

TOWN OF LAMONT
Financial Statements
For The Year Ended December 31, 2021

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, 2021, 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, 2021, 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 22, 2022

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.



Rick Bastow
Chief Administrative Officer

TOWN OF LAMONT
Statement of Financial Position
As At December 31, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents <i>(Note 2)</i> | \$ 5,867,161 | \$ 5,060,767 |
| Receivables <i>(Note 3)</i> | 426,265 | 669,992 |
| | <u>6,293,426</u> | <u>5,730,759</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 252,777 | 173,296 |
| Deposits | 495,278 | 491,929 |
| Deferred revenue <i>(Note 4)</i> | 64,784 | 325,591 |
| Long-term debt <i>(Note 5)</i> | 1,042,881 | 1,143,022 |
| | <u>1,855,720</u> | <u>2,133,838</u> |
| NET FINANCIAL ASSETS | <u>4,437,706</u> | <u>3,596,921</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets <i>(Note 6)</i> | 18,048,721 | 18,391,599 |
| Inventory | 500 | 500 |
| Prepaid expenses | - | 2,735 |
| | <u>18,049,221</u> | <u>18,394,834</u> |
| ACCUMULATED SURPLUS <i>(Note 7)</i> | <u>\$ 22,486,927</u> | <u>\$ 21,991,755</u> |
| CONTINGENCY <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, 2021

| | 2021 (Budget) (Note 16) | 2021 (Actual) | 2020 (Actual) |
|---|-------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Net municipal taxes (Schedule 2) | \$ 1,793,937 | \$ 1,802,215 | \$ 1,842,954 |
| Sales and user charges (Schedule 4) | 1,103,584 | 1,076,708 | 1,098,685 |
| Government transfers for operating (Schedule 3) | 333,635 | 375,319 | 158,765 |
| Franchise and concession contracts (Note 14) | 274,000 | 259,967 | 251,355 |
| Penalties and costs on taxes | 75,603 | 96,639 | 60,998 |
| Rentals | 69,847 | 43,125 | 51,071 |
| Interest | 50,112 | 41,102 | 75,375 |
| Other | 7,800 | 12,132 | 3,712 |
| Fine, licenses and permits | 7,837 | 9,445 | 6,968 |
| | <u>3,716,355</u> | <u>3,716,652</u> | <u>3,549,883</u> |
| EXPENSES | | | |
| Water supply and distribution | 821,396 | 854,849 | 509,804 |
| Recreation and cultural services | 747,174 | 692,513 | 665,456 |
| General administration | 752,789 | 688,156 | 690,096 |
| Roads, streets, walks and lighting | 637,119 | 554,801 | 655,111 |
| Common services | 476,320 | 422,736 | 514,716 |
| Waste management | 399,763 | 392,432 | 392,801 |
| Waste water treatment and disposal | 253,265 | 236,614 | 290,281 |
| Council | 140,633 | 110,790 | 96,522 |
| Subdivision land and development | 108,300 | 63,927 | 133,463 |
| Bylaws enforcement and police | 65,176 | 63,390 | 39,959 |
| Fire protection and safety services | 52,978 | 48,473 | 49,151 |
| Community service | 17,500 | 17,247 | 5,887 |
| Family and community support | 17,275 | 11,275 | 11,275 |
| Cemetery | 6,100 | 4,212 | 4,800 |
| | <u>4,495,788</u> | <u>4,161,415</u> | <u>4,059,322</u> |
| ANNUAL DEFICIT BEFORE OTHER REVENUE | <u>(779,433)</u> | <u>(444,763)</u> | <u>(509,439)</u> |
| OTHER REVENUE | | | |
| Government transfers for capital (Schedule 3) | 824,719 | 926,435 | 533,800 |
| Donations for capital | - | 13,500 | - |
| | <u>824,719</u> | <u>939,935</u> | <u>533,800</u> |
| ANNUAL SURPLUS | 45,286 | 495,172 | 24,361 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>21,991,755</u> | <u>21,991,755</u> | <u>21,967,394</u> |
| ACCUMULATED SURPLUS, END OF YEAR (Note 7) | <u>\$ 22,037,041</u> | <u>\$ 22,486,927</u> | <u>\$ 21,991,755</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, 2021

| | 2021 (Budget) (Note 16) | 2021 (Actual) | 2020 (Actual) |
|--|-------------------------------|--------------------------|------------------|
| ANNUAL SURPLUS | \$ 45,286 | \$ 495,172 | \$ 24,361 |
| Acquisition of tangible capital assets | (1,407,520) | (582,794) | (884,169) |
| Amortization of tangible capital assets | 941,529 | 925,672 | 902,664 |
| | (420,705) | 838,050 | 42,856 |
| (Acquisition) use of prepaid expenses | - | 2,735 | (981) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (420,705) | 840,785 | 41,875 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 3,596,921 | 3,596,921 | 3,555,046 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 3,176,216 | \$ 4,437,706 | \$ 3,596,921 |

