

AUDITORS' REPORT

To the Mayor and Council  
Town of Rimbey

We have audited the consolidated statement of financial position of the Town of Rimbey as at December 31, 2006 and the consolidated statement of financial activities with change in fund balances, statement of reserves, equity in capital assets and accumulated operating surplus, statement of municipal revenues, expenditures and change in operating fund, and the consolidated statement of changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Rimbey as at December 31, 2006 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, Alberta  
January 30, 2007

*Wilde & Company*  
Chartered Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2006

	2006	2005
	\$	\$
<b>ASSETS</b>		
Cash (note 2)	1,278,074	938,200
Receivables (note 3)	544,812	511,969
Investments	412,569	2,329
Prepaid expenses and deposits	45,065	48,893
	2,280,520	1,501,391
Capital assets (note 4)	20,615,698	19,893,681
	22,896,218	21,395,072
<b>LIABILITIES</b>		
Accounts payable and deposits	344,543	390,068
Deferred revenue (note 5)	659,081	379,745
Long term debt (note 6)	856,510	746,881
Trust funds (note 10)	71,226	56,869
	1,931,361	1,573,563
<b>MUNICIPAL EQUITY</b>		
Capital fund (note 11)	212,659	-
Operating reserves (note 8)	153,272	124,916
Capital reserves (note 8)	579,931	329,320
Accumulated operating surplus	259,808	220,473
	1,205,670	674,709
Equity in capital assets (page 4)	19,759,188	19,146,800
	22,896,219	21,395,072

Contingency (note 13)

See accompanying notes

Approved by:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Chief Administrative Officer

TOWN OF RIMBEY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES WITH CHANGE IN FUND BALANCES

For the year ended December 31, 2006

	Capital \$	Reserves \$	Operating \$	2006 \$	Budget \$ (unaudited)	2005 \$
Revenues						
Net municipal taxes - page 6			1,247,462	1,247,462	1,248,091	1,143,649
Sales of goods and services			1,220,452	1,220,452	1,183,570	1,115,303
Government transfers	429,706		568,988	998,694	1,215,783	884,167
Investment income	17,752		45,319	63,071	32,472	25,387
Penalties and costs of taxes			20,834	20,834	21,000	21,262
Other revenue own sources	13,847		555,948	569,795	565,449	567,498
Franchise contracts			137,645	137,645	125,000	116,831
	461,305	-	3,796,648	4,257,953	4,391,365	3,874,097
Expenditures						
Administrative and council			579,484	579,484	617,157	532,757
Protective services	7,100		530,553	537,653	558,033	701,745
Public works	425,421		261,672	687,093	948,398	349,683
Water, sewer and waste	182,361		529,433	711,794	987,827	602,706
Public health and welfare			163,124	163,124	165,358	178,866
Planning and development			397,234	397,234	427,227	226,170
Recreation and parks	16,368		326,338	342,706	360,582	355,817
Culture and other	90,767		326,839	417,606	443,702	774,369
	722,017	-	3,114,677	3,836,694	4,508,284	3,722,113
Excess of revenues over expenditures	(260,712)	-	681,971	421,259	(116,919)	151,984
Net interfund transfers						
From (to) capital	473,982		(473,982)	-	31,512	-
From (to) reserves	(250,611)	278,967	(28,356)	-	(199,000)	-
Debt repayment			(140,370)	(140,370)	(140,366)	(156,141)
Debtenture proceeds	250,000			250,000	250,000	200,000
Appropriation from prior year surplus	-		-	-	174,773	-
	473,371	278,967	(642,708)	109,630	116,919	43,859
Change in fund balances	212,659	278,967	39,263	530,889	-	195,843
Appropriation to operating fund						
Balance, beginning of year	-	-	-	-	-	-
Balance, end of year	212,659	733,203	259,736	1,205,598	-	674,709

See accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2006

	2006 \$	2005 \$
<b>Excess of revenues over expenditures - page 2</b>	421,259	151,984
Net change in non-cash operating working capital and other balances:		
(Increase) decrease in receivables	(32,840)	(104,058)
(Increase) decrease in investments	(410,240)	-
(Increase) decrease in prepaid expenses and deposits	3,824	(30,520)
Increase (decrease) in accounts payable and amounts due	(45,525)	141,499
Increase (decrease) in deferred revenue	293,694	310,690
Net cash provided by operating activities	230,173	469,594
<b>FINANCING ACTIVITIES</b>		
Proceeds on long term debt	250,000	200,000
Long term debt repayments	(140,370)	(156,141)
<b>Net increase (decrease) in cash during year</b>	339,803	513,453
Cash position at beginning of year	938,200	424,747
Cash position at end of year	1,278,003	938,200

