

TOWN OF RAYMOND

Financial Statements

December 31, 2009

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AUDITORS' REPORT

To The Mayor and Council
of the Town of Raymond

We have audited the consolidated statement of financial position of the Town of Raymond as at December 31, 2009 and the consolidated statement of operating fund financial activities and change in fund balance and consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Raymond as at December 31, 2009 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta
September 25, 2008

Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2009

	2009	2008
	\$	\$
FINANCIAL ASSETS		
Cash	1,269,114	1,988,105
Receivables		
Taxes and grants in place of taxes (Note 2)	328,236	315,658
Trade and other receivables	1,183,015	2,178,036
Land for resale inventory	<u>76,717</u>	<u>246,591</u>
	<u>2,857,082</u>	<u>4,728,390</u>
LIABILITIES		
Temporary bank indebtedness	1,508,116	-
Accounts payable and accrued liabilities	233,439	521,265
Deferred revenue	-	226,989
Long-term debt (Note 4)	<u>2,017,839</u>	<u>2,387,829</u>
	<u>3,759,394</u>	<u>3,136,083</u>
NET FINANCIAL (DEBT) ASSETS	<u>(902,312)</u>	<u>1,592,307</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	26,733,910	16,764,697
Inventory for consumption	56,367	163,348
Prepaid expenses and deposits	<u>1,933</u>	<u>1,933</u>
	<u>26,792,210</u>	<u>16,929,978</u>
ACCUMULATED SURPLUS (Note 13)	<u>25,889,898</u>	<u>18,522,285</u>
 CONTINGENCIES (Note 9)		

TOWN OF RAYMOND
Consolidated Statement of Operations
For the year ended December 31, 2009

	Budget (Unaudited) \$	2009 \$	2008 \$
REVENUES			
Net municipal property taxes (Schedule 3)	1,927,979	1,925,055	1,849,234
User fees and sales of goods	6,283,886	2,751,625	2,798,089
Government transfers (Schedule 3)	610,049	610,049	596,692
Investment income	4,439	3,767	28,050
Penalties and costs of taxes	70,000	76,205	56,668
Franchise and concession contracts	77,000	77,028	76,617
(Loss) Gain on disposal of capital assets	-	(14,538)	44,450
Total Revenue	<u>8,973,353</u>	<u>5,429,191</u>	<u>5,449,800</u>
EXPENSES			
Legislative	120,239	114,145	108,846
Administration	619,663	579,371	571,188
Police, fire, ambulance and bylaw enforcement	226,472	233,158	402,527
Roads, streets, walks, lighting	908,247	1,045,790	1,110,307
Water, wastewater and waste management	1,033,251	1,019,018	892,385
Land use planning, zoning and development	70,200	69,687	125,922
Parks and recreation	1,243,540	1,202,312	1,039,331
Amortization	-	829,692	660,477
Other	108,632	104,242	24,780
Total Expenses	<u>4,330,244</u>	<u>5,197,415</u>	<u>4,935,763</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	4,643,109	231,776	514,037
OTHER			
Government transfers for capital (Schedule 3)	<u>7,135,836</u>	<u>7,135,836</u>	<u>2,839,379</u>
EXCESS OF REVENUE OVER EXPENSES	<u>11,778,945</u>	<u>7,367,612</u>	<u>3,353,416</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>18,522,285</u>	<u>18,522,285</u>	<u>15,168,869</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>30,301,230</u>	<u>25,889,897</u>	<u>18,522,285</u>

TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt) For the year ended December 31, 2009

		2009	2008
		\$	\$
EXCESS OF REVENUES OVER EXPENSES	<u>11,778,945</u>	<u>7,367,612</u>	<u>3,353,416</u>
Acquisition of tangible capital assets	(3,756,846)	(10,855,805)	(3,756,846)
Proceeds on disposal of tangible capital assets	-	42,362	-
Amortization of tangible capital assets	-	829,692	660,477
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>14,538</u>	<u>(44,450)</u>
	<u>(3,756,846)</u>	<u>(9,969,213)</u>	<u>(3,140,819)</u>
Acquisition (use) of prepaid assets	-	-	3,288
(Use) acquisition of supplies inventory	<u>-</u>	<u>106,981</u>	<u>(73,373)</u>
	<u>-</u>	<u>106,981</u>	<u>76,661</u>
(INCREASE) DECREASE IN NET DEBT	8,022,099	(2,494,620)	289,258
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>1,592,307</u>	<u>1,592,307</u>	<u>1,303,049</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>9,614,406</u></u>	<u><u>(902,313)</u></u>	<u><u>1,592,307</u></u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the year ended December 31, 2009