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

TOWN OF LAMONT
Statement of Cash Flows
For The Year Ended December 31, 2021

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 495,172 | \$ 24,361 |
| Non-cash items not included in annual surplus: | | |
| Amortization of capital assets | 925,672 | 902,664 |
| | <u>1,420,844</u> | <u>927,025</u> |
| Changes in non-cash working capital balances related to operations: | | |
| Receivables | 243,729 | (149,591) |
| Land held for resale | - | 118,000 |
| Accounts payable and accrued liabilities | 79,481 | (92,430) |
| Deferred revenue | (260,807) | 272,715 |
| Deposits | 3,349 | 4,816 |
| Prepaid expenses | 2,735 | (981) |
| | <u>68,487</u> | <u>152,529</u> |
| Cash flow from operating activities | <u>1,489,331</u> | <u>1,079,554</u> |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | <u>(582,796)</u> | <u>(884,169)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | <u>(100,141)</u> | <u>(96,508)</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR | 806,394 | 98,877 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>5,060,767</u> | <u>4,961,890</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 5,867,161</u> | <u>\$ 5,060,767</u> |

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, 2021**

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------------|-----------------------------|
| BALANCE, BEGINNING OF YEAR | \$ 17,248,577 | \$ 17,170,564 |
| Acquisition of tangible capital assets | 582,794 | 766,169 |
| Amortization of tangible capital assets | (925,672) | (902,664) |
| Repayment of capital long-term debt | 100,141 | 96,508 |
| Land held for resale transferred to tangible capital assets | <u>-</u> | <u>118,000</u> |
| BALANCE, END OF YEAR | <u>\$ 17,005,840</u> | <u>\$ 17,248,577</u> |
| Equity in tangible capital assets is comprised of the following: | | |
| Tangible capital assets (net book value) | \$ 18,048,721 | \$ 18,391,599 |
| Long-term debt used for tangible capital assets | <u>(1,042,881)</u> | <u>(1,143,022)</u> |
| | <u>\$ 17,005,840</u> | <u>\$ 17,248,577</u> |

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

TOWN OF LAMONT
Schedule of Property Taxes
For the Year Ended December 31, 2021

(Schedule 2)

| | 2021 (Budget) (Note 16) | 2021 (Actual) | 2020 (Actual) |
|---|-------------------------------|----------------------------|---------------------|
| TAXATION | | | |
| Real property tax | \$ 2,267,376 | \$ 2,265,663 | \$ 2,321,924 |
| Linear property tax | 54,299 | 61,134 | 56,415 |
| Government grants in lieu of property tax | 4,386 | 4,386 | 12,473 |
| | <u>2,326,061</u> | <u>2,331,183</u> | <u>2,390,812</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 465,492 | 465,492 | 481,526 |
| Lamont Seniors Foundation | 66,332 | 63,476 | 66,332 |
| Designated Industrial Property | 300 | - | - |
| | <u>532,124</u> | <u>528,968</u> | <u>547,858</u> |
| NET MUNICIPAL PROPERTY TAXES | <u>\$ 1,793,937</u> | <u>\$ 1,802,215</u> | <u>\$ 1,842,954</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, 2021

(Schedule 3)

| | 2020 (Budget) (Note 16) | 2020 (Actual) | 2019 (Actual) |
|-----------------------------------|-------------------------------|--------------------------|-------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial government transfers | \$ 294,948 | \$ 307,946 | \$ 91,392 |
| Local government transfers | 38,687 | 67,373 | 67,373 |
| | 333,635 | 375,319 | 158,765 |
| TRANSFERS FOR CAPITAL | | | |
| Provincial government transfers | 824,719 | 926,435 | 533,800 |
| TOTAL GOVERNMENT TRANSFERS | \$ 1,158,354 | \$ 1,301,754 | \$ 692,565 |

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

TOWN OF LAMONT
Schedule of Segmented Information
For the Year Ended December 31, 2021

