

TOWN OF LAMONT
Financial Statements
For The Year Ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Town of Lamont

Opinion

We have audited the financial statements of Town of Lamont (the Town), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, 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, 2019, and the results of its operations, changes in 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town 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.

Other Matter

The financial statements of the Town for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2019.

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 relating 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.

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Auditors' 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 auditors' 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:

- 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

Chartered Accountants

Edmonton, Alberta

April 14, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Town of Lamont

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Town Council to express an opinion on the Town's financial statements.



Christine Beveridge
Chief Administrative Officer

TOWN OF LAMONT
Statement of Financial Position
As At December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 4,961,890	\$ 4,645,126
Receivables <i>(Note 3)</i>	520,401	977,473
Land held for resale	118,000	118,000
	<u>5,600,291</u>	<u>5,740,599</u>
LIABILITIES		
Accounts payable and accrued liabilities	265,727	332,769
Deposits	488,715	478,573
Deferred revenue	51,273	35,927
Long-term debt <i>(Note 4)</i>	1,239,530	1,332,546
	<u>2,045,245</u>	<u>2,179,815</u>
NET FINANCIAL ASSETS	<u>3,555,046</u>	<u>3,560,784</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	18,410,094	18,304,254
Inventory	500	500
Prepaid expenses	1,754	-
	<u>18,412,348</u>	<u>18,304,754</u>
ACCUMULATED SURPLUS <i>(Note 6)</i>	<u>\$ 21,967,394</u>	<u>\$ 21,865,538</u>
Contingency <i>(Note 10)</i>		

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT

Statement of Operations and Changes in Accumulated Surplus

For the Year Ended December 31, 2019

	2019 (Budget) (Note 13)	2019 (Actual)	2018 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,925,000	\$ 1,915,166	\$ 1,889,437
Sales and user charges (Schedule 4)	1,185,600	1,072,004	1,058,792
Franchise and concession contracts (Note 12)	230,000	228,528	249,173
Government transfers for operating (Schedule 3)	139,960	155,519	140,038
Rentals	110,300	96,151	105,933
Interest	70,000	89,459	102,129
Penalties and costs on taxes	77,300	74,919	86,014
Other	18,500	11,164	7,736
Fine, licenses and permits	6,800	6,026	6,998
	<u>3,763,460</u>	<u>3,648,936</u>	<u>3,646,250</u>
EXPENSES			
Recreation and cultural services	778,247	756,786	760,137
General administration	667,109	703,418	629,632
Roads, streets, walks and lighting	776,400	593,486	648,317
Common services	541,057	509,435	528,559
Water supply and distribution	569,800	506,618	630,728
Waste management	381,200	383,622	373,951
Waste water treatment and disposal	182,500	249,015	215,152
Subdivision land and development	51,000	170,685	43,508
Council	131,083	106,650	120,200
Fire protection and safety services	52,050	48,207	44,521
Community service	35,000	23,346	41,955
Bylaws enforcement	12,900	12,617	9,543
Family and community support	13,000	11,275	10,738
Cemetery	4,500	4,200	4,200
	<u>4,195,846</u>	<u>4,079,360</u>	<u>4,061,141</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	<u>(432,386)</u>	<u>(430,424)</u>	<u>(414,891)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	453,000	531,596	826,136
Gain on disposal of tangible capital assets	-	684	-
	<u>453,000</u>	<u>532,280</u>	<u>826,136</u>
ANNUAL SURPLUS	20,614	101,856	411,245
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>21,865,538</u>	<u>21,865,538</u>	<u>21,454,293</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)	<u>\$ 21,886,152</u>	<u>\$ 21,967,394</u>	<u>\$ 21,865,538</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2019

