

# TOWN OF RAYMOND

## Financial Statements

December 31, 2010

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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, 2010 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, 2010, 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

April 12, 2011



Chartered Accountants

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

	2010	2009
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 449,341	\$ 1,269,114
Receivables		
Taxes and grants in place of taxes (Note 3)	409,606	328,236
Trade and other receivables	678,743	784,679
Land for resale inventory	<u>111,925</u>	<u>76,717</u>
	<u>1,649,615</u>	<u>2,458,746</u>
<b>LIABILITIES</b>		
Temporary bank indebtedness (Note 2)	1,001,955	1,508,116
Accounts payable and accrued liabilities	250,772	244,314
Deposits held on sale of tangible capital asset (Note 4)	3,500,000	-
Deferred revenue (Note 5)	129,080	-
Long-term debt (Note 6)	<u>2,750,905</u>	<u>2,017,839</u>
	<u>7,632,712</u>	<u>3,770,269</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(5,983,097)</u>	<u>(1,311,523)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	33,218,149	26,733,910
Inventory for consumption	65,945	56,367
Prepaid expenses and deposits	<u>14,168</u>	<u>1,933</u>
	<u>33,298,262</u>	<u>26,792,210</u>
<b>ACCUMULATED SURPLUS (Schedule 1 &amp; Note 9)</b>	<u>\$ 27,315,165</u>	<u>\$ 25,480,687</u>

**CONTINGENCIES (Note 13)**

**TOWN OF RAYMOND**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2010**

	Budget (Unaudited)	2010	2009
<b>REVENUES</b>			
User fees and sales of goods	\$ 2,552,436	\$ 2,572,281	\$ 2,471,495
Net municipal property taxes (Schedule 3)	1,979,433	1,978,389	1,925,055
Government transfers (Schedule 4)	610,925	613,668	523,433
Franchise and concession contracts	75,000	73,795	77,027
Penalties and costs of taxes	76,500	77,297	76,205
Investment income	<u>8,100</u>	<u>8,386</u>	<u>3,767</u>
	<u>5,302,394</u>	<u>5,323,816</u>	<u>5,076,982</u>
<b>EXPENSES</b>			
Parks and recreation	1,331,864	1,325,079	1,202,311
Roads, streets, walks, lighting	1,042,672	1,046,652	1,045,790
Water, wastewater and waste management	976,443	1,097,782	1,019,018
Administration	673,300	665,910	579,371
Police, fire, ambulance and bylaw enforcement	227,975	242,782	233,158
Legislative	141,235	132,291	114,145
Land use planning, zoning and development	61,000	59,271	69,687
Other	106,450	105,961	104,242
Loss on disposal of capital assets	-	20,286	64,786
Amortization	<u>-</u>	<u>813,749</u>	<u>779,444</u>
	<u>4,560,939</u>	<u>5,509,763</u>	<u>5,211,952</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	741,455	(185,947)	(134,970)
<b>OTHER</b>			
Government transfers for capital (Schedule 3)	<u>2,020,425</u>	<u>2,020,425</u>	<u>7,093,372</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>2,761,880</u>	<u>1,834,478</u>	<u>6,958,402</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>25,480,687</u>	<u>25,480,687</u>	<u>18,522,285</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 28,242,567</u>	<u>\$ 27,315,165</u>	<u>\$ 25,480,687</u>

**TOWN OF RAYMOND****Consolidated Statement of Change in Net Financial Assets (Debt)****For the Year Ended December 31, 2010**

