

TOWN OF RAYMOND

Financial Statements

December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Raymond (the Town).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.



Mr. Kurtis Pratt, CAO

Raymond, Alberta



INDEPENDENT AUDITOR'S REPORT

To the Members of Town of Raymond

Opinion

We have audited the financial statements of the Town of Raymond (the Town), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets 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 Town as at December 31, 2020, and the results of its operations, change in its net financial assets 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 Town in accordance with 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 these 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town 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.

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 15, 2021

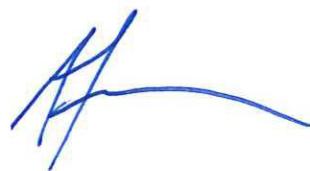
Chartered Professional Accountants



TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash (Note 2)	1,262,852	347,795
Receivables		
Taxes and grants in place of taxes (Note 3)	395,113	420,912
Trade and other receivables (Note 4)	473,656	1,682,165
Land for resale inventory	<u>106,385</u>	<u>109,226</u>
	<u>2,238,006</u>	<u>2,560,098</u>
LIABILITIES		
Accounts payable and accrued liabilities	672,596	1,033,104
Deferred revenue (Note 5)	642,676	-
Long-term debt (Note 6)	<u>9,013,565</u>	<u>10,040,810</u>
	<u>10,328,837</u>	<u>11,073,914</u>
NET FINANCIAL ASSETS (DEBT)	<u>(8,090,831)</u>	<u>(8,513,816)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	33,480,206	33,135,721
Inventory for consumption	<u>38,182</u>	<u>28,380</u>
	<u>33,518,388</u>	<u>33,164,101</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 9)	<u>25,427,557</u>	<u>24,650,285</u>

CONTINGENCIES (Note 13)

TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2020

	Budget (Unaudited) \$	2020 \$	2019 \$
REVENUE			
User fees and sales of goods	4,137,745	4,044,471	3,734,576
Net municipal property taxes (Schedule 3)	2,971,743	3,041,061	2,804,438
Raymond Strategic Initiatives Team revenues	191,544	186,155	236,112
Government transfers (Schedule 4)	309,290	320,977	566,697
Penalties and costs of taxes	85,000	19,182	93,712
Franchise and concession contracts	282,000	297,308	288,602
Investment income	1,000	15,606	11,693
	<u>7,978,322</u>	<u>7,924,760</u>	<u>7,735,830</u>
EXPENSES			
Water, wastewater and waste management	1,325,457	1,658,935	1,822,187
Parks and recreation	2,364,410	2,470,946	3,120,746
Roads, streets, walks, lighting	816,081	1,489,441	2,045,321
Administration	849,842	939,301	978,123
Raymond Strategic Initiatives Team expenses	151,750	131,445	148,845
Police, fire, ambulance and bylaw enforcement	774,128	876,157	794,970
Legislative	203,956	163,368	214,860
Land use planning, zoning and development	265,000	246,767	52,445
Other	369,260	417,138	492,928
	<u>7,119,884</u>	<u>8,393,498</u>	<u>9,670,425</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER			
	858,438	(468,738)	(1,934,595)
OTHER			
Government transfers for capital (Schedule 4)	<u>1,377,569</u>	<u>1,246,010</u>	<u>1,298,835</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
	2,236,007	777,272	(635,760)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	<u>24,650,285</u>	<u>24,650,285</u>	<u>25,286,045</u>
ACCUMULATED SURPLUS, END OF YEAR			
	<u>2,236,007</u>	<u>25,427,557</u>	<u>24,650,285</u>

TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2020

	Budget (Unaudited) \$	2020 \$	2019 \$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>2,236,007</u>	<u>777,272</u>	<u>(635,760)</u>
Acquisition of tangible capital assets	(1,551,250)	(1,851,538)	(2,335,774)
Proceeds on disposal of tangible capital assets	-	5,000	-
Amortization of tangible capital assets	<u>-</u>	<u>1,502,053</u>	<u>1,464,313</u>
	<u>(1,551,250)</u>	<u>(344,485)</u>	<u>(871,461)</u>
Use (acquisition) of prepaid assets	-	-	1,674
(Acquisition) use of supplies inventory	<u>-</u>	<u>(9,802)</u>	<u>15,711</u>
	<u>-</u>	<u>(9,802)</u>	<u>17,385</u>
(INCREASE) DECREASE IN NET DEBT	684,757	422,985	(1,489,836)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(8,513,816)</u>	<u>(8,513,816)</u>	<u>(7,023,980)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(7,829,059)</u>	<u>(8,090,831)</u>	<u>(8,513,816)</u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenue over expenses	777,272	(635,760)
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,502,053	1,464,313
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	25,799	11,997
Decrease (increase) in trade and other receivables	1,208,509	57,968
(Increase) decrease in land held for resale	2,841	-
(Increase) decrease in inventory for consumption	(9,802)	15,712
Increase (decrease) in accounts payable and accrued liabilities	(360,508)	(30,026)
(Decrease) increase in deferred revenue	642,676	(37,987)
Decrease (increase) in prepaid expenses and deposits	<u>-</u>	<u>1,674</u>
	<u>3,788,840</u>	<u>847,891</u>
CAPITAL		
Acquisition of tangible capital assets	(1,851,538)	(2,335,774)
Proceeds on disposal of tangible capital assets	<u>5,000</u>	<u>-</u>
	<u>(1,846,538)</u>	<u>(2,335,774)</u>
FINANCING		
(Repayment) advancement of temporary bank indebtedness	-	(3,853,775)
Long-term debt issued	-	6,153,244
Long-term debt repaid	<u>(1,027,245)</u>	<u>(465,890)</u>
	<u>(1,027,245)</u>	<u>1,833,579</u>
CHANGE IN CASH DURING THE YEAR	915,057	345,696
CASH, BEGINNING OF YEAR	<u>347,795</u>	<u>2,099</u>
CASH, END OF YEAR	<u>1,262,852</u>	<u>347,795</u>

TOWN OF RAYMOND**Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2020****SCHEDULE 1**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2020 \$	2019 \$
BALANCE, BEGINNING OF THE YEAR	1,103,576	451,798	23,094,911	24,650,285	25,286,045
Excess (deficiency) of revenue over expenses	777,272	-	-	777,272	(635,760)
Unrestricted funds designated for future use	(2,546)	2,546	-	-	-
Current year funds used for tangible capital assets	(1,851,538)	-	1,851,538	-	-
Disposal of tangible capital assets	5,000	-	(5,000)	-	-
Annual amortization expense	1,502,053	-	(1,502,053)	-	-
Long-term debt repaid	(1,027,245)	-	1,027,245	-	-
Change in accumulated surplus	(597,004)	2,546	1,371,730	777,272	(635,760)
BALANCE, END OF YEAR	506,572	454,344	24,466,641	25,427,557	24,650,285

TOWN OF RAYMOND

**Schedule of Tangible Capital Assets
For the Year Ended December 31, 2020**

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2020 \$	2019 \$
COST:								
BALANCE, BEGINNING OF YEAR	1,242,414	4,207,900	12,869,611	25,334,364	7,568,017	1,076,702	52,299,008	49,976,074
Acquisition of tangible capital assets	623,974	45,566	77,417	709,195	16,098	379,288	1,851,538	2,335,774
Disposal of tangible capital assets	(5,000)	-	-	-	-	-	(5,000)	(12,840)
BALANCE, END OF YEAR	<u>1,861,388</u>	<u>4,253,466</u>	<u>12,947,028</u>	<u>26,043,559</u>	<u>7,584,115</u>	<u>1,455,990</u>	<u>54,145,546</u>	<u>52,299,008</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	853,571	5,127,051	10,042,276	2,512,582	627,807	19,163,287	17,711,815
Annual amortization	-	170,138	301,518	546,825	385,676	97,896	1,502,053	1,464,312
Accumulated amortization on disposals	-	-	-	-	-	-	-	(12,840)
BALANCE, END OF YEAR	-	<u>1,023,709</u>	<u>5,428,569</u>	<u>10,589,101</u>	<u>2,898,258</u>	<u>725,703</u>	<u>20,665,340</u>	<u>19,163,287</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,861,388</u>	<u>3,229,757</u>	<u>7,518,459</u>	<u>15,454,458</u>	<u>4,685,857</u>	<u>730,287</u>	<u>33,480,206</u>	<u>33,135,721</u>

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2020

SCHEDULE 3

	Budget (Unaudited) \$	2020 \$	2019 \$
TAXATION			
Real property taxes	3,908,048	3,992,417	3,696,852
Linear property taxes	<u>62,763</u>	<u>62,763</u>	<u>58,217</u>
	<u>3,970,811</u>	<u>4,055,180</u>	<u>3,755,069</u>
REQUISITIONS			
Alberta School Foundation Fund	856,448	871,786	813,305
Separate school	19,743	19,743	17,662
Designated Industrial Property	287	-	292
Seniors foundation	<u>122,590</u>	<u>122,590</u>	<u>119,372</u>
	<u>999,068</u>	<u>1,014,119</u>	<u>950,631</u>
NET MUNICIPAL PROPERTY TAXES	<u>2,971,743</u>	<u>3,041,061</u>	<u>2,804,438</u>

TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2020

SCHEDULE 4

	Budget (Unaudited)	2020	2019
	\$	\$	\$
TRANSFERS FOR OPERATING:			
Federal Government	10,000	-	5,000
Provincial Government	234,290	238,490	479,912
Other Local Governments	<u>65,000</u>	<u>82,487</u>	<u>81,785</u>
	<u>309,290</u>	<u>320,977</u>	<u>566,697</u>
TRANSFERS FOR CAPITAL:			
Federal Government	-	-	321,187
Provincial Government	1,377,569	1,246,010	927,648
Other Local Governments	<u>-</u>	<u>-</u>	<u>50,000</u>
	<u>1,377,569</u>	<u>1,246,010</u>	<u>1,298,835</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,686,859</u>	<u>1,566,987</u>	<u>1,865,532</u>

TOWN OF RAYMOND**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2020****SCHEDULE 5**

	Budget (Unaudited)	2020	2019
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	3,464,467	3,308,287	4,465,551
Contracted and general services	2,000,094	2,039,951	1,892,369
Materials, goods, and utilities	1,211,806	1,133,976	1,360,305
Interest on long-term debt	285,717	282,475	333,549
Transfers to local boards and agencies	149,300	117,479	145,997
Bank charges and short-term interest	8,500	9,277	8,341
Amortization	-	<u>1,502,053</u>	<u>1,464,313</u>
TOTAL EXPENDITURES	<u>7,119,884</u>	<u>8,393,498</u>	<u>9,670,425</u>

TOWN OF RAYMOND
Schedule of Segmented Disclosure
For the Year Ended December 31, 2020

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
REVENUE							
Net municipal taxes	3,041,061	-	-	-	-	-	3,041,061
Government transfers	234,290	-	274,741	-	494,015	563,941	1,566,987
User fees and sales of goods	86,196	477,336	3,490	677,878	602,349	2,197,222	4,044,471
Investment income	15,606	-	-	-	-	-	15,606
Raymond Strategic Initiatives Team	186,155	-	-	-	-	-	186,155
Other revenue	<u>316,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,490</u>
	<u>3,879,798</u>	<u>477,336</u>	<u>278,231</u>	<u>677,878</u>	<u>1,096,364</u>	<u>2,761,163</u>	<u>9,170,770</u>
EXPENSES							
Salaries, wages and benefits	840,385	381,349	377,776	229,589	1,108,052	371,136	3,308,287
Contracted and general services	234,854	214,263	209,637	270,179	230,859	880,159	2,039,951
Materials, goods, and utilities	74,335	168,403	322,458	111,683	322,709	134,388	1,133,976
Transfers to local boards and agencies	-	-	-	52,214	65,265	-	117,479
Long-term debt interest	23,186	8,453	28,037	-	196,671	26,128	282,475
Bank charges, short-term interest and other	<u>4,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,683</u>	<u>-</u>	<u>9,277</u>
	<u>1,177,354</u>	<u>772,468</u>	<u>937,908</u>	<u>663,665</u>	<u>1,928,239</u>	<u>1,411,811</u>	<u>6,891,445</u>
NET REVENUE BEFORE AMORTIZATION	2,702,444	(295,132)	(659,677)	14,213	(831,875)	1,349,352	2,279,325
Amortization	<u>56,760</u>	<u>103,689</u>	<u>551,533</u>	<u>240</u>	<u>542,707</u>	<u>247,124</u>	<u>1,502,053</u>
NET REVENUE	<u>2,645,684</u>	<u>(398,821)</u>	<u>(1,211,210)</u>	<u>13,973</u>	<u>(1,374,582)</u>	<u>1,102,228</u>	<u>777,272</u>

TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2020

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 Chartered Professional Accountants of Canada. 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, 2020

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, 2020

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

	2020	2019
	\$	\$
Cash	<u>1,262,852</u>	<u>347,795</u>

The town has a demand line of credit with ATB Financial with an authorized limit of \$500,000. This revolving loan bears interest at 2.20%. Security pledged consists of an assignment of property taxes.

Included in bank accounts is a restricted amount of \$642,676 (2019 - nil) received from various grant programs which are held exclusively for approved projects (Note 5).

