

TOWN OF RAYMOND

Financial Statements

December 31, 2015

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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, 2015 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, 2015, 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 3, 2016

Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2015

	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash (Note 2)	75	284,371
Receivables		
Taxes and grants in place of taxes (Note 3)	827,368	775,741
Trade and other receivables	2,094,636	801,789
Land for resale inventory	154,538	63,988
Loans receivable	<u>64,613</u>	<u>-</u>
	<u>3,141,230</u>	<u>1,925,889</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	1,678,028	-
Accounts payable and accrued liabilities	560,316	452,366
Deferred revenue (Note 4)	350,000	506,719
Long-term debt (Note 5)	<u>1,397,946</u>	<u>1,551,325</u>
	<u>3,986,290</u>	<u>2,510,410</u>
NET FINANCIAL ASSETS (DEBT)	<u>(845,060)</u>	<u>(584,521)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	26,216,548	23,147,222
Inventory for consumption	48,566	36,005
Prepaid expenses and deposits	<u>1,674</u>	<u>-</u>
	<u>26,266,788</u>	<u>23,183,227</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 8)	<u>25,421,728</u>	<u>22,598,706</u>

CONTINGENCIES (Note 12)



TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2015

	Budget (Unaudited) \$	2015 \$	2014 \$
REVENUE			
User fees and sales of goods	2,672,842	2,902,175	2,658,539
Net municipal property taxes (Schedule 3)	2,455,987	2,588,521	2,465,151
Raymond Strategic Initiatives Team revenues	223,600	247,115	269,843
Government transfers (Schedule 4)	877,006	818,044	749,707
Penalties and costs of taxes	80,000	97,355	98,741
Franchise and concession contracts	180,000	202,541	179,555
Investment income	6,000	3,736	9,873
Total Revenue	6,495,435	6,859,487	6,431,409
EXPENSES			
Water, wastewater and waste management	1,286,224	1,396,185	1,343,998
Parks and recreation	1,569,619	2,041,424	1,561,694
Roads, streets, walks, lighting	978,226	956,770	924,338
Administration	838,448	793,167	647,775
Raymond Strategic Initiatives Team expenses	160,230	193,327	231,909
Police, fire, ambulance and bylaw enforcement	579,543	572,734	547,626
Legislative	266,745	269,466	235,044
Land use planning, zoning and development	48,389	46,294	66,004
Other	119,383	206,657	167,691
Loss on disposal of tangible capital assets	-	18,334	6,305
Amortization	-	1,007,303	962,948
Total Expenses	5,686,577	7,501,661	6,695,332
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	808,858	(642,174)	(263,923)
OTHER			
Government transfers for capital (Schedule 3)	1,786,001	3,465,196	1,011,245
EXCESS OF REVENUE OVER EXPENSES	2,594,859	2,823,022	747,322
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,598,706	22,598,706	21,851,384
ACCUMULATED SURPLUS, END OF YEAR	25,193,565	25,421,728	22,598,706



TOWN OF RAYMOND**Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2015**

	Budget (Unaudited) \$	2015 \$	2014 \$
EXCESS OF REVENUE OVER EXPENSES	<u>2,594,859</u>	<u>2,823,022</u>	<u>747,322</u>
Acquisition of tangible capital assets	-	(4,098,594)	(926,717)
Proceeds on disposal of tangible capital assets	-	3,631	18,095
Amortization of tangible capital assets	-	1,007,303	962,948
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>18,334</u>	<u>6,305</u>
	<u>-</u>	<u>(3,069,326)</u>	<u>60,631</u>
(Acquisition) use of prepaid assets	-	(1,674)	1,921
(Acquisition) use of supplies inventory	<u>-</u>	<u>(12,561)</u>	<u>36,494</u>
	<u>-</u>	<u>(14,235)</u>	<u>38,415</u>
(INCREASE) DECREASE IN NET DEBT	2,594,859	(260,539)	846,368
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(584,521)</u>	<u>(584,521)</u>	<u>(1,430,889)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>2,010,338</u>	<u>(845,060)</u>	<u>(584,521)</u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2015

