

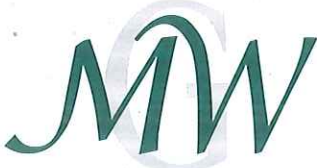
TOWN OF RAYMOND

Financial Statements

December 31, 2014

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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, 2014 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, 2014, 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 16, 2015

Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2014

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash (Note 2)	284,371	3,379
Receivables		
Taxes and grants in place of taxes (Note 3)	775,741	689,418
Trade and other receivables	801,789	812,847
Land for resale inventory	<u>63,988</u>	<u>67,586</u>
	<u>1,925,889</u>	<u>1,573,230</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	-	380,544
Accounts payable and accrued liabilities	452,366	300,565
Deferred revenue (Note 4)	506,719	477,425
Long-term debt (Note 5)	<u>1,551,325</u>	<u>1,845,585</u>
	<u>2,510,410</u>	<u>3,004,119</u>
NET FINANCIAL ASSETS (DEBT)	<u>(584,521)</u>	<u>(1,430,889)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	23,147,222	23,207,853
Inventory for consumption	36,005	72,499
Prepaid expenses and deposits	<u>-</u>	<u>1,921</u>
	<u>23,183,227</u>	<u>23,282,273</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 8)	<u>22,598,706</u>	<u>21,851,384</u>

CONTINGENCIES (Note 12)



TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2014

	Budget (Unaudited) \$	2014 \$	2013 \$
REVENUE			
User fees and sales of goods	2,572,852	2,658,539	2,404,294
Net municipal property taxes (Schedule 3)	2,367,112	2,465,151	2,404,548
Raymond Strategic Initiatives Team revenues	321,100	269,843	302,882
Government transfers (Schedule 4)	758,642	749,707	537,159
Penalties and costs of taxes	111,650	98,741	92,808
Franchise and concession contracts	130,000	179,555	88,876
Investment income	6,336	9,873	1,107
Gain on disposal of tangible capital assets	-	-	17,643
Total Revenue	<u>6,267,692</u>	<u>6,431,409</u>	<u>5,849,317</u>
EXPENSES			
Water, wastewater and waste management	1,224,282	1,343,998	1,225,574
Parks and recreation	1,396,663	1,561,694	1,497,873
Roads, streets, walks, lighting	822,867	924,338	863,527
Administration	766,926	647,775	706,135
Raymond Strategic Initiatives Team expenses	187,920	231,909	213,398
Police, fire, ambulance and bylaw enforcement	504,182	547,626	335,347
Legislative	174,860	235,044	153,690
Land use planning, zoning and development	47,910	66,004	60,417
Other	96,714	167,691	130,521
Loss on disposal of tangible capital assets	-	6,305	-
Amortization	-	962,948	960,125
Total Expenses	<u>5,034,404</u>	<u>6,695,332</u>	<u>6,146,607</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	1,233,288	(263,923)	(297,290)
OTHER			
Government transfers for capital (Schedule 3)	<u>1,139,051</u>	<u>1,011,245</u>	<u>1,758,877</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,372,339	747,322	1,461,587
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>21,851,384</u>	<u>21,851,384</u>	<u>20,389,797</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>24,223,723</u>	<u>22,598,706</u>	<u>21,851,384</u>



TOWN OF RAYMOND**Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2014**

	Budget (Unaudited) \$	2014 \$	2013 \$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>2,372,339</u>	<u>747,322</u>	<u>1,461,587</u>
Acquisition of tangible capital assets	-	(926,717)	(2,121,125)
Proceeds on disposal of tangible capital assets	-	18,095	17,643
Amortization of tangible capital assets	-	962,948	960,125
Loss (gain) on disposal of tangible capital assets	-	<u>6,305</u>	<u>(17,643)</u>
	-	<u>60,631</u>	<u>(1,161,000)</u>
Use of prepaid assets	-	1,921	3,842
Use (acquisition) of supplies inventory	-	<u>36,494</u>	<u>(12,172)</u>
	-	<u>38,415</u>	<u>(8,330)</u>
DECREASE IN NET DEBT	2,372,339	846,368	292,257
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(1,430,889)</u>	<u>(1,430,889)</u>	<u>(1,723,146)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>941,450</u>	<u>(584,521)</u>	<u>(1,430,889)</u>



TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2014

	2014	2013
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	747,322	1,461,587
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	962,948	960,125
Loss (gain) on disposal of tangible capital assets	6,305	(17,643)
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(86,323)	(46,379)
Decrease in trade and other receivables	11,058	261,806
Decrease in land held for resale	3,598	2,644
Decrease (increase) in inventory for consumption	36,494	(12,172)
Increase (decrease) in accounts payable and accrued liabilities	151,801	(135,869)
Increase in deferred revenue	29,294	133,706
Decrease in prepaid expenses and deposits	1,921	3,842
	<u>1,864,418</u>	<u>2,611,647</u>
CAPITAL		
Acquisition of tangible capital assets	(926,717)	(2,121,125)
Proceeds on disposal of tangible capital assets	<u>18,095</u>	<u>17,643</u>
	<u>(908,622)</u>	<u>(2,103,482)</u>
FINANCING		
(Repayment) of temporary bank indebtedness	(380,544)	(285,517)
Long-term debt issued	17,500	60,907
Long-term debt repaid	<u>(311,760)</u>	<u>(283,612)</u>
	<u>(674,804)</u>	<u>(508,222)</u>
CHANGE IN CASH DURING THE YEAR	280,992	(57)
CASH, BEGINNING OF YEAR	<u>3,379</u>	<u>3,436</u>
CASH, END OF YEAR	<u><u>284,371</u></u>	<u><u>3,379</u></u>





TOWN OF RAYMOND

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2014

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2014 \$	2013 \$
BALANCE, BEGINNING OF THE YEAR	<u>39,842</u>	<u>449,274</u>	<u>21,362,268</u>	<u>21,851,384</u>	<u>20,389,797</u>
Excess (deficiency) of revenue over expenses	747,322	-	-	747,322	1,461,587
Unrestricted funds designated for future use	(13,989)	13,989	-	-	-
Current year funds used for tangible capital assets	(926,717)	-	926,717	-	-
Disposal of tangible capital assets	24,400	-	(24,400)	-	-
Annual amortization expense	962,948	-	(962,948)	-	-
New long-term debt issued	17,500	-	(17,500)	-	-
Long-term debt repaid	(311,760)	-	311,760	-	-
Change in accumulated surplus	<u>499,704</u>	<u>13,989</u>	<u>233,629</u>	<u>747,322</u>	<u>1,461,587</u>
BALANCE, END OF YEAR	<u>539,546</u>	<u>463,263</u>	<u>21,595,897</u>	<u>22,598,706</u>	<u>21,851,384</u>



TOWN OF RAYMOND
 Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2014

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2014 \$	2013 \$
COST:								
BALANCE, BEGINNING OF YEAR	779,996	1,033,098	10,550,356	19,648,546	2,943,475	765,525	35,720,996	33,599,871
Acquisition of tangible capital assets	-	-	127,055	-	90,483	20,000	237,538	2,033,364
Disposal of tangible capital assets	-	-	-	-	(30,500)	-	(30,500)	-
Assets under construction	-	156,814	-	532,365	-	-	689,179	87,761
BALANCE, END OF YEAR	<u>779,996</u>	<u>1,189,912</u>	<u>10,677,411</u>	<u>20,180,911</u>	<u>3,003,458</u>	<u>785,525</u>	<u>36,617,213</u>	<u>35,720,996</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	134,069	3,474,191	7,076,915	1,590,916	237,052	12,513,143	11,553,018
Annual amortization	-	39,604	236,934	436,396	199,318	50,696	962,948	960,125
Accumulated amortization on disposals	-	-	-	-	(6,100)	-	(6,100)	-
BALANCE, END OF YEAR	-	<u>173,673</u>	<u>3,711,125</u>	<u>7,513,311</u>	<u>1,784,134</u>	<u>287,748</u>	<u>13,469,991</u>	<u>12,513,143</u>
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>	<u>23,207,853</u>
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>779,996</u>	<u>899,029</u>	<u>7,076,165</u>	<u>12,571,631</u>	<u>1,352,559</u>	<u>528,473</u>	<u>23,207,853</u>	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2014