3. Taxes and Grants in Place of Taxes Receivables

	2020	2019
	\$	\$
Current taxes and grants in place of taxes	235,965	277,907
Arrears taxes	<u>159,148</u>	<u>143,005</u>
	<u>395,113</u>	<u>420,912</u>

4. Trade and Other Receivables

	2020	2019
	\$	\$
Trade	324,760	998,913
Grants	-	558,111
GST	<u>148,896</u>	<u>125,141</u>
	<u>473,656</u>	<u>1,682,165</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2020

5. Deferred Revenue

	2020 \$	2019 \$
MSI Capital	149,610	-
Federal Gas Tax Fund	58,627	-
Municipal Operating Stimulus Grant	<u>434,439</u>	-
	<u><u>642,676</u></u>	-

Municipal Sustainability Initiative

Funding in the amount of \$1,074,026 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,074,026 received, \$839,736 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 2020. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$234,290 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 2020.

6. Long-term Debt

	2020 \$	2019 \$
Self-supported debentures	1,078,265	1,156,476
Bank loans	6,458,410	7,182,242
Enmax Solar Panel Loans	<u>1,476,890</u>	<u>1,702,092</u>
	<u><u>9,013,565</u></u>	<u><u>10,040,810</u></u>

The current portion of long-term amounts to \$667,727 (2019 - \$863,619).

Principle and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2021	667,727	238,808	906,535
2022	685,900	221,036	906,936
2023	702,000	202,742	904,742
2024	705,471	184,254	889,725
2025	712,160	165,805	877,965
Thereafter	<u>5,540,307</u>	<u>675,148</u>	<u>6,215,455</u>
	<u><u>9,013,565</u></u>	<u><u>1,687,793</u></u>	<u><u>10,701,358</u></u>

TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2020

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 at payments of \$23,600 monthly and \$178,005 semi-annually and bears interest at a rate of 2.20% and matures in 2027 and 2037.

The loans from Enmax for the purchase of solar panels mature in 2034 with monthly payments of \$11,135 and bears interest at 3.00% per annum.

Interest on long-term debt amounted to \$282,475 (2019 - \$333,549).

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:

	2020 \$	2019 \$
Total debt limit	11,887,140	11,603,745
Total debt	<u>9,013,565</u>	<u>10,040,810</u>
Total unused debt limit	<u>2,873,575</u>	<u>1,562,935</u>
Service on debt limit	1,981,190	1,933,958
Service on debt	<u>906,535</u>	<u>1,210,321</u>
Amount of unused service on debt	<u>1,074,655</u>	<u>723,637</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

	2020 \$	2019 \$
Tangible capital assets (Schedule 2)	54,145,546	52,299,008
Accumulated amortization (Schedule 2)	(20,665,340)	(19,163,287)
Long-term debt (Note 6)	<u>(9,013,565)</u>	<u>(10,040,810)</u>
	<u>24,466,641</u>	<u>23,094,911</u>

TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2020

9. Accumulated Surplus

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

	2020 \$	2019 \$
Unrestricted surplus	506,572	1,103,576
Restricted surplus:		
Capital reserves		
Fire equipment	107,356	104,810
Operating equipment	50,000	50,000
Fallen Heroes	2,024	2,024
Cemetery	42,271	42,271
Development	252,693	252,693
Equity in tangible capital assets	<u>24,466,641</u>	<u>23,094,911</u>
	<u><u>25,427,557</u></u>	<u><u>24,650,285</u></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).

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) \$	2020 Total \$	2019 Total \$
Mayor - Jim Depew	20,533	-	20,533	25,413
Councilor - Bryce Coppieters	16,781	-	16,781	16,690
- Stewart Foss	18,131	-	18,131	20,470
- Ron Fromm	17,591	-	17,591	18,580
- Joan Harker	22,181	-	22,181	25,870
- Ken Heggie	16,241	-	16,241	15,610
- Ralph Price	14,052	-	14,052	24,790
Designated officer - CAO Barton	-	-	-	70,375
Designated officer - CAO Pratt	163,381	29,836	193,217	176,333
Designated officer - assessor (1)	45,069	-	45,069	44,345

TOWN OF RAYMOND

Notes to Financial Statements

For the Year Ended December 31, 2020

11. Salary and Benefits Disclosure (continued)

- (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.

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 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

The total current service contributions by the town to the LAPP in 2020 were \$225,268 (2019 - \$276,334). Total current year service contributions by the employees of the town to the LAPP were \$204,173 (2019 - \$250,492).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 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.

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.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2020

15. Subsequent Events

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the organization.

16. 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.

17. Approval of Financial Statements

Council and Management have approved these financial statements.