	Budget (Unaudited)	2010	2009
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ <u>2,761,880</u>	\$ <u>1,834,478</u>	\$ <u>6,958,402</u>
Acquisition of tangible capital assets	(3,756,846)	(7,319,094)	(10,855,805)
Proceeds on disposal of tangible capital assets	-	820	42,362
Amortization of tangible capital assets	-	813,749	779,444
Loss (gain) on disposal of tangible capital assets	-	<u>20,286</u>	<u>64,786</u>
	<u>(3,756,846)</u>	<u>(6,484,239)</u>	<u>(9,969,213)</u>
(Use) acquisition of prepaid assets	-	(12,235)	-
(Use) acquisition of supplies inventory	-	<u>(9,578)</u>	<u>106,981</u>
	-	<u>(21,813)</u>	<u>106,981</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	(994,966)	(4,671,574)	(2,903,830)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>(1,311,523)</u>	<u>(1,311,523)</u>	<u>1,592,307</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ <u><u>(2,306,489)</u></u>	\$ <u><u>(5,983,097)</u></u>	\$ <u><u>(1,311,523)</u></u>

**TOWN OF RAYMOND**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

	2010	2009
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 1,834,478	\$ 6,958,402
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	813,749	779,444
Loss on disposal of tangible capital assets	20,286	64,786
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	(81,370)	(12,578)
Decrease (increase) in trade and other receivables	105,936	1,388,498
Decrease (increase) in land held for resale	(35,208)	169,874
Decrease (increase) in inventory for consumption	(9,578)	106,981
(Increase) in deposits held on sale of capital assets	3,500,000	-
Increase in accounts payable and accrued liabilities	6,458	(272,091)
Increase in deferred revenue	129,080	(226,989)
(Increase) in prepaid expenses	(12,235)	-
Cash provided by operating transactions	<u>6,271,596</u>	<u>8,956,327</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(7,319,094)	(10,855,805)
Proceeds from sale of tangible capital assets	<u>820</u>	<u>42,361</u>
	<u>(7,318,274)</u>	<u>(10,813,444)</u>
<b>FINANCING</b>		
Temporary bank indebtedness	(506,161)	1,508,116
Long-term debt issued	1,085,753	-
Long-term debt repaid	<u>(352,687)</u>	<u>(369,990)</u>
	<u>226,905</u>	<u>1,138,126</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	(819,773)	(718,991)
<b>CASH, BEGINNING OF YEAR</b>	<u>1,269,114</u>	<u>1,988,105</u>
<b>CASH, END OF YEAR (Note 2)</b>	<u>\$ 449,341</u>	<u>\$ 1,269,114</u>

**TOWN OF RAYMOND**

**Schedule of Changes in Accumulated Surplus  
For the Year Ended December 31, 2010**

**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010	2009
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 339,377	\$ 425,239	\$ 24,716,071	\$ 25,480,687	\$ 18,522,285
Excess (deficiency) of revenues over expenses	1,834,478	-	-	1,834,478	6,958,402
Current year funds used for tangible capital assets	(7,319,094)	-	7,319,094	-	-
Disposal of tangible capital assets	21,106	-	(21,106)	-	-
Annual amortization expense	813,749	-	(813,749)	-	-
New long-term debt issued	1,085,753	-	(1,085,753)	-	-
Long-term debt repaid	(352,687)	-	352,687	-	-
Change in accumulated surplus	\$ (3,916,695)	\$ -	\$ 5,751,173	\$ 1,834,478	\$ 6,958,402
<b>BALANCE, END OF YEAR</b>	\$ (3,577,318)	\$ 425,239	\$ 30,467,244	\$ 27,315,165	\$ 25,480,687

