)
Increase (decrease) in accounts payable and accrued liabilities	709,070	(340,834)
Increase (decrease) in deferred revenues	718,675	(151,992)
Increase (decrease) in deposit liabilities	(2,857)	9,456
<i>Cash provided by operating transactions</i>	3,719,789	1,193,706
Capital		
Acquisition of tangible capital assets	(6,526,092)	(3,155,600)
Proceeds from sale of tangible capital assets	-	8,850
<i>Cash applied to capital transactions</i>	(6,526,092)	(3,146,750)
Investing		
Decrease (increase) in restricted cash or cash equivalents	(718,675)	(647,167)
Decrease (increase) in investments	-	-
<i>Cash provided by investing transactions</i>	(718,675)	(647,167)
Financing		
Term debt issued	-	-
Long term debt issued	2,515,000	610,000
Term debt repaid	-	-
Long term debt repaid	(306,164)	(303,537)
<i>Cash used in financing transactions</i>	2,208,836	306,463
Change in cash and cash equivalents during the year	(1,316,142)	(2,293,748)
Cash and cash equivalents, beginning of year	18,014	2,311,762
Cash and cash equivalents, end of year	\$ (1,298,128)	\$ 18,014
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	\$ 67,714	\$ 665,181
Less: restricted portion of cash and temporary investments (Note 3)	(1,365,842)	(647,167)
	\$ (1,298,128)	\$ 18,014

See accompanying notes

TOWN OF RIMBEY
Schedule of Tangible Capital Assets
Year Ended December 31, 2010
Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2010	2009
							\$	\$
Cost								
Balance, beginning of year	2,403,343	933,286	5,611,630	23,798,239	1,371,717	799,995	34,918,210	32,060,888
Acquisition of tangible capital assets	183,861	-	-	6,308,919	25,206	8,106	6,526,092	3,264,738
Disposal of tangible capital assets	-	-	(139,304)	(142,668)	(5,768)	-	(287,740)	(407,416)
Balance, end of year	2,587,204	933,286	5,472,326	29,964,490	1,391,155	808,101	41,156,562	34,918,210
Accumulated amortization								
Balance, beginning of year	-	243,831	1,792,588	7,964,369	363,599	384,826	10,749,213	10,181,474
Annual amortization	-	36,080	146,943	748,056	75,804	49,737	1,056,620	856,679
Accumulated amortization on disposals	-	-	(84,290)	(100,995)	(4,614)	-	(189,899)	(288,940)
Balance, end of year	-	279,911	1,855,241	8,611,430	434,789	434,563	11,615,934	10,749,213
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	24,168,997
2009 Net book value of tangible capital assets	2,403,343	689,455	3,819,042	15,833,871	1,008,118	415,169	24,168,998	

TOWN OF RIMBEY
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2010
Schedule 2

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	2010 \$	2009 \$
Balance, beginning of year	445,977	142,955	508,605	21,541,631	22,639,168	21,177,554
Excess of revenues over expenses	3,151,741	-	-	-	3,151,741	1,461,614
Unrestricted funds designated for future use	(10,000)	-	10,000	-	-	-
Restricted funds used for TCA	-	-	(8,106)	8,106	-	-
Reallocation of reserves	-	(9,422)	9,422	-	-	-
Current year funds used for TCA	(6,517,986)	-	-	6,517,986	-	-
NBV of asset disposals	97,841	-	-	(97,841)	-	-
Annual amortization expense	1,056,621	-	-	(1,056,621)	-	-
TCA long term debt issued	2,515,000	-	-	(2,515,000)	-	-
TCA long term debt repaid	(306,164)	-	-	306,164	-	-
Balance, end of year	433,030	133,533	519,921	24,704,425	25,790,909	22,639,168

TOWN OF RIMBEY
Schedule of Property and Other Taxes
Year Ended December 31, 2010
Schedule 3

	Budget (Unaudited)	2010	2009
Taxation			
Real property taxes	\$ 1,708,271	\$ 1,703,877	\$ 1,645,335
Linear property	709,094	709,094	651,057
Government grants in place of property taxes	65,111	65,747	65,111
Special assessments and local improvement taxes	132,865	129,607	123,019
	2,615,341	2,608,325	2,484,522
Requisitions			
Alberta School Foundation Fund	654,488	654,488	635,876
Rimoka Seniors Foundation	11,640	11,640	8,212
	666,128	666,128	644,088
Net Municipal Taxes	\$ 1,949,213	\$ 1,942,197	\$ 1,840,434

TOWN OF RIMBEY
Schedule of Government Transfers
Year Ended December 31, 2010
Schedule 4

