

TOWN OF RAYMOND

Financial Statements

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Town of Raymond

Opinion

We have audited the financial statements of Town of Raymond (the Municipality), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the Members of Town of Raymond *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lethbridge, Alberta
June 18, 2019

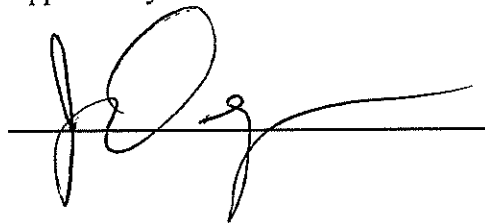
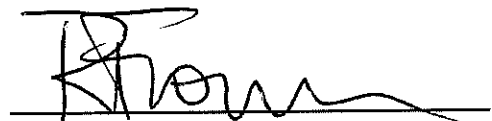
Chartered Accountants

TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash (Note 2)	2,099	75
Receivables		
Taxes and grants in place of taxes (Note 3)	432,909	369,681
Trade and other receivables (Note 4)	1,740,133	3,005,076
Land for resale inventory	109,226	157,146
Loans receivable	<u>69,217</u>	<u>38,585</u>
	<u>2,353,584</u>	<u>3,570,563</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	3,853,775	1,766,887
Accounts payable and accrued liabilities	1,063,129	736,811
Deferred revenue (Note 5)	37,987	839,855
Long-term debt (Note 6)	<u>4,422,673</u>	<u>4,069,756</u>
	<u>9,377,564</u>	<u>7,413,309</u>
NET FINANCIAL ASSETS (DEBT)	<u>(7,023,980)</u>	<u>(3,842,746)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	32,264,259	29,949,449
Inventory for consumption	44,092	53,628
Prepaid expenses and deposits	<u>1,674</u>	<u>1,674</u>
	<u>32,310,025</u>	<u>30,004,751</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 9)	<u>25,286,045</u>	<u>26,162,005</u>

CONTINGENCIES (Note 13)

Approved by the Council:


TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2018

	Budget (Unaudited) \$	2018 \$	2017 \$
REVENUE			
User fees and sales of goods	3,308,562	2,973,829	3,343,131
Net municipal property taxes (Schedule 3)	2,763,518	2,608,659	2,510,277
Government transfers (Schedule 4)	541,009	624,226	511,912
Raymond Strategic Initiatives Team revenues	340,931	269,527	223,329
Penalties and costs of taxes	85,425	69,765	64,159
Franchise and concession contracts	275,000	274,089	274,963
Investment income	4,605	5,175	8,585
Gain on disposal of tangible capital assets	-	29,550	41,800
Total Revenue	<u>7,319,050</u>	<u>6,854,820</u>	<u>6,978,156</u>
EXPENSES			
Water, wastewater and waste management	1,311,871	1,757,669	1,635,404
Parks and recreation	2,156,522	2,510,649	2,419,376
Roads, streets, walks, lighting	1,063,404	1,194,145	1,156,277
Administration	900,601	734,233	924,510
Raymond Strategic Initiatives Team expenses	253,647	168,750	189,763
Police, fire, ambulance and bylaw enforcement	661,476	646,036	718,502
Legislative	205,681	203,856	282,164
Land use planning, zoning and development	41,820	165,645	78,114
Other	240,240	530,002	225,063
Amortization	989,279	1,345,758	1,271,941
Total Expenses	<u>7,570,894</u>	<u>9,256,743</u>	<u>8,901,114</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(251,844)	(2,401,923)	(1,922,958)
OTHER			
Government transfers for capital (Schedule 4)	<u>2,355,146</u>	<u>1,525,963</u>	<u>707,402</u>
EXCESS OF (DEFICIENCY) REVENUE OVER EXPENSES	<u>2,103,302</u>	<u>(875,960)</u>	<u>(1,215,556)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	26,162,005	26,162,005	27,377,561
ACCUMULATED SURPLUS, END OF YEAR	<u>28,265,307</u>	<u>25,286,045</u>	<u>26,162,005</u>



TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2018

	Budget (Unaudited) \$	2018 \$	2017 \$
EXCESS OF REVENUE OVER EXPENSES	<u>2,103,302</u>	<u>(875,960)</u>	<u>(1,215,556)</u>
Acquisition of tangible capital assets	(2,065,000)	(3,720,790)	(2,271,080)
Proceeds on disposal of tangible capital assets	-	89,772	41,800
Amortization of tangible capital assets	989,279	1,345,758	1,271,941
(Gain) on disposal of tangible capital assets	<u>-</u>	<u>(29,550)</u>	<u>(41,800)</u>
	<u>(1,075,721)</u>	<u>(2,314,810)</u>	<u>(999,139)</u>
Use (acquisition) of prepaid assets	-	-	1,000
(Acquisition) use of supplies inventory	<u>-</u>	<u>9,536</u>	<u>(6,875)</u>
	<u>-</u>	<u>9,536</u>	<u>(5,875)</u>
(INCREASE) DECREASE IN NET DEBT	1,027,581	(3,181,234)	(2,220,570)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(3,842,746)</u>	<u>(3,842,746)</u>	<u>(1,622,176)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(2,815,165)</u>	<u>(7,023,980)</u>	<u>(3,842,746)</u>



TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018

	2018	2017
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	(875,960)	(1,215,556)
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,345,758	1,271,941
(Gain) loss on disposal of tangible capital assets	(29,550)	(41,800)
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	(63,228)	509,218
Decrease (increase) in trade and other receivables	1,264,943	719,519
(Increase) decrease in land held for resale	47,920	(46,083)
(Increase) decrease in inventory for consumption	9,536	(6,875)
Decrease in loans receivable	(30,632)	13,286
Increase (decrease) in accounts payable and accrued liabilities	326,318	273,882
(Decrease) increase in deferred revenue	(801,868)	(633,445)
Decrease (increase) in prepaid expenses and deposits	-	1,000
	<u>1,193,237</u>	<u>845,087</u>
CAPITAL		
Acquisition of tangible capital assets	(3,720,790)	(2,271,080)
Proceeds on disposal of tangible capital assets	<u>89,772</u>	<u>41,800</u>
	<u>(3,631,018)</u>	<u>(2,229,280)</u>
FINANCING		
(Repayment) advancement of temporary bank indebtedness	2,086,888	(969,876)
Long-term debt issued	768,859	2,700,000
Long-term debt repaid	<u>(415,942)</u>	<u>(377,882)</u>
	<u>2,439,805</u>	<u>1,352,242</u>
CHANGE IN CASH DURING THE YEAR	2,024	(31,951)
CASH, BEGINNING OF YEAR	<u>75</u>	<u>32,026</u>
CASH, END OF YEAR (Note 2)	<u><u>2,099</u></u>	<u><u>75</u></u>





TOWN OF RAYMOND
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2018

SCHEDULE 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2018 \$	2017 \$
BALANCE, BEGINNING OF THE YEAR	<u>(166,962)</u>	<u>449,274</u>	<u>25,879,693</u>	<u>26,162,005</u>	<u>27,377,561</u>
Excess (deficiency) of revenue over expenses	(875,960)	-	-	(875,960)	(1,215,556)
Unrestricted funds designated for future use	(2,524)	2,524	-	-	-
Current year funds used for tangible capital assets	(3,720,790)	-	3,720,790	-	-
Disposal of tangible capital assets	60,222	-	(60,222)	-	-
Annual amortization expense	1,345,758	-	(1,345,758)	-	-
New long-term debt issued	768,859	-	(768,859)	-	-
Long-term debt repaid	(415,942)	-	415,942	-	-
Change in accumulated surplus	<u>(2,840,377)</u>	<u>2,524</u>	<u>1,961,893</u>	<u>(875,960)</u>	<u>(1,215,556)</u>
BALANCE, END OF YEAR	<u>(3,007,339)</u>	<u>451,798</u>	<u>27,841,586</u>	<u>25,286,045</u>	<u>26,162,005</u>



