

**TOWN OF LAMONT**  
**Financial Statements**  
**For The Year Ended December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, 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, 2022, 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:

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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 28, 2023

## **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.

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Rick Bastow  
Chief Administrative Officer

**TOWN OF LAMONT**  
**Statement of Financial Position**  
**As At December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,911,223	\$ 5,867,161
Receivables <i>(Note 3)</i>	519,568	426,265
Investments <i>(Note 4)</i>	3,000,000	-
	<u>5,430,791</u>	<u>6,293,426</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	507,362	252,777
Deposits	506,865	495,278
Deferred revenue	23,485	64,784
Long-term debt <i>(Note 5)</i>	2,448,536	1,042,881
	<u>3,486,248</u>	<u>1,855,720</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,944,543</u>	<u>4,437,706</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 6)</i>	20,369,569	18,048,721
Inventory	500	500
Prepaid expenses	44,148	-
	<u>20,414,217</u>	<u>18,049,221</u>
<b>ACCUMULATED SURPLUS</b> <i>(Note 7)</i>	<u>\$ 22,358,760</u>	<u>\$ 22,486,927</u>
<b>CONTINGENCY</b> <i>(Note 11)</i>		

The accompanying notes are an integral part of these

**TOWN OF LAMONT**

**Statement of Operations and Changes in Accumulated Surplus**

**For the Year Ended December 31, 2022**

	2022 (Budget) (Note 18)	<b>2022 (Actual)</b>	2021 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,912,589	\$ <b>1,933,418</b>	\$ 1,802,215
Sales and user charges (Schedule 4)	1,140,927	<b>1,116,365</b>	1,076,708
Franchise and concession contracts (Note 14)	274,000	<b>306,145</b>	259,967
Government transfers for operating (Schedule 3)	207,138	<b>203,988</b>	375,319
Interest	38,001	<b>116,965</b>	41,102
Rentals	91,897	<b>88,817</b>	43,125
Penalties and costs on taxes	80,620	<b>55,011</b>	96,639
Other	987	<b>11,386</b>	12,132
Fines, licences and permits	9,407	<b>9,738</b>	9,445
	<u>3,755,566</u>	<u><b>3,841,833</b></u>	<u>3,716,652</u>
<b>EXPENSES</b>			
Water supply and distribution	813,526	<b>796,967</b>	854,849
Recreation and cultural services	814,767	<b>767,678</b>	692,513
General administration	760,696	<b>703,317</b>	688,156
Roads, streets, walks and lighting	716,433	<b>687,047</b>	554,801
Common services	484,538	<b>464,357</b>	422,736
Waste water treatment and disposal	318,184	<b>307,154</b>	236,614
Waste management	302,044	<b>292,614</b>	392,432
Council	126,262	<b>120,747</b>	110,790
Bylaws enforcement and police	93,491	<b>73,883</b>	63,390
Fire protection and safety services	56,654	<b>50,781</b>	48,473
Family and community support	21,726	<b>21,275</b>	11,275
Subdivision land and development	92,235	<b>18,803</b>	63,927
Community services	8,500	<b>6,940</b>	17,247
Cemetery	5,400	<b>5,400</b>	4,212
	<u>4,614,456</u>	<u><b>4,316,963</b></u>	<u>4,161,415</u>
<b>ANNUAL DEFICIT BEFORE OTHER REVENUE</b>	<u>(858,890)</u>	<u><b>(475,130)</b></u>	<u>(444,763)</u>
<b>OTHER REVENUE</b>			
Government transfers for capital (Schedule 3)	313,248	<b>313,091</b>	926,435
Gain on disposal of assets	-	<b>22,673</b>	-
Donations for capital	-	<b>11,199</b>	13,500
	<u>313,248</u>	<u><b>346,963</b></u>	<u>939,935</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(545,642)</u>	<u><b>(128,167)</b></u>	<u>495,172</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>22,486,927</u>	<u><b>22,486,927</b></u>	<u>21,991,755</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 7)	<u>\$ 21,941,285</u>	<u><b>\$ 22,358,760</b></u>	<u>\$ 22,486,927</u>

