

TOWN OF RAYMOND

Financial Statements

December 31, 2017

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MERCER WILDE GROUP
An Association of
Chartered Accountants

1210 36 St. North, Lethbridge, AB T1H 5H8 • Ph: 403-327-6100 Fax: 403-320-2026

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, 2017 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, 2017, 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 5, 2018

Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2017

	2017 \$	Restated 2016 \$
FINANCIAL ASSETS		
Cash (Note 2)	75	32,026
Receivables		
Taxes and grants in place of taxes (Note 3)	369,681	878,898
Trade and other receivables	3,005,076	3,724,595
Land for resale inventory	157,146	111,063
Loans receivable	<u>38,585</u>	<u>51,871</u>
	<u>3,570,563</u>	<u>4,798,453</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	1,766,887	2,736,763
Accounts payable and accrued liabilities	736,811	462,928
Deferred revenue (Note 4)	839,855	1,473,300
Long-term debt (Note 5)	<u>4,069,756</u>	<u>1,747,638</u>
	<u>7,413,309</u>	<u>6,420,629</u>
NET FINANCIAL ASSETS (DEBT)	<u>(3,842,746)</u>	<u>(1,622,176)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	29,949,449	28,950,310
Inventory for consumption	53,628	46,753
Prepaid expenses and deposits	<u>1,674</u>	<u>2,674</u>
	<u>30,004,751</u>	<u>28,999,737</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 8)	<u>26,162,005</u>	<u>27,377,561</u>
CONTINGENCIES (Note 12)		

TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2017

	Budget (Unaudited) \$	2017 \$	Restated 2016 \$
REVENUE			
User fees and sales of goods	2,942,382	3,343,131	3,135,732
Net municipal property taxes (Schedule 3)	2,586,191	2,510,277	2,573,182
Raymond Strategic Initiatives Team revenues	311,414	223,329	256,685
Government transfers (Schedule 4)	476,875	511,912	885,519
Penalties and costs of taxes	85,000	64,159	78,731
Franchise and concession contracts	210,000	274,963	240,849
Investment income	2,000	8,585	4,562
Gain on disposal of tangible capital assets	-	41,800	147,845
Total Revenue	<u>6,613,862</u>	<u>6,978,156</u>	<u>7,323,105</u>
EXPENSES			
Water, wastewater and waste management	1,304,844	1,635,404	1,347,802
Parks and recreation	1,959,025	2,387,910	2,083,325
Roads, streets, walks, lighting	1,032,922	1,158,240	1,019,513
Administration	895,621	924,010	846,922
Raymond Strategic Initiatives Team expenses	252,385	189,763	220,391
Police, fire, ambulance and bylaw enforcement	648,309	718,277	602,948
Legislative	280,055	282,164	270,551
Land use planning, zoning and development	41,612	78,114	107,027
Other	169,067	255,291	169,896
Amortization	984,996	1,271,941	1,254,225
Total Expenses	<u>7,316,451</u>	<u>8,901,114</u>	<u>7,922,600</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(702,589)	(1,922,958)	(599,495)
OTHER			
Government transfers for capital (Schedule 3)	<u>2,603,500</u>	<u>707,402</u>	<u>2,555,328</u>
EXCESS OF (DEFICIENCY) REVENUE OVER EXPENSES	<u>1,900,911</u>	<u>(1,215,556)</u>	<u>1,955,833</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	27,377,561	28,850,861	25,421,728
PRIOR PERIOD ADJUSTMENT (Note 14)	-	(1,473,300)	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Restated)	<u>27,377,561</u>	<u>27,377,561</u>	<u>25,421,728</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>29,278,472</u>	<u>26,162,005</u>	<u>27,377,561</u>



TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt)

For the Year Ended December 31, 2017

	Budget (Unaudited) \$	2017 \$	Restated 2016 \$
EXCESS OF REVENUE OVER EXPENSES	<u>1,900,911</u>	<u>(1,215,556)</u>	<u>1,955,833</u>
Acquisition of tangible capital assets	(3,464,371)	(2,271,080)	(4,042,332)
Proceeds on disposal of tangible capital assets	-	41,800	202,190
Amortization of tangible capital assets	984,996	1,271,941	1,254,225
(Gain) on disposal of tangible capital assets	<u>-</u>	<u>(41,800)</u>	<u>(147,845)</u>
	<u>(2,479,375)</u>	<u>(999,139)</u>	<u>(2,733,762)</u>
Use (acquisition) of prepaid assets	-	1,000	(1,000)
(Acquisition) use of supplies inventory	<u>-</u>	<u>(6,875)</u>	<u>1,813</u>
	<u>-</u>	<u>(5,875)</u>	<u>813</u>
(INCREASE) DECREASE IN NET DEBT	(578,464)	(2,220,570)	(777,116)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(1,622,176)</u>	<u>(1,622,176)</u>	<u>(845,060)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(2,200,640)</u>	<u>(3,842,746)</u>	<u>(1,622,176)</u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017