*See accompanying notes*

**STATEMENT OF RESERVES, EQUITY IN CAPITAL  
ASSETS AND ACCUMULATED OPERATING SURPLUS**

For the year ended December 31, 2006

	2006 \$	2005 \$
<b>OPERATING RESERVES</b>		
<b>At beginning of year</b>	124,916	114,332
From current operations	33,356	10,584
Transfers to current operations	(5,000)	-
<b>At end of year</b>	<b>153,272</b>	124,916
<b>CAPITAL RESERVES</b>		
<b>At beginning and end of year</b>	329,320	267,639
Transfers from capital fund	346,589	103,432
Transfers to current operations	(95,978)	(41,751)
<b>At end of year</b>	<b>579,931</b>	329,320
<b>ACCUMULATED OPERATING SURPLUS</b>		
<b>At beginning of year</b>	220,473	96,895
Appropriation from (to) operating fund - page 5	39,335	123,578
<b>At end of year</b>	<b>259,808</b>	220,473
<b>EQUITY IN CAPITAL ASSETS</b>		
<b>At beginning of year</b>	19,146,800	18,426,883
Grants, interest, other	461,306	477,036
Principal payments on debt	140,370	156,141
Net transferred (to) from reserves	(250,611)	(67,265)
Net transferred from operating fund	473,982	154,005
Net transferred to capital fund	(212,659)	-
<b>At end of year</b>	<b>19,759,188</b>	19,146,800
Capital assets (note 4)	20,615,698	19,893,681
Long term debt (note 6)	(856,510)	(746,881)
	<b>19,759,188</b>	19,146,800

See accompanying notes

**STATEMENT OF MUNICIPAL REVENUES, EXPENDITURES  
AND CHANGE IN OPERATING FUND**

For the year ended December 31, 2006

	2006			Unaudited Budget	2005
	Revenues	Expenditures	Net revenue (expenditure)		Net revenue (expenditure)
	\$	\$	\$	\$	\$
<b>General Municipal Revenues to fund Municipal Operations</b>					
Net municipal property taxes	1,247,462		1,247,462	1,248,091	1,143,649
Interest and dividends	42,138		42,138	28,000	20,174
Penalties and costs of taxes	20,834		20,834	21,000	21,262
Other revenues	6,184		6,184	6,184	13,400
Franchise	137,645		137,645	125,000	116,831
	1,454,263		1,454,263	1,428,275	1,315,316
<b>Municipal Operations</b>					
Administrative and council	111,205	579,723	(468,518)	(509,057)	(421,752)
Protective services	580,053	562,109	17,944	(18,403)	75,876
Public works	65,514	262,488	(196,974)	(231,931)	(245,874)
Water and wastewater	472,230	302,902	169,328	143,470	121,953
Waste management	277,518	278,011	(493)	(6,235)	(28,309)
Public health and welfare	152,209	163,124	(10,915)	(14,827)	(22,512)
Planning and development	396,972	397,234	(262)	(49,214)	(53,995)
Recreation and parks	264,708	334,827	(70,119)	(91,554)	(104,958)
Culture and other	124,012	336,223	(212,211)	(233,331)	(197,021)
<b>Excess (deficiency) of revenues over expenditures</b>					
	3,898,684	3,216,641	682,043	417,193	438,724
Transfer from accumulated surplus			-	174,773	-
Repayment of capital fund long term debt			(140,370)	(140,366)	(156,141)
Transfers to capital fund			(473,982)	(431,600)	(154,005)
Net transferred from (to) reserves			(28,356)	(20,000)	(5,000)
<b>Change in operating fund</b>			39,335	-	123,578