	Budget (Unaudited)	2010	2009
Transfers for operating			
Federal Government	\$ 5,000	\$ 4,000	\$ -
Provincial Government	768,016	808,618	608,396
Other Local Governments	239,732	239,570	352,281
	1,012,748	1,052,188	960,677
Transfers for Capital			
Federal Government	2,414,223	1,881,889	9,555
Provincial Government	2,167,722	1,134,289	1,724,588
Other Local Governments	500,000	500,000	-
	5,081,945	3,516,178	1,734,143
Total Government Transfers	\$ 6,094,693	\$ 4,568,366	\$ 2,694,820

TOWN OF RIMBEY
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2010
Schedule 5

	Budget (Unaudited)	2010	2009
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 2,061,479	\$ 2,015,249	\$ 1,720,353
Contracted and general services	979,484	920,204	1,083,586
Purchases from other governments	85,680	83,541	317,503
Materials, goods, supplies and utilities	885,800	759,439	685,670
Provision for allowances	145,000	153,017	110,180
Transfers to local boards and agencies	241,722	240,431	256,385
Bank charges and short term interest	2,500	2,849	2,300
Interest on long term debt	108,864	154,542	106,871
Net loss on sale of tangible capital assets	-	97,841	118,475
Amortization of tangible capital assets	-	1,056,620	856,679
	\$ 4,510,529	\$ 5,483,733	\$ 5,258,002

TOWN OF RIMBEY
Schedule of Segmented Disclosure
Year Ended December 31, 2010
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
								\$
Revenue								
Net municipal taxes	-	-	-	-	-	-	1,942,197	1,942,197
Government transfers	-	474,223	6,740	160,657	8,000	243,882	158,686	1,052,188
User fees and sales of goods	5,415	406,573	1,375	976,156	1,737	32,842	8,851	1,432,949
Investment income	-	-	2,275	-	-	28,293	8,689	39,257
Other revenues	105,195	76,433	1,445	36,223	141,942	137,519	260,419	759,176
	110,610	957,229	11,835	1,173,036	151,679	442,536	2,378,842	5,225,767
Expenses								
Salaries, wages and benefits	492,934	651,899	200,434	160,042	142,562	359,436	7,942	2,015,249
Contracted and general services	189,644	97,722	66,309	344,148	125,899	89,200	7,282	920,204
Materials, goods, supplies and utilities	62,993	82,055	129,985	187,231	22,675	358,509	832	844,280
Transfers to local boards and agencies	7,511	-	-	-	-	54,398	178,522	240,431
Interest on long term debt	-	-	54,122	89,870	-	10,550	-	154,542
Other expenses	7,912	44,012	34,555	61,090	139,525	73,042	-	360,136
	760,994	875,688	485,405	842,381	430,661	945,135	194,578	4,534,842
Net revenue before amortization	(650,384)	81,541	(473,570)	330,655	(278,982)	(502,599)	2,184,264	690,925
Amortization of tangible capital assets	25,475	75,910	562,160	260,752	13,191	118,715	417	1,056,620
Net revenue	(675,859)	5,631	(1,035,730)	69,903	(292,173)	(621,314)	2,183,847	(365,695)

TOWN OF RIMBEY

Notes to Consolidated Financial Statements

Year Ended December 31, 2010

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, 2010

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 balances. The Town has no GIC investments at December 31, 2010.

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, 2010

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, 2010

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:

	YEARS
Land improvements	10-25
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, 2010

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

	2010	2009
Cash	\$ 67,714	\$ 665,181

Council has designated funds of \$519,921 (2009 - \$508,605) for equipment replacement.

The Town holds a restricted amount of \$1,365,842 (2009 - \$647,167) received from various grant programs, and prepaid local improvement charges (Note 5). The amounts are currently unfunded by the Town.

4. Taxes and grants in place of taxes receivable

	2010	2009
Current taxes and grants in place of taxes	\$ 101,535	\$ 81,759
Arrears taxes	51,811	24,003
	153,346	105,762
Less: allowance for doubtful accounts	(1,102)	-
	\$ 152,244	\$ 105,762

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

5. Deferred revenue

	2010	2009
Alberta Municipal Infrastructure Program	\$ 259,572	\$ 289,451
Municipal Sustainability Initiative	530,251	27,238
Street Improvement Program	230,265	84,760
Special Grant	92,228	92,228
Federal Gas Tax Fund	111,623	-
Prepaid local improvement charges	81,551	93,839
Other	60,352	59,651
	\$ 1,365,842	\$ 647,167

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

6. Long term debt

	2010	2009
Tax and special levy supported debentures	\$ 3,056,351	\$ 2,241,162
CMHC debenture	1,515,000	-
Alberta Treasury Branch loan	209,984	279,992
BMO Bank of Montreal loan	54,868	106,213
	\$ 4,836,203	\$ 2,627,367

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 413,678	\$ 195,587	\$ 609,265
2012	365,269	178,699	543,968
2013	369,201	163,909	533,110
2014	311,882	150,102	461,984
2015	325,073	136,910	461,983
Thereafter	3,051,100	621,462	3,672,562
	\$ 4,836,203	\$ 1,446,669	\$ 6,282,872

The current portion of the long term debt amounts to \$413,678 (2009 - \$307,194).