**TOWN OF RAYMOND**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2010**

**SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2010	2009
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	778,996	\$ 300,645	\$17,422,674	\$14,776,011	\$ 2,206,620	\$ 219,515	\$35,704,461	\$25,118,167
Acquisition of tangible capital assets	-	35,826	5,437,710	1,307,608	149,785	388,165	7,319,094	10,855,805
Disposal of tangible capital assets	-	-	-	(2,897)	(85,000)	(3,500)	(91,397)	(269,511)
BALANCE, END OF YEAR	<u>778,996</u>	<u>336,471</u>	<u>22,860,384</u>	<u>16,080,722</u>	<u>2,271,405</u>	<u>604,180</u>	<u>42,932,158</u>	<u>35,704,461</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	11,262	2,564,820	5,354,384	970,257	69,828	8,970,551	8,353,473
Annual amortization	-	11,706	224,355	386,255	156,418	35,015	813,749	779,444
Accumulated amortization on disposals	-	-	-	(2,891)	(65,300)	(2,100)	(70,291)	(162,366)
BALANCE, END OF YEAR	<u>-</u>	<u>22,968</u>	<u>2,789,175</u>	<u>5,737,748</u>	<u>1,061,375</u>	<u>102,743</u>	<u>9,714,009</u>	<u>8,970,551</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 778,996</u>	<u>\$ 313,503</u>	<u>\$ 20,071,209</u>	<u>\$ 10,342,974</u>	<u>\$ 1,210,030</u>	<u>\$ 501,437</u>	<u>\$ 33,218,149</u>	<u>\$ 26,733,910</u>
2009 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 778,996</u>	<u>\$ 289,383</u>	<u>\$ 14,857,854</u>	<u>\$ 9,421,627</u>	<u>\$ 1,236,363</u>	<u>\$ 149,687</u>	<u>\$ 26,733,910</u>	



**TOWN OF RAYMOND**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2010**

**SCHEDULE 3**

	Budget (Unaudited)	2010	2009
<b>TAXATION</b>			
Real property taxes	\$ 2,509,614	\$ 2,508,570	\$ 2,392,879
Linear property taxes	<u>54,849</u>	<u>54,849</u>	<u>51,330</u>
	<u>2,564,463</u>	<u>2,563,419</u>	<u>2,444,209</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	487,838	487,838	444,437
Separate school	11,595	11,595	11,354
Seniors foundation	<u>85,597</u>	<u>85,597</u>	<u>63,363</u>
	<u>585,030</u>	<u>585,030</u>	<u>519,154</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,979,433</u>	<u>\$ 1,978,389</u>	<u>\$ 1,925,055</u>

**TOWN OF RAYMOND**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2010**

**SCHEDULE 4**

	Budget (Unaudited)	2010	2009
<b>TRANSFERS FOR OPERATING:</b>			
Federal Government	\$ 13,173	\$ 13,173	\$ 12,838
Provincial Government	559,365	559,365	562,879
Other Local Governments	<u>38,387</u>	<u>41,130</u>	<u>34,332</u>
	<u>610,925</u>	<u>613,668</u>	<u>610,049</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal Government	195,448	195,448	-
Provincial Government	1,824,978	1,824,977	6,872,269
Other Local Governments	<u>-</u>	<u>-</u>	<u>134,487</u>
	<u>2,020,426</u>	<u>2,020,425</u>	<u>7,006,756</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ <u>2,631,351</u></b>	<b>\$ <u>2,634,093</u></b>	<b>\$ <u>7,616,805</u></b>

**TOWN OF RAYMOND**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2010**

**SCHEDULE 5**

	Budget (Unaudited)	2010	2009
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 2,490,692	\$ 2,473,944	\$ 2,135,312
Contracted and general services	957,878	974,417	1,067,343
Materials, goods, and utilities	921,399	1,036,110	949,250
Interest on long-term debt	104,280	104,279	110,095
Transfers to local boards and agencies	84,690	85,143	101,350
Bank charges and short-term interest	2,000	1,835	4,372
Amortization	-	813,749	779,444
Loss on disposal of assets	-	20,286	64,786
	<u>\$ 4,560,939</u>	<u>\$ 5,509,763</u>	<u>\$ 5,211,952</u>

