

# TOWN OF RAYMOND

## Financial Statements

December 31, 2016

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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, 2016 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, 2016, 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 20, 2017

Chartered Accountants

**TOWN OF RAYMOND**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2016**

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	32,026	75
Receivables		
Taxes and grants in place of taxes (Note 3)	878,898	827,368
Trade and other receivables	3,724,595	2,094,636
Land for resale inventory	111,063	154,538
Loans receivable	<u>51,871</u>	<u>64,613</u>
	<u>4,798,453</u>	<u>3,141,230</u>
<b>LIABILITIES</b>		
Temporary bank indebtedness (Note 2)	2,736,763	1,678,028
Accounts payable and accrued liabilities	462,928	560,316
Deferred revenue (Note 4)	-	350,000
Long-term debt (Note 5)	<u>1,747,638</u>	<u>1,397,946</u>
	<u>4,947,329</u>	<u>3,986,290</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(148,876)</u>	<u>(845,060)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	28,950,310	26,216,548
Inventory for consumption	46,753	48,566
Prepaid expenses and deposits	<u>2,674</u>	<u>1,674</u>
	<u>28,999,737</u>	<u>26,266,788</u>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 8)</b>	<u>28,850,861</u>	<u>25,421,728</u>

**CONTINGENCIES (Note 12)**



**TOWN OF RAYMOND**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2016**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>REVENUE</b>			
User fees and sales of goods	3,094,285	3,135,732	2,902,175
Net municipal property taxes (Schedule 3)	2,494,666	2,573,182	2,588,521
Raymond Strategic Initiatives Team revenues	242,770	256,685	247,115
Government transfers (Schedule 4)	513,875	885,519	818,044
Penalties and costs of taxes	81,200	78,731	97,355
Franchise and concession contracts	182,700	240,849	202,541
Investment income	2,500	4,562	3,736
Gain on disposal of tangible capital assets	-	147,845	-
<b>Total Revenue</b>	<b>6,611,996</b>	<b>7,323,105</b>	<b>6,859,487</b>
<b>EXPENSES</b>			
Water, wastewater and waste management	1,292,847	1,347,802	1,396,185
Parks and recreation	1,795,343	2,083,325	2,041,424
Roads, streets, walks, lighting	1,063,357	1,019,513	956,770
Administration	754,422	846,922	793,167
Raymond Strategic Initiatives Team expenses	218,495	220,391	193,327
Police, fire, ambulance and bylaw enforcement	610,911	602,948	572,734
Legislative	278,844	270,551	269,466
Land use planning, zoning and development	35,281	107,027	46,294
Other	143,070	169,896	206,657
Loss on disposal of tangible capital assets	-	-	18,334
Amortization	952,276	1,254,225	1,007,303
<b>Total Expenses</b>	<b>6,926,351</b>	<b>7,922,600</b>	<b>7,501,661</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(314,355)</b>	<b>(599,495)</b>	<b>(642,174)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 3)	4,204,700	4,028,628	3,465,196
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>3,890,345</b>	<b>3,429,133</b>	<b>2,823,022</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>25,421,728</b>	<b>25,421,728</b>	<b>22,598,706</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>29,312,073</b>	<b>28,850,861</b>	<b>25,421,728</b>



# TOWN OF RAYMOND

## Consolidated Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>3,890,345</u>	<u>3,429,133</u>	<u>2,823,022</u>
Acquisition of tangible capital assets	-	(4,042,332)	(4,098,594)
Proceeds on disposal of tangible capital assets	-	202,190	3,631
Amortization of tangible capital assets	952,276	1,254,225	1,007,303
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(147,845)</u>	<u>18,334</u>
	<u>952,276</u>	<u>(2,733,762)</u>	<u>(3,069,326)</u>
(Acquisition) of prepaid assets	-	(1,000)	(1,674)
Use (acquisition) of supplies inventory	<u>-</u>	<u>1,813</u>	<u>(12,561)</u>
	<u>-</u>	<u>813</u>	<u>(14,235)</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	4,842,621	696,184	(260,539)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(845,060)</u>	<u>(845,060)</u>	<u>(584,521)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<u><u>3,997,561</u></u>	<u><u>(148,876)</u></u>	<u><u>(845,060)</u></u>