The accompanying notes are an integral part of these

**TOWN OF LAMONT**  
**Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2022**

	2022 (Budget) (Note 18)	<b>2022 (Actual)</b>	2021 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (545,642)	\$ <b>(128,167)</b>	\$ 495,172
Acquisition of tangible capital assets	(3,331,084)	<b>(3,254,291)</b>	(582,794)
Amortization of tangible capital assets	929,300	<b>933,443</b>	925,672
Proceeds on disposal of tangible capital assets	-	<b>22,673</b>	-
Loss (gain) on sale of tangible capital assets	-	<b>(22,673)</b>	-
	(2,947,426)	<b>(2,449,015)</b>	838,050
(Acquisition) use of prepaid expenses	-	<b>(44,148)</b>	2,735
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(2,947,426)	<b>(2,493,163)</b>	840,785
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	4,437,706	<b>4,437,706</b>	3,596,921
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 1,490,280	\$ <b>1,944,543</b>	\$ 4,437,706

The accompanying notes are an integral part of these

**TOWN OF LAMONT**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (128,167)	\$ 495,172
Non-cash items not included in annual surplus:		
Amortization of capital assets	933,443	925,672
Gain on disposal of tangible capital assets	<u>(22,673)</u>	<u>-</u>
	<u>782,603</u>	<u>1,420,844</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(93,302)	243,729
Accounts payable and accrued liabilities	254,585	79,481
Deferred revenue	(41,299)	(260,807)
Deposits	11,587	3,349
Prepaid expenses	<u>(44,148)</u>	<u>2,735</u>
	<u>87,423</u>	<u>68,487</u>
Cash flow from operating activities	<u>870,026</u>	<u>1,489,331</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of intangible assets	22,672	-
Purchase of tangible capital assets	(3,254,291)	(582,796)
Purchase of investments	<u>(3,000,000)</u>	<u>-</u>
Cash flow used by capital activities	<u>(6,231,619)</u>	<u>(582,796)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued	1,536,063	-
Repayment of long-term debt	<u>(130,408)</u>	<u>(100,141)</u>
Cash flow from (used by) capital activities	<u>1,405,655</u>	<u>(100,141)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(3,955,938)</b>	<b>806,394</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u><b>5,867,161</b></u>	<u><b>5,060,767</b></u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 1,911,223</b></u>	<u><b>\$ 5,867,161</b></u>

The accompanying notes are an integral part of these



**TOWN OF LAMONT****Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 17,005,840</b>	\$ 17,248,577
Acquisition of tangible capital assets	<b>3,254,291</b>	582,794
Amortization of tangible capital assets	<b>(933,443)</b>	(925,672)
Repayment of capital long-term debt	<b>130,408</b>	100,141
Long-term debt proceeds used during the year	<b>(1,536,063)</b>	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 17,921,033</b>	\$ 17,005,840
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<b>\$ 20,369,569</b>	\$ 18,048,721
Long-term debt used for tangible capital assets	<b>(2,448,536)</b>	(1,042,881)
	<b>\$ 17,921,033</b>	\$ 17,005,840

The accompanying notes are an integral part of these

**TOWN OF LAMONT**  
**Schedule of Property Taxes**  
**For the Year Ended December 31, 2022**

**(Schedule 2)**

	2022 (Budget) (Note 18)	<b>2022 (Actual)</b>	2021 (Actual)
<b>TAXATION</b>			
Real property tax	\$ 2,408,000	\$ <b>2,400,852</b>	\$ 2,265,663
Linear property tax	39,612	<b>56,108</b>	61,134
Government grants in lieu of property tax	4,657	<b>4,657</b>	4,386
	<u>2,452,269</u>	<u><b>2,461,617</b></u>	<u>2,331,183</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	471,543	<b>460,362</b>	465,492
Lamont Seniors Foundation	67,837	<b>67,837</b>	63,476
Designated Industrial Property	300	-	-
	<u>539,680</u>	<u><b>528,199</b></u>	<u>528,968</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,912,589</u>	<u>\$ <b>1,933,418</b></u>	<u>\$ 1,802,215</u>