**TOWN OF RAYMOND**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2010**

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 1,978,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,978,389
Government transfers	284,719	123,226	100,000	10,173	526,724	1,589,251	-	2,634,093
User fees and sales of goods	57,228	298,996	21,514	117,777	538,963	1,537,803	-	2,572,281
Investment income	8,386	-	-	-	-	-	-	8,386
Other revenue	<u>151,092</u>	-	-	-	-	-	-	<u>151,092</u>
	<u>\$ 2,479,814</u>	<u>\$ 422,222</u>	<u>\$ 121,514</u>	<u>\$ 127,950</u>	<u>\$ 1,065,687</u>	<u>\$ 3,127,054</u>	<u>\$ -</u>	<u>\$ 7,344,241</u>
<b>EXPENSES</b>								
Contracted and general services	\$ 211,204	\$ 150,267	\$ 210,217	\$ 42,415	\$ 183,567	\$ 176,747	\$ -	\$ 974,417
Salaries and wages	498,202	31,964	487,360	72,569	732,242	651,607	-	2,473,944
Goods and supplies	86,960	50,177	316,369	21,211	280,074	281,319	-	1,036,110
Transfers to local boards	-	-	-	5,450	56,106	23,587	-	85,143
Long-term debt interest	-	10,374	372	-	73,091	20,442	-	104,279
Other expenses	<u>1,835</u>	-	<u>20,286</u>	-	-	-	-	<u>22,121</u>
	<u>\$ 798,201</u>	<u>\$ 242,782</u>	<u>\$ 1,034,604</u>	<u>\$ 141,645</u>	<u>\$ 1,325,080</u>	<u>\$ 1,153,702</u>	<u>\$ -</u>	<u>\$ 4,696,014</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	<u>\$ 1,681,613</u>	<u>\$ 179,440</u>	<u>\$ (913,090)</u>	<u>\$ (13,695)</u>	<u>\$ (259,392)</u>	<u>\$ 1,973,352</u>	<u>\$ -</u>	<u>\$ 2,648,227</u>
Amortization expense	<u>\$ 26,256</u>	<u>\$ 47,983</u>	<u>\$ 425,288</u>	<u>\$ -</u>	<u>\$ 157,137</u>	<u>\$ 157,085</u>	<u>\$ -</u>	<u>\$ 813,749</u>
<b>NET REVENUE</b>	<u>\$ 1,655,357</u>	<u>\$ 131,457</u>	<u>\$ (1,338,378)</u>	<u>\$ (13,695)</u>	<u>\$ (416,530)</u>	<u>\$ 1,816,267</u>	<u>\$ -</u>	<u>\$ 1,834,478</u>

**TOWN OF RAYMOND**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2010**

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**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, 2010**

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**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	15-25
Buildings	25-50
Engineered Structures	
Water System	35-75
Wastewater System	35-75
Other Engineered Structures	15-75
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. Assets under construction as of December 31, 2010 totalled \$13,642,627 (2009 - \$7,689,294).

**TOWN OF RAYMOND**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2010**

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**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**

	2010	2009
	\$	\$
Cash on hand	449,341	1,269,114
Temporary bank indebtedness	<u>(1,001,955)</u>	<u>(1,508,116)</u>
	<u>(552,614)</u>	<u>(239,002)</u>

The town has a demand line of credit with 1st Choice Savings & Credit Union with an authorized limit of \$2,000,000 which bears interest at 4.750%. Security pledged consists of an assignment of property taxes.

**3. Taxes and Grants in Place of Taxes Receivables**

	2010	2009
Current taxes and grants in place of taxes	\$ 301,546	\$ 229,593
Arrears taxes	<u>108,060</u>	<u>98,643</u>
	<u>\$ 409,606</u>	<u>\$ 328,236</u>

**4. Deposits Held on Sale of Tangible Capital Asset**

During the year the town received a deposit of \$3,500,000 from the Ridge Water Services Commission. It is anticipated that the water treatment plant being built by the town and included in buildings as construction in progress of \$12,668,454 will be transferred to the Ridge Water Services Commission after year-end.