	2019 (Budget) (Note 13)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ 20,614	\$ 101,856	\$ 411,245
Acquisition of tangible capital assets	(1,082,080)	(1,041,349)	(1,354,615)
Amortization of tangible capital assets	950,364	935,509	953,718
Proceeds on disposal of tangible capital assets	-	684	-
Loss (gain) on sale of tangible capital assets	-	(684)	-
	(111,102)	(3,984)	10,348
(Acquisition) use of prepaid expenses	-	(1,754)	-
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(111,102)	(5,738)	10,348
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,560,784	3,560,784	3,550,436
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,449,682	\$ 3,555,046	\$ 3,560,784

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 101,856	\$ 411,245
Non-cash items not included in annual surplus:		
Amortization of capital assets	935,509	953,718
Gain on disposal of tangible capital assets	(684)	-
	<u>1,036,681</u>	<u>1,364,963</u>
Changes in non-cash working capital balances related to operations:		
Receivables	457,072	(227,043)
Land held for resale	-	9,000
Accounts payable and accrued liabilities	(67,042)	122,844
Deferred revenue	15,346	9,732
Deposits	10,142	10,028
Prepaid expenses	(1,754)	-
	<u>413,764</u>	<u>(75,439)</u>
Cash flow from operating activities	<u>1,450,445</u>	<u>1,289,524</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	684	-
Purchase of tangible capital assets	(1,041,349)	(1,354,615)
Cash flow used by capital activities	<u>(1,040,665)</u>	<u>(1,354,615)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(93,016)	(89,652)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	316,764	(154,743)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,645,126	4,799,869
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,961,890	\$ 4,645,126

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2019**

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 16,971,708	\$ 16,481,159
Acquisition of tangible capital assets	1,041,349	1,354,615
Amortization of tangible capital assets	(935,509)	(953,718)
Repayment of capital long-term debt	93,016	89,652
BALANCE, END OF YEAR	\$ 17,170,564	\$ 16,971,708
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 18,410,094	\$ 18,304,254
Long-term debt used for tangible capital assets	(1,239,530)	(1,332,546)
	\$ 17,170,564	\$ 16,971,708

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT
Schedule of Property Taxes
For the Year Ended December 31, 2019

(Schedule 2)

	2019 (Budget) (Note 13)	2019 (Actual)	2018 (Actual)
TAXATION			
Real property tax	\$ 2,425,000	\$ 2,402,444	\$ 2,396,882
Linear property tax	63,500	65,244	62,566
Government grants in lieu of property tax	4,500	12,822	4,639
	<u>2,493,000</u>	<u>2,480,510</u>	<u>2,464,087</u>
REQUISITIONS			
Alberta School Foundation Fund	500,000	492,563	510,440
Lamont Seniors Foundation	68,000	72,494	64,210
Designated Industrial Property	-	287	-
	<u>568,000</u>	<u>565,344</u>	<u>574,650</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,925,000</u>	<u>\$ 1,915,166</u>	<u>\$ 1,889,437</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT
Schedule of Government Transfers
For the Year Ended December 31, 2019

(Schedule 3)

	2019 (Budget) (Note 13)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government unconditional transfers	\$ 70,960	\$ 87,446	\$ 71,965
Local government transfers	69,000	68,073	68,073
	139,960	155,519	140,038
TRANSFERS FOR CAPITAL			
Provincial government conditional transfers	453,000	531,596	826,136
TOTAL GOVERNMENT TRANSFERS	\$ 592,960	\$ 687,115	\$ 966,174

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT
Schedule of Segmented Information
For the Year Ended December 31, 2019

(Schedule 4)