SCHEDULE 3

	Budget (Unaudited) \$	2014 \$	2013 \$
TAXATION			
Real property taxes	3,115,230	3,222,741	3,174,102
Linear property taxes	<u>57,202</u>	<u>59,764</u>	<u>58,543</u>
	<u>3,172,432</u>	<u>3,282,505</u>	<u>3,232,645</u>
REQUISITIONS			
Alberta School Foundation Fund	694,981	695,637	718,606
Separate school	18,353	18,353	18,865
Seniors foundation	<u>91,986</u>	<u>103,364</u>	<u>90,626</u>
	<u>805,320</u>	<u>817,354</u>	<u>828,097</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>2,367,112</u></u>	<u><u>2,465,151</u></u>	<u><u>2,404,548</u></u>



TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2014

SCHEDULE 4

	Budget (Unaudited) \$	2014 \$	2013 \$
TRANSFERS FOR OPERATING:			
Federal Government	-	3,000	3,000
Provincial Government	714,250	676,344	458,108
Other Local Governments	<u>44,392</u>	<u>70,363</u>	<u>76,051</u>
	<u>758,642</u>	<u>749,707</u>	<u>537,159</u>
TRANSFERS FOR CAPITAL:			
Federal Government	93,690	79,288	30,310
Provincial Government	1,039,361	920,350	1,691,028
Other Local Governments	<u>6,000</u>	<u>11,607</u>	<u>37,539</u>
	<u>1,139,051</u>	<u>1,011,245</u>	<u>1,758,877</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>1,897,693</u></u>	<u><u>1,760,952</u></u>	<u><u>2,296,036</u></u>



TOWN OF RAYMOND
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2014

SCHEDULE 5

	Budget (Unaudited) \$	2014 \$	2013 \$
EXPENDITURES			
Salaries, wages and benefits	2,934,468	3,006,272	2,698,493
Contracted and general services	1,313,910	1,478,087	1,347,886
Materials, goods, and utilities	798,863	1,052,119	934,772
Interest on long-term debt	77,321	80,589	103,338
Transfers to local boards and agencies	94,763	106,004	99,467
Bank charges and short-term interest	3,000	3,008	2,526
Amortization	-	962,948	960,125
Loss on disposal of tangible capital assets	-	6,305	-
TOTAL EXPENDITURES	<u>5,222,325</u>	<u>6,695,332</u>	<u>6,146,607</u>





TOWN OF RAYMOND
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2014

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Net municipal taxes	2,465,151	-	-	-	-	-	2,465,151
Government transfers	162,000	310,000	240,247	25,000	827,698	196,007	1,760,952
User fees and sales of goods	34,695	267,439	133	129,328	671,483	1,555,461	2,658,539
Investment income	9,873	-	-	-	-	-	9,873
Raymond Strategic Initiatives Team	269,843	-	-	-	-	-	269,843
Other revenue	278,296	-	-	-	-	-	278,296
	<u>3,219,858</u>	<u>577,439</u>	<u>240,380</u>	<u>154,328</u>	<u>1,499,181</u>	<u>1,751,468</u>	<u>7,442,654</u>
EXPENSES							
Salaries, wages and benefits	880,568	311,998	352,216	86,803	921,052	453,635	3,006,272
Contracted and general services	179,223	107,110	207,967	52,816	220,336	710,635	1,478,087
Materials, goods, and utilities	51,929	128,518	364,155	60,250	283,968	163,299	1,052,119
Transfers to local boards and agencies	-	-	-	6,390	99,614	-	106,004
Long-term debt interest	-	-	-	-	64,160	16,429	80,589
Bank charges, short-term interest and other	3,008	-	6,305	-	-	-	9,313
	<u>1,114,728</u>	<u>547,626</u>	<u>930,643</u>	<u>206,259</u>	<u>1,589,130</u>	<u>1,343,998</u>	<u>5,732,384</u>
NET REVENUE BEFORE AMORTIZATION	2,105,130	29,813	(690,263)	(51,931)	(89,949)	407,470	1,710,270
Amortization	34,979	63,719	448,811	-	189,967	225,472	962,948
NET REVENUE	<u>2,070,151</u>	<u>(33,906)</u>	<u>(1,139,074)</u>	<u>(51,931)</u>	<u>(279,916)</u>	<u>181,998</u>	<u>747,322</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2014

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, 2014

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, 2014

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

	2014	2013
	\$	\$
Cash on hand	284,371	3,379
Temporary bank indebtedness	<u>-</u>	<u>(380,544)</u>
	<u>284,371</u>	<u>(377,165)</u>

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

Included in bank accounts is a restricted amount of \$506,719 (2013 - \$477,425) received from the Municipal Sustainability Initiative - Capital Component and the Alberta Community Partnership - Community Action Plan and held exclusively for approved projects (Note 4).

