

TOWN OF RAYMOND

Financial Statements

December 31, 2011

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**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, 2011 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 village'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 village'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, 2011, 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

June 19, 2012



Chartered Accountants

TOWN OF RAYMOND

Consolidated Statement of Financial Position As at December 31, 2011

	2011	2010
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,430	\$ 449,341
Receivables		
Taxes and grants in place of taxes (Note 3)	538,751	409,606
Trade and other receivables	1,363,108	678,743
Land for resale inventory	<u>70,230</u>	<u>111,925</u>
	<u>1,973,519</u>	<u>1,649,615</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	2,297,030	1,001,955
Accounts payable and accrued liabilities	619,939	396,062
Deposits held on sale of tangible capital asset	-	3,500,000
Deferred revenue (Note 4)	540,981	129,080
Long-term debt (Note 5)	<u>2,340,253</u>	<u>2,750,905</u>
	<u>5,798,203</u>	<u>7,778,002</u>
NET FINANCIAL ASSETS (DEBT)	<u>(3,824,684)</u>	<u>(6,128,387)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	21,971,053	33,218,149
Inventory for consumption	75,742	65,945
Prepaid expenses and deposits	<u>8,043</u>	<u>14,168</u>
	<u>22,054,838</u>	<u>33,298,262</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 8)	<u>\$ 18,230,154</u>	<u>\$ 27,169,875</u>

CONTINGENCIES (Note 12)

TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2011

	Budget (Unaudited)	2011	2010
REVENUE			
User fees and sales of goods	\$ 2,171,883	\$ 2,229,446	\$ 2,572,281
Net municipal property taxes (Schedule 3)	2,030,517	2,149,049	1,978,389
Raymond Strategic Initiatives Team revenues	-	513,047	-
Government transfers (Schedule 4)	609,028	758,969	613,668
Penalties and costs of taxes	74,500	101,540	77,297
Franchise and concession contracts	65,000	84,067	73,795
Investment income	6,000	12,482	8,386
	<u>4,956,928</u>	<u>5,848,600</u>	<u>5,323,816</u>
EXPENSES			
Water, wastewater and waste management	1,066,216	1,394,140	1,109,004
Parks and recreation	1,224,024	1,399,496	1,336,923
Roads, streets, walks, lighting	887,520	1,165,642	1,042,060
Administration	624,500	582,685	674,423
Raymond Strategic Initiatives Team expenses	-	318,354	-
Police, fire, ambulance and bylaw enforcement	295,741	304,674	242,782
Legislative	136,740	160,071	132,291
Land use planning, zoning and development	55,500	92,345	59,271
Other	111,800	103,341	107,170
Loss on disposal of tangible capital assets	-	1,841	20,286
Amortization	-	903,747	813,749
	<u>4,402,041</u>	<u>6,426,336</u>	<u>5,537,959</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>554,887</u>	<u>(577,736)</u>	<u>(214,143)</u>
OTHER			
Government transfers for capital (Schedule 4)	1,734,769	1,199,035	2,020,425
Loss on Transfer of Water Treatment Plant (Note 14)	-	(9,561,020)	-
	<u>1,734,769</u>	<u>(8,361,985)</u>	<u>2,020,425</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>2,289,656</u>	<u>(8,939,721)</u>	<u>1,806,282</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported	27,169,875	27,198,071	25,480,687
Prior period adjustment (Note 15)	-	(28,196)	(117,094)
As restated	<u>27,169,875</u>	<u>27,169,875</u>	<u>25,363,593</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 29,459,531</u>	<u>\$ 18,230,154</u>	<u>\$ 27,169,875</u>

TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2011

	Budget (Unaudited)	2011	2010
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 2,289,656	\$ (8,939,721)	\$ 1,806,282
Acquisition of tangible capital assets	(3,756,846)	(2,589,689)	(7,319,094)
Proceeds on disposal of tangible capital assets	-	3,370,177	820
Amortization of tangible capital assets	-	903,747	813,749
Loss on disposal of tangible capital assets	-	9,562,861	20,286
	<u>(3,756,846)</u>	<u>11,247,096</u>	<u>(6,484,239)</u>
(Acquisition) use of prepaid assets	-	6,125	(12,235)
Use of supplies inventory	-	(9,797)	(9,578)
	<u>-</u>	<u>(3,672)</u>	<u>(21,813)</u>
DECREASE (INCREASE) IN NET DEBT	(1,467,190)	2,303,703	(4,699,770)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(6,128,387)</u>	<u>(6,128,387)</u>	<u>(1,428,617)</u>
NET FINANCIAL DEBT, END OF YEAR	<u><u>\$ (7,595,577)</u></u>	<u><u>\$ (3,824,684)</u></u>	<u><u>\$ (6,128,387)</u></u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2011