	2009 \$	2008 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	7,367,612	3,353,416
Non-cash items included in excess (deficiency) of revenues over expenses		
Amortization of tangible capital assets	829,692	660,477
(Gain) loss on disposal of tangible capital assets	14,538	(44,450)
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	(12,578)	(37,774)
Decrease (increase) in trade and other receivables	995,021	(1,295,293)
Decrease (increase) in land held for resale	169,874	(6,260)
Decrease (increase) in inventory for consumption	106,981	(73,373)
Decrease (increase) in prepaid expenses	-	3,288
Increase in accounts payable and accrued liabilities	(287,826)	159,521
Increase in deferred revenue	<u>(226,989)</u>	<u>226,989</u>
Cash provided by operating transactions	<u>8,956,325</u>	<u>2,946,541</u>
CAPITAL		
Acquisition of tangible capital assets	(10,855,805)	(3,756,846)
Sale of tangible capital assets	<u>42,362</u>	<u>44,450</u>
	<u>(10,813,443)</u>	<u>(3,712,396)</u>
FINANCING		
Temporary bank indebtedness	1,508,116	-
Long-term debt issued	-	1,500,000
Long-term debt repaid	<u>(369,990)</u>	<u>(326,707)</u>
	<u>1,138,126</u>	<u>1,173,293</u>
CHANGE IN CASH DURING THE YEAR	(718,992)	407,438
CASH, BEGINNING OF YEAR	<u>1,988,105</u>	<u>1,580,667</u>
CASH, END OF YEAR	<u>1,269,113</u>	<u>1,988,105</u>

TOWN OF RAYMOND
Schedule of Tangible Capital Assets
For the year ended December 31, 2009

SCHEDULE 1

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2009 \$	(Restated) 2008 \$
COST:								
BALANCE, BEGINNING OF YEAR	347,097	-	8,450,422	14,309,794	1,810,815	200,039	25,118,167	21,361,321
Acquisition of tangible capital assets	432,000	300,645	8,972,252	609,324	541,584	-	10,855,805	3,756,846
Disposal of tangible capital assets	(101)	-	-	(143,107)	(122,803)	(3,500)	(269,511)	-
Write down of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>778,996</u>	<u>300,645</u>	<u>17,422,674</u>	<u>14,776,011</u>	<u>2,229,596</u>	<u>196,539</u>	<u>35,704,461</u>	<u>25,118,167</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	-	2,348,204	5,063,624	886,631	55,014	8,353,473	7,692,996
Annual amortization	-	11,262	216,616	433,868	154,380	13,566	829,692	660,477
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,107)</u>	<u>(68,457)</u>	<u>(1,050)</u>	<u>(212,614)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>-</u>	<u>11,262</u>	<u>2,564,820</u>	<u>5,354,385</u>	<u>972,554</u>	<u>67,530</u>	<u>8,970,551</u>	<u>8,353,473</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>778,996</u>	<u>289,383</u>	<u>14,857,854</u>	<u>9,421,626</u>	<u>1,257,042</u>	<u>129,009</u>	<u>26,733,910</u>	<u>16,764,694</u>

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2009

SCHEDULE 2

	Budget (Unaudited) \$	2009 \$	2008 \$
TAXATION			
Real property taxes	2,395,803	2,392,879	2,281,124
Linear property taxes	<u>51,330</u>	<u>51,330</u>	<u>68,434</u>
	<u>2,447,133</u>	<u>2,444,209</u>	<u>2,349,558</u>
REQUISITIONS			
Alberta School Foundation Fund	444,437	444,437	434,362
Separate school	11,354	11,354	12,396
Seniors foundation	<u>63,363</u>	<u>63,363</u>	<u>53,566</u>
	<u>519,154</u>	<u>519,154</u>	<u>500,324</u>
NET MUNICIPAL PROPERTY TAXES	<u>1,927,979</u>	<u>1,925,055</u>	<u>1,849,234</u>

TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2009

SCHEDULE 3

	Budget (Unaudited) \$	2009 \$	2008 \$
FEDERAL TRANSFERS			
Shared-cost agreements and grants	<u>12,838</u>	<u>12,838</u>	<u>-</u>
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	<u>1,847,977</u>	<u>1,847,977</u>	<u>3,339,367</u>
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	<u>167,819</u>	<u>167,819</u>	<u>96,704</u>
	<u>2,028,634</u>	<u>2,028,634</u>	<u>3,436,071</u>

TOWN OF RAYMOND
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2009

SCHEDULE 4

	Budget (Unaudited) \$	2009 \$	2008 \$
EXPENDITURES			
Salaries, wages and benefits	2,205,149	2,135,312	1,835,543
Contracted and general services	946,583	1,067,344	1,087,338
Materials, goods, and utilities	959,548	949,250	1,182,780
Transfers to local boards and agencies	104,143	101,350	89,263
Bank charges and short-term interest	4,500	4,372	1,625
Interest on long-term debt	110,318	110,095	78,737
Amortization	-	<u>829,692</u>	<u>660,477</u>
TOTAL EXPENDITURES	<u>4,330,241</u>	<u>5,197,415</u>	<u>4,935,763</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

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 measureable. Expenses are recognized as they are incurred and measureable 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 reported 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, 2009

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 epriod 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, 2009

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. Taxes and Grants in Place of Taxes Receivables

	2009 \$	2008 \$
Current taxes and grants in place of taxes	229,593	266,697
Arrears taxes	<u>98,643</u>	<u>48,961</u>
	<u><u>328,236</u></u>	<u><u>315,658</u></u>