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 653,919	\$ 396,985	\$ 38,737	\$ 672,290	\$ -	\$ 153,235	\$ 1,915,166
Sales and user charges	4,567	-	-	-	1,062,492	4,945	1,072,004
Government transfers	700	141,859	-	-	-	12,960	155,519
Rentals	4,945	91,206	-	-	-	-	96,151
All other	4,044	778	3,487	5,902	5,466	300,960	320,637
Investment income	10,399	-	-	-	-	79,060	89,459
	<u>678,574</u>	<u>630,828</u>	<u>42,224</u>	<u>678,192</u>	<u>1,067,958</u>	<u>551,160</u>	<u>3,648,936</u>
EXPENSES							
Salaries, wages and benefits	477,335	187,276	-	389,287	-	77,573	1,131,471
Contracted and general services	143,649	34,305	15,549	54,570	669,299	61,299	978,671
Utilities	24,907	278,077	13,760	108,194	42,107	-	467,045
Materials, goods, and supplies	24,235	28,250	1,087	58,534	16,999	52,620	181,725
Provision for allowances	-	-	-	-	139	130,492	130,492
Repairs & maintenance	1,578	60,648	3,576	33,650	4,321	-	103,773
Insurance	6,870	42,272	8,252	8,720	5,439	900	72,453
Interest on long-term debt	-	-	-	25,237	26,416	-	51,653
Transfers to local boards	-	-	-	-	-	26,568	26,568
	<u>\$ 678,574</u>	<u>\$ 630,828</u>	<u>\$ 42,224</u>	<u>\$ 678,192</u>	<u>\$ 764,720</u>	<u>\$ 349,452</u>	<u>\$ 3,143,851</u>
NET REVENUE, BEFORE AMORTIZATION							
	-	-	-	-	303,238	201,708	505,085
Amortization	24,844	92,800	18,600	424,728	374,537	-	935,509
NET REVENUE (DEFICIT)	<u>\$ (24,844)</u>	<u>\$ (92,800)</u>	<u>\$ (18,600)</u>	<u>\$ (424,728)</u>	<u>\$ (71,299)</u>	<u>\$ 201,708</u>	<u>\$ (430,424)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LAMONT

Schedule of Segmented Information

(Schedule 4)

For the Year Ended December 31, 2018

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 579,813	\$ 427,112	\$ 32,915	\$ 673,107	\$ -	\$ 176,490	\$ 1,889,437
Sales and user charges	4,415	-	-	-	1,053,178	1,200	1,058,793
All other	1,028	1,548	2,548	3,995	7,893	332,908	349,920
Government transfers	3,445	136,593	-	-	-	-	140,038
Rentals	6,115	99,818	-	-	-	-	105,933
Investment income	9,972	-	-	-	-	92,157	102,129
	604,788	665,071	35,463	677,102	1,061,071	602,755	3,646,250
EXPENSES							
Contracted and general services	\$ 167,336	\$ 33,818	\$ 11,282	\$ 34,380	\$ 775,253	\$ 65,667	\$ 1,087,736
Salaries, wages and benefits	388,660	194,958	-	389,322	-	65,917	1,038,857
Utilities	25,687	270,854	14,488	103,514	44,290	-	458,833
Materials, goods, and supplies	15,446	44,065	741	46,017	46,610	71,072	223,951
Repairs & maintenance	1,294	79,546	257	68,898	6,168	-	156,163
Interest on long-term debt	-	-	-	26,343	28,691	-	55,034
Insurance	6,365	41,830	8,695	8,628	5,547	926	71,991
Transfers to local boards	-	-	-	-	-	14,858	14,858
	604,788	665,071	35,463	677,102	906,559	218,440	2,019,687
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	154,512	384,315	538,827
Amortization	24,844	97,229	18,600	499,773	313,272	-	953,718
NET REVENUE (DEFICIT)	\$ (24,844)	\$ (97,229)	\$ (18,600)	\$ (499,773)	\$ (158,760)	\$ 384,315	\$ (414,891)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Lamont (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditures 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 items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Land held 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 leveling 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 the respective function.

(g) Tax Revenue

Property taxes are recognized as revenue in the year they are levied..

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 collectable from property owners for work performed by the municipality and are recognized as revenue in the year in which the local improvement project is completed.