	2011	2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	\$ (8,939,721)	\$ 1,806,282
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	903,747	813,749
Loss on disposal of tangible capital assets	9,562,861	20,286
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(129,145)	(81,370)
(Increase) decrease in trade and other receivables	(684,365)	105,936
Decrease (increase) in land held for resale	41,695	(35,208)
(Increase) in inventory for consumption	(9,797)	(9,578)
(Decrease) increase in deposits held on sale of tangible capital assets	(3,500,000)	3,500,000
Increase in accounts payable and accrued liabilities	223,877	34,654
Increase in deferred revenue	411,901	129,080
Decrease (increase) in prepaid expenses and deposits	<u>6,125</u>	<u>(12,235)</u>
	<u>(2,112,822)</u>	<u>6,271,596</u>
CAPITAL		
Acquisition of tangible capital assets	(2,589,689)	(7,319,094)
Sale of tangible capital assets	<u>3,370,177</u>	<u>820</u>
	<u>780,488</u>	<u>(7,318,274)</u>
FINANCING		
Temporary bank indebtedness	1,295,075	(506,161)
Long-term debt issued	-	1,085,753
Long-term debt repaid	<u>(410,652)</u>	<u>(352,687)</u>
	<u>884,423</u>	<u>226,905</u>
CHANGE IN CASH DURING THE YEAR	(447,911)	(819,773)
CASH, BEGINNING OF YEAR	<u>449,341</u>	<u>1,269,114</u>
CASH, END OF YEAR	<u>\$ 1,430</u>	<u>\$ 449,341</u>



TOWN OF RAYMOND
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2011

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2011	2010
BALANCE, BEGINNING OF THE YEAR	\$ (3,722,608)	\$ 425,239	\$ 30,467,244	\$ 27,169,875	\$ 25,363,593
Excess (deficiency) of revenues over expenses	(8,939,721)	-	-	(8,939,721)	1,806,282
Current year funds used for tangible capital assets	(2,589,689)	-	2,589,689	-	-
Disposal of tangible capital assets	12,933,038	-	(12,933,038)	-	-
Annual amortization expense	903,747	-	(903,747)	-	-
Long-term debt repaid	(410,652)	-	410,652	-	-
Change in accumulated surplus	<u>\$ 1,896,723</u>	<u>\$ -</u>	<u>\$ (10,836,444)</u>	<u>\$ (8,939,721)</u>	<u>\$ 1,806,282</u>
BALANCE, END OF YEAR	<u>\$ (1,825,885)</u>	<u>\$ 425,239</u>	<u>\$ 19,630,800</u>	<u>\$ 18,230,154</u>	<u>\$ 27,169,875</u>



TOWN OF RAYMOND
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2011

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2011	2010
COST:								
BALANCE, BEGINNING OF YEAR	778,996	\$ 336,471	\$ 22,860,384	\$ 16,080,721	\$ 2,271,405	\$ 604,181	\$ 42,932,158	\$ 35,704,461
Acquisition of tangible capital assets	-	460,869	267,906	1,164,265	282,917	71,965	2,247,922	7,319,094
Disposal of tangible capital assets	-	-	(12,931,196)	(5,525)	-	-	(12,936,721)	(91,397)
Assets under construction	-	-	1,000	340,767	-	-	341,767	-
BALANCE, END OF YEAR	<u>778,996</u>	<u>797,340</u>	<u>10,198,094</u>	<u>17,580,228</u>	<u>2,554,322</u>	<u>676,146</u>	<u>32,585,126</u>	<u>42,932,158</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	22,968	2,789,175	5,737,748	1,061,375	102,743	9,714,009	8,970,551
Annual amortization	-	31,894	224,484	430,568	174,589	42,212	903,747	813,749
Accumulated amortization on disposals	-	-	-	(3,683)	-	-	(3,683)	(70,291)
BALANCE, END OF YEAR	<u>-</u>	<u>54,862</u>	<u>3,013,659</u>	<u>6,164,633</u>	<u>1,235,964</u>	<u>144,955</u>	<u>10,614,073</u>	<u>9,714,009</u>
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>	<u>\$ 33,218,149</u>
2010 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 778,996	\$ 313,503	\$ 20,071,209	\$ 10,342,973	\$ 1,210,030	\$ 501,438	\$ 33,218,149	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2011

