

TOWN OF RAYMOND

Financial Statements

December 31, 2023

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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
April 26, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Raymond

Opinion

We have audited the financial statements of Town of Raymond (the Town), which comprise the consolidated statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets (debt) 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, 2023, and the results of its operations, change in net financial assets (debt) 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.

(continues)

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

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:

- 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 26, 2024

Chartered Professional Accountants



TOWN OF RAYMOND
Consolidated Statement of Financial Position
As at December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,538,701	2,480,538
Receivables		
Taxes and grants in place of taxes (Note 3)	385,468	310,443
Trade and other receivables (Note 4)	820,785	434,900
Due from related party	-	30,424
Land for resale inventory	<u>174,297</u>	<u>129,596</u>
	<u>2,919,251</u>	<u>3,385,901</u>
LIABILITIES		
Accounts payable and accrued liabilities	756,387	490,672
Employee benefit obligations (Note 5)	209,094	212,489
Deferred revenue (Note 6)	794,283	1,948,082
Long-term debt (Note 9)	<u>7,427,771</u>	<u>7,867,902</u>
	<u>9,187,535</u>	<u>10,519,145</u>
NET FINANCIAL ASSETS (DEBT)	<u>(6,268,284)</u>	<u>(7,133,244)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	35,286,955	33,976,254
Inventory for consumption	48,019	67,730
Prepaid expenses and deposits	<u>9,627</u>	<u>-</u>
	<u>35,344,601</u>	<u>34,043,984</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 12)	<u>29,076,317</u>	<u>26,910,740</u>

CONTINGENCIES (Note 17)

Approved by the Council:

Allen Folkestad



TOWN OF RAYMOND
Consolidated Statement of Operations
For the Year Ended December 31, 2023

	Budget (Unaudited) \$	2023 \$	2022 \$
REVENUE			
User fees and sales of goods	3,645,391	3,860,084	3,873,519
Net municipal property taxes (Schedule 3)	3,736,566	3,687,625	3,406,480
Government transfers (Schedule 4)	643,519	641,299	584,917
Franchise and concession contracts (Note 15)	450,000	460,183	445,023
Raymond Strategic Initiatives Team revenues	339,348	365,063	229,862
Penalties and costs of taxes	85,000	93,914	83,074
Investment income	20,000	91,782	73,532
Gain on disposal of tangible capital assets	-	6,823	-
	<u>8,919,824</u>	<u>9,206,773</u>	<u>8,696,407</u>
EXPENSES			
Parks and recreation	2,606,922	2,522,292	2,493,984
Water, wastewater and waste management	2,087,951	1,991,797	1,916,145
Roads, streets, walks, lighting	1,602,756	1,756,362	1,697,233
Administration	1,054,599	1,123,614	1,093,206
Police, fire, ambulance and bylaw enforcement	757,774	787,700	698,586
Land use planning and development	450,011	436,313	438,265
Raymond Strategic Initiatives Team expenses	263,845	281,851	128,446
Library	240,291	194,289	231,658
Legislative	179,728	191,233	171,045
Cemetery	69,073	78,121	50,983
Economic development	36,354	55,695	40,890
Other	47,500	46,092	45,749
	<u>9,396,804</u>	<u>9,465,359</u>	<u>9,006,190</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(476,980)	(258,586)	(309,783)
OTHER			
Government transfers for capital (Schedule 4)	<u>2,174,318</u>	<u>2,424,163</u>	<u>1,615,672</u>
EXCESS OF REVENUE OVER EXPENSES	1,697,338	2,165,577	1,305,889
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,910,740</u>	<u>26,910,740</u>	<u>25,604,851</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>28,608,078</u>	<u>29,076,317</u>	<u>26,910,740</u>

