

TOWN OF RIMBEY
Consolidated Financial Statements
Year Ended December 31, 2019

TOWN OF RIMBEY
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Year Ended December 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Rimbey is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

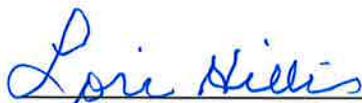
These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Seniuk and Company, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

The consolidated financial statements have been audited on behalf of the members of council by Seniuk and Company, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.



Ms. Lori Hillis, CAO

Rimbey, AB
April 14, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Council 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, 2019, 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 consolidated financial position of the Town as at December 31, 2019, and the consolidated results of its operations and consolidated 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 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 these 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 PSAS, 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 related 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.

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.

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

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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 12.

- Supplementary Accounting Principles and Standards Regulation (Salary and Benefit Disclosure):

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 17.

Edmonton, Alberta
April 14, 2020

Seniuk & Company
Seniuk and Company,
Chartered Professional Accountants

TOWN OF RIMBEY
Consolidated Statement of Financial Position
December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,852,306	\$ 4,912,873
Taxes and grants in place of taxes (Note 4)	106,698	136,659
Grants and receivables from other governments (Note 5)	57,555	39,374
Trade and other receivables	297,716	272,133
Long term Investments	2,377	2,326
	\$ 5,316,652	\$ 5,363,365
LIABILITIES		
Accounts payable	\$ 323,110	\$ 291,172
Deposits received	72,175	59,125
Long term debt (Note 11)	1,719,577	2,016,673
Deferred income (Note 8)	1,536,679	1,520,902
Designated donations (Note 10)	24,310	33,410
	3,675,851	3,921,282
NET FINANCIAL ASSET (DEBT)	1,640,801	1,442,083
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	29,400,031	28,966,223
Fire services agreement (Note 6.)	268,372	294,343
Prepaid expenses	106,381	89,868
	29,774,784	29,350,434
ACCUMULATED SURPLUS	\$ 31,415,585	\$ 30,792,517

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, 2019

	Budget (Unaudited) 2019	2019	2018
REVENUE			
Net municipal taxes (Schedule 1)	\$ 2,654,573	\$ 2,575,699	\$ 2,610,508
User fees and sale of goods	1,181,043	1,163,203	1,192,571
Government transfers for operating (Schedule 2)	231,121	231,458	437,551
Investment income	25,300	124,310	70,798
Penalties and costs of taxes	102,500	95,159	94,189
Licenses and permits	39,960	35,031	48,916
Rentals	165,165	220,322	209,650
Franchise fees & concession contracts	505,275	507,263	460,723
Other	190,094	193,045	276,397
Total revenue	5,095,031	5,145,490	5,401,303
EXPENSES			
Administration and legislative	1,032,053	923,016	909,719
Police services	96,352	91,149	98,378
Fire service	-	25,971	25,971
Bylaw enforcement	143,393	86,250	72,456
Disaster and emergency measures	3,125	297	2,035
Roads, streets, walks and lighting	771,418	578,802	642,214
Airport	-	-	4,054
Storm sewers and drainage	17,528	5,892	13,218
Water supply and distribution	395,235	424,353	337,671
Wastewater treatment and disposal	316,802	262,481	238,675
Waste management	212,117	201,948	191,150
Family and community support	307,392	305,970	275,954
Cemeteries and crematoriums	55,879	46,714	31,330
Land use planning, zoning and development	139,147	116,295	126,237
Parks and recreation	895,147	667,249	692,850
Libraries, museums and halls	559,339	486,324	509,309
Total operating expenses	4,944,927	4,222,711	4,171,221
Excess (deficiency) of revenue over expenses before other	150,104	922,779	1,230,082

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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, 2019

	Budget (Unaudited) 2019	2019	2018
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	250,730	973,158	918,067
Gain (loss) on disposal of assets	-	(8,443)	76,260
Amortization of tangible capital assets	-	(1,264,426)	(1,227,865)
	250,730	(299,711)	(233,538)
EXCESS OF REVENUE OVER EXPENSES	400,834	623,068	996,544
ACCUMULATED SURPLUS, BEGINNING OF YEAR	30,792,517	30,792,517	29,795,973
ACCUMULATED SURPLUS, END OF YEAR	\$ 31,193,351	\$ 31,415,585	\$ 30,792,517