**TOWN OF LAMONT**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2022**

**(Schedule 3)**

	2022 (Budget) (Note 18)	<b>2022 (Actual)</b>	2021 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government transfers	\$ 139,765	\$ <b>136,615</b>	\$ 307,946
Local government transfers	67,373	<b>67,373</b>	67,373
	207,138	<b>203,988</b>	375,319
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government transfers	313,248	<b>313,091</b>	926,435
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 520,386</b>	<b>\$ 517,079</b>	<b>\$ 1,301,754</b>

**TOWN OF LAMONT**  
**Schedule of Segmented Information**  
**For the Year Ended December 31, 2022**

**(Schedule 4)**

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 416,446	\$ 470,150	\$ 100,192	\$ 758,409	\$ -	\$ 188,221	\$ 1,933,418
Sales and user charges	5,773	-	-	-	1,091,942	18,650	1,116,365
All other	3,452	7,024	5,872	2,378	5,193	358,361	382,280
Government transfers	130,315	73,673	-	-	-	-	203,988
Interest	116,965	-	-	-	-	-	116,965
Rentals	5,522	83,295	-	-	-	-	88,817
	<u>678,473</u>	<u>634,142</u>	<u>106,064</u>	<u>760,787</u>	<u>1,097,135</u>	<u>565,232</u>	<u>3,841,833</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	431,510	231,976	-	317,068	214,282	84,028	1,278,864
Contracted and general services	160,840	34,216	79,429	30,495	530,177	38,091	873,248
Utilities	20,795	229,886	16,623	135,981	51,881	-	455,166
Repairs & maintenance	820	55,899	1,751	151,147	160,222	-	369,839
Materials, goods, and supplies	53,003	27,345	307	63,000	35,042	29,156	207,853
Insurance	11,505	54,820	7,954	13,342	4,154	1,183	92,958
Interest on long-term debt	-	-	-	49,754	19,237	-	68,991
Transfers to local boards	-	-	-	-	-	36,601	36,601
	<u>\$ 678,473</u>	<u>\$ 634,142</u>	<u>\$ 106,064</u>	<u>\$ 760,787</u>	<u>\$ 1,014,995</u>	<u>\$ 189,059</u>	<u>\$ 3,383,520</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	-	-	-	-	82,140	376,173	458,313
Amortization	24,844	117,644	18,600	390,615	381,740	-	933,443
<b>NET REVENUE (DEFICIT)</b>	<u>\$ (24,844)</u>	<u>\$ (117,644)</u>	<u>\$ (18,600)</u>	<u>\$ (390,615)</u>	<u>\$ (299,600)</u>	<u>\$ 376,173</u>	<u>\$ (475,130)</u>

The accompanying notes are an integral part of these

**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
<b>REVENUE</b>							
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
Investment income	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>
<b>EXPENSES</b>							
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>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	-	-	-	-	(27,601)	507,688	480,910
Amortization	24,844	109,268	18,600	391,221	381,740	-	925,673
<b>NET REVENUE (DEFICIT)</b>	<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

**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.

*(continues)*

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**TOWN OF LAMONT**  
**Notes to Financial Statements**  
**December 31, 2022**

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**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.

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**2. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificates	\$ 1,005,201	\$ 2,256,809
Deposit accounts with financial institutions	899,951	3,604,281
Other	6,071	6,071
	<u>\$ 1,911,223</u>	<u>\$ 5,867,161</u>

The Guaranteed Investment Certificates bear interest at rates ranging from 0.20% - 4.10% maturing at dates ranging from January to August 2023. The Town also has Guaranteed Investment Certificates which are reported as investments in Note 4 as they have a maturity of greater than one year.

Cash includes \$491,865 (2021 - \$480,278) 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.