TOWN OF RAYMOND

Consolidated Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2023

	Budget (Unaudited) \$	2023 \$	2022 \$
EXCESS OF REVENUE OVER EXPENSES	1,697,338	2,165,577	1,305,889
Acquisition of tangible capital assets	(2,967,500)	(2,967,500)	(2,089,998)
Proceeds on disposal of tangible capital assets	-	7,973	-
Amortization of tangible capital assets	1,655,649	1,655,649	1,559,127
Gain on disposal of tangible capital assets	<u>-</u>	<u>(6,823)</u>	<u>-</u>
	<u>385,487</u>	<u>854,876</u>	<u>775,018</u>
Use (acquisition) of prepaid assets	-	(9,627)	-
(Acquisition) use of supplies inventory	<u>-</u>	<u>19,711</u>	<u>22,380</u>
	<u>-</u>	<u>10,084</u>	<u>22,380</u>
DECREASE IN NET DEBT	385,487	864,960	797,398
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(7,133,244)</u>	<u>(7,133,244)</u>	<u>(7,930,642)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(6,747,757)</u>	<u>(6,268,284)</u>	<u>(7,133,244)</u>

TOWN OF RAYMOND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023

	2023	2022
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	2,165,577	1,305,889
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	1,655,649	1,559,127
(Gain) loss on disposal of tangible capital assets	(6,823)	-
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	(75,025)	59,252
Decrease (increase) in trade and other receivables	(385,885)	404,937
Decrease (increase) in amount due from related party	30,424	492,161
Decrease (increase) in land held for resale	(44,701)	(23,211)
Decrease (increase) in inventory for consumption	19,711	22,380
Decrease (increase) in prepaid expenses and deposits	(9,627)	-
Increase (decrease) in accounts payable and accrued liabilities	262,320	(82,415)
Increase (decrease) in deferred revenue	<u>(1,153,799)</u>	<u>(303,328)</u>
	<u>2,457,821</u>	<u>3,434,792</u>
CAPITAL		
Acquisition of tangible capital assets	(2,967,500)	(2,089,998)
Proceeds on disposal of tangible capital assets	<u>7,973</u>	<u>-</u>
	<u>(2,959,527)</u>	<u>(2,089,998)</u>
FINANCING		
Long-term debt repaid	<u>(440,131)</u>	<u>(528,959)</u>
CHANGE IN CASH DURING THE YEAR	(941,837)	815,835
CASH, BEGINNING OF YEAR	<u>2,480,538</u>	<u>1,664,703</u>
CASH, END OF YEAR (Note 2)	<u><u>1,538,701</u></u>	<u><u>2,480,538</u></u>

TOWN OF RAYMOND**Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2023****SCHEDULE 1**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2023 \$	2022 \$
BALANCE, BEGINNING OF THE YEAR	<u>597,538</u>	<u>204,850</u>	<u>26,108,352</u>	<u>26,910,740</u>	<u>25,604,851</u>
Excess of revenue over expenses	2,165,577	-	-	2,165,577	1,305,889
Unrestricted funds designated for future use	(628,080)	628,080	-	-	-
Restricted funds used for tangible capital assets	-	(129,748)	129,748	-	-
Current year funds used for tangible capital assets	(2,837,752)	-	2,837,752	-	-
Disposal of tangible capital assets	1,150	-	(1,150)	-	-
Annual amortization expense	1,655,649	-	(1,655,649)	-	-
Long-term debt repaid	<u>(440,131)</u>	<u>-</u>	<u>440,131</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(83,587)</u>	<u>498,332</u>	<u>1,750,832</u>	<u>2,165,577</u>	<u>1,305,889</u>
BALANCE, END OF YEAR	<u>513,951</u>	<u>703,182</u>	<u>27,859,184</u>	<u>29,076,317</u>	<u>26,910,740</u>