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 2011 through 2025. The average annual interest rate is 5.461% for 2010 (2009 - 5.57%).

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TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

6. Long term debt (*continued*)

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

The BMO Bank of Montreal loan bears interest at 4.89% and matures in 2011. The Alberta Treasury Branch loan bears interest at the prime rate and matures in 2013.

Interest on long term debt amounted to \$10,243 (2009 - \$14,709).

The municipality's total cash payments for interest in 2010 were \$109,447 (2009 - 109,171).

TOWN OF RIMBEY**Notes to Consolidated Financial Statements****Year Ended December 31, 2010**

7. Debt limits

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

	2010	2009
Total debt limit	\$ 7,678,944	\$ 7,478,209
Total debt	(4,836,203)	(2,627,367)
Amount of debt limit unused	\$ 2,842,741	\$ 4,850,842
Debt servicing limit	\$ 1,279,824	\$ 1,246,368
Debt servicing	(609,265)	(422,700)
Amount of debt servicing limit unused	\$ 670,559	\$ 823,668

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

8. Tangible capital assets (at net book value)

	2010	2009
Land	\$ 2,587,204	\$ 2,403,343
Land improvements	3,251,847	689,455
Buildings	3,617,085	3,819,042
Engineered structures		
Roadway system	5,591,186	5,523,889
Storm system	835,881	816,666
Water distribution system	5,013,276	2,127,954
Waste water treatment system	7,314,246	7,365,362
Machinery, equipment and furnishings	956,366	1,008,118
Vehicles	373,538	415,169
	\$ 29,540,629	\$ 24,168,998

9. Equity in tangible capital assets

	2010	2009
Tangible capital assets (Schedule 1)	\$ 41,156,562	\$ 34,918,210
Accumulated amortization (Schedule 1)	(11,615,934)	(10,749,212)
Long term debt (Note 6)	(4,836,203)	(2,627,367)
	\$ 24,704,425	\$ 21,541,631

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

10. Accumulated surplus

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

	2010	2009
Unrestricted surplus	\$ 433,030	\$ 445,977
Restricted surplus		
Operating reserve	133,533	142,955
Restricted reserves	519,921	508,605
Equity in tangible capital assets	24,704,425	21,541,631
	\$ 25,790,909	\$ 22,639,168

11. Trust funds

The municipality administers the following trust funds:

	2010	2009
Ambulance donations	\$ -	\$ 2,500
Cemetery Perpetual Care	30,000	31,650
Community Centre donations	6,376	6,376
Fire Department funds	33,288	32,579
Library donations	4,665	4,065
Other	84	100
	\$ 74,413	\$ 77,270

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, 2010

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)	Benefits & allowances	(2,3)	2010	2009
Mayor Sheldon Ibbotson	\$	3,510	\$	113	\$ 3,623	\$ -
Mayor Dale Barr		49,011		7,841	56,852	66,359
Joseph Anglin		3,579		743	4,322	-
Paul Payson		2,654		665	3,319	-
Gayle Rondeel		4,018		745	4,763	-
Jack Webb		3,030		707	3,737	-
Wayne Clark		23,349		3,820	27,169	23,775
Dave Huff		24,297		3,863	28,160	21,929
David Karroll		20,483		2,693	23,176	22,083
Steve Schrader		20,686		3,681	24,367	7,254
Kathy Davies		-		-	-	7,131
Chief Administrative Officer- Goode		97,500		19,152	116,652	-
Chief Administrative Officer- Wardrope		37,665		7,627	45,292	110,680
Assistant Chief Administrative Officer		85,000		16,748	101,748	-
Municipal Treasurer		-		-	-	44,149

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.

14. 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.

Alberta Environment initiated an investigation with respect to the unauthorized burning of prohibited debris at the Town of Rimbey's Waste Transfer Site. No conclusive findings have been disclosed by Alberta Environment at this point.

TOWN OF RIMBEY

Notes to Consolidated Financial Statements

Year Ended December 31, 2010

15. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, 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.

16. Comparative figures

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

17. Approval of financial statements

Council and Management have approved these financial statements.

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.