**TOWN OF RAYMOND**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	2016	2015
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	3,429,133	2,823,022
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,254,225	1,007,303
(Gain) loss on disposal of tangible capital assets	(147,845)	18,334
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(51,530)	(51,627)
(Increase) in trade and other receivables	(1,629,959)	(1,292,847)
Decrease (increase) decrease in land held for resale	43,475	(90,550)
Decrease (increase) in inventory for consumption	1,813	(12,561)
Decrease (increase) in loans receivable	12,742	(64,613)
(Decrease) increase in accounts payable and accrued liabilities	(97,388)	107,950
(Decrease) in deferred revenue	(350,000)	(156,719)
(Increase) in prepaid expenses and deposits	(1,000)	(1,674)
	<u>2,463,666</u>	<u>2,286,018</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,042,332)	(4,098,594)
Proceeds on disposal of tangible capital assets	<u>202,190</u>	<u>3,631</u>
	<u>(3,840,142)</u>	<u>(4,094,963)</u>
<b>FINANCING</b>		
Advancement of temporary bank indebtedness	1,058,735	1,678,028
Long-term debt issued	500,000	113,154
Long-term debt repaid	<u>(150,308)</u>	<u>(266,533)</u>
	<u>1,408,427</u>	<u>1,524,649</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	31,951	(284,296)
<b>CASH, BEGINNING OF YEAR</b>	<u>75</u>	<u>284,371</u>
<b>CASH, END OF YEAR</b>	<u><u>32,026</u></u>	<u><u>75</u></u>





**TOWN OF RAYMOND**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2016**

**SCHEDULE 1**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2016 \$	2015 \$
<b>BALANCE, BEGINNING OF THE YEAR</b>	<u>153,852</u>	<u>449,274</u>	<u>24,818,602</u>	<u>25,421,728</u>	<u>22,598,706</u>
Excess of revenue over expenses	3,429,133	-	-	3,429,133	2,823,022
Current year funds used for tangible capital assets	(4,042,332)	-	4,042,332	-	-
Disposal of tangible capital assets	54,345	-	(54,345)	-	-
Annual amortization expense	1,254,225	-	(1,254,225)	-	-
New long-term debt issued	500,000	-	(500,000)	-	-
Long-term debt repaid	(150,308)	-	150,308	-	-
Change in accumulated surplus	<u>1,045,063</u>	<u>-</u>	<u>2,384,070</u>	<u>3,429,133</u>	<u>2,823,022</u>
<b>BALANCE, END OF YEAR</b>	<u><b>1,198,915</b></u>	<u><b>449,274</b></u>	<u><b>27,202,672</b></u>	<u><b>28,850,861</b></u>	<u><b>25,421,728</b></u>



**TOWN OF RAYMOND**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2016**

**SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	939,234	2,812,870	11,191,036	21,129,523	3,714,641	849,119	40,636,423	36,617,213
Acquisition of tangible capital assets	42,420	905,294	1,124,555	1,052,985	790,167	126,911	4,042,332	1,109,876
Disposal of tangible capital assets	-	-	-	-	(372,059)	-	(372,059)	(79,384)
Assets under construction	-	-	-	-	-	-	-	2,988,718
BALANCE, END OF YEAR	<u>981,654</u>	<u>3,718,164</u>	<u>12,315,591</u>	<u>22,182,508</u>	<u>4,132,749</u>	<u>976,030</u>	<u>44,306,696</u>	<u>40,636,423</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	213,277	3,952,421	7,982,732	1,941,921	329,524	14,419,875	13,469,991
Annual amortization	-	148,727	285,875	506,375	242,941	70,307	1,254,225	1,007,303
Accumulated amortization on disposals	-	-	-	-	(317,714)	-	(317,714)	(57,419)
BALANCE, END OF YEAR	-	<u>362,004</u>	<u>4,238,296</u>	<u>8,489,107</u>	<u>1,867,148</u>	<u>399,831</u>	<u>15,356,386</u>	<u>14,419,875</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>981,654</u>	<u>3,356,160</u>	<u>8,077,295</u>	<u>13,693,401</u>	<u>2,265,601</u>	<u>576,199</u>	<u>28,950,310</u>	<u>26,216,548</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>939,234</u>	<u>2,599,593</u>	<u>7,238,615</u>	<u>13,146,791</u>	<u>1,772,720</u>	<u>519,595</u>	<u>26,216,548</u>	



