

TOWN OF RAYMOND

Financial Statements

December 31, 2012

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INDEPENDENT AUDITORS' REPORT

**To The Mayor and Council
of the Town of Raymond**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Raymond, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in net financial assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' 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 auditors' 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 auditors consider 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 the Town of Raymond as at December 31, 2012, the results of its operations, change in its net financial assets and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta
May 7, 2013

Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2012

	2012 \$	2011 \$
FINANCIAL ASSETS		
Cash (Note 2)	3,436	1,430
Receivables		
Taxes and grants in place of taxes (Note 3)	643,039	538,751
Trade and other receivables	1,074,653	1,363,108
Land for resale inventory	<u>70,230</u>	<u>70,230</u>
	<u>1,791,358</u>	<u>1,973,519</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	666,061	2,297,030
Accounts payable and accrued liabilities	436,434	619,939
Deferred revenue (Note 4)	343,719	540,981
Long-term debt (Note 5)	<u>2,068,290</u>	<u>2,340,253</u>
	<u>3,514,504</u>	<u>5,798,203</u>
NET FINANCIAL ASSETS (DEBT)	<u>(1,723,146)</u>	<u>(3,824,684)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	22,046,853	21,971,053
Inventory for consumption	60,327	75,742
Prepaid expenses and deposits	<u>5,763</u>	<u>8,043</u>
	<u>22,112,943</u>	<u>22,054,838</u>
ACCUMULATED SURPLUS (Note 8)	<u>20,389,797</u>	<u>18,230,154</u>
CONTINGENCIES (Note 12)		



TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2012

	Budget (Unaudited) \$	2012 \$	2011 \$
REVENUE			
User fees and sales of goods	1,962,960	2,373,237	2,229,446
Net municipal property taxes (Schedule 3)	2,313,318	2,253,747	2,149,049
Raymond Strategic Initiatives Team revenues	458,017	382,484	513,047
Government transfers (Schedule 4)	678,173	694,032	758,969
Penalties and costs of taxes	110,600	150,572	101,540
Franchise and concession contracts	66,300	85,705	84,067
Investment income	3,000	803	12,482
Gain on disposal of tangible capital assets	-	1,574	-
Total Revenue	<u>5,592,368</u>	<u>5,942,154</u>	<u>5,848,600</u>
EXPENSES			
Water, wastewater and waste management	1,089,141	1,235,434	1,394,140
Parks and recreation	1,332,224	1,440,460	1,399,496
Roads, streets, walks, lighting	922,345	985,887	1,165,642
Administration	636,990	679,245	582,685
Raymond Strategic Initiatives Team expenses	-	284,532	318,354
Police, fire, ambulance and bylaw enforcement	275,539	334,905	304,674
Legislative	139,475	154,667	160,071
Land use planning, zoning and development	56,610	47,043	92,345
Other	115,368	92,669	103,341
Loss on disposal of capital assets	-	-	1,841
Amortization	-	941,506	903,747
Total Expenses	<u>4,567,692</u>	<u>6,196,348</u>	<u>6,426,336</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>1,024,676</u>	<u>(254,194)</u>	<u>(577,736)</u>
OTHER			
Government transfers for capital (Schedule 3)	2,205,265	2,413,837	1,199,035
Loss on transfer of water treatment plant	-	-	(9,561,020)
Total Other	<u>2,205,265</u>	<u>2,413,837</u>	<u>(8,361,985)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>3,229,941</u>	<u>2,159,643</u>	<u>(8,939,721)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>18,230,154</u>	<u>18,230,154</u>	<u>27,169,875</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>21,460,095</u>	<u>20,389,797</u>	<u>18,230,154</u>



TOWN OF RAYMOND**Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2012**

	Budget (Unaudited) \$	2012 \$	2011 \$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>3,229,941</u>	<u>2,159,643</u>	<u>(8,939,721)</u>
Acquisition of tangible capital assets	-	(1,040,357)	(2,589,689)
Proceeds on disposal of tangible capital assets	-	24,625	3,370,177
Amortization of tangible capital assets	-	941,506	903,747
(Gain) loss on disposal of tangible capital assets	-	(1,574)	9,562,861
	<u>-</u>	<u>(75,800)</u>	<u>11,247,096</u>
Use of prepaid assets	-	2,280	6,125
Use (acquisition) of supplies inventory	-	15,415	(9,797)
	<u>-</u>	<u>17,695</u>	<u>(3,672)</u>
DECREASE IN NET DEBT	3,229,941	2,101,538	2,303,703
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(3,824,684)</u>	<u>(3,824,684)</u>	<u>(6,128,387)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(594,743)</u>	<u>(1,723,146)</u>	<u>(3,824,684)</u>



TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012

	2012	2011
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	2,159,643	(8,939,721)
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	941,506	903,747
(Gain) loss on disposal of tangible capital assets	(1,574)	9,562,861
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(104,288)	(129,145)
Decrease (increase) in trade and other receivables	288,455	(684,365)
Decrease in land held for resale	-	41,695
Decrease (increase) in inventory for consumption	15,415	(9,797)
(Decrease) in deposits held on sale of capital assets	-	(3,500,000)
(Decrease) increase in accounts payable and accrued liabilities	(183,505)	223,877
(Decrease) increase in deferred revenue	(197,262)	411,901
Decrease in prepaid expenses and deposits	<u>2,280</u>	<u>6,125</u>
	<u>2,920,670</u>	<u>(2,112,822)</u>
CAPITAL		
Acquisition of tangible capital assets	(1,040,357)	(2,589,689)
Proceeds on disposal of tangible capital assets	<u>24,625</u>	<u>3,370,177</u>
	<u>(1,015,732)</u>	<u>780,488</u>
FINANCING		
(Repayment) proceeds of temporary bank indebtedness	(1,630,969)	1,295,075
Long-term debt repaid	<u>(271,963)</u>	<u>(410,652)</u>
	<u>(1,902,932)</u>	<u>884,423</u>
CHANGE IN CASH DURING THE YEAR	2,006	(447,911)
CASH, BEGINNING OF YEAR	<u>1,430</u>	<u>449,341</u>
CASH, END OF YEAR	<u><u>3,436</u></u>	<u><u>1,430</u></u>





TOWN OF RAYMOND

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2012

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2012 \$	2011 \$
BALANCE, BEGINNING OF THE YEAR	(1,825,885)	425,239	19,630,800	18,230,154	27,169,875
Excess (deficiency) of revenue over expenses	2,159,643	-	-	2,159,643	(8,939,721)
Current year funds used for tangible capital assets	(1,040,357)	-	1,040,357	-	-
Disposal of tangible capital assets	23,051	-	(23,051)	-	-
Annual amortization expense	941,506	-	(941,506)	-	-
Long-term debt repaid	(271,963)	-	271,963	-	-
Change in accumulated surplus	1,811,880	-	347,763	2,159,643	(8,939,721)
BALANCE, END OF YEAR	(14,005)	425,239	19,978,563	20,389,797	18,230,154



TOWN OF RAYMOND
 Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2012

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	778,996	797,340	10,198,094	17,580,228	2,554,322	676,146	32,585,126	42,932,158
Acquisition of tangible capital assets	-	192,755	181,204	484,294	122,104	60,000	1,040,357	2,247,922
Disposal of tangible capital assets	-	-	-	-	-	(25,612)	(25,612)	(12,936,721)
Assets under construction	-	-	-	-	-	-	-	341,767
BALANCE, END OF YEAR	<u>778,996</u>	<u>990,095</u>	<u>10,379,298</u>	<u>18,064,522</u>	<u>2,676,426</u>	<u>710,534</u>	<u>33,599,871</u>	<u>32,585,126</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	54,862	3,013,659	6,164,633	1,235,964	144,955	10,614,073	9,714,009
Annual amortization	-	39,603	228,128	443,913	184,211	45,651	941,506	903,747
Accumulated amortization on disposals	-	-	-	-	-	(2,561)	(2,561)	(3,683)
BALANCE, END OF YEAR	-	<u>94,465</u>	<u>3,241,787</u>	<u>6,608,546</u>	<u>1,420,175</u>	<u>188,045</u>	<u>11,553,018</u>	<u>10,614,073</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>778,996</u>	<u>895,630</u>	<u>7,137,511</u>	<u>11,455,976</u>	<u>1,256,251</u>	<u>522,489</u>	<u>22,046,853</u>	<u>21,971,053</u>
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>778,996</u>	<u>742,478</u>	<u>7,184,435</u>	<u>11,415,595</u>	<u>1,318,358</u>	<u>531,191</u>	<u>21,971,053</u>	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2012

SCHEDULE 3

	Budget (Unaudited) \$	2012 \$	2011 \$
TAXATION			
Real property taxes	2,861,822	2,900,583	2,731,440
Linear property taxes	<u>56,356</u>	<u>56,356</u>	<u>55,440</u>
	<u>2,918,178</u>	<u>2,956,939</u>	<u>2,786,880</u>
REQUISITIONS			
Alberta School Foundation Fund	499,800	596,470	536,698
Separate school	13,260	16,852	15,093
Seniors foundation	<u>91,800</u>	<u>89,870</u>	<u>86,040</u>
	<u>604,860</u>	<u>703,192</u>	<u>637,831</u>
NET MUNICIPAL PROPERTY TAXES	<u>2,313,318</u>	<u>2,253,747</u>	<u>2,149,049</u>



TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2012

SCHEDULE 4

	Budget (Unaudited) \$	2012 \$	2011 \$
TRANSFERS FOR OPERATING:			
Federal Government	-	3,000	-
Provincial Government	647,573	648,687	725,023
Other Local Governments	<u>30,600</u>	<u>42,345</u>	<u>33,946</u>
	<u>678,173</u>	<u>694,032</u>	<u>758,969</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	2,166,073	2,413,837	1,195,034
Other Local Governments	<u>39,192</u>	<u>-</u>	<u>4,000</u>
	<u>2,205,265</u>	<u>2,413,837</u>	<u>1,199,034</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>2,883,438</u></u>	<u><u>3,107,869</u></u>	<u><u>1,958,003</u></u>



TOWN OF RAYMOND
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2012

SCHEDULE 5

	Budget (Unaudited) \$	2012 \$	2011 \$
EXPENDITURES			
Salaries, wages and benefits	2,331,515	2,634,880	2,530,375
Contracted and general services	1,259,266	1,440,011	1,484,020
Materials, goods, and utilities	790,957	957,375	1,272,620
Interest on long-term debt	85,012	124,302	139,793
Transfers to local boards and agencies	94,152	89,978	92,024
Bank charges and short-term interest	2,040	8,296	1,916
Amortization	-	941,506	903,747
Loss on disposal of assets	-	-	1,841
TOTAL EXPENDITURES	<u>4,562,942</u>	<u>6,196,348</u>	<u>6,426,336</u>





TOWN OF RAYMOND
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2012

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
REVENUE							
Net municipal taxes	2,253,747	-	-	-	-	-	2,253,747
Government transfers	288,623	6,871	567,325	23,460	368,349	1,853,241	3,107,869
User fees and sales of goods	23,979	160,502	32,517	60,479	694,815	1,400,945	2,373,237
Investment income	803	-	-	-	-	-	803
Raymond Strategic Initiatives Team	382,484	-	-	-	-	-	382,484
Other revenue	<u>236,277</u>	-	-	-	<u>1,574</u>	-	<u>237,851</u>
	<u>3,185,913</u>	<u>167,373</u>	<u>599,842</u>	<u>83,939</u>	<u>1,064,738</u>	<u>3,254,186</u>	<u>8,355,991</u>
EXPENSES							
Salaries, wages and benefits	793,213	103,949	428,778	63,253	828,414	417,273	2,634,880
Contracted and general services	242,872	166,117	153,260	44,652	169,913	663,197	1,440,011
Materials, goods, and utilities	74,064	64,839	403,849	4,796	312,890	96,937	957,375
Transfers to local boards and agencies	-	-	-	1,200	88,778	-	89,978
Long-term debt interest	-	-	-	-	66,275	58,027	124,302
Bank charges and short-term interest	<u>8,296</u>	-	-	-	-	-	<u>8,296</u>
	<u>1,118,445</u>	<u>334,905</u>	<u>985,887</u>	<u>113,901</u>	<u>1,466,270</u>	<u>1,235,434</u>	<u>5,254,842</u>
NET REVENUE BEFORE AMORTIZATION	<u>2,067,468</u>	<u>(167,532)</u>	<u>(386,045)</u>	<u>(29,962)</u>	<u>(401,532)</u>	<u>2,018,752</u>	<u>3,101,149</u>
Amortization	29,832	61,719	473,500	-	173,833	202,622	941,506
NET REVENUE	<u>2,037,636</u>	<u>(229,251)</u>	<u>(859,545)</u>	<u>(29,962)</u>	<u>(575,365)</u>	<u>1,816,130</u>	<u>2,159,643</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

1. Significant Accounting Policies

The consolidated financial statements of the Town of Raymond 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 Raymond 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. 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.

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 -

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.

c) 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.

d) 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 levelling 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 their respective function.



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

1. Significant Accounting Policies (continued)

- e) **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 collectible 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 borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

- f) **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.

- g) **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.

- i) **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:

	<u>YEARS</u>
Land Improvements	15-20
Buildings	25-50
Engineered Structures	
Water System	35-70
Wastewater System	35-70
Other Engineered Structures	15-40
Machinery and Equipment	5-20
Vehicles	5-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

1. Significant Accounting Policies (continued)

- ii) 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.
- iii) Inventories -
 Inventories held for consumption are recorded at the lower of cost or replacement cost.