3. Taxes and Grants in Place of Taxes Receivables

	2014	2013
	\$	\$
Current taxes and grants in place of taxes	385,440	467,032
Arrears taxes	<u>390,301</u>	<u>222,386</u>
	<u>775,741</u>	<u>689,418</u>

4. Deferred Revenue

	2014	2013
	\$	\$
Alberta Community Partnerships - Community Action Plan	23,187	-
Municipal Sustainability Initiative - Capital	<u>483,532</u>	<u>477,425</u>
	<u>506,719</u>	<u>477,425</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2014

4. Deferred Revenue (Continued)

Municipal Sustainability Initiative

Funding in the amount of \$1,572,292 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,572,292 received, \$1,185,644 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 2014. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$386,648 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 2014.

5. Long-term Debt

	2014 \$	2013 \$
Self-supported debentures	1,361,312	1,510,283
Bank loans	129,709	263,736
Obligation under capital leases	<u>60,304</u>	<u>71,566</u>
	<u>1,551,325</u>	<u>1,845,585</u>

The current portion of long-term amounts to \$254,582 (2013 - \$283,611).

Principle and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2015	254,582	62,977	317,559
2016	81,747	59,528	141,275
2017	66,720	56,106	122,826
2018	53,371	53,200	106,571
2019	51,778	50,599	102,377
Thereafter	<u>1,043,127</u>	<u>390,153</u>	<u>1,433,280</u>
	<u>1,551,325</u>	<u>672,563</u>	<u>2,223,888</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.575% to 4.676%, before provincial subsidy and matures in periods 2015 to 2033. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the town at large.

Bank loan is repayable to ATB Financial in annual payments of \$133,925 and bears interest at 3.250% per annum and matures in 2015.

Interest on long-term debt amounted to \$80,589 (2013 - \$103,338).



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2014

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:

	2014 \$	2013 \$
Total debt limit	9,647,114	8,773,976
Total debt	<u>1,551,325</u>	<u>1,845,585</u>
Total unused debt limit	<u>8,095,789</u>	<u>6,928,391</u>
Service on debt limit	1,607,852	1,462,329
Service on debt	<u>317,559</u>	<u>374,016</u>
Amount of unused service on debt	<u>1,290,293</u>	<u>1,088,313</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

	2014 \$	2013 \$
Tangible capital assets (Schedule 2)	36,617,213	35,720,996
Accumulated amortization (Schedule 2)	(13,469,991)	(12,513,143)
Long-term debt (Note 5)	<u>(1,551,325)</u>	<u>(1,845,585)</u>
	<u>21,595,897</u>	<u>21,362,268</u>

8. Accumulated Surplus

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

	2014 \$	2013 \$
Unrestricted surplus (deficit)	539,546	39,842
Restricted surplus:		
Capital reserves		
Fire equipment	104,810	104,810
Operating equipment	50,000	50,000
Administrative	3,989	-
Cemetery	51,771	41,771
Development	252,693	252,693
Equity in tangible capital assets	<u>21,595,897</u>	<u>21,362,268</u>
	<u>22,598,706</u>	<u>21,851,384</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2014

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)	2014 Total	2013 Total
	\$	\$	\$	\$
Mayor	31,593	4,017	35,610	24,197
Councilor - Jim Depew	16,833	1,743	18,576	14,796
- Clark Holt	22,368	4,069	26,437	4,738
- Doug Holt	-	-	-	9,720
- Cathy Needham	25,433	4,069	29,502	17,211
- Dustin Ralph	22,098	4,069	26,167	19,856
- Greg Robinson	24,528	4,069	28,597	19,826
- Barry Wolsey	19,263	4,069	23,332	17,326
Designated officer - CAO	152,902	32,478	185,380	178,805

- (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, 2014

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 2014 were \$208,111 (2013 - \$182,295). Total current year service contributions by the employees of the town to the LAPP were \$191,387 (2013 - \$166,007).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.861 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.