TOWN OF RAYMOND
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2023 \$	2022 \$
COST:								
BALANCE, BEGINNING OF YEAR	3,167,188	4,580,660	13,070,089	27,181,455	8,383,639	1,211,579	57,594,610	55,504,612
Acquisition of tangible capital assets	3,055	70,765	408,084	1,949,787	535,809	-	2,967,500	2,089,998
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,500)</u>	<u>-</u>	<u>(11,500)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>3,170,243</u>	<u>4,651,425</u>	<u>13,478,173</u>	<u>29,131,242</u>	<u>8,907,948</u>	<u>1,211,579</u>	<u>60,550,610</u>	<u>57,594,610</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	1,387,170	6,032,833	11,750,823	3,743,335	704,195	23,618,356	22,059,229
Annual amortization	-	183,721	313,204	653,973	447,770	56,981	1,655,649	1,559,127
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,350)</u>	<u>-</u>	<u>(10,350)</u>	<u>-</u>
BALANCE, END OF YEAR	<u>-</u>	<u>1,570,891</u>	<u>6,346,037</u>	<u>12,404,796</u>	<u>4,180,755</u>	<u>761,176</u>	<u>25,263,655</u>	<u>23,618,356</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>3,170,243</u>	<u>3,080,534</u>	<u>7,132,136</u>	<u>16,726,446</u>	<u>4,727,193</u>	<u>450,403</u>	<u>35,286,955</u>	<u>33,976,254</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>3,167,188</u>	<u>3,193,490</u>	<u>7,037,256</u>	<u>15,430,632</u>	<u>4,640,304</u>	<u>507,384</u>	<u>33,976,254</u>	

TOWN OF RAYMOND
Schedule of Property Taxes Levied
For the Year Ended December 31, 2023

SCHEDULE 3

	Budget (Unaudited) \$	2023 \$	2022 \$
TAXATION			
Real property taxes	4,766,933	4,706,731	4,398,747
Linear property taxes	<u>82,974</u>	<u>84,466</u>	<u>67,626</u>
	<u>4,849,907</u>	<u>4,791,197</u>	<u>4,466,373</u>
REQUISITIONS			
Alberta School Foundation Fund	996,514	986,745	933,168
Separate school	-	-	18,109
Seniors foundation	<u>116,827</u>	<u>116,827</u>	<u>108,616</u>
	<u>1,113,341</u>	<u>1,103,572</u>	<u>1,059,893</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>3,736,566</u></u>	<u><u>3,687,625</u></u>	<u><u>3,406,480</u></u>

TOWN OF RAYMOND
Schedule of Government Transfers
For the Year Ended December 31, 2023

SCHEDULE 4

	Budget (Unaudited) \$	2023 \$	2022 \$
TRANSFERS FOR OPERATING:			
Federal Government	5,000	5,000	5,000
Provincial Government	502,976	513,256	312,808
Other Local Governments	<u>135,543</u>	<u>123,043</u>	<u>267,109</u>
	<u>643,519</u>	<u>641,299</u>	<u>584,917</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	2,174,318	2,299,163	1,585,160
Other Local Governments	<u>-</u>	<u>125,000</u>	<u>30,512</u>
	<u>2,174,318</u>	<u>2,424,163</u>	<u>1,615,672</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>2,817,837</u></u>	<u><u>3,065,462</u></u>	<u><u>2,200,589</u></u>

TOWN OF RAYMOND**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2023****SCHEDULE 5**

	Budget (Unaudited) \$	2023 \$	2022 \$
EXPENDITURES			
Salaries, wages and benefits	3,490,582	3,561,331	3,320,315
Contracted and general services	2,176,580	2,302,805	2,171,559
Materials, goods, and utilities	1,562,391	1,424,157	1,436,020
Interest on long-term debt	382,350	385,895	383,985
Transfers to local boards and agencies	135,910	122,087	127,085
Bank charges and short-term interest	7,750	13,435	8,099
Amortization	<u>1,641,241</u>	<u>1,655,649</u>	<u>1,559,127</u>
TOTAL EXPENDITURES	<u><u>9,396,804</u></u>	<u><u>9,465,359</u></u>	<u><u>9,006,190</u></u>