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	2,823,022	747,322
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,007,303	962,948
Loss on disposal of tangible capital assets	18,334	6,305
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(51,627)	(86,323)
(Increase) decrease in trade and other receivables	(1,292,847)	11,058
(Increase) decrease in land held for resale	(90,550)	3,598
(Increase) decrease in inventory for consumption	(12,561)	36,494
(Increase) in loans receivable	(64,613)	-
Increase in accounts payable and accrued liabilities	107,950	151,801
(Decrease) increase in deferred revenue	(156,719)	29,294
(Increase) decrease in prepaid expenses and deposits	(1,674)	1,921
	<u>2,286,018</u>	<u>1,864,418</u>
CAPITAL		
Acquisition of tangible capital assets	(4,098,594)	(926,717)
Proceeds on disposal of tangible capital assets	<u>3,631</u>	<u>18,095</u>
	<u>(4,094,963)</u>	<u>(908,622)</u>
FINANCING		
Advancement (repayment) of temporary bank indebtedness	1,678,028	(380,544)
Long-term debt issued	113,154	17,500
Long-term debt repaid	<u>(266,533)</u>	<u>(311,760)</u>
	<u>1,524,649</u>	<u>(674,804)</u>
CHANGE IN CASH DURING THE YEAR	(284,296)	280,992
CASH, BEGINNING OF YEAR	<u>284,371</u>	<u>3,379</u>
CASH, END OF YEAR	<u><u>75</u></u>	<u><u>284,371</u></u>





TOWN OF RAYMOND

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2015

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2015 \$	2014 \$
BALANCE, BEGINNING OF THE YEAR	<u>539,546</u>	<u>463,263</u>	<u>21,595,897</u>	<u>22,598,706</u>	<u>21,851,384</u>
Excess of revenue over expenses	2,823,022	-	-	2,823,022	747,322
Unrestricted funds designated for future use	13,989	(13,989)	-	-	-
Current year funds used for tangible capital assets	(4,098,594)	-	4,098,594	-	-
Disposal of tangible capital assets	21,965	-	(21,965)	-	-
Annual amortization expense	1,007,303	-	(1,007,303)	-	-
New long-term debt issued	113,154	-	(113,154)	-	-
Long-term debt repaid	(266,533)	-	266,533	-	-
Change in accumulated surplus	<u>(385,694)</u>	<u>(13,989)</u>	<u>3,222,705</u>	<u>2,823,022</u>	<u>747,322</u>
BALANCE, END OF YEAR	<u><u>153,852</u></u>	<u><u>449,274</u></u>	<u><u>24,818,602</u></u>	<u><u>25,421,728</u></u>	<u><u>22,598,706</u></u>



TOWN OF RAYMOND

Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	779,996	1,189,912	10,677,411	20,180,911	3,003,458	785,525	36,617,213	35,720,996
Acquisition of tangible capital assets	159,240	-	178,055	339,961	349,226	83,394	1,109,876	237,538
Disposal of tangible capital assets	(2)	-	-	(2,199)	(57,383)	(19,800)	(79,384)	(30,500)
Assets under construction	-	1,622,958	335,570	610,850	419,340	-	2,988,718	689,179
BALANCE, END OF YEAR	<u>939,234</u>	<u>2,812,870</u>	<u>11,191,036</u>	<u>21,129,523</u>	<u>3,714,641</u>	<u>849,119</u>	<u>40,636,423</u>	<u>36,617,213</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	173,673	3,711,125	7,513,311	1,784,134	287,748	13,469,991	12,513,143
Annual amortization	-	39,604	241,296	469,421	199,366	57,616	1,007,303	962,948
Accumulated amortization on disposals	-	-	-	-	(41,579)	(15,840)	(57,419)	(6,100)
BALANCE, END OF YEAR	<u>-</u>	<u>213,277</u>	<u>3,952,421</u>	<u>7,982,732</u>	<u>1,941,921</u>	<u>329,524</u>	<u>14,419,875</u>	<u>13,469,991</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>939,234</u>	<u>2,599,593</u>	<u>7,238,615</u>	<u>13,146,791</u>	<u>1,772,720</u>	<u>519,595</u>	<u>26,216,548</u>	<u>23,147,222</u>
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>779,996</u>	<u>1,016,239</u>	<u>6,966,286</u>	<u>12,667,600</u>	<u>1,219,324</u>	<u>497,777</u>	<u>23,147,222</u>	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2015

