

TOWN OF LAMONT
Financial Statements
For The Year Ended December 31, 2020

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, 2020, 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, 2020, 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.

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.

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:

(continues)



Independent Auditors' Report to the Mayor and Council of Town of Lamont *(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 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
March 23, 2021

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, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 5,060,767	\$ 4,961,890
Receivables <i>(Note 3)</i>	669,992	520,401
Land held for resale	-	118,000
	<u>5,730,759</u>	<u>5,600,291</u>
LIABILITIES		
Accounts payable and accrued liabilities	173,296	265,727
Deposits	491,929	487,112
Deferred revenue <i>(Note 4)</i>	325,591	52,876
Long-term debt <i>(Note 5)</i>	1,143,022	1,239,530
	<u>2,133,838</u>	<u>2,045,245</u>
NET FINANCIAL ASSETS	<u>3,596,921</u>	<u>3,555,046</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	18,391,599	18,410,094
Inventory	500	500
Prepaid expenses	2,735	1,754
	<u>18,394,834</u>	<u>18,412,348</u>
ACCUMULATED SURPLUS <i>(Note 7)</i>	<u>\$ 21,991,755</u>	<u>\$ 21,967,394</u>
Contingencies <i>(Note 11)</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, 2020

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,822,093	\$ 1,842,954	\$ 1,915,166
Sales and user charges (Schedule 4)	1,082,928	1,098,685	1,072,004
Franchise and concession contracts (Note 13)	257,752	251,355	228,528
Government transfers for operating (Schedule 3)	142,234	158,765	155,519
Interest	50,112	75,375	89,459
Penalties and costs on taxes	79,969	60,998	74,919
Rentals	85,750	51,071	96,151
Fine, licenses and permits	7,530	6,968	6,026
Other	39,125	3,712	11,164
	<u>3,567,493</u>	<u>3,549,883</u>	<u>3,648,936</u>
EXPENSES			
General administration	687,331	690,096	703,418
Recreation and cultural services	716,456	665,456	756,786
Roads, streets, walks and lighting	760,700	655,111	593,486
Common services	559,338	514,716	509,435
Water supply and distribution	539,900	509,804	506,618
Waste management	388,511	392,801	383,622
Waste water treatment and disposal	226,700	290,281	249,015
Subdivision land and development	163,350	133,463	170,685
Council	130,936	96,522	106,650
Fire protection and safety services	49,350	49,151	48,207
Bylaws enforcement	53,495	39,959	12,617
Family and community support	11,275	11,275	11,275
Community service	10,500	5,887	23,346
Cemetery	4,800	4,800	4,200
	<u>4,302,642</u>	<u>4,059,322</u>	<u>4,079,360</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	<u>(735,149)</u>	<u>(509,439)</u>	<u>(430,424)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	408,150	533,800	531,596
Gain on disposal of tangible capital assets	-	-	684
	<u>408,150</u>	<u>533,800</u>	<u>532,280</u>
ANNUAL SURPLUS (DEFICIT)	<u>(326,999)</u>	<u>24,361</u>	<u>101,856</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>21,967,394</u>	<u>21,967,394</u>	<u>21,865,538</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)	<u>\$ 21,640,395</u>	<u>\$ 21,991,755</u>	<u>\$ 21,967,394</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, 2020

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (326,999)	\$ 24,361	\$ 101,856
Acquisition of tangible capital assets	(707,655)	(884,169)	(1,041,349)
Amortization of tangible capital assets	956,209	902,664	935,509
Proceeds on disposal of tangible capital assets	-	-	684
Loss (gain) on sale of tangible capital assets	-	-	(684)
	(78,445)	42,856	(3,984)
(Acquisition) use of prepaid expenses	-	(981)	(1,754)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(78,445)	41,875	(5,738)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,555,046	3,555,046	3,560,784
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,476,601	\$ 3,596,921	\$ 3,555,046