	2017 \$	Restated 2016 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	(1,215,556)	1,955,833
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,271,941	1,254,225
(Gain) loss on disposal of tangible capital assets	(41,800)	(147,845)
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	509,217	(51,530)
Decrease (increase) in trade and other receivables	719,519	(1,629,959)
(Increase) decrease in land held for resale	(46,083)	43,475
(Increase) decrease in inventory for consumption	(6,875)	1,813
Decrease in loans receivable	13,286	12,742
Increase (decrease) in accounts payable and accrued liabilities	273,883	(97,388)
(Decrease) increase in deferred revenue	(633,445)	1,123,300
Decrease (increase) in prepaid expenses and deposits	<u>1,000</u>	<u>(1,000)</u>
	<u>845,087</u>	<u>2,463,666</u>
CAPITAL		
Acquisition of tangible capital assets	(2,271,080)	(4,042,332)
Proceeds on disposal of tangible capital assets	<u>41,800</u>	<u>202,190</u>
	<u>(2,229,280)</u>	<u>(3,840,142)</u>
FINANCING		
(Repayment) advancement of temporary bank indebtedness	(969,876)	1,058,735
Long-term debt issued	2,700,000	500,000
Long-term debt repaid	<u>(377,882)</u>	<u>(150,308)</u>
	<u>1,352,242</u>	<u>1,408,427</u>
CHANGE IN CASH DURING THE YEAR	(31,951)	31,951
CASH, BEGINNING OF YEAR	<u>32,026</u>	<u>75</u>
CASH, END OF YEAR	<u><u>75</u></u>	<u><u>32,026</u></u>





TOWN OF RAYMOND

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2017

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2017 \$	Restated 2016 \$
BALANCE, BEGINNING OF THE YEAR	<u>(274,385)</u>	<u>449,274</u>	<u>27,202,672</u>	<u>27,377,561</u>	<u>25,421,728</u>
Excess (deficiency) of revenue over expenses	(1,215,556)	-	-	(1,215,556)	1,955,833
Current year funds used for tangible capital assets	(2,271,080)	-	2,271,080	-	-
Annual amortization expense	1,271,941	-	(1,271,941)	-	-
New long-term debt issued	2,700,000	-	(2,700,000)	-	-
Long-term debt repaid	<u>(377,882)</u>	-	<u>377,882</u>	-	-
Change in accumulated surplus	<u>107,423</u>	-	<u>(1,322,979)</u>	<u>(1,215,556)</u>	<u>1,955,833</u>
BALANCE, END OF YEAR	<u>(166,962)</u>	<u>449,274</u>	<u>25,879,693</u>	<u>26,162,005</u>	<u>27,377,561</u>



TOWN OF RAYMOND
 Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2017

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	981,654	3,718,164	12,315,591	22,182,508	4,132,749	976,030	44,306,696	40,636,423
Acquisition of tangible capital assets	206,012	267,575	95,901	257,740	704,317	35,707	1,567,252	4,042,332
Disposal of tangible capital assets	-	-	-	-	(130,386)	-	(130,386)	(372,059)
Assets under construction	-	-	-	703,828	-	-	703,828	-
BALANCE, END OF YEAR	<u>1,187,666</u>	<u>3,985,739</u>	<u>12,411,492</u>	<u>23,144,076</u>	<u>4,706,680</u>	<u>1,011,737</u>	<u>46,447,390</u>	<u>44,306,696</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	362,004	4,238,296	8,489,107	1,867,148	399,831	15,356,386	14,419,875
Annual amortization	-	159,429	290,723	505,677	243,584	72,528	1,271,941	1,254,225
Accumulated amortization on disposals	-	-	-	-	(130,386)	-	(130,386)	(317,714)
BALANCE, END OF YEAR	<u>-</u>	<u>521,433</u>	<u>4,529,019</u>	<u>8,994,784</u>	<u>1,980,346</u>	<u>472,359</u>	<u>16,497,941</u>	<u>15,356,386</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,187,666</u>	<u>3,464,306</u>	<u>7,882,473</u>	<u>14,149,292</u>	<u>2,726,334</u>	<u>539,378</u>	<u>29,949,449</u>	<u>28,950,310</u>
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2017