SCHEDULE 3

	Budget (Unaudited) \$	2015 \$	2014 \$
TAXATION			
Real property taxes	3,223,891	3,354,400	3,222,741
Linear property taxes	<u>59,764</u>	<u>59,385</u>	<u>59,764</u>
	<u>3,283,655</u>	<u>3,413,785</u>	<u>3,282,505</u>
REQUISITIONS			
Alberta School Foundation Fund	706,538	706,538	695,637
Separate school	17,766	17,109	18,353
Seniors foundation	<u>103,364</u>	<u>101,617</u>	<u>103,364</u>
	<u>827,668</u>	<u>825,264</u>	<u>817,354</u>
NET MUNICIPAL PROPERTY TAXES	<u>2,455,987</u>	<u>2,588,521</u>	<u>2,465,151</u>



TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2015

SCHEDULE 4

	Budget (Unaudited) \$	2015 \$	2014 \$
TRANSFERS FOR OPERATING:			
Federal Government	-	-	3,000
Provincial Government	818,406	777,203	676,344
Other Local Governments	<u>58,600</u>	<u>40,841</u>	<u>70,363</u>
	<u>877,006</u>	<u>818,044</u>	<u>749,707</u>
TRANSFERS FOR CAPITAL:			
Federal Government	-	-	79,288
Provincial Government	1,486,001	3,077,076	920,350
Other Local Governments	<u>300,000</u>	<u>388,120</u>	<u>11,607</u>
	<u>1,786,001</u>	<u>3,465,196</u>	<u>1,011,245</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>2,663,007</u></u>	<u><u>4,283,240</u></u>	<u><u>1,760,952</u></u>



TOWN OF RAYMOND
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2015

SCHEDULE 5

	Budget (Unaudited) \$	2015 \$	2014 \$
EXPENDITURES			
Salaries, wages and benefits	3,291,425	3,324,719	3,006,272
Contracted and general services	1,469,894	1,935,002	1,478,087
Materials, goods, and utilities	893,205	1,034,576	1,052,119
Interest on long-term debt	78,725	66,781	80,589
Transfers to local boards and agencies	111,057	108,179	106,004
Bank charges and short-term interest	2,500	6,767	3,008
Amortization	-	1,007,303	962,948
Loss on disposal of tangible capital assets	-	<u>18,334</u>	<u>6,305</u>
TOTAL EXPENDITURES	<u>5,846,806</u>	<u>7,501,661</u>	<u>6,695,332</u>





TOWN OF RAYMOND

Schedule of Segmented Disclosure
For the Year Ended December 31, 2015

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
REVENUE							
Net municipal taxes	2,588,521	-	-	-	-	-	2,588,521
Government transfers	181,000	87,000	-	41,000	3,974,240	-	4,283,240
User fees and sales of goods	18,512	302,859	1,952	71,743	730,669	1,776,440	2,902,175
Investment income	3,736	-	-	-	-	-	3,736
Raymond Strategic Initiatives Team	247,115	-	-	-	-	-	247,115
Other revenue	299,896	-	-	-	-	-	299,896
	<u>3,338,780</u>	<u>389,859</u>	<u>1,952</u>	<u>112,743</u>	<u>4,704,909</u>	<u>1,776,440</u>	<u>10,324,683</u>
EXPENSES							
Salaries, wages and benefits	921,230	351,922	361,799	97,718	1,204,390	387,660	3,324,719
Contracted and general services	268,835	128,085	227,993	66,735	369,188	874,166	1,935,002
Materials, goods, and utilities	59,128	92,727	366,978	58,610	326,901	130,232	1,034,576
Transfers to local boards and agencies	-	-	-	1,200	106,979	-	108,179
Long-term debt interest	-	-	-	-	62,654	4,127	66,781
Bank charges, short-term interest and other	6,767	-	18,334	-	-	-	25,101
	<u>1,255,960</u>	<u>572,734</u>	<u>975,104</u>	<u>224,263</u>	<u>2,070,112</u>	<u>1,396,185</u>	<u>6,494,358</u>
NET REVENUE BEFORE AMORTIZATION	2,082,820	(182,875)	(973,152)	(111,520)	2,634,797	380,255	3,830,325
Amortization	35,338	65,623	462,121	-	219,254	224,967	1,007,303
NET REVENUE	<u>2,047,482</u>	<u>(248,498)</u>	<u>(1,435,273)</u>	<u>(111,520)</u>	<u>2,415,543</u>	<u>155,288</u>	<u>2,823,022</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2015

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, 2015

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) **Tax Revenue -**
 Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.
 Requisitions operate as a flow through and are excluded from municipal revenue.

- h) **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



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

i) Tangible Capital Assets (continued) -

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.