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

TOWN OF LAMONT
Statement of Cash Flows
For The Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 24,361	\$ 101,856
Non-cash items not included in annual surplus:		
Amortization of capital assets	902,664	935,509
Gain on disposal of tangible capital assets	-	(684)
	<u>927,025</u>	<u>1,036,681</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(149,591)	457,072
Land held for resale	118,000	-
Accounts payable and accrued liabilities	(92,430)	(67,042)
Deferred revenue	272,715	15,346
Deposits	4,816	10,142
Prepaid expenses	(981)	(1,754)
	<u>152,529</u>	<u>413,764</u>
Cash flow from operating activities	<u>1,079,554</u>	<u>1,450,445</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	684
Purchase of tangible capital assets	(884,169)	(1,041,349)
Cash flow used by capital activities	<u>(884,169)</u>	<u>(1,040,665)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(96,508)	(93,016)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	98,877	316,764
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,961,890	4,645,126
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,060,767	\$ 4,961,890

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, 2020**

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 17,170,564	\$ 16,971,708
Acquisition of tangible capital assets	766,169	1,041,349
Amortization of tangible capital assets	(902,664)	(935,509)
Repayment of capital long-term debt	96,508	93,016
Land held for resale transferred to tangible capital assets	118,000	-
BALANCE, END OF YEAR	\$ 17,248,577	\$ 17,170,564
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 18,391,599	\$ 18,410,094
Long-term debt used for tangible capital assets	(1,143,022)	(1,239,530)
	\$ 17,248,577	\$ 17,170,564

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

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

(Schedule 2)

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
TAXATION			
Real property tax	\$ 2,318,912	\$ 2,321,924	\$ 2,402,444
Linear property tax	49,534	56,415	65,244
Government grants in lieu of property tax	12,473	12,473	12,822
	<u>2,380,919</u>	<u>2,390,812</u>	<u>2,480,510</u>
REQUISITIONS			
Alberta School Foundation Fund	481,526	481,526	492,563
Lamont Seniors Foundation	77,000	66,332	72,494
Designated Industrial Property	300	-	287
	<u>558,826</u>	<u>547,858</u>	<u>565,344</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,822,093</u>	<u>\$ 1,842,954</u>	<u>\$ 1,915,166</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, 2020

(Schedule 3)

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
TRANSFERS FOR OPERATING			
Provincial government transfers	\$ 74,161	\$ 91,392	\$ 87,446
Local government transfers	68,073	67,373	68,073
	142,234	158,765	155,519
TRANSFERS FOR CAPITAL			
Provincial government transfers	408,150	533,800	531,596
TOTAL GOVERNMENT TRANSFERS	\$ 550,384	\$ 692,565	\$ 687,115

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

TOWN OF LAMONT
Schedule of Segmented Information
For the Year Ended December 31, 2020

(Schedule 4)

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 647,022	\$ 336,874	\$ 66,689	\$ 792,028	\$ -	\$ 341	\$ 1,842,954
Sales and user charges	3,766	-	-	-	1,063,987	30,932	1,098,685
All other	953	93	3,821	2,138	6,095	309,933	323,033
Government transfers	-	158,765	-	-	-	-	158,765
Investment income	7,006	-	-	-	-	68,369	75,375
Rentals	6,505	44,566	-	-	-	-	51,071
	<u>665,252</u>	<u>540,298</u>	<u>70,510</u>	<u>794,166</u>	<u>1,070,082</u>	<u>409,575</u>	<u>3,549,883</u>
EXPENSES							
Salaries, wages and benefits	486,459	139,744	-	405,456	-	70,028	1,101,687
Contracted and general services	106,469	54,310	43,244	79,812	702,158	145,626	1,131,619
Utilities	27,166	215,436	14,142	111,409	41,853	-	410,006
Repairs & maintenance	910	47,620	6,749	122,564	6,685	-	184,528
Materials, goods, and supplies	35,540	39,252	-	40,832	37,795	18,783	172,202
Insurance	8,708	43,936	6,375	10,280	5,733	949	75,981
Interest on long-term debt	-	-	-	23,813	23,977	-	47,790
Transfers to local boards	-	-	-	-	-	26,710	26,710
Provision for allowances	-	-	-	-	393	6,135	6,135
	<u>\$ 665,252</u>	<u>\$ 540,298</u>	<u>\$ 70,510</u>	<u>\$ 794,166</u>	<u>\$ 818,594</u>	<u>\$ 268,231</u>	<u>\$ 3,156,658</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	251,488	141,344	393,225
Amortization	24,844	109,268	18,600	375,660	374,292	-	902,664
NET REVENUE (DEFICIT)	<u>\$ (24,844)</u>	<u>\$ (109,268)</u>	<u>\$ (18,600)</u>	<u>\$ (375,660)</u>	<u>\$ (122,804)</u>	<u>\$ 141,344</u>	<u>\$ (509,439)</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, 2019