3. Deferred Revenue

	2009 \$	2008 \$
		(Restated)
Alberta Lotteries Grant	-	134,487
Westwind School Division Grant	<u>-</u>	<u>134,487</u>
	<u><u>-</u></u>	<u><u>268,974</u></u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

4. Long-term Debt

	2009	2008
	\$	\$
Self-supported debentures	1,827,709	1,987,856
Bank loans	96,449	246,366
Obligation under capital leases	<u>93,681</u>	<u>153,607</u>
	<u>2,017,839</u>	<u>2,387,829</u>

The current portion of long-term amounts to \$311,176 (2008 - \$369,519)

Principle and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2010	311,176	99,174	410,350
2011	207,167	81,316	288,483
2012	72,098	68,919	141,017
2013	55,074	65,752	120,826
2014	57,588	63,238	120,826
Thereafter	<u>1,314,736</u>	<u>667,328</u>	<u>1,982,064</u>
	<u>2,017,839</u>	<u>1,045,727</u>	<u>3,063,566</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.12 % to 6.0%, before provincial subsidy and matures in periods 2011 to 2033. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the town at large.

Bank loan for sewer lagoon and police station is repayable to 1st Choice Savings and Credit Union in annual installments of \$94,449 plus interest at 5.9%, secured by a Promissory Note, matures in 2010 and is reviewed and renewed on an annual basis.

Interest on long-term debt amounted to \$110,095 (2008 - \$78,737).

The town's total cash payments for interest in 2009 were \$118,281 (2008 - \$64,305).

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

5. 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:

	2009	2008
	\$	\$
Total debt limit	8,143,787	8,174,700
Total debt	<u>2,017,839</u>	<u>2,387,829</u>
Total unused debt limit	<u>6,125,948</u>	<u>5,786,871</u>
Service on debt limit	1,357,298	1,362,450
Service on debt	<u>410,350</u>	<u>392,466</u>
Amount of unused service on debt	<u>946,948</u>	<u>969,984</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.

6. Tangible Capital Assets

	2009	2008
	\$	\$
Net Book Value		(Restated)
Land	778,996	347,097
Land Improvements	289,383	-
Buildings	14,857,854	6,102,219
Distribution systems		
Water	1,216,533	1,052,108
Wastewater	1,410,520	1,238,190
Roads and other engineering structures	6,794,575	6,955,875
Machinery, equipment and furnishings	1,257,041	924,184
Vehicles	<u>129,008</u>	<u>145,024</u>
	<u>26,733,910</u>	<u>16,764,697</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

7. Equity in Capital Assets

	2009	2008
	\$	\$
Capital assets (Schedule 1)	35,704,461	25,118,167
Accumulated amortization (Schedule 1)	(8,970,551)	(8,353,473)
Long-term debt (Note 4)	(2,017,839)	(2,387,829)
	<u>24,716,071</u>	<u>14,376,865</u>

8. Accumulated Surplus

	2009	2008
	\$	\$
Unrestricted surplus (deficit)	(1,609,443)	1,362,150
Restricted surplus:		(Restated)
Operating reserves	368,000	368,000
Capital reserves		
Fire equipment	80,775	80,775
Operating equipment	50,000	50,000
Recreation	1,990,031	1,990,031
Cemetery	41,771	41,771
Development	252,693	252,693
Equity in tangible capital assets	<u>24,716,071</u>	<u>14,376,865</u>
	<u>25,889,898</u>	<u>18,522,285</u>

9. 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)	2009 Total	2008 Total
	\$	\$	\$	\$
Mayor	8,897	122	9,019	8,410
Councilor - Jim Depew	6,300	122	6,422	6,479
- Marlin Hogg	7,692	122	7,814	9,158
- Doug Holt	5,709	122	5,831	6,598
- Cathy Needham	7,282	122	7,404	6,571
- Jim Steed	6,525	122	6,647	6,825
- Barry Wolsey	7,534	122	7,656	2,914
Designated officer - CAO	118,542	21,194	139,736	112,869

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

9. Salary and Benefits Disclosure (continued)

- (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.

10. 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 2009 were \$101,676 (2008 - \$79,924). Total current year service contributions by the employees of the town to the LAPP were \$114,325 (2008 - \$70,185)

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

11. 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.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2009

12. 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.

13. Prior Period Adjustments

The town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2008
	\$
Adjustments to opening accumulated surplus:	
As previously reported	26,639,046
Adjustment to net book value of tangible capital assets	<u>(11,796,683)</u>
As restated	<u>14,842,363</u>
	2008
	\$
Adjustments to excess of revenues over expenses:	
As previously reported	484,036
Tangible capital assets recorded but previously expensed	3,756,846
Annual amortization expense	(660,477)
Government transfers received but recorded as deferred revenue	<u>(226,989)</u>
As restated	<u>3,353,416</u>
	2008
	\$
Adjustments to tangible capital assets:	
As previously reported	24,654,467
Adjustment to historical cost of tangible capital assets	463,700
Accumulated amortization recorded	<u>(8,353,473)</u>
As restated	<u>16,764,694</u>

Certain comparative figures have been restated to conform to the current year's presentation.

14. Approval of Financial Statements

Council and Management have approved these financial statements.