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

	2015 \$	2014 \$
Cash on hand	75	284,371
Temporary bank indebtedness	<u>(1,678,028)</u>	<u>-</u>
	<u>(1,677,953)</u>	<u>284,371</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 prime less 0.25% which at December 31, 2015 was 2.45%. Security pledged consists of an assignment of property taxes.

Included in bank accounts is a restricted amount of \$350,000 (2014 - \$506,719) received from the Alberta Community Partnership Grant and held exclusively for approved projects (Note 4).

3. Taxes and Grants in Place of Taxes Receivables

	2015 \$	2014 \$
Current taxes and grants in place of taxes	350,296	385,440
Arrears taxes	<u>477,072</u>	<u>390,301</u>
	<u>827,368</u>	<u>775,741</u>

4. Deferred Revenue

	2015 \$	2014 \$
Alberta Community Partnerships	350,000	23,187
Municipal Sustainability Initiative - Capital	<u>-</u>	<u>483,532</u>
	<u>350,000</u>	<u>506,719</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2015

4. Deferred Revenue (Continued)

Municipal Sustainability Initiative

Funding in the amount of \$1,319,362 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,319,362 received, \$922,346 was from the capital component of the program and was restricted to eligible capital projects, as approved under the funding agreement, which were scheduled for completion in 2015. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$387,016 was from the operating component of the program and was restricted to eligible operating projects, as approved under the funding agreement, which were also scheduled for completion in 2015.

5. Long-term Debt

	2015 \$	2014 \$
Self-supported debentures	1,254,518	1,361,312
Bank loans	-	129,709
Obligation under capital leases	<u>143,428</u>	<u>60,304</u>
	<u><u>1,397,946</u></u>	<u><u>1,551,325</u></u>

The current portion of long-term amounts to \$103,078 (2014 - \$254,582).

Principle and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2016	103,078	62,632	165,710
2017	88,958	58,304	147,262
2018	76,311	54,696	131,007
2019	75,443	51,371	126,814
2020	65,256	48,275	113,531
Thereafter	<u>988,900</u>	<u>342,003</u>	<u>1,330,903</u>
	<u><u>1,397,946</u></u>	<u><u>617,281</u></u>	<u><u>2,015,227</u></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 2016 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.

Interest on long-term debt amounted to \$66,781 (2014 - \$80,589).



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2015

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:

	2015 \$	2014 \$
Total debt limit	10,289,231	9,647,114
Total debt	<u>1,397,946</u>	<u>1,551,325</u>
Total unused debt limit	<u>8,891,285</u>	<u>8,095,789</u>
Service on debt limit	1,714,872	1,607,852
Service on debt	<u>165,710</u>	<u>317,559</u>
Amount of unused service on debt	<u>1,549,162</u>	<u>1,290,293</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

	2015 \$	2014 \$
Tangible capital assets (Schedule 2)	40,636,423	36,617,213
Accumulated amortization (Schedule 2)	(14,419,875)	(13,469,991)
Long-term debt (Note 5)	<u>(1,397,946)</u>	<u>(1,551,325)</u>
	<u>24,818,602</u>	<u>21,595,897</u>

8. Accumulated Surplus

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

	2015 \$	2014 \$
Unrestricted surplus	153,852	539,546
Restricted surplus:		
Capital reserves		
Fire equipment	104,810	104,810
Operating equipment	50,000	50,000
Administrative	-	3,989
Cemetery	41,771	51,771
Development	252,693	252,693
Equity in tangible capital assets	<u>24,818,602</u>	<u>21,595,897</u>
	<u>25,421,728</u>	<u>22,598,706</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2015

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) \$	2015 Total \$	2014 Total \$
Mayor	31,279	4,137	35,416	35,610
Councilor - Jim Depew	15,573	2,089	17,662	18,576
- Clark Holt	24,618	4,831	29,449	26,437
- Cathy Needham	27,278	4,919	32,197	29,502
- Dustin Ralph	29,883	5,006	34,889	26,167
- Greg Robinson	25,158	4,849	30,007	28,597
- Barry Wolsey	20,163	4,190	24,353	23,332
Designated officer - CAO	158,609	33,010	191,619	185,380

- (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, 2015

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 2015 were \$230,899 (2014 - \$208,111). Total current year service contributions by the employees of the town to the LAPP were \$212,498 (2014 - \$191,387).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 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.