SCHEDULE 3

	Budget (Unaudited) \$	2017 \$	2016 \$
TAXATION			
Real property taxes	3,372,390	3,315,976	3,355,329
Linear property taxes	<u>61,571</u>	<u>55,245</u>	<u>56,097</u>
	<u>3,433,961</u>	<u>3,371,221</u>	<u>3,411,426</u>
REQUISITIONS			
Alberta School Foundation Fund	728,663	728,663	719,632
Separate school	17,541	17,541	18,547
Seniors foundation	<u>101,566</u>	<u>114,740</u>	<u>100,065</u>
	<u>847,770</u>	<u>860,944</u>	<u>838,244</u>
NET MUNICIPAL PROPERTY TAXES	<u>2,586,191</u>	<u>2,510,277</u>	<u>2,573,182</u>



TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2017

SCHEDULE 4

	Budget (Unaudited) \$	2017 \$	Restated 2016 \$
TRANSFERS FOR OPERATING:			
Federal Government	-	2,500	-
Provincial Government	421,875	437,414	823,684
Other Local Governments	<u>55,000</u>	<u>71,998</u>	<u>61,835</u>
	<u>476,875</u>	<u>511,912</u>	<u>885,519</u>
TRANSFERS FOR CAPITAL:			
Federal Government	-	-	97,500
Provincial Government (Note 14)	2,603,500	646,782	2,304,978
Other Local Governments	<u>-</u>	<u>60,620</u>	<u>152,850</u>
	<u>2,603,500</u>	<u>707,402</u>	<u>2,555,328</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>3,080,375</u></u>	<u><u>1,219,314</u></u>	<u><u>3,440,847</u></u>



TOWN OF RAYMOND**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2017****SCHEDULE 5**

	Budget (Unaudited) \$	2017 \$	2016 \$
EXPENDITURES			
Salaries, wages and benefits	3,749,634	3,943,662	3,622,344
Contracted and general services	1,590,376	2,015,183	1,669,833
Materials, goods, and utilities	1,009,641	1,388,658	1,149,614
Interest on long-term debt	58,304	147,596	67,912
Transfers to local boards and agencies	113,405	114,294	106,241
Bank charges and short-term interest	40,000	19,780	52,431
Amortization	<u>984,996</u>	<u>1,271,941</u>	<u>1,254,225</u>
TOTAL EXPENDITURES	<u><u>7,546,356</u></u>	<u><u>8,901,114</u></u>	<u><u>7,922,600</u></u>



TOWN OF RAYMOND
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2017

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
REVENUE							
Net municipal taxes	2,510,277	-	-	-	-	-	2,510,277
Government transfers	269,547	107,620	-	40,000	136,703	665,444	1,219,314
User fees and sales of goods	16,927	465,692	6,611	189,197	745,558	1,919,146	3,343,131
Investment income	8,585	-	-	-	-	-	8,585
Raymond Strategic Initiatives Team	223,329	-	-	-	-	-	223,329
Other revenue	<u>339,122</u>	-	-	-	<u>41,800</u>	-	<u>380,922</u>
	<u>3,367,787</u>	<u>573,312</u>	<u>6,611</u>	<u>229,197</u>	<u>924,061</u>	<u>2,584,590</u>	<u>7,685,558</u>
EXPENSES							
Salaries, wages and benefits	1,010,717	376,840	554,516	94,085	1,362,287	545,217	3,943,662
Contracted and general services	270,940	202,363	199,062	106,118	332,614	904,086	2,015,183
Materials, goods, and utilities	98,161	139,074	401,682	99,285	464,355	186,101	1,388,658
Transfers to local boards and agencies	-	-	-	3,200	111,094	-	114,294
Long-term debt interest	-	-	2,980	-	144,616	-	147,596
Bank charges, short-term interest and other	<u>16,119</u>	-	-	-	<u>3,661</u>	-	<u>19,780</u>
	<u>1,395,937</u>	<u>718,277</u>	<u>1,158,240</u>	<u>302,688</u>	<u>2,418,627</u>	<u>1,635,404</u>	<u>7,629,173</u>
NET REVENUE BEFORE AMORTIZATION	1,971,850	(144,965)	(1,151,629)	(73,491)	(1,494,566)	949,186	56,385
Amortization	35,338	90,553	493,274	-	403,387	249,389	1,271,941
NET REVENUE	<u>1,936,512</u>	<u>(235,518)</u>	<u>(1,644,903)</u>	<u>(73,491)</u>	<u>(1,897,953)</u>	<u>699,797</u>	<u>(1,215,550)</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2017

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, 2017

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, 2017

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

	2017 \$	2016 \$
Cash on hand	75	32,026
Temporary bank indebtedness	<u>(1,766,887)</u>	<u>(2,736,763)</u>
	<u>(1,766,812)</u>	<u>(2,704,737)</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, 2017 was 2.95%. Security pledged consists of an assignment of property taxes.