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, 2019

	2019	2018
Excess of revenue over expenses	\$ 623,068	\$ 996,544
Acquisition of tangible capital assets	(1,706,680)	(1,306,368)
Proceeds on disposal of tangible capital assets	-	125,600
Amortization of tangible capital assets	1,264,426	1,227,865
(Gain) loss on disposal of assets	8,443	(76,260)
	(433,811)	(29,163)
Use of deferred charges	25,971	\$ 25,971
Use of prepaids	(16,510)	\$ (5,697)
(INCREASE) DECREASE IN NET DEBT	198,718	987,655
Net financial assets (debt), beginning of year	1,442,083	454,428
NET ASSETS - END OF YEAR	\$ 1,640,801	\$ 1,442,083

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 623,068	\$ 996,544
Items not affecting cash:		
Loss (gain) on disposal of assets	8,443	(76,260)
Amortization of tangible capital assets	1,264,426	1,227,865
	1,895,937	2,148,149
Changes in non-cash working capital:		
Trade and other receivables	(25,583)	(53,811)
Current taxes and grants in place of taxes	29,961	27,463
Grants and receivables from other governments	(18,181)	(25,277)
Accounts payable	31,941	9,150
Deferred income	15,777	390,819
Prepaid expenses	(16,513)	(5,697)
Amortization of deferred charges	25,971	25,972
Deposits received	13,050	(4,625)
	56,423	363,994
Cash flow from operating activities	1,952,360	2,512,143
INVESTING ACTIVITIES		
Purchase of capital assets	(1,706,680)	(1,306,368)
Proceeds on disposal of capital assets	-	125,600
Long term Investments	(51)	-
Designated donations	(9,100)	(3,892)
Cash flow used by investing activities	(1,715,831)	(1,184,660)
FINANCING ACTIVITY		
Repayment of long term debt	(297,096)	(341,305)
INCREASE (DECREASE) IN CASH FLOW	(60,567)	986,178
Cash - beginning of year	4,912,873	3,926,695
CASH - END OF YEAR (Note 2)	\$ 4,852,306	\$ 4,912,873

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, 2019

	Budget (Unaudited) 2019	2019	2018
TAXATION			
Real property tax	\$ 3,477,443	\$ 3,385,164	\$ 3,335,790
Linear property taxes	-	62,550	58,783
Special assessments	111,669	33,056	114,311
Grants in lieu of property taxes	-	29,467	28,605
	3,589,112	3,510,237	3,537,489
REQUISITIONS			
Alberta School Foundation	902,389	902,389	895,064
Seniors' housing requisition	32,150	32,149	31,917
	934,539	934,538	926,981
NET MUNICIPAL TAXES	\$ 2,654,573	\$ 2,575,699	\$ 2,610,508

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2019

	Budget (Unaudited) 2019	2019	2018
TRANSFERS FOR OPERATING			
Provincial Government	\$ 228,121	\$ 194,624	\$ 223,621
Federal Government	3,000	36,834	3,200
Other Local Governments	-	-	210,730
	231,121	231,458	437,551
	231,121	231,458	437,551
TRANSFERS FOR CAPITAL			
Provincial Government	-	722,428	918,067
Other Local Governments	250,730	250,730	-
	250,730	973,158	918,067
TOTAL GOVERNMENT TRANSFERS	\$ 481,851	\$ 1,204,616	\$ 1,355,618

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, 2019**

	Budget (Unaudited) 2019	2019	2018
EXPENSES			
Salaries, wages & benefits	\$ 2,067,485	\$ 1,826,008	\$ 1,705,228
Contracted and general services	1,284,300	1,075,101	1,167,007
Materials, goods and utilities	866,286	732,737	738,615
Transfer to local boards and agencies	471,086	470,948	435,298
Interest on long term	79,869	75,203	88,563
Other expenditures	162,838	42,714	36,510
Total Consolidated Expenditures by Object	\$ 4,931,864	\$ 4,222,711	\$ 4,171,221