(Schedule 4)

| | General Administration | Recreation Services | Protective Services | Transportation Services | Environmental Services | All Other | Total |
|---|---------------------------|------------------------|------------------------|----------------------------|---------------------------|-------------------|---------------------|
| REVENUE | | | | | | | |
| Taxation | \$ 314,829 | \$ 450,051 | \$ 88,052 | \$ 579,933 | \$ - | \$ 369,350 | \$ 1,802,215 |
| Sales and user charges | 4,810 | - | - | - | 1,067,089 | 4,809 | 1,076,708 |
| All other | 2,239 | 2,676 | 5,210 | 6,383 | 7,465 | 354,210 | 378,183 |
| Government transfers | 294,948 | 76,823 | - | - | - | 3,548 | 375,319 |
| Interest | 41,102 | - | - | - | - | - | 41,102 |
| Rentals | 5,385 | 37,740 | - | - | - | - | 43,125 |
| | <u>663,313</u> | <u>567,290</u> | <u>93,262</u> | <u>586,316</u> | <u>1,074,554</u> | <u>731,917</u> | <u>3,716,652</u> |
| EXPENSES | | | | | | | |
| Salaries, wages and benefits | 423,778 | 211,319 | - | 289,678 | 210,958 | 73,244 | 1,208,977 |
| Contracted and general services | 162,170 | 24,569 | 66,469 | 35,074 | 629,255 | 42,037 | 959,574 |
| Utilities | 23,905 | 214,507 | 14,289 | 111,094 | 45,051 | - | 408,846 |
| Repairs & maintenance | - | 37,342 | 5,176 | 72,556 | 150,436 | - | 265,510 |
| Materials, goods, and supplies | 43,227 | 29,464 | 60 | 43,344 | 37,461 | 41,821 | 195,377 |
| Insurance | 10,233 | 50,089 | 7,268 | 11,719 | 6,536 | 1,082 | 86,927 |
| Interest on long-term debt | - | - | - | 22,851 | 21,635 | - | 44,486 |
| Transfers to local boards | - | - | - | - | - | 26,710 | 26,710 |
| Provision for allowances | - | - | - | - | 823 | 39,335 | 39,335 |
| | <u>\$ 663,313</u> | <u>\$ 567,290</u> | <u>\$ 93,262</u> | <u>\$ 586,316</u> | <u>\$ 1,102,155</u> | <u>\$ 224,229</u> | <u>\$ 3,235,742</u> |
| NET REVENUE, BEFORE AMORTIZATION | - | - | - | - | (27,601) | 507,688 | 480,910 |
| Amortization | 24,844 | 109,268 | 18,600 | 391,221 | 381,740 | - | 925,673 |
| NET REVENUE (DEFICIT) | <u>\$ (24,844)</u> | <u>\$ (109,268)</u> | <u>\$ (18,600)</u> | <u>\$ (391,221)</u> | <u>\$ (409,341)</u> | <u>\$ 507,688</u> | <u>\$ (444,763)</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, 2020

| | 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.

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, 2021

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>2021</u> | <u>2020</u> |
|--|----------------------------|----------------------------|
| Guaranteed Investment Certificates | \$ 2,256,809 | \$ 3,258,064 |
| Deposit accounts with financial institutions | 3,604,281 | 1,796,632 |
| Other | <u>6,071</u> | <u>6,071</u> |
| | <u>\$ 5,867,161</u> | <u>\$ 5,060,767</u> |

The Guaranteed Investment Certificates bear interest at rates ranging from 0.20% - 0.75% maturing at dates ranging from July - October 2022.

Cash includes \$480,278 (2020 - \$476,929) 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, 2021

3. RECEIVABLES

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------|-------------------|
| Taxes and grants in place of taxes | \$ 197,825 | \$ 217,323 |
| Utilities | 177,691 | 177,126 |
| Trade and other | 45,695 | 181,446 |
| Other governments | 43,403 | 216,158 |
| Accrued interest | 7,823 | 15,203 |
| | <u>472,437</u> | 807,256 |
| Less: allowance for doubtful accounts | <u>(46,172)</u> | <u>(137,264)</u> |
| | <u>\$ 426,265</u> | <u>\$ 669,992</u> |