3. Taxes and Grants in Place of Taxes Receivables

	2017 \$	2016 \$
Current taxes and grants in place of taxes	283,030	323,122
Arrears taxes	<u>86,651</u>	<u>555,776</u>
	<u>369,681</u>	<u>878,898</u>

4. Deferred Revenue

	2017 \$	Restated 2016 \$
Alberta Community Resilience Program - South Drainage Project	<u>839,855</u>	<u>1,473,300</u>



TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2017

4. Deferred Revenue (Continued)

Municipal Sustainability Initiative

Funding in the amount of \$1,235,475 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,235,475 received, \$885,008 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 2017. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$350,467 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 2017.

5. Long-term Debt

	2017	2016
	\$	\$
Self-supported debentures	1,144,344	1,191,550
Bank loans	2,871,576	452,770
Obligation under capital leases	<u>53,836</u>	<u>103,318</u>
	<u>4,069,756</u>	<u>1,747,638</u>

The current portion of long-term amounts to \$421,848 (2016 - \$185,553).

Principle and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	421,848	134,629	556,477
2019	439,273	120,740	560,013
2020	439,966	106,765	546,731
2021	391,184	93,174	484,358
2022	320,678	81,857	402,535
Thereafter	<u>2,056,807</u>	<u>334,648</u>	<u>2,391,455</u>
	<u>4,069,756</u>	<u>871,813</u>	<u>4,941,569</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, \$3,600 and \$23,600 and bears interest at a rate of 2.95% and matures in 2021, 2022 and 2027.

Interest on long-term debt amounted to \$147,596 (2016 - \$67,912).

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2017

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:

	2017 \$	2016 \$
Total debt limit	10,467,234	10,984,658
Total debt	<u>5,836,643</u>	<u>4,484,401</u>
Total unused debt limit	<u>4,630,591</u>	<u>6,500,257</u>
Service on debt limit	1,744,539	1,830,776
Service on debt	<u>556,477</u>	<u>254,062</u>
Amount of unused service on debt	<u>1,188,062</u>	<u>1,576,714</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

	2017 \$	2016 \$
Tangible capital assets (Schedule 2)	46,447,390	44,306,696
Accumulated amortization (Schedule 2)	(16,497,941)	(15,356,386)
Long-term debt (Note 5)	<u>(4,069,756)</u>	<u>(1,747,638)</u>
	<u>25,879,693</u>	<u>27,202,672</u>

8. Accumulated Surplus

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

	2017 \$	Restated 2016 \$
Unrestricted surplus	(166,962)	(274,385)
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>25,879,693</u>	<u>27,202,672</u>
	<u>26,162,005</u>	<u>27,377,561</u>



TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2017

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)	2017 Total	2016 Total
	\$	\$	\$	\$
Mayor - George Bohne	22,378	3,791	26,169	36,297
- Jim Depew	21,250	1,529	22,779	17,591
Councillor - Bryce Coppieters	4,579	-	4,579	-
- Ron Fromm	4,714	-	4,714	-
- Joan Harker	4,714	-	4,714	-
- Ken Heggie	3,769	-	3,769	-
- Clark Holt	14,822	3,831	18,653	27,611
- Cathy Needham	22,935	3,831	26,766	32,221
- Ralph Price	5,659	-	5,659	-
- Dustin Ralph	14,025	3,831	17,856	31,296
- Greg Robinson	32,794	4,607	37,401	32,896
- Barry Wolsey	13,031	3,791	16,822	23,178
Designated officer - CAO	189,575	6,024	195,599	210,037

(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, 2017

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 2017 were \$269,862 (2016 - \$249,917). Total current year service contributions by the employees of the town to the LAPP were \$248,473 (2016 - \$230,074).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 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.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2017

14. Prior Period Adjustment

The prior period has been adjusted to reflect a grant received by the Town in the prior period that was not spent until starting in 2017. The effect on the prior period balances includes a decrease in "Government Transfers for Capital", "Excess of Revenues over Expenses" and "Accumulated Surplus" of \$1,473,300 and an increase in "Deferred Revenue" of \$1,473,300.

15. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. These changes do not affect prior year's earnings.

16. Approval of Financial Statements

Council and Management have approved these financial statements.