SCHEDULE 3

	Budget (Unaudited)	2011	2010
TAXATION			
Real property taxes	\$ 2,623,517	\$ 2,731,440	\$ 2,508,570
Linear property taxes	<u>-</u>	<u>55,440</u>	<u>54,849</u>
	<u>2,623,517</u>	<u>2,786,880</u>	<u>2,563,419</u>
REQUISITIONS			
Alberta School Foundation Fund	490,000	536,698	487,838
Separate school	13,000	15,093	11,595
Seniors foundation	<u>90,000</u>	<u>86,040</u>	<u>85,597</u>
	<u>593,000</u>	<u>637,831</u>	<u>585,030</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 2,030,517</u>	<u>\$ 2,149,049</u>	<u>\$ 1,978,389</u>

TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2011

SCHEDULE 4

	Budget (Unaudited)	2011	2010
TRANSFERS FOR OPERATING:			
Federal Government	\$ -	\$ -	\$ 13,173
Provincial Government	579,028	725,023	559,365
Other Local Governments	30,000	33,946	41,130
	<u>609,028</u>	<u>758,969</u>	<u>613,668</u>
TRANSFERS FOR CAPITAL:			
Federal Government	-	-	195,448
Provincial Government	1,734,769	1,195,035	1,824,977
Other Local Governments	-	4,000	-
	<u>1,734,769</u>	<u>1,199,035</u>	<u>2,020,425</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,343,797</u>	<u>\$ 1,958,004</u>	<u>\$ 2,634,093</u>

TOWN OF RAYMOND

**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2011**

SCHEDULE 5

	Budget (Unaudited)	2011	2010
EXPENDITURES			
Salaries, wages and benefits	\$ 2,235,505	\$ 2,530,375	\$ 2,502,139
Contracted and general services	1,234,650	1,485,764	974,417
Materials, goods, and utilities	747,850	1,270,876	1,036,110
Interest on long-term debt	91,036	139,793	104,279
Transfers to local boards and agencies	91,000	92,024	85,143
Bank charges and short-term interest	2,000	1,916	1,836
Amortization	-	903,747	813,749
Loss on disposal of assets	-	1,841	20,286
TOTAL EXPENDITURES	<u>\$ 4,402,041</u>	<u>\$ 6,426,336</u>	<u>\$ 5,537,959</u>





TOWN OF RAYMOND
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2011

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 2,149,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,149,049
Government transfers	371,638	-	646,596	-	42,946	896,824	-	1,958,004
User fees and sales of goods	20,013	171,950	6,458	129,061	577,622	1,324,342	-	2,229,446
Investment income	12,482	-	-	-	-	-	-	12,482
Raymond Strategic Initiatives Team	513,047	-	-	-	-	-	-	513,047
Other revenue	185,607	-	-	-	-	-	-	185,607
	<u>3,239,354</u>	<u>171,950</u>	<u>653,054</u>	<u>129,061</u>	<u>620,568</u>	<u>2,221,166</u>	<u>-</u>	<u>7,047,635</u>
EXPENSES								
Salaries and wages	533,775	88,058	479,826	70,852	763,570	594,294	-	2,530,375
Contracted and general services	271,416	149,679	147,221	46,544	207,108	662,052	-	1,484,020
Goods and supplies	235,046	64,093	484,546	51,522	294,571	142,842	-	1,272,620
Transfers to local boards	-	-	-	1,200	65,257	25,567	-	92,024
Long-term debt interest	-	2,844	-	-	68,992	67,957	-	139,793
Other expenses	1,916	-	1,841	-	-	9,561,020	-	9,564,777
	<u>1,042,153</u>	<u>304,674</u>	<u>1,113,434</u>	<u>170,118</u>	<u>1,399,498</u>	<u>11,053,732</u>	<u>-</u>	<u>15,083,609</u>
NET REVENUE BEFORE AMORTIZATION	2,197,201	(132,724)	(460,380)	(41,057)	(778,930)	(8,832,566)	-	(8,035,974)
Amortization expense	29,832	55,719	455,599	-	161,322	201,275	-	903,747
NET REVENUE	<u>\$ 2,167,369</u>	<u>\$ (188,443)</u>	<u>\$ (915,979)</u>	<u>\$ (41,057)</u>	<u>\$ (940,252)</u>	<u>\$ (9,033,841)</u>	<u>\$ -</u>	<u>\$ (8,939,721)</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2011

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, 2011

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, 2011

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

	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 1,430	\$ 449,341
Temporary bank indebtedness	<u>(2,297,030)</u>	<u>(1,001,955)</u>
	<u>\$ (2,295,600)</u>	<u>\$ (552,614)</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.