TOWN OF RAYMOND
 Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2018

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	1,187,666	3,985,739	12,411,492	23,144,076	4,706,680	1,011,737	46,447,390	44,306,696
Acquisition of tangible capital assets	62,520	109,804	367,416	350,062	1,486,846	64,965	2,441,613	1,567,252
Disposal of tangible capital assets	(47,772)	-	-	-	(144,334)	-	(192,106)	(130,386)
Assets under construction	-	-	19,726	1,259,451	-	-	1,279,177	703,828
BALANCE, END OF YEAR	<u>1,202,414</u>	<u>4,095,543</u>	<u>12,798,634</u>	<u>24,753,589</u>	<u>6,049,192</u>	<u>1,076,702</u>	<u>49,976,074</u>	<u>46,447,390</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	521,433	4,529,019	8,994,784	1,980,346	472,359	16,497,941	15,356,386
Annual amortization	-	163,822	298,071	504,669	301,472	77,724	1,345,758	1,271,941
Accumulated amortization on disposals	-	-	-	-	(131,884)	-	(131,884)	(130,386)
BALANCE, END OF YEAR	-	<u>685,255</u>	<u>4,827,090</u>	<u>9,499,453</u>	<u>2,149,934</u>	<u>550,083</u>	<u>17,711,815</u>	<u>16,497,941</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,202,414</u>	<u>3,410,288</u>	<u>7,971,544</u>	<u>15,254,136</u>	<u>3,899,258</u>	<u>526,619</u>	<u>32,264,259</u>	<u>29,949,449</u>
2017 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>	

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

SCHEDULE 3

	Budget (Unaudited) \$	2018 \$	2017 \$
TAXATION			
Real property taxes	3,558,574	3,484,504	3,315,976
Linear property taxes	<u>56,952</u>	<u>56,952</u>	<u>55,245</u>
	<u>3,615,526</u>	<u>3,541,456</u>	<u>3,371,221</u>
REQUISITIONS			
Alberta School Foundation Fund	732,306	795,855	728,663
Separate school	17,628	17,096	17,541
Designated industrial properties	-	119	-
Seniors foundation	<u>102,074</u>	<u>119,727</u>	<u>114,740</u>
	<u>852,008</u>	<u>932,797</u>	<u>860,944</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>2,763,518</u></u>	<u><u>2,608,659</u></u>	<u><u>2,510,277</u></u>



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

SCHEDULE 4

	Budget (Unaudited) \$	2018 \$	2017 \$
TRANSFERS FOR OPERATING:			
Federal Government	61,750	-	2,500
Provincial Government	423,984	468,891	437,414
Other Local Governments	<u>55,275</u>	<u>155,335</u>	<u>71,998</u>
	<u>541,009</u>	<u>624,226</u>	<u>511,912</u>
TRANSFERS FOR CAPITAL:			
Federal Government	687,523	274,156	-
Provincial Government	1,667,623	1,251,807	646,782
Other Local Governments	<u>-</u>	<u>-</u>	<u>60,620</u>
	<u>2,355,146</u>	<u>1,525,963</u>	<u>707,402</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>2,896,155</u></u>	<u><u>2,150,189</u></u>	<u><u>1,219,314</u></u>



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

SCHEDULE 5

	Budget (Unaudited) \$	2018 \$	2017 \$
EXPENDITURES			
Salaries, wages and benefits	3,770,090	3,982,642	3,943,663
Contracted and general services	1,624,410	2,055,558	2,015,182
Materials, goods, and utilities	1,097,410	1,486,046	1,388,658
Interest on long-term debt	83,596	241,386	147,596
Transfers to local boards and agencies	218,165	136,976	114,294
Bank charges and short-term interest	44,000	8,377	19,780
Amortization	<u>989,279</u>	<u>1,345,758</u>	<u>1,271,941</u>
TOTAL EXPENDITURES	<u><u>7,826,950</u></u>	<u><u>9,256,743</u></u>	<u><u>8,901,114</u></u>