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**TOWN OF LAMONT**  
**Notes to Financial Statements**  
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**3. RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Taxes and grants in place of taxes	\$ 205,350	\$ 197,825
Utilities	185,598	177,691
Trade and other	82,410	45,695
Accrued interest	56,247	7,823
Other governments	36,135	43,403
	<u>565,740</u>	<u>472,437</u>
Less: allowance for doubtful accounts	<u>(46,172)</u>	<u>(46,172)</u>
	<u>\$ 519,568</u>	<u>\$ 426,265</u>

**4. INVESTMENTS**

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates	<u>\$ 3,000,000</u>	<u>\$ -</u>

The Guaranteed Investment Certificates bear interest at rates of 4.05% and 5.57% maturing in May and July 2024.

**5. LONG-TERM DEBT**

	<u>2022</u>	<u>2021</u>
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$54,298 including interest at 3.620% maturing March 2042.	\$ 1,509,568	\$ -
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$48,594 including interest at 3.295% maturing December 2028.	525,209	603,161
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$23,956 including interest at 5.066% maturing March 2034.	413,759	439,720
	<u>\$ 2,448,536</u>	<u>\$ 1,042,881</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 162,272	\$ 91,425	\$ 253,697
2024	168,337	85,361	253,698
2025	174,634	79,063	253,697
2026	181,175	72,523	253,698
2027	187,967	65,730	253,697
To maturity	<u>1,574,151</u>	<u>409,111</u>	<u>1,983,262</u>
	<u>\$ 2,448,536</u>	<u>\$ 803,213</u>	<u>\$ 3,251,749</u>

**TOWN OF LAMONT**  
**Notes to Financial Statements**  
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**6. TANGIBLE CAPITAL ASSETS**

	<b>2022</b>	2021
	<b>Net Book</b>	Net Book
	<b>Value</b>	Value
Engineered structures		
Water systems	\$ 5,164,569	\$ 4,603,441
Wastewater systems	4,879,126	4,400,144
Roadways	5,309,150	3,952,248
	<b>15,352,845</b>	12,955,833
Land	1,299,000	1,299,000
Buildings	2,481,563	2,591,512
Machinery and equipment	994,239	1,072,602
Vehicles	241,922	129,774
	<b>\$ 20,369,569</b>	<b>\$ 18,048,721</b>

	Cost				Cost
	Beginning of	Purchased	Disposals	Transfers	End of
	Year	Additions			Year
Engineered structures					
Roadways	\$ 15,270,127	\$ 1,698,614	-	-	\$ 16,968,741
Water systems	8,177,123	751,875	-	-	8,928,998
Wastewater systems	7,111,067	652,729	-	-	7,763,796
	30,558,317	3,103,218	-	-	33,661,535
Buildings	5,501,563	-	-	-	5,501,563
Machinery and equipment	1,756,917	11,857	-	-	1,768,774
Land	1,299,000	-	-	-	1,299,000
Vehicles	551,117	139,216	19,700	-	670,633
	<b>\$ 39,666,914</b>	<b>\$ 3,254,291</b>	<b>\$ 19,700</b>	<b>\$ -</b>	<b>\$ 42,901,505</b>

	Accumulated				Accumulated
	Amortization	Current	Disposals	Transfers	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 11,317,879	\$ 341,712	-	-	\$ 11,659,591
Water systems	3,573,682	190,747	-	-	3,764,429
Wastewater systems	2,710,923	173,747	-	-	2,884,670
	17,602,484	706,206	-	-	18,308,690
Buildings	2,910,051	109,949	-	-	3,020,000
Machinery and equipment	684,315	90,220	-	-	774,535
Vehicles	421,343	27,068	19,700	-	428,711
	<b>\$ 21,618,193</b>	<b>\$ 933,443</b>	<b>\$ 19,700</b>	<b>\$ -</b>	<b>\$ 22,531,936</b>

**TOWN OF LAMONT**  
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**7. ACCUMULATED SURPLUS**

	<u>2022</u>	<u>2021</u>
Unrestricted Surplus	\$ 2,341,440	\$ 2,924,191
Restricted surplus		
Reserves (Note 8)	2,096,287	2,556,896
Equity in tangible capital assets (Schedule 1)	<u>17,921,033</u>	<u>17,005,840</u>
	<u>\$ 22,358,760</u>	<u>\$ 22,486,927</u>