(h) 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:

Land improvements	20 years
Buildings	50 Years
Engineered structures:	
Water systems	40 years
Wastewater systems	40 years
Storm Sewer	45 - 75 years
Roadways	20 - 40 years
Machinery and equipment	10 - 15 years
Vehicles	10 - 20 years

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

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

(i) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

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TOWN OF LAMONT
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(k) Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(l) Equity in Capital Assets

Equity in capital assets represents the town's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2021, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Guaranteed Investment Certificates	\$ 4,255,875	\$ 4,054,295
Deposit accounts with financial institutions	699,934	584,750
Other	6,081	6,081
	<u>\$ 4,961,890</u>	<u>\$ 4,645,126</u>

The Guaranteed Investment Certificates bear interest at rates ranging from 2.15% - 2.36% maturing at dates ranging from February - December 2020.

Cash includes \$472,112 received when the Town called a letter of credit related to a development agreement plus accrued interest to date. The proceeds from this letter of credit are to be used to fund any future costs needed to complete the related development project.

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2019

3. RECEIVABLES

	<u>2019</u>	<u>2018</u>
Taxes and grants in place of taxes	\$ 208,993	\$ 228,011
Utilities	194,400	189,565
Trade and other	173,561	205,219
Accrued interest	46,156	51,410
Other governments	28,421	303,906
	<u>651,531</u>	978,111
Less: allowance for doubtful accounts	<u>(131,130)</u>	(638)
	<u>\$ 520,401</u>	\$ 977,473

4. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$48,959 including interest at 3.295% maturing December 2028.	\$ 751,626	\$ 822,299
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$23,956 including interest at 5.066% maturing March 2034.	<u>487,904</u>	510,247
	<u>\$ 1,239,530</u>	\$ 1,332,546

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 96,509	\$ 48,593	\$ 145,102
2021	100,140	44,962	145,102
2022	103,913	41,189	145,102
2023	107,835	37,267	145,102
2024	111,911	33,191	145,102
To maturity	<u>719,222</u>	<u>124,760</u>	<u>843,982</u>
	<u>\$ 1,239,530</u>	<u>\$ 329,962</u>	<u>\$ 1,569,492</u>

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2019

5. TANGIBLE CAPITAL ASSETS

	2019	2018
	Net Book	Net Book
	Value	Value
Engineered structures		
Water systems	\$ 4,797,027	\$ 4,983,191
Wastewater systems	4,351,663	4,418,744
Roadways	4,121,115	3,761,897
	13,269,805	13,163,832
Land	1,181,000	1,181,000
Buildings	2,811,410	2,921,359
Machinery and equipment	963,969	815,185
Vehicles	183,910	222,878
	\$ 18,410,094	\$ 18,304,254

	Cost				Cost
	Beginning of	Purchased	Disposals	Write-downs	End of
	Year	Additions			Year
Engineered structures					
Roadways	\$ 14,047,070	\$ 722,403	-	-	\$ 14,769,473
Water systems	7,993,798	-	-	-	7,993,798
Wastewater systems	6,620,909	101,204	-	-	6,722,113
	28,661,777	823,607	-	-	29,485,384
Buildings	5,501,563	-	-	-	5,501,563
Machinery and equipment	1,263,144	217,742	-	-	1,480,886
Land	1,181,000	-	-	-	1,181,000
Vehicles	551,117	-	-	-	551,117
	\$ 37,158,601	\$ 1,041,349	\$ -	\$ -	\$ 38,199,950

	Accumulated				Accumulated
	Amortization	Current	Disposals	Write-downs	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 10,285,173	\$ 363,185	-	-	\$ 10,648,358
Water systems	3,010,607	186,164	-	-	3,196,771
Wastewater systems	2,202,165	168,285	-	-	2,370,450
	15,497,945	717,634	-	-	16,215,579
Buildings	2,580,204	109,949	-	-	2,690,153
Machinery and equipment	447,959	68,958	-	-	516,917
Vehicles	328,239	38,968	-	-	367,207
	\$ 18,854,347	\$ 935,509	\$ -	\$ -	\$ 19,789,856