TOWN OF RAYMOND
 Schedule of Segmented Disclosure
 For the Year Ended December 31, 2018

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Net municipal taxes	2,608,659	-	-	-	-	-	2,608,659
Government transfers	519,790	25,000	461,952	-	72,438	1,071,009	2,150,189
User fees and sales of goods	73,625	430,093	3,085	172,943	506,839	1,787,244	2,973,829
Investment income	5,175	-	-	-	-	-	5,175
Raymond Strategic Initiatives Team	269,527	-	-	-	-	-	269,527
Other revenue	<u>343,854</u>	-	-	-	<u>29,550</u>	-	<u>373,404</u>
	<u>3,820,630</u>	<u>455,093</u>	<u>465,037</u>	<u>172,943</u>	<u>608,827</u>	<u>2,858,253</u>	<u>8,380,783</u>
EXPENSES							
Salaries, wages and benefits	739,124	316,361	595,372	390,283	1,404,995	536,507	3,982,642
Contracted and general services	289,979	230,406	231,820	83,655	280,865	938,833	2,055,558
Materials, goods, and utilities	74,482	99,269	361,599	208,489	459,878	282,329	1,486,046
Transfers to local boards and agencies	-	-	-	13,220	123,756	-	136,976
Long-term debt interest	-	-	5,354	-	236,032	-	241,386
Bank charges, short-term interest and other	<u>3,254</u>	-	-	-	<u>5,123</u>	-	<u>8,377</u>
	<u>1,106,839</u>	<u>646,036</u>	<u>1,194,145</u>	<u>695,647</u>	<u>2,510,649</u>	<u>1,757,669</u>	<u>7,910,985</u>
NET REVENUE BEFORE AMORTIZATION	2,713,791	(190,943)	(729,108)	(522,704)	(1,901,822)	1,100,584	469,798
Amortization	<u>50,756</u>	<u>101,111</u>	<u>479,274</u>	-	<u>464,587</u>	<u>250,030</u>	<u>1,345,758</u>
NET REVENUE	<u>2,663,035</u>	<u>(292,054)</u>	<u>(1,208,382)</u>	<u>(522,704)</u>	<u>(2,366,409)</u>	<u>850,554</u>	<u>(875,960)</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

	2018 \$	2017 \$
Cash on hand	2,099	75
Temporary bank indebtedness	<u>(3,853,775)</u>	<u>(1,766,887)</u>
	<u>(3,851,676)</u>	<u>(1,766,812)</u>

The town has two demand lines of credit with ATB Financial with an authorized limit of \$3,000,000 for one and \$1,050,000 for the other. Both of these revolving loans bear interest at prime less 0.25% which at December 31, 2018 was 3.95%. Security pledged consists of an assignment of property taxes.

Included in cash is a restricted amount of \$2,024 (2017 - \$0) held exclusively for an approved project.

3. Taxes and Grants in Place of Taxes Receivables

	2018 \$	2017 \$
Current taxes and grants in place of taxes	298,298	283,030
Arrears taxes	<u>134,611</u>	<u>86,651</u>
	<u>432,909</u>	<u>369,681</u>

4. Trade and Other Receivable

	2018 \$	2017 \$
Trade	942,464	985,297
Grants	462,166	1,916,530
GST	<u>335,503</u>	<u>103,249</u>
	<u>1,740,133</u>	<u>3,005,076</u>



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

5. Deferred Revenue

	2018	2017
	\$	\$
Alberta Community Resilience Program - South Drainage Project	-	839,855
Federal Gas Tax Fund	<u>37,987</u>	<u>-</u>
	<u><u>37,987</u></u>	<u><u>839,855</u></u>

Municipal Sustainability Initiative

Funding in the amount of \$1,517,166 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,517,166 received, \$1,103,897 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 2018. The eligible capital projects not completed in the year give rise to deferred revenue, of which for the current year is nil (2017 - nil). The remaining \$413,269 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 2018.