4. DEFERRED REVENUE

| | <u>2020</u> | <u>Funds Received</u> | <u>Funds Used</u> | <u>2021</u> |
|-----------------------------|-------------------|-----------------------|---------------------|------------------|
| Other | \$ 58,158 | \$ 22,311 | \$ (15,685) | \$ 64,784 |
| Municipal Operating Support | 184,633 | - | (184,633) | - |
| Municipal Stimulus Program | 82,800 | 126,000 | (208,800) | - |
| | <u>\$ 325,591</u> | <u>\$ 148,311</u> | <u>\$ (409,118)</u> | <u>\$ 64,784</u> |

5. LONG-TERM DEBT

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$48,594 including interest at 3.295% maturing December 2028. | \$ 603,161 | \$ 678,607 |
| Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$23,956 including interest at 5.066% maturing March 2034. | <u>439,720</u> | <u>464,415</u> |
| | <u>\$ 1,042,881</u> | <u>\$ 1,143,022</u> |

Principal and interest payments are due as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2022 | \$ 103,913 | \$ 41,189 | \$ 145,102 |
| 2023 | 107,835 | 37,267 | 145,102 |
| 2024 | 111,911 | 33,191 | 145,102 |
| 2025 | 116,147 | 28,954 | 145,101 |
| 2026 | 120,551 | 24,551 | 145,102 |
| To maturity | 482,524 | 71,201 | 553,725 |
| | <u>\$ 1,042,881</u> | <u>\$ 236,353</u> | <u>\$ 1,279,234</u> |

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2021

6. TANGIBLE CAPITAL ASSETS

| | 2021 | 2020 |
|-------------------------|----------------------|----------------------|
| | Net Book | Net Book |
| | Value | Value |
| Engineered structures | | |
| Water systems | \$ 4,603,441 | \$ 4,794,188 |
| Wastewater systems | 4,400,144 | 4,260,815 |
| Roadways | 3,952,248 | 4,260,086 |
| | 12,955,833 | 13,315,089 |
| Land | 1,299,000 | 1,299,000 |
| Buildings | 2,591,512 | 2,701,461 |
| Machinery and equipment | 1,072,602 | 919,207 |
| Vehicles | 129,774 | 156,842 |
| | \$ 18,048,721 | \$ 18,391,599 |

Included in Wastewater systems is \$311,340 and included in Machinery and equipment is \$62,000 of work in progress. No amortization has been recorded on these amounts.

| | Cost | | | | Cost |
|-------------------------|----------------------|-------------------|-----------|-------------|----------------------|
| | Beginning of | Purchased | Disposals | Transfers | End of |
| | Year | Additions | | | Year |
| Engineered structures | | | | | |
| Roadways | \$ 15,235,424 | \$ 34,703 | - | - | \$ 15,270,127 |
| Water systems | 8,177,123 | - | - | - | 8,177,123 |
| Wastewater systems | 6,799,727 | 311,340 | - | - | 7,111,067 |
| | 30,212,274 | 346,043 | - | - | 30,558,317 |
| Buildings | 5,501,563 | - | - | - | 5,501,563 |
| Machinery and equipment | 1,520,166 | 236,751 | - | - | 1,756,917 |
| Land | 1,299,000 | - | - | - | 1,299,000 |
| Vehicles | 551,117 | - | - | - | 551,117 |
| | \$ 39,084,120 | \$ 582,794 | - | \$ - | \$ 39,666,914 |

| | Accumulated | | | | Accumulated |
|-------------------------|----------------------|-------------------|-----------|-------------|----------------------|
| | Amortization | Current | Disposals | Transfers | Amortization |
| | Beginning of | Amortization | | | End of |
| | Year | | | | Year |
| Engineered structures | | | | | |
| Roadways | \$ 10,975,338 | \$ 342,541 | - | - | \$ 11,317,879 |
| Water systems | 3,382,935 | 190,747 | - | - | 3,573,682 |
| Wastewater systems | 2,538,911 | 172,012 | - | - | 2,710,923 |
| | 16,897,184 | 705,300 | - | - | 17,602,484 |
| Buildings | 2,800,102 | 109,949 | - | - | 2,910,051 |
| Machinery and equipment | 600,959 | 83,356 | - | - | 684,315 |
| Vehicles | 394,275 | 27,068 | - | - | 421,343 |
| | \$ 20,692,520 | \$ 925,673 | - | \$ - | \$ 21,618,193 |

TOWN OF LAMONT
Notes to Financial Statements
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7. ACCUMULATED SURPLUS

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Unrestricted Surplus | \$ 2,924,191 | \$ 2,248,237 |
| Restricted surplus | | |
| Reserves (Note 8) | 2,556,896 | 2,494,941 |
| Equity in tangible capital assets (Schedule 1) | <u>17,005,840</u> | <u>17,248,577</u> |
| | <u>\$ 22,486,927</u> | <u>\$ 21,991,755</u> |