	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
All other	4,044	778	3,487	5,902	5,466	300,960	320,637
Government transfers	700	141,859	-	-	-	12,960	155,519
Rentals	4,945	91,206	-	-	-	-	96,151
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							
Contracted and general services	\$ 477,335	\$ 187,276	\$ -	\$ 389,287	\$ -	\$ 77,573	\$ 1,131,471
Salaries, wages and benefits	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
Interest on long-term debt	-	-	-	25,237	26,416	-	51,653
Insurance	6,870	42,272	8,252	8,720	5,439	900	72,453
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.

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

No amortization is recorded in the year of acquisition.

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, 2020

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, 2022, 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, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and non-exchange transactions.

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Guaranteed Investment Certificates	\$ 3,258,064	\$ 4,255,875
Deposit accounts with financial institutions	1,796,632	699,934
Other	6,071	6,081
	<u>\$ 5,060,767</u>	<u>\$ 4,961,890</u>

The Guaranteed Investment Certificates bear interest at rates ranging from 0.87% - 1.10% maturing at dates ranging from January - October 2021.

Cash includes \$476,929 (2019 - \$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 restricted and to be used to fund any future costs needed to complete the related development project.

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2020

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Taxes and grants in place of taxes	\$ 217,323	\$ 208,993
Other governments	216,158	28,424
Trade and other	181,446	173,558
Utilities	177,126	194,400
Accrued interest	15,203	46,156
	<u>807,256</u>	651,531
Less: allowance for doubtful accounts	<u>(137,264)</u>	(131,130)
	<u>\$ 669,992</u>	\$ 520,401

4. DEFERRED REVENUE

	<u>2019</u>	<u>Funds Received</u>	<u>Funds Used</u>	<u>2020</u>
Municipal Operating Support				
Transfer	\$ -	\$ 184,633	\$ -	\$ 184,633
Municipal Stimulus Program	-	82,800	-	82,800
Other	52,875	6,950	(1,667)	58,158
	<u>\$ 52,875</u>	\$ 274,383	\$ (1,667)	<u>\$ 325,591</u>

5. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$48,594 including interest at 3.295% maturing December 2028.	\$ 678,607	\$ 751,626
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$23,956 including interest at 5.066% maturing March 2034.	<u>464,415</u>	487,904
	<u>\$ 1,143,022</u>	\$ 1,239,530

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2025	116,147	29,955	146,102
To maturity	<u>603,076</u>	<u>94,752</u>	<u>697,828</u>
	<u>\$ 1,143,022</u>	<u>\$ 281,316</u>	<u>\$ 1,424,338</u>

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2020

6. TANGIBLE CAPITAL ASSETS

	2020	2019
	Net Book	Net Book
	Value	Value
Engineered structures		
Water systems	\$ 4,794,188	\$ 4,797,027
Wastewater systems	4,300,096	4,351,663
Roadways	4,260,085	4,121,115
	13,354,369	13,269,805
Land	1,299,000	1,181,000
Buildings	2,701,461	2,811,410
Machinery and equipment	879,927	963,969
Vehicles	156,842	183,910
	\$ 18,391,599	\$ 18,410,094

	Cost				Cost
	Beginning of	Purchased	Disposals	Transfers	End of
	Year	Additions			Year
Engineered structures					
Roadways	\$ 14,769,473	\$ 465,950	-	-	\$ 15,235,423
Water systems	7,993,798	183,325	-	-	8,177,123
Wastewater systems	6,722,113	116,894	-	-	6,839,007
	29,485,384	766,169	-	-	30,251,553
Buildings	5,501,563	-	-	-	5,501,563
Machinery and equipment	1,480,886	-	-	-	1,480,886
Land	1,181,000	-	-	118,000	1,299,000
Vehicles	551,117	-	-	-	551,117
	\$ 38,199,950	\$ 766,169	\$ -	\$ 118,000	\$ 39,084,119