2. Cash and Temporary Bank Indebtedness

	2012 \$	2011 \$
Cash on hand	3,436	1,430
Temporary bank indebtedness	<u>(666,061)</u>	<u>(2,297,030)</u>
	<u>(662,625)</u>	<u>(2,295,600)</u>

The town has two demand lines of credit with ATB Financial with an authorized limit of \$2,000,000 each which bear interest at 3.00%. Security pledged consists of an assignment of property taxes.

3. Taxes and Grants in Place of Taxes Receivables

	2012 \$	2011 \$
Current taxes and grants in place of taxes	469,843	403,389
Arrears taxes	<u>173,196</u>	<u>135,362</u>
	<u>643,039</u>	<u>538,751</u>

4. Deferred Revenue

	2012 \$	2011 \$
Basic Municipal Transportation Grant	-	123,723
Federal Gas Tax Fund Grant	121,558	324,000
Municipal Sustainability Initiative - Capital	222,161	-
New Deal For Cities & Communities Grants	<u>-</u>	<u>93,258</u>
	<u>343,719</u>	<u>540,981</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

5. Long-term Debt

	2012 \$	2011 \$
Self-supported debentures	1,654,432	1,793,926
Bank loans	393,543	526,898
Obligation under capital leases	<u>20,315</u>	<u>19,429</u>
	<u>2,068,290</u>	<u>2,340,253</u>

The current portion of long-term amounts to \$283,611 (2011 - \$281,895).

Principle and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2013	283,611	67,623	351,234
2014	293,658	64,104	357,762
2015	236,503	60,608	297,111
2016	62,968	57,858	120,826
2017	47,206	55,171	102,377
Thereafter	<u>1,144,344</u>	<u>493,691</u>	<u>1,638,035</u>
	<u>2,068,290</u>	<u>799,055</u>	<u>2,867,345</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.575% to 4.676%, before provincial subsidy and matures in periods 2015 to 2033. 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 at large.

Bank loan is repayable to ATB Financial in annual payments of \$142,598 and bears interest at 3.250% per annum and matures in 2015.

Interest on long-term debt amounted to \$124,302 (2011 - \$139,793).



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

6. 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 be disclosed as follows:

	2012 \$	2011 \$
Total debt limit	8,913,231	8,772,900
Total debt	<u>2,068,290</u>	<u>2,340,253</u>
Total unused debt limit	<u>6,844,941</u>	<u>6,432,647</u>
Service on debt limit	1,485,539	1,462,150
Service on debt	<u>351,234</u>	<u>350,814</u>
Amount of unused service on debt	<u>1,134,305</u>	<u>1,111,336</u>

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.

7. Equity in Tangible Capital Assets

	2012 \$	2011 \$
Capital assets (Schedule 2)	33,599,871	32,585,126
Accumulated amortization (Schedule 2)	(11,553,018)	(10,614,073)
Long-term debt (Note 5)	<u>(2,068,290)</u>	<u>(2,340,253)</u>
	<u>19,978,563</u>	<u>19,630,800</u>

8. Accumulated Surplus

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

	2012 \$	2011 \$
Unrestricted surplus (deficit)	(14,005)	(1,825,885)
Restricted surplus:		
Capital reserves		
Fire equipment	80,775	80,775
Operating equipment	50,000	50,000
Cemetery	41,771	41,771
Development	252,693	252,693
Equity in tangible capital assets	<u>19,978,563</u>	<u>19,630,800</u>
	<u>20,389,797</u>	<u>18,230,154</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

9. Segmented Disclosure

The Town of Raymond 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).

10. Salary and Benefits Disclosure

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

	Salary (1) \$	Benefits & Allowances (2) \$	2012 Total \$	2011 Total \$
Mayor	21,805	124	21,929	20,947
Councilor - Jim Depew	13,069	124	13,193	10,985
- Doug Holt	13,704	124	13,828	12,285
- Cathy Needham	17,378	124	17,502	14,205
- Dustin Ralph	15,639	124	15,763	12,673
- Greg Robinson	17,249	124	17,373	14,145
- Barry Wolsey	14,309	124	14,433	12,675
Designated officer - CAO	141,718	25,692	167,410	163,629

- (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, accident disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, car and travel allowances, conferences, and memberships.



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2012

11. Local Authorities Pension Plan

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

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

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

The total current service contributions by the town to the LAPP in 2012 were \$159,087 (2011 - \$153,906). Total current year service contributions by the employees of the town to the LAPP were \$144,308 (2011 - \$138,938).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

12. Contingencies

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

13. Financial Instruments

The town's financial instruments consist of cash and temporary investments, receivables, bank indebtedness, accounts payable and 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 fulfil 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.

14. Approval of Financial Statements

Council and Management have approved these financial statements.