**TOWN OF RAYMOND**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2016**

**SCHEDULE 3**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>TAXATION</b>			
Real property taxes	3,272,249	3,355,329	3,354,400
Linear property taxes	<u>60,661</u>	<u>56,097</u>	<u>59,385</u>
	<u>3,332,910</u>	<u>3,411,426</u>	<u>3,413,785</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	719,632	719,632	706,538
Separate school	18,547	18,547	17,109
Seniors foundation	<u>100,065</u>	<u>100,065</u>	<u>101,617</u>
	<u>838,244</u>	<u>838,244</u>	<u>825,264</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>2,494,666</u>	<u>2,573,182</u>	<u>2,588,521</u>



**TOWN OF RAYMOND**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2016**

**SCHEDULE 4**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	452,875	823,684	777,203
Other Local Governments	<u>61,000</u>	<u>61,835</u>	<u>40,841</u>
	<u>513,875</u>	<u>885,519</u>	<u>818,044</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal Government	-	97,500	-
Provincial Government	4,054,700	3,778,278	3,077,076
Other Local Governments	<u>150,000</u>	<u>152,850</u>	<u>388,120</u>
	<u>4,204,700</u>	<u>4,028,628</u>	<u>3,465,196</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>4,718,575</u></u>	<u><u>4,914,147</u></u>	<u><u>4,283,240</u></u>



**TOWN OF RAYMOND**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2016**

**SCHEDULE 5**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	3,561,420	3,682,617	3,324,719
Contracted and general services	1,492,651	1,609,560	1,935,002
Materials, goods, and utilities	962,266	1,149,614	1,034,576
Interest on long-term debt	60,499	67,912	66,781
Transfers to local boards and agencies	111,233	106,241	108,179
Bank charges and short-term interest	4,500	52,431	6,767
Amortization	952,276	1,254,225	1,007,303
Loss on disposal of tangible capital assets	-	-	18,334
<b>TOTAL EXPENDITURES</b>	<u>7,144,845</u>	<u>7,922,600</u>	<u>7,501,661</u>





**TOWN OF RAYMOND**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2016**

**SCHEDULE 6**

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
<b>REVENUE</b>							
Net municipal taxes	2,573,182	-	-	-	-	-	2,573,182
Government transfers	229,098	470,000	-	40,000	2,430,405	1,744,644	4,914,147
User fees and sales of goods	7,306	461,246	1,686	129,825	826,843	1,708,826	3,135,732
Investment income	4,562	-	-	-	-	-	4,562
Raymond Strategic Initiatives Team	256,685	-	-	-	-	-	256,685
Other revenue	319,580	-	-	-	147,845	-	467,425
	<u>3,390,413</u>	<u>931,246</u>	<u>1,686</u>	<u>169,825</u>	<u>3,405,093</u>	<u>3,453,470</u>	<u>11,351,733</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	1,002,834	378,313	482,830	93,124	1,294,220	431,296	3,682,617
Contracted and general services	226,065	146,254	150,747	67,501	269,731	749,262	1,609,560
Materials, goods, and utilities	56,790	78,381	385,936	84,421	377,364	166,722	1,149,614
Transfers to local boards and agencies	-	-	-	2,200	104,041	-	106,241
Long-term debt interest	-	-	-	-	67,390	522	67,912
Bank charges, short-term interest and other	52,175	-	-	-	256	-	52,431
	<u>1,337,864</u>	<u>602,948</u>	<u>1,019,513</u>	<u>247,246</u>	<u>2,113,002</u>	<u>1,347,802</u>	<u>6,668,375</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	2,052,549	328,298	(1,017,827)	(77,421)	1,292,091	2,105,668	4,683,358
Amortization	35,338	76,525	497,435	-	397,170	247,757	1,254,225
<b>NET REVENUE</b>	<u>2,017,211</u>	<u>251,773</u>	<u>(1,515,262)</u>	<u>(77,421)</u>	<u>894,921</u>	<u>1,857,911</u>	<u>3,429,133</u>

**TOWN OF RAYMOND**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

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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, 2016**

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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) **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, 2016**

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**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**

	2016 \$	2015 \$
Cash on hand	32,026	75
Temporary bank indebtedness	<u>(2,736,763)</u>	<u>(1,678,028)</u>
	<u>(2,704,737)</u>	<u>(1,677,953)</u>

The town has two demand lines of credit with ATB Financial with an authorized limit of \$2,000,000 for one and \$1,985,000 for the other. Both of these revolving loans bear interest at prime less 0.25% which at December 31, 2016 was 2.45%. Security pledged consists of an assignment of property taxes.