TOWN OF LAMONT
Notes to Financial Statements
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6. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted Surplus	\$ 2,162,743	\$ 1,835,820
Restricted surplus		
Reserves (Note 7)	2,634,087	3,058,010
Equity in tangible capital assets (Schedule 1)	<u>17,170,564</u>	<u>16,971,708</u>
	<u>\$ 21,967,394</u>	<u>\$ 21,865,538</u>

7. RESERVES

	<u>2019</u>	<u>2018</u>
Operating		
Subdivision	\$ 1,411,130	\$ 1,627,311
Administration	486,127	486,127
General administration	384,129	384,129
Sanitary sewer	77,500	77,500
Public works	62,073	62,073
Recreation	52,500	52,500
Arena	34,358	242,100
Parks	17,615	17,615
Storm sewer	15,000	15,000
Water	14,000	14,000
Hall	10,000	10,000
Curling rink	10,000	10,000
Fire	7,986	7,986
Capital		
Water	<u>51,669</u>	<u>51,669</u>
	<u>\$ 2,634,087</u>	<u>\$ 3,058,010</u>

TOWN OF LAMONT
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8. 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 of Lamont be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 5,473,404	\$ 5,469,375
Total debt	<u>(1,239,530)</u>	<u>(1,332,546)</u>
Total debt limit remaining	\$ 4,233,874	\$ 4,136,829
Service on debt limit	\$ 912,234	\$ 911,563
Service on debt	<u>(145,102)</u>	<u>(248,635)</u>
Total service on debt limit remaining	\$ 767,132	\$ 662,928

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Town. Rather, the financial statements must be interpreted as a whole.

9. CREDIT FACILITY

The Town has a demand credit facility with its financial institution for a maximum amount of \$800,000 bearing interest at 1.45%. No amounts were drawn as at December 31, 2019 or 2018.

10. CONTINGENCY

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate shares 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.

11. SEGMENTED INFORMATION

The Town provides a range of services to its citizens. 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. For additional information see the Schedule of Segmented Disclosure (Schedule 4).

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Notes to Financial Statements
December 31, 2019

12. UTILITY FRANCHISE AGREEMENTS

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	<u>2019</u>	<u>2018</u>
Atco Gas	\$ 174,044	\$ 187,972
Fortis Alberta Inc.	54,484	61,201
	<u>\$ 228,528</u>	<u>\$ 249,173</u>

13. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2019</u>	<u>2018</u>
Mayor Skinner	\$ 17,400	\$ -	\$ 17,400	\$ 15,600
Councillors				
Pewarchuck	9,600	-	9,600	8,400
Taylor	9,600	-	9,600	8,400
Harvey	9,600	-	9,600	8,400
Koroluk	9,600	-	9,600	8,400
Foulds	9,600	-	9,600	8,400
Perrin	9,600	-	9,600	8,400
	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 66,000</u>
Chief Administrative Officer	\$ 131,986	\$ 26,406	\$ 158,392	\$ 129,047
Deputy Chief Administrative Officer	\$ 60,232	\$ 8,107	\$ 68,339	\$ 56,636

(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, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

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14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plan covered by the *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 expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada 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 earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2019 were \$74,065 (2018 - \$73,721). Total current service contributions by the employees of the Town to the LAPP in 2019 were \$66,876 (2018 - \$67,130).

At December 31, 2018, the Plan disclosed an actuarial surplus of \$3.469 billion (2017 - \$4.835 billion surplus).

15. BUDGET FIGURES

The 2019 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on November 27, 2018. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2019 Budget</u>	<u>2019 Actual</u>
Annual surplus	\$ 20,614	\$ 101,856
Amortization expense	950,364	935,509
Loss (gain) on disposal of tangible capital assets	-	(684)
Repayment of long-term debt	(91,000)	(93,016)
Purchase of tangible capital assets	(1,082,080)	(1,041,349)
Net transfers (to) from reserves	202,102	423,923
	<u>\$ -</u>	<u>\$ 326,239</u>

16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

18. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Town. An estimate of the potential financial impact cannot be made at this time.

19. COMPARATIVE FIGURES

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