	Accumulated				Accumulated
	Amortization	Current	Disposals	Transfers	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 10,648,358	\$ 326,980	-	-	\$ 10,975,338
Water systems	3,196,771	186,164	-	-	3,382,935
Wastewater systems	2,370,450	168,461	-	-	2,538,911
	16,215,579	681,605	-	-	16,897,184
Buildings	2,690,153	109,949	-	-	2,800,102
Machinery and equipment	516,917	84,042	-	-	600,959
Vehicles	367,207	27,068	-	-	394,275
	\$ 19,789,856	\$ 902,664	\$ -	\$ -	\$ 20,692,520

TOWN OF LAMONT
Notes to Financial Statements
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7. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted Surplus	\$ 2,248,237	\$ 2,162,743
Restricted surplus		
Reserves (Note 8)	2,494,941	2,634,087
Equity in tangible capital assets (Schedule 1)	<u>17,248,577</u>	<u>17,170,564</u>
	<u>\$ 21,991,755</u>	<u>\$ 21,967,394</u>

8. RESTRICTED SURPLUS

	<u>2020</u>	<u>2019</u>
Operating		
Subdivision	\$ 1,271,984	\$ 1,411,130
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	34,358
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>\$ 2,494,941</u>	<u>\$ 2,634,087</u>

TOWN OF LAMONT
Notes to Financial Statements
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9. 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>2020</u>	<u>2019</u>
Total debt limit	\$ 5,324,825	\$ 5,473,404
Total debt	<u>(1,143,022)</u>	<u>(1,239,530)</u>
Total debt limit remaining	\$ 4,181,803	\$ 4,233,874
Service on debt limit	\$ 887,471	\$ 912,234
Service on debt	<u>(145,102)</u>	<u>(145,102)</u>
Total service on debt limit remaining	\$ 742,369	\$ 767,132

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.

10. CREDIT FACILITY

The Town has a demand credit facility with its financial institution for a maximum amount of \$800,000 bearing interest at 2.20%. No amounts were drawn as at December 31, 2020 or 2019.

11. 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.

12. 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, 2020

13. UTILITY FRANCHISE AGREEMENTS

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

	<u>2020</u>	<u>2019</u>
Atco Gas	\$ 172,799	\$ 174,044
Fortis Alberta Inc.	78,556	54,484
	<u>\$ 251,355</u>	<u>\$ 228,528</u>

14. 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>2020</u>	<u>2019</u>
Mayor Skinner	\$ 17,487	\$ -	\$ 17,487	\$ 17,400
Councillors				
Pewarchuck	1,899	-	1,899	9,600
Taylor	9,648	-	9,648	9,600
Harvey	9,648	-	9,648	9,600
Koroluk	9,648	-	9,648	9,600
Foulds	9,648	-	9,648	9,600
Perrin	9,648	-	9,648	9,600
	<u>\$ 67,626</u>	<u>\$ -</u>	<u>\$ 67,626</u>	<u>\$ 75,000</u>
Chief Administrative Officer	\$ 132,600	\$ 30,578	\$ 163,178	\$ 158,392
Deputy Chief Administrative Officer	\$ 60,365	\$ 14,632	\$ 74,997	\$ 68,339

(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.

TOWN OF LAMONT
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15. 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 *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 2020 were \$79,210 (2019 - \$74,065). Total current service contributions by the employees of the Town to the LAPP in 2020 were \$71,444 (2019 - \$66,876).

At December 31, 2019, the Plan disclosed an actuarial surplus of \$7.913 billion (2018 - \$3.469 billion surplus).

16. BUDGET FIGURES

The 2020 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on December 3, 2019, and updated by council on July 14, 2020. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2020 Budget</u>	<u>2020 Actual</u>
Annual surplus	\$ (326,999)	\$ 24,361
Amortization expense	956,209	902,664
Repayment of long-term debt	(91,000)	(96,508)
Purchase of tangible capital assets	(707,655)	(884,169)
Net transfers (to) from reserves	169,445	139,146
	<u>\$ -</u>	<u>\$ 85,494</u>

17. 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.

The Town is exposed to interest rate price risk as the long term debt bears interest at fixed interest rates, while the Guranteed Investment Certificates earn interest at fixed interest rates. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates.

18. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the Town's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the Town's activities, operations and financial condition in the future.

19. COMPARATIVE FIGURES

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

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