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

	2016 \$	2015 \$
Current taxes and grants in place of taxes	323,122	350,296
Arrears taxes	<u>555,776</u>	<u>477,072</u>
	<u>878,898</u>	<u>827,368</u>

**4. Deferred Revenue**

	2016 \$	2015 \$
Alberta Community Partnerships	<u>-</u>	<u>350,000</u>



**TOWN OF RAYMOND**  
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**4. Deferred Revenue (Continued)**

**Municipal Sustainability Initiative**

Funding in the amount of \$1,244,829 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,244,829 received, \$884,954 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 2016. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$359,875 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 2016.

**5. Long-term Debt**

	2016 \$	2015 \$
Self-supported debentures	1,191,550	1,254,518
Bank loans	452,770	-
Obligation under capital leases	<u>103,318</u>	<u>143,428</u>
	<u>1,747,638</u>	<u>1,397,946</u>

The current portion of long-term amounts to \$185,553 (2015 - \$103,078).

Principle and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2017	185,553	68,509	254,062
2018	175,346	62,461	237,807
2019	176,978	56,635	233,613
2020	169,357	50,975	220,332
2021	108,296	45,953	154,249
Thereafter	<u>932,108</u>	<u>296,418</u>	<u>1,228,526</u>
	<u>1,747,638</u>	<u>580,951</u>	<u>2,328,589</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 4.676%, before provincial subsidy and matures in 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 monthly at payments of \$8,900 and bears interest at a rate of 2.45% and matures in 2021.

Interest on long-term debt amounted to \$67,912 (2015 - \$66,781).





**TOWN OF RAYMOND**  
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**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:

	2016 \$	2015 \$
Total debt limit	10,984,658	10,289,231
Total debt	<u>4,484,401</u>	<u>3,075,974</u>
Total unused debt limit	<u>6,500,257</u>	<u>7,213,257</u>
Service on debt limit	1,830,776	1,714,872
Service on debt	<u>254,062</u>	<u>165,710</u>
Amount of unused service on debt	<u>1,576,714</u>	<u>1,549,162</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**

	2016 \$	2015 \$
Tangible capital assets (Schedule 2)	44,306,696	40,636,423
Accumulated amortization (Schedule 2)	(15,356,386)	(14,419,875)
Long-term debt (Note 5)	<u>(1,747,638)</u>	<u>(1,397,946)</u>
	<u>27,202,672</u>	<u>24,818,602</u>

**8. Accumulated Surplus**

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

	2016 \$	2015 \$
Unrestricted surplus	1,198,915	153,852
Restricted surplus:		
Capital reserves		
Fire equipment	104,810	104,810
Operating equipment	50,000	50,000
Cemetery	41,771	41,771
Development	252,693	252,693
Equity in tangible capital assets	<u>27,202,672</u>	<u>24,818,602</u>
	<u>28,850,861</u>	<u>25,421,728</u>



**TOWN OF RAYMOND**  
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**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) \$	2016 Total \$	2015 Total \$
Mayor	32,051	4,246	36,297	35,416
Councilor - Jim Depew	15,845	1,746	17,591	17,662
- Clark Holt	23,365	4,246	27,611	29,449
- Cathy Needham	27,975	4,246	32,221	32,197
- Dustin Ralph	27,050	4,246	31,296	34,889
- Greg Robinson	28,650	4,246	32,896	30,007
- Barry Wolsey	18,932	4,246	23,178	24,353
Designated officer - CAO	195,015	15,022	210,037	191,619

- (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**  
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**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 2016 were \$249,917 (2015 - \$230,899). Total current year service contributions by the employees of the town to the LAPP were \$230,074 (2015 - \$212,498).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.

**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.