TOWN OF RAYMOND
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total \$
REVENUE							
User fees and sales of goods	15,863	238,603	49,402	149,205	1,019,731	2,387,280	3,860,084
Net municipal taxes	3,687,625	-	-	-	-	-	3,687,625
Government transfers	672,796	-	542,071	21,540	576,367	1,252,688	3,065,462
Franchise and concession contracts	460,183	-	-	-	-	-	460,183
Raymond Strategic Initiatives Team	365,063	-	-	-	-	-	365,063
Penalties and cost of taxes	93,914	-	-	-	-	-	93,914
Investment income	91,782	-	-	-	-	-	91,782
Gain on disposal of tangible capital assets	-	6,823	-	-	-	-	6,823
	<u>5,387,226</u>	<u>245,426</u>	<u>591,473</u>	<u>170,745</u>	<u>1,596,098</u>	<u>3,639,968</u>	<u>11,630,936</u>
EXPENSES							
Salaries, wages and benefits	1,057,152	93,153	420,527	293,100	1,217,389	480,010	3,561,331
Contracted and general services	318,762	345,242	238,091	125,103	207,845	1,067,762	2,302,805
Materials, goods, and utilities	88,902	253,737	413,244	67,451	480,609	120,214	1,424,157
Long-term debt interest	52,453	578	53,301	-	227,247	52,316	385,895
Transfers to local boards and agencies	-	-	-	-	122,087	-	122,087
Bank charges, short-term interest and other	8,038	-	-	-	5,397	-	13,435
	<u>1,525,307</u>	<u>692,710</u>	<u>1,125,163</u>	<u>485,654</u>	<u>2,260,574</u>	<u>1,720,302</u>	<u>7,809,710</u>
NET REVENUE BEFORE AMORTIZATION	3,861,919	(447,284)	(533,690)	(314,909)	(664,476)	1,919,666	3,821,226
Amortization	<u>71,391</u>	<u>94,990</u>	<u>631,199</u>	<u>6,354</u>	<u>580,220</u>	<u>271,495</u>	<u>1,655,649</u>
NET REVENUE	<u>3,790,528</u>	<u>(542,274)</u>	<u>(1,164,889)</u>	<u>(321,263)</u>	<u>(1,244,696)</u>	<u>1,648,171</u>	<u>2,165,577</u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

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) Cash and Cash Equivalents -

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies (continued)

e) 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.

f) 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.

g) 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.

h) 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.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies (continued)

i) Asset Retirement Obligation -

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

j) 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.

1) 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, 2023

1. Significant Accounting Policies (continued)

1) 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.

2) 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.

3) Inventories -

Inventories held for consumption are recorded at the lower of cost or replacement cost.

4) Contributions of Tangible Capital Assets -

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

5) Cultural and Historical Tangible Capital Assets -

Works of art for display are not recorded as tangible capital assets but are disclosed.

k) Contaminated Sites Liability -

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Cash and Temporary Investments

	2023	2022
	\$	\$
Cash	1,538,701	597,713
Guaranteed Investment Certificates	<u>-</u>	<u>1,882,825</u>
	<u><u>1,538,701</u></u>	<u><u>2,480,538</u></u>

The town has a demand line of credit with ATB Financial with an authorized limit of \$950,000. This revolving loan bears interest at 8.20%. Security pledged consists of an assignment of property taxes.

Included in bank accounts is a restricted amount of \$794,283 (2022 - \$1,948,082) received from various grant programs which are held exclusively for approved projects (Note 6).

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

3. Taxes and Grants in Place of Taxes Receivables

	2023	2022
	\$	\$
Current taxes and grants in place of taxes	299,100	232,524
Arrears taxes	<u>86,368</u>	<u>77,919</u>
	<u><u>385,468</u></u>	<u><u>310,443</u></u>

4. Trade and Other Receivables

	2023	2022
	\$	\$
Trade	532,799	418,198
Grants	249,845	-
GST	<u>38,141</u>	<u>16,702</u>
	<u><u>820,785</u></u>	<u><u>434,900</u></u>

5. Employee Benefit Obligation

The employee benefit obligation includes accrued vacation that employees are deferring to future years (\$203,890). Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

6. Deferred Revenue

	2023	2022
	\$	\$
Investing in Canada Infrastructure Program	755,892	943,211
MSI Capital	38,391	581,755
Canada Community Building Fund	<u>-</u>	<u>423,116</u>
	<u><u>794,283</u></u>	<u><u>1,948,082</u></u>

Municipal Sustainability Initiative

Funding in the amount of \$1,443,891 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,443,891 received, \$958,415 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 2023. The eligible capital projects not completed in the year give rise to the deferred revenue amount shown. The remaining \$485,476 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 2023.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

7. Contaminated Sites Liability

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities (2022 - nil) as a result of this standard.