6. Long-term Debt

	2018	2017
	\$	\$
Self-supported debentures	1,165,113	1,159,595
Bank loans	2,529,121	2,871,576
Enmax Solar Panel Loans	659,222	-
Obligation under capital leases	<u>69,217</u>	<u>38,585</u>
	<u><u>4,422,673</u></u>	<u><u>4,069,756</u></u>

The current portion of long-term amounts to \$491,203 (2017 - \$421,848).

Principle and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2019	491,203	145,082	636,285
2020	498,891	129,206	628,097
2021	453,609	113,425	567,034
2022	384,786	99,811	484,597
2023	370,790	87,255	458,045
Thereafter	<u>2,223,394</u>	<u>338,143</u>	<u>2,561,537</u>
	<u><u>4,422,673</u></u>	<u><u>912,922</u></u>	<u><u>5,335,595</u></u>



TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2017

6. Long-term Debt (Continued)

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 prime less 0.25% which at December 31, 2018 was 3.95%. These loans mature in 2021, 2022 and 2027.

The loans from Enmax for the purchase of solar panels mature in 2033 with annual payments of \$57,615 (including GST) at 3.00% interest per annum.

Interest on long-term debt amounted to \$241,386 (2017 - \$147,596).

7. 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:

	2018 \$	2017 \$
Total debt limit	10,282,230	10,467,234
Total debt	<u>8,276,448</u>	<u>5,836,643</u>
Total unused debt limit	<u>2,005,782</u>	<u>4,630,591</u>
Service on debt limit	1,713,705	1,744,539
Service on debt	<u>636,285</u>	<u>556,477</u>
Amount of unused service on debt	<u>1,077,420</u>	<u>1,188,062</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.

8. Equity in Tangible Capital Assets

	2018 \$	2017 \$
Tangible capital assets (Schedule 2)	49,976,074	46,447,390
Accumulated amortization (Schedule 2)	(17,711,815)	(16,497,941)
Long-term debt (Note 6)	<u>(4,422,673)</u>	<u>(4,069,756)</u>
	<u>27,841,586</u>	<u>25,879,693</u>



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

9. Accumulated Surplus

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

	2018	2017
	\$	\$
Unrestricted surplus	(3,007,339)	(166,962)
Restricted surplus:		
Capital reserves		
Fire equipment	104,810	104,810
Operating equipment	50,000	50,000
Fallen Heroes Cemetery	2,024	-
Development	42,271	41,771
Equity in tangible capital assets	252,693	252,693
	<u>27,841,586</u>	<u>25,879,693</u>
	<u>25,286,045</u>	<u>26,162,005</u>

10. 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).



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

11. 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)	2018 Total	2017 Total
	\$	\$	\$	\$
Mayor - Jim Depew	22,308	-	22,308	22,779
- George Bohne	-	-	-	26,169
Councilor - Bryce Coppieters	17,770	-	17,770	4,579
- Stewart Foss	6,803	-	6,803	-
- Ron Fromm	21,415	-	21,415	4,714
- Joan Harker	27,355	-	27,355	4,714
- Ken Heggie	14,800	-	14,800	3,769
- Clark Holt	-	-	-	18,653
- Cathy Needham	-	-	-	26,766
- Ralph Price	26,950	-	26,950	5,659
- Dustin Ralph	-	-	-	17,856
- Greg Robinson	12,465	1,579	14,044	37,401
- Barry Wolsey	-	-	-	16,822
Designated officer- CAO Barton	192,973	6,015	198,988	195,599
Designated officer- CAO Pratt	32,309	6,919	39,228	-

- (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

12. 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 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 to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the town to the LAPP in 2018 were \$268,954 (2017 - \$269,862). Total current service contributions by the employees of the town to the LAPP in 2018 were \$245,878 (2017 - \$248,473).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

13. 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.

The town had a legal matter lodged against them in the current year. The town is exposed to loss in excess of the amount accrued.

14. 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.

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.