8. RESTRICTED SURPLUS

| | <u>2021</u> | <u>2020</u> |
|------------------------|---------------------|---------------------|
| Operating | | |
| Subdivision | \$ 1,420,939 | \$ 1,271,984 |
| Administration | 461,127 | 486,127 |
| General administration | 322,129 | 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>\$ 2,556,896</u> | <u>\$ 2,494,941</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>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Total debt limit | \$ 5,574,978 | \$ 5,324,825 |
| Total debt | <u>(1,042,881)</u> | <u>(1,143,022)</u> |
| Total debt limit remaining | \$ 4,532,097 | \$ 4,181,803 |
| Service on debt limit | \$ 929,163 | \$ 887,471 |
| Service on debt | <u>(145,102)</u> | <u>(145,102)</u> |
| Total service on debt limit remaining | \$ 784,061 | \$ 742,369 |

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, 2021 or 2020.

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).

13. CONTRACTUAL OBLIGATIONS

The Town has entered into a waste collection service agreement for the period March 1, 2022 - February 28, 2027. The estimated cost of these services is approximately \$285,000 annually. For 2023 and ensuing years, the base rate shall be adjusted by multiplying the 2022 base rate by a fixed cost of living adjustment of 3.0%.

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Notes to Financial Statements
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14. UTILITY FRANCHISE AGREEMENTS

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

| | <u>2021</u> | <u>2020</u> |
|---------------------|--------------------------|--------------------------|
| Atco Gas | \$ 174,595 | \$ 172,799 |
| Fortis Alberta Inc. | 85,372 | 78,556 |
| | <u>\$ 259,967</u> | <u>\$ 251,355</u> |

15. 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>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------------|---------------------|-------------------------|-------------------------|
| Mayor Skinner | \$ 14,290 | \$ - | \$ 14,290 | \$ 17,487 |
| Councillors | | | | |
| Perrin | 11,081 | - | 11,081 | 9,648 |
| Taylor | 9,648 | - | 9,648 | 9,648 |
| Harvey | 9,648 | - | 9,648 | 9,648 |
| Koroluk | 9,648 | - | 9,648 | 9,648 |
| Foulds | 9,648 | - | 9,648 | 9,648 |
| Holowaychuk | 1,764 | - | 1,764 | - |
| Sieker | 1,764 | - | 1,764 | - |
| Pewarchuk | - | - | - | 1,899 |
| | <u>\$ 67,491</u> | <u>\$ -</u> | <u>\$ 67,491</u> | <u>\$ 67,626</u> |
| Chief Administrative Officers (2) | \$ 109,822 | \$ 25,212 | \$ 135,034 | \$ 163,178 |
| Deputy Chief Administrative Officer | \$ 76,497 | \$ 16,899 | \$ 93,396 | \$ 74,997 |

(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
Notes to Financial Statements
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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 *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 2021 were \$82,996 (2020 - \$79,210). Total current service contributions by the employees of the Town to the LAPP in 2021 were \$74,812 (2020 - \$71,444).

At December 31, 2020, the Plan disclosed an actuarial surplus of \$4.961 billion (2019 - \$7.913 billion surplus).

17. BUDGET FIGURES

The 2021 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 13, 2021. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

| | <u>2021 Budget</u> | <u>2021 Actual</u> |
|-------------------------------------|--------------------|--------------------|
| Annual surplus | \$ 45,286 | \$ 495,172 |
| Amortization expense | 941,529 | 925,672 |
| Repayment of long-term debt | (100,140) | (100,141) |
| Purchase of tangible capital assets | (1,407,520) | (582,796) |
| Net transfers (to) from reserves | 520,845 | (61,955) |
| | <u>\$ -</u> | <u>\$ 675,952</u> |

18. FINANCIAL INSTRUMENTS

The Town is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The Town is not exposed to significant interest, currency, credit, liquidity, market, or other price risk except as follows:

Credit risk

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.

Interest rate 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.

TOWN OF LAMONT
Notes to Financial Statements
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19. SUBSEQUENT EVENT

Subsequent to the year end, the Town passed a borrowing bylaw and obtained a debenture in the amount of \$1,536,063 for the purpose of road reconstruction projects. The loan bears interest at a fixed rate of 3.62% and is repayable in annual instalments of principal and interest of \$54,298, with the final instalment due March 15, 2042.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