**5. Deferred Revenue**

	2010	2009
Street Improvement Program Grant	<u>129,080</u>	<u>-</u>
	<u>\$ 129,080</u>	<u>\$ -</u>

**TOWN OF RAYMOND**  
**Notes to Financial Statements**  
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**6. Long-term Debt**

	<u>2010</u>	<u>2009</u>
Self-supported debentures	\$ 2,057,104	\$ 1,827,709
Bank loans	645,753	96,449
Obligation under capital leases	<u>48,048</u>	<u>93,681</u>
	<u>\$ 2,750,905</u>	<u>\$ 2,017,839</u>

The current portion of long-term amounts to \$410,016 (2009 - \$311,176)

Principle and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 410,016	\$ 81,316	\$ 491,332
2012	281,869	68,919	350,788
2013	272,013	65,752	337,765
2014	281,950	63,238	345,188
2015	250,541	60,608	311,149
Thereafter	<u>1,254,516</u>	<u>606,720</u>	<u>1,861,236</u>
	<u>\$ 2,750,905</u>	<u>\$ 946,553</u>	<u>\$ 3,697,458</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.575 % to 6.000%, before provincial subsidy and matures in periods 2011 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 1st Choice Savings & Credit Union in annual payments of \$144,048 and bears interest at 4.000% per annum and matures in 2015.

Interest on long-term debt amounted to \$104,279 (2009 - \$110,095).

The town's total cash payments for interest in 2010 were \$98,848 (2009 - \$118,281).



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**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 be disclosed as follows:

	2010	2009
Total debt limit	\$ 7,985,724	\$ 7,615,473
Total debt	<u>2,750,905</u>	<u>2,017,839</u>
Total unused debt limit	<u>\$ 5,234,819</u>	<u>\$ 5,597,634</u>
Service on debt limit	\$ 1,330,954	\$ 1,269,246
Service on debt	<u>491,332</u>	<u>392,466</u>
Amount of unused service on debt	<u>\$ 839,622</u>	<u>\$ 876,780</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.

**8. Equity in Tangible Capital Assets**

	2010	2009
Capital assets (Schedule 2)	\$ 42,932,158	\$ 35,704,461
Accumulated amortization (Schedule 2)	(9,714,009)	(8,970,551)
Long-term debt (Note 5)	<u>(2,750,905)</u>	<u>(2,017,839)</u>
	<u>\$ 30,467,244</u>	<u>\$ 24,716,071</u>

**9. Accumulated Surplus**

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

	2010	2009
Unrestricted surplus (deficit)	\$ (3,577,318)	\$ 339,377
Restricted surplus:		
Capital reserves		
Fire equipment	80,775	80,775
Operating equipment	50,000	50,000
Recreation	-	-
Cemetery	41,771	41,771
Development	252,693	252,693
Equity in tangible capital assets	<u>\$ 30,467,244</u>	<u>\$ 24,716,071</u>
	<u>27,315,165</u>	<u>25,480,687</u>

**TOWN OF RAYMOND**  
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**10. 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).

**11. 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)	2010 Total	2009 Total
Mayor	\$ 15,003	\$ 124	\$ 15,127	\$ 9,019
Councilor - Jim Depew	9,615	124	9,739	6,422
- Marlin Hogg	8,808	103	8,911	7,814
- Doug Holt	9,993	124	10,117	5,831
- Cathy Needham	10,495	124	10,619	7,404
- Dustin Ralph	2,274	21	2,295	-
- Greg Robinson	2,624	21	2,645	-
- Jim Steed	7,786	103	7,889	6,647
- Barry Wolsey	10,395	124	10,519	7,656
Designated officer - CAO	136,587	24,701	161,288	139,736

(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**  
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**12. 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 2010 were \$134,633 (2009 - \$114,325). Total current year service contributions by the employees of the town to the LAPP were \$120,733 (2009 - \$101,676)

At December 31, 2009, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

**13. 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.

**14. 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.

**15. Prior Period Error Correction**

The prior year's figures have been restated to correct an amount owing from the Government of Alberta for the Streets Improvement Program. The accounts receivable was originally set up at \$214,320 when only \$85,240 was due to the Town at December 31, 2009. The effect of this correction is a decrease in net income for the year ended December 31, 2009 of \$129,080 and a decrease in accounts receivable of \$129,080.

**16. Approval of Financial Statements**

Council and Management have approved these financial statements.