The accompanying notes form an integral part of these financial statements

TOWN OF RIMBEY

**Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2019**

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2019
REVENUE								
Net municipal taxes	\$ 2,575,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,575,697
Government transfers	33,634	-	-	4,200	193,624	-	-	231,458
User fees and sales of goods	3,245	-	1,873	1,000	121,103	1,035,982	-	1,163,203
Investment income	124,140	-	-	-	170	-	-	124,310
Other revenues	627,856	87,766	24,780	31,721	184,349	67,694	26,656	1,050,822
	3,364,572	87,766	26,653	36,921	499,246	1,103,676	26,656	5,145,490
EXPENSES								
Salaries & wages	641,797	109,233	260,188	20,943	523,466	270,382	-	1,826,009
Contract & general services	238,472	79,745	111,528	71,811	131,434	405,513	36,707	1,075,210
Materials, goods & utilities	41,913	13,744	200,751	7,784	302,658	165,776	-	732,626
Transfers to local boards	17,546	-	-	4,000	449,402	-	-	470,948
Long term debt interest	-	-	11,594	-	17,241	46,368	-	75,203
Other expenses	4,164	490	633	11,756	25,671	-	-	42,714
	943,892	203,212	584,694	116,294	1,449,872	888,039	36,707	4,222,710
Excess (deficiency) of revenue over expenses before other	2,420,680	(115,446)	(558,041)	(79,373)	(950,626)	215,637	(10,051)	922,780
OTHER								
Amortization	(32,009)	(17,413)	(632,162)	(8,231)	(202,329)	(372,283)	-	(1,264,427)
Gain on sale of assets	-	-	(8,443)	-	-	-	-	(8,443)
Government transfers for capital	-	250,730	722,428	-	-	-	-	973,158
	(32,009)	233,317	81,823	(8,231)	(202,329)	(372,283)	-	(299,712)
EXCESS OF REVENUE OVER EXPENSES	\$ 2,388,671	\$ 117,871	\$ (476,218)	\$ (87,604)	\$ (1,152,955)	\$ (156,646)	\$ (10,051)	\$ 623,068

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, 2019**

(Schedule 5)

	Unrestricted Surplus	Special Projects Operating Reserve	Capital Reserves	Equity in Tangible Capital Assets	Total 2019	Total 2018
BALANCE, BEGINNING OF YEAR	\$ 1,124,653	\$ 558,598	\$ 2,159,716	\$ 26,949,550	\$ 30,792,517	\$ 29,795,973
Excess (deficiency) of revenues over expenses	623,068		-	-	623,068	996,544
Current year funds used for tangible capital assets	(1,706,680)	-	-	1,706,680	-	-
Annual amortization expense	1,264,426	-	-	(1,264,426)	-	-
Principle repayments on long term debt	(297,096)	-	-	297,096	-	-
Net transfers to/from capital reserves	(36,500)	-	36,500	-	-	-
Net transfers to/from operating reserves	(83,000)	83,000	-	-	-	-
Disposal to tangible capital assets	8,443	-	-	(8,443)	-	-
	(227,339)	83,000	36,500	730,907	623,068	996,544
BALANCE, END OF YEAR	\$ 897,314	\$ 641,598	\$ 2,196,216	\$ 27,680,457	\$ 31,415,585	\$ 30,792,517

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, 2019

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, 2019

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.

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

(*continues*)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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

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, 2019

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

	2019	2018
Cash	\$ 2,070,794	\$ 2,246,409
Restricted cash	1,481,511	1,466,463
Temporary investments	1,300,001	1,200,001
	\$ 4,852,306	\$ 4,912,873

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).

TOWN OF RIMBEY**Notes to Consolidated Financial Statements****Year Ended December 31, 2019****3. TEMPORARY INVESTMENTS**

	2019	2019	2018	2018
	Cost	Market value	Cost	Market value
Short term note due February 2020	\$ 1,300,000	\$ 1,300,000	\$ -	\$ -
Short term note due May 2019	-	-	1,000,000	1,000,000
Short term note due October 2019	-	-	200,000	200,000
	\$ 1,300,000	\$ 1,300,000	\$ 1,200,000	\$ 1,200,000

Short term notes and deposits have effective interest rates of 3% (2018 – 2%) 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:

	2019	2018
Current taxes and grants in place of taxes	\$ 88,298	\$ 88,503
Arrears taxes and grants in place of taxes	18,400	48,156
	\$ 106,698	\$ 136,659

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2019	2018
Grants receivable	\$ 19,173	\$ -
GST receivable	38,382	39,374
	\$ 57,555	\$ 39,374

6. DEFERRED CHARGES - FIRE SERVICES AGREEMENT

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.