See accompanying notes

## PROPERTY TAXES

For the year ended December 31, 2006

	2006 \$	2005 \$
<b>LEVIES</b>		
Residential land and improvements	1,267,316	1,174,521
Grants in place	63,981	65,302
Non-residential land, improvements, machinery and equipment	548,393	533,360
Local improvements	60,555	60,886
<b>Total taxes and grants in place</b>	<b>1,940,245</b>	<b>1,834,069</b>
<b>REQUISITIONS</b>		
Alberta School Foundation Fund	623,695	620,588
Rimoka Seniors Foundation	8,533	8,946
<b>Total requisitions</b>	<b>632,228</b>	<b>629,534</b>
Balance of levies for municipal purposes	1,308,017	1,204,535
Less: local improvements	60,555	60,886
<b>Net taxes for general municipal purposes</b>	<b>1,247,462</b>	<b>1,143,649</b>

## MUNICIPAL EXPENDITURES BY OBJECT

	2006 \$	2005 \$
Salaries and benefits	1,307,255	1,223,204
Contracted services	968,804	914,125
Materials, goods, supplies	473,499	385,568
Purchases from other governments	67,600	164,482
Grants to individuals and organizations	208,509	191,383
Debenture and other interest	44,039	45,187
Other transactions, discounts, adjustments	44,899	34,387
<b>Total expenditures - page 2</b>	<b>3,114,605</b>	<b>2,958,336</b>

*Net of intra-departmental recoveries*

*See accompanying notes*

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Rimbey 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 Town of Rimbey are as follows:

**a) 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 the 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.

**b) Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditure as disclosed in Note 1e).

**c) Fund Accounting**

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

**d) Interest on Long Term Debt**

Interest on long term debt is accrued to year end. The amount payable as at December 31, 2006 is included with trade accounts payable.

**e) Pension Expenditure**

The Town of Rimbey participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

**f) 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.



**g) Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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 capital assets under their respective function.

**h) Capital Assets**

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not depreciated.

Effective January 1, 2007, the Town of Rimbey will adopt Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the Town of Rimbey will work towards compliance with the new recommendations for accounting for tangible capital assets.

As of January 1, 2007, capital assets including assets held under capital leases will be recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems will be capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information is not available will be recorded at current fair market value discounted by a relevant inflation factor.

**i) 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.

**j) Allowances for Operating and Capital Assets**

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues in the respective operating and capital fund.

**k) Equity in Capital Assets**

Equity in capital assets represents the Town of Rimbey's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

**l) Adjustments to Accumulated Surplus**

Council may authorize appropriations from accumulated surplus to fund current year operating expenditures. Such appropriations are recorded as an adjustment in the Consolidated Statement of Financial Activities with Change in Fund Balances.

**m) 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.

**n) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**o) 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.

**p) Operating Fund**

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

**q) Capital Fund**

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**r) Reserve Fund**

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

**2. CASH**

	2006 \$	2005 \$
Cash and bank	1,278,074	938,200

Council has designated funds of \$579,931 (2005 - \$329,318) included in the above amounts for equipment replacement.

**3. RECEIVABLES**

Receivables consist of the following:

	2006 \$	2005 \$
Taxes	54,944	58,502
Less - allowance for doubtful taxes	(1,000)	(1,000)
	53,944	57,502
Trade receivables	224,904	236,291
Utilities receivable	63,386	44,549
Due from government	100,707	74,288
Grants receivable	101,871	99,340
	544,812	511,969

**4. CAPITAL ASSETS**

	2006			2005
	Municipal \$	Additions \$	Total \$	Total \$
<b>Carrying costs of assets acquired</b>				
Engineered structures	11,158,948	514,764	11,673,712	11,158,948
Machinery and equipment	1,266,277	196,253	1,462,530	1,266,277
Buildings	6,206,393	-	6,206,393	6,206,393
Vehicles	838,104	11,000	849,104	838,104
Land	423,959	-	423,959	423,959
	19,893,681	722,017	20,615,698	19,893,681

**5. DEFERRED REVENUE**

	2006 \$	2005 \$
Deferred grants and fees	595,606	318,563
Prepaid arena sign rental	-	322
Prepaid local improvement charges	63,475	60,860
	659,081	379,745

**Prepaid local improvement charges**

Prepaid local improvement charges are being amortized to revenue at the rate of \$8,525 per year over the next 13 years.

Deferred grants and fees include:

	Opening \$	Amounts Received \$	Amounts Spent \$	Closing \$
Alberta Municipal Infrastructure Program	207,971	410,240	201,820	416,391
Street Improvement Program	70,411	129,600	162,452	37,559
Municipal Sponsorship Grant	38,880	-	-	38,880
Donations	-	100,000	-	100,000
Other	1,301	2,447	972	2,776
Total deferred grants and fees	318,563	642,287	365,244	595,606

The use of these are restricted to eligible projects as approved under the funding agreements. Unexpended funds are supported by temporary investments of \$412,000 and cash in the bank.