At year end, the town was in the process of refinancing its overdraft limits through ATB Financial, due to its temporary bank indebtedness balance. Subsequent to year end, in January 2012, the financing agreement with ATB Financial was finalized and the bank overdraft with 1st Choice Savings was converted to debt financing with ATB Financial.

3. Taxes and Grants in Place of Taxes Receivables

	<u>2011</u>	<u>2010</u>
Current taxes and grants in place of taxes	\$ 403,389	\$ 301,546
Arrears taxes	<u>135,362</u>	<u>108,060</u>
	<u>\$ 538,751</u>	<u>\$ 409,606</u>

4. Deferred Revenue

	<u>2011</u>	<u>2010</u>
Basic Municipal Transportation Grant	\$ 123,723	\$ 129,080
Federal Gas Tax Fund Grant	324,000	-
New Deal For Cities & Communities Grants	<u>93,258</u>	<u>-</u>
	<u>\$ 540,981</u>	<u>\$ 129,080</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2011

5. Long-term Debt

	2011	2010
Self-supported debentures	\$ 1,793,926	\$ 2,057,104
Bank loans	526,898	645,753
Obligation under capital leases	<u>19,429</u>	<u>48,048</u>
	<u>\$ 2,340,253</u>	<u>\$ 2,750,905</u>

The current portion of long-term amounts to \$281,895 (2010 - \$410,016)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2012	\$ 281,895	\$ 68,919	\$ 350,814
2013	272,039	65,752	337,791
2014	281,978	63,238	345,216
2015	249,824	60,608	310,432
2016	62,968	57,858	120,826
Thereafter	<u>1,191,549</u>	<u>548,862</u>	<u>1,740,411</u>
	<u>\$ 2,340,253</u>	<u>\$ 865,237</u>	<u>\$ 3,205,490</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 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 \$139,793 (2010 - \$104,279).

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2011

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:

	2011	2010
Total debt limit	\$ 8,772,900	\$ 7,985,724
Total debt	<u>2,340,253</u>	<u>2,750,905</u>
Total unused debt limit	<u>\$ 6,432,647</u>	<u>\$ 5,234,819</u>
Service on debt limit	\$ 1,462,150	\$ 1,330,954
Service on debt	<u>350,814</u>	<u>491,332</u>
Amount of unused service on debt	<u>\$ 1,111,336</u>	<u>\$ 839,622</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

	2011	2010
Tangible capital assets (Schedule 2)	\$ 32,585,126	\$ 42,932,158
Accumulated amortization (Schedule 2)	(10,614,073)	(9,714,009)
Long-term debt (Note 5)	<u>(2,340,253)</u>	<u>(2,750,905)</u>
	<u>\$ 19,630,800</u>	<u>\$ 30,467,244</u>

8. Accumulated Surplus

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

	2011	2010
Unrestricted surplus (deficit)	\$ (1,825,885)	\$ (3,722,608)
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>19,630,800</u>	<u>30,467,244</u>
	<u>\$ 18,230,154</u>	<u>\$ 27,169,875</u>

TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2011

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)	2011 Total	2010 Total
Mayor	\$ 20,823	\$ 124	\$ 20,947	\$ 15,127
Councilor - Jim Depew	10,861	124	10,985	9,739
- Marlin Hogg	-	-	-	8,911
- Doug Holt	12,161	124	12,285	10,117
- Cathy Needham	14,081	124	14,205	10,619
- Dustin Ralph	12,549	124	12,673	2,295
- Greg Robinson	14,021	124	14,145	7,645
- Jim Steed	-	-	-	7,889
- Barry Wolsey	12,551	124	12,675	10,519
Designated officer - CAO	137,596	26,033	163,629	161,288

(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, 2011

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 2011 were \$153,906 (2010 - \$134,633). Total current year service contributions by the employees of the town to the LAPP were \$138,938 (2010 - \$120,733)

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. Loss on Transfer of Water Treatment Plant

The Town of Raymond transferred ownership of the newly constructed water treatment plant to the Ridge Water Services Commission of which the Town of Raymond is a partner. The loss is caused by grants received by the town from Alberta Transportation. These grant dollars were included in income when received. The actual cash proceeds received from Ridge Water Services Commission was \$3,500,00.

15. Prior Period Adjustment

The prior year's figures have been restated to reflect previously unrecorded accruals for outstanding vacation payable. The affect of this correction for the year ended December 31, 2010 is an increase in accounts payable of \$145,289, a decrease in opening accumulated surplus of \$117,094 and decrease in net excess of revenue over expenses of \$28,195.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2011

16. Approval of Financial Statements

Council and Management have approved these financial statements.