8. Asset Retirement Obligation

The Town has adopted PS3280 Asset Retirement Obligation in the year. The Town did not identify any financial liabilities as a result of this standard.

9. Long-term Debt

	2023	2022
	\$	\$
Self-supported debentures	6,230,889	909,825
Enmax Solar Panel Loans	1,196,882	1,293,028
Bank loans	<u>-</u>	<u>5,665,049</u>
	<u><u>7,427,771</u></u>	<u><u>7,867,902</u></u>

The current portion of long-term amounts to \$632,808 (2022 - \$440,131).

Principle and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	632,808	337,869	970,677
2024	650,646	308,230	958,876
2025	681,394	277,483	958,877
2026	713,629	245,067	958,696
2027	747,427	211,450	958,877
Thereafter	<u>4,001,867</u>	<u>490,839</u>	<u>4,492,706</u>
	<u><u>7,427,771</u></u>	<u><u>1,870,938</u></u>	<u><u>9,298,709</u></u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 4.676% to 5.020%, 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.

The loans from Enmax for the purchase of solar panels mature in 2023 and 2034 with monthly payments of \$11,135 and bears interest at 3.00% per annum.

Interest on long-term debt amounted to \$385,895 (2022 - \$383,985).

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

10. 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:

	2023 \$	2022 \$
Total debt limit	13,810,160	13,044,611
Total debt	<u>7,427,771</u>	<u>7,867,902</u>
Total unused debt limit	<u><u>6,382,389</u></u>	<u><u>5,176,709</u></u>
Service on debt limit	2,301,693	2,174,102
Service on debt	<u>970,677</u>	<u>1,210,321</u>
Amount of unused service on debt	<u><u>1,331,016</u></u>	<u><u>963,781</u></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.

11. Equity in Tangible Capital Assets

	2023 \$	2022 \$
Tangible capital assets (Schedule 2)	60,550,610	57,594,610
Accumulated amortization (Schedule 2)	(25,263,655)	(23,618,356)
Long-term debt (Note 9)	<u>(7,427,771)</u>	<u>(7,867,902)</u>
	<u><u>27,859,184</u></u>	<u><u>26,108,352</u></u>

12. Accumulated Surplus

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

	2023 \$	2022 \$
Unrestricted surplus	513,951	597,538
Restricted surplus:		
Capital reserves		
Utility reserves	521,459	-
Rural water utility reserves	106,391	-
Fire equipment	73,078	202,826
Fallen Heroes	2,254	2,024
Equity in tangible capital assets	<u>27,859,184</u>	<u>26,108,352</u>
	<u><u>29,076,317</u></u>	<u><u>26,910,740</u></u>

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

13. 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).

14. 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)	2023 Total	2022 Total
	\$	\$	\$	\$
Mayor - Jim Depew	21,516	-	21,516	18,519
Councilor - Matt Evans	23,419	-	23,419	18,327
- Allen Tollestrup	23,276	-	23,276	18,732
- Bryce Coppieters	20,558	-	20,558	18,327
- Kelly Jensen	19,414	-	19,414	21,432
- Neil Sieben	19,271	-	19,271	19,272
- Kate Kindt	16,982	-	16,982	14,007
Designated officer - CAO Pratt	169,998	40,217	210,215	198,693
Designated officer - assessor (1)	43,955	-	43,955	43,808

(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, 2023

15. Franchise and Concession Contracts

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2023	2022
	\$	\$	\$
Fortis Electricity	320,000	326,321	302,078
ATCO Natural Gas	<u>130,000</u>	<u>133,862</u>	<u>142,945</u>
	<u>450,000</u>	<u>460,183</u>	<u>445,023</u>

16. 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 291,000 people and 437 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

The total current service contributions by the town to the LAPP in 2023 were \$214,857 (2022 - \$208,276). Total current year service contributions by the employees of the town to the LAPP were \$192,056 (2022 - \$187,873).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion.

17. 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.

Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2023 the amount of accumulated sick leave was \$508,518. The total amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

TOWN OF RAYMOND
Notes to Financial Statements
For the Year Ended December 31, 2023

18. 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 fulfill 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.

19. 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.

20. Approval of Financial Statements

Council and Management have approved these financial statements.