	2019	2018
Fire services agreement	\$ 389,572	\$ 389,572
Accumulated amortization of Fire Services Agreement	(121,200)	(95,229)
	\$ 268,372	\$ 294,343

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 2,556,287	\$ -	\$ 2,556,287	\$ 2,556,287
Land improvements	1,165,578	689,400	476,178	502,484
Engineered structures	38,909,537	16,674,296	22,235,241	21,910,002
Buildings	5,873,545	2,974,477	2,899,068	2,769,135
Machinery and equipment	2,054,359	1,001,823	1,052,536	1,060,990
Motor vehicles	444,723	264,002	180,721	167,325
	\$ 51,004,029	\$ 21,603,998	\$ 29,400,031	\$ 28,966,223

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2019	2018
Municipal Sustainability Initiative - Capital	\$ 1,481,511	\$ 1,466,463
Other deferred revenue	400	15,110
Prepaid property taxes	28,107	9,040
Prepaid local improvement charges	21,043	25,252
Prepaid Utilities	5,618	5,037
	\$ 1,536,679	\$ 1,520,902

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:

	2019	2018
Vacation and overtime	\$ 101,325	\$ 87,332

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, 2019

10. DESIGNATED DONATIONS

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

	2019	2018
Cemetery Perpetual Care	\$ 7,960	\$ 16,605
Community Centre donations	6,586	6,586
Pool Equipment Fund	1,459	1,459
Trail System benches	2,000	2,000
Historical Society	-	257
Rural Health Professions Action	3,442	3,000
Arena Development Projects	2,273	2,273
Art Club	590	1,230
	\$ 24,310	\$ 33,410

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

	2019	2018
Alberta Capital Finance Authority debenture loan bearing interest at 4.48% 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.	\$ 227,115	\$ 271,724
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. This debt was fully repaid during the year.	311,186	391,839
Alberta Capital Finance Authority debenture loan bearing interest at 3.49% 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. This debt was fully repaid during the year.	462,978	531,226
CMHC Loan loan bearing interest at 4.15% per annum, repayable in semi-annual blended payments of \$137,694. The loan matures on May 1, 2025 and is secured by Credit and security of Town at large.	718,298	821,884
	\$ 1,719,577	\$ 2,016,673

(continues)

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. LONG TERM DEBT *(continued)*

Principal reductions over the next 5 years are approximately:

2020	\$	309,356
2021		322,125
2022		335,425
2023		300,883
2024		235,597
Thereafter		216,191
		<u>\$ 1,719,577</u>

Interest on long term debt amounted to \$75,203 (2018 - \$88,563)

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:

	2019	2018
Total debt limit	\$ 7,718,235	\$ 8,101,955
Total debt	(1,719,577)	<u>(2,016,673)</u>
Amount of debt limit unused	5,998,658	6,085,282
Debt servicing limit	1,286,373	1,350,326
Debt servicing	376,964	376,964
Amount of debt servicing limit unused	\$ 1,663,337	\$ 1,727,290

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.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2019	2018
Tangible capital assets (Note 7)	\$ 51,004,031	\$ 49,339,566
Accumulated amortization (Note 7)	(21,603,997)	(20,373,343)
Long term debt (Note 11)	(1,719,577)	<u>(2,016,673)</u>
	\$ 27,680,457	\$ 26,949,550

TOWN OF RIMBEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 16% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2019 were \$140,663 (2018 - \$151,572). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2019 were \$127,032 (2018 - \$139,070).

At December 31, 2018 the LAPP disclosed an actuarial surplus of \$3.469 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).

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, 2019

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:

			2019			2018
	Salary (1)	Benefits & allowances (2)	Total		Total	
Rick Pankiw - Mayor	\$ 34,581	\$ 5,256	\$ 39,837	\$	36,333	\$
Paul Payson - Councilor	19,837	4,525	24,362		20,464	
Bill Coulthard - Councilor	18,145	4,439	22,584		23,297	
Lana Curle - Councilor	20,177	4,543	24,720		25,058	
Gayle Rondeel - Councilor	17,962	4,430	22,392		22,028	
Chief Administrative Officer	151,115	27,853	178,968		171,884	
Designated Officers	41,576	-	41,576		41,032	
	\$ 303,393	\$ 51,046	\$ 354,439	\$	340,096	\$

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. CONTAMINATED SITES LIABILITY

The municipality has adopted PS3260 Liability for Contaminated Sites. The municipality did not identify any financial liabilities in 2019 (2018 – Nil) as a result of this standard.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

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.