**6. LONG TERM DEBT**

	2006 \$	2005 \$
Tax and special levy supported debentures	654,786	457,115
Self supported debentures	201,724	289,766
	856,510	746,881

The current portion of long term debt is \$190,883 (2005 - \$140,370).

Principal repayment requirements on long term debt are as follows:

	Principal \$	Interest \$
2007	190,883	43,761
2008	147,267	34,060
2009	129,364	26,795
2010	113,854	20,440
2011	89,666	14,836
Thereafter	185,476	42,595
	856,510	182,487

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 5.625% to 12% per annum, before Provincial subsidy, and matures in periods 2005 through 2018. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Rimbey at large.

**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 Town of Rimbey be disclosed as follows:

	2006 \$	2005 \$
Total debt limit	5,742,371	5,120,264
Total debt	856,510	746,881
<b>Amount of debt limit unused</b>	<b>4,885,861</b>	<b>4,373,383</b>
Debt servicing limit	957,062	853,377
Debt servicing	234,644	179,844
<b>Amount of debt servicing limit unused</b>	<b>722,418</b>	<b>673,533</b>

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. RESERVE FUND**

Reserves for operating and capital activities changed as follows:

	Opening \$	Transfers to \$	Transfers from \$	Closing \$
Operating				
Water and sewer	47,000			47,000
RCMP	11,584			11,584
Special projects	61,332	25,000		86,332
Library	5,000	8,356	5,000	8,356
<b>Total Operating</b>	<b>124,916</b>	<b>33,356</b>	<b>5,000</b>	<b>153,272</b>
Capital				
Restricted Municipal	15,229	6,369		21,598
Fire	9,672	16,000		25,672
Roads	154,814	132,520	93,544	193,790
Ambulance	26,060	61,000		87,060
Water and sewer	66,481	106,700		173,181
Community Centre	11,300		2,434	8,866
RV park	20,000	20,000		40,000
Recreation	25,764			25,764
Museum	-	4,000		4,000
<b>Total Capital</b>	<b>329,320</b>	<b>346,589</b>	<b>95,978</b>	<b>579,931</b>
	<b>454,236</b>	<b>379,945</b>	<b>100,978</b>	<b>733,203</b>

**9. 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:

			2006	2005
	Salary \$	Benefits & Allowances \$	Total \$	Total \$
Mayor				
Dale Barr	34,590	4,928	39,518	32,370
Councillors				
Wayne Clark	14,492	3,547	18,039	12,248
Dave Huff	10,967	4,124	15,091	11,335
David Karroll	11,429	4,139	15,568	13,876
Rhonda Stewart Tarney	13,342	4,202	17,544	13,904
Municipal Treasurer	53,956	10,710	64,666	58,722
Chief Administrative Officer - Current	73,781	13,857	87,638	79,961

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 planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**10. TRUST FUNDS**

A summary of trust funds administered by the Town of Rimbey is as follows:

	2006 \$	2005 \$
Ambulance donations	16,829	1,401
Cemetery perpetual care	32,200	33,220
Community Centre donations	6,376	6,376
Fire department funds	14,612	10,587
Library donations	1,110	5,112
Other	100	173
	71,226	56,869

**11. CAPITAL FUND**

The capital fund balance of \$212,659 consists of unexpended debenture proceeds of \$218,659 to be used in future years for the purpose of purchasing and installing water meters and \$6,000 of unfunded capital expenditures.

**12. TAX RECOVERY PROPERTIES**

Tax recovery properties represent properties acquired by the Town for property tax arrears and penalties. The amount reflected represents the lower of the outstanding taxes and penalties, and the appraised value of the property.

**13. CONTINGENCY**

The Town of Rimbey is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Rimbey 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.

**14. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable, accrued liabilities 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.

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

**15. COMMITMENT**

The Town of Rimbey is committed to the expansion of the lagoon. The 2007 budgeted costs are \$3.5 million with grants available estimated at \$2.17 million. The Town is also completing the water meter project in 2007 with budgeted costs of \$218,000 remaining. This project will be funded by unexpended debenture funds.

**16. BUDGET FIGURES**

Budget figures are included for information purposes only and are not audited.

**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.