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**8. RESTRICTED SURPLUS**

	<u>2022</u>	<u>2021</u>
Subdivision	\$ 788,790	\$ 1,420,939
Administration	461,127	461,127
General administration	322,129	322,129
Streets and roads	189,000	-
Public works	62,073	62,073
Recreation	52,500	52,500
Unexpended funds	51,669	51,669
Water	46,342	14,000
Arena	34,358	34,358
Parks	27,813	17,615
Sanitary sewer	17,500	77,500
Storm sewer	15,000	15,000
Curling rink	10,000	10,000
Hall	10,000	10,000
Fire	7,986	7,986
	<u>\$ 2,096,287</u>	<u>\$ 2,556,896</u>

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**TOWN OF LAMONT**  
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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>2022</u>	<u>2021</u>
Total debt limit	\$ 5,762,750	\$ 5,574,978
Total debt	<u>(2,448,536)</u>	<u>(1,042,881)</u>
<b>Total debt limit remaining</b>	<b>\$ 3,314,214</b>	<b>\$ 4,532,097</b>
Service on debt limit	\$ 960,458	\$ 929,163
Service on debt	<u>(253,697)</u>	<u>(145,102)</u>
<b>Total service on debt limit remaining</b>	<b>\$ 706,761</b>	<b>\$ 784,061</b>

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.

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**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, 2022 or 2021.

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**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.

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**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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**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 \$200,000 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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**TOWN OF LAMONT**  
**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>2022</u>	<u>2021</u>
Atco Gas	\$ 215,982	\$ 174,595
Fortis Alberta Inc.	<b>90,163</b>	85,372
	<b>\$ 306,145</b>	<b>\$ 259,967</b>

**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>2022</u>	<u>2021</u>
Mayor Perrin	\$ 17,487	\$ -	<b>\$ 17,487</b>	\$ -
Mayor Skinner	-	-	-	14,290
Councillors				
Taylor	9,648	-	<b>9,648</b>	9,648
Harvey	9,648	-	<b>9,648</b>	9,648
Koroluk	9,648	-	<b>9,648</b>	9,648
Foulds	9,648	-	<b>9,648</b>	9,648
Holowaychuk	9,648	-	<b>9,648</b>	1,764
Sieker	9,648	-	<b>9,648</b>	1,764
Perrin	-	-	-	11,081
	<b>\$ 75,375</b>	<b>\$ -</b>	<b>\$ 75,375</b>	<b>\$ 67,491</b>
Chief Administrative Officers (2)	<b>\$ 135,102</b>	<b>\$ 19,544</b>	<b>\$ 154,646</b>	<b>\$ 135,034</b>
Deputy Chief Administrative Officer	<b>\$ 63,006</b>	<b>\$ 10,914</b>	<b>\$ 73,920</b>	<b>\$ 93,396</b>
Municipal Assessor - Tanmar Consulting Inc.	<b>\$ 21,609</b>	<b>\$ -</b>	<b>\$ 21,609</b>	<b>\$ 18,570</b>

(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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$81,481 (2021 - \$82,996). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$72,557 (2021 - \$74,812).

At December 31, 2021, the Plan disclosed an actuarial surplus of \$11.922 billion (2020 - \$4.961 billion surplus).

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**17. BUDGET FIGURES**

The 2022 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 26, 2022. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2022 Budget</u>	<u>2022 Actual</u>
Annual surplus (deficit)	\$ (545,642)	\$ (128,167)
Amortization expense	929,300	933,443
Repayment of long-term debt	(130,408)	(130,408)
Long-term debt issued	1,536,063	1,536,063
Purchase of tangible capital assets	(3,331,084)	(3,254,291)
Net transfers (to) from reserves	1,420,773	871,000
Other	120,998	-
	<u>\$ -</u>	<u>\$ (172,360)</u>

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**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.

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