



WildeandCompany

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Lamont

Report on the Financial Statements

We have audited the accompanying financial statements of Town of Lamont, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Town of Lamont as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Vegreville, AB
March 24, 2015

WildeandCompany

Chartered Accountants

TOWN OF LAMONT
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	5,309,280	4,731,819
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	149,971	168,212
Due from governments	304,971	82,050
Trade and other receivables	218,677	210,237
Land held for resale	132,000	132,000
Investments (Note 5)	10	10
	6,114,909	5,324,328
LIABILITIES		
Accounts payable and accrued liabilities	1,327,978	316,845
Deposit liabilities	18,395	22,750
Deferred revenue (Note 7)	406,500	406,500
Long term debt (Note 9)	1,672,218	1,749,634
	3,425,091	2,495,729
NET FINANCIAL ASSETS	2,689,818	2,828,599
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	17,976,521	16,171,299
Inventory for consumption	500	500
	17,977,021	16,171,799
ACCUMULATED SURPLUS (Schedule 1, Note 12)	20,666,839	19,000,398

Contingencies (Note 16)

TOWN OF LAMONT
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget \$ (Unaudited)	2014 \$	2013 \$
Revenues			
Net municipal taxes (Schedule 3)	1,715,555	1,733,224	1,584,477
User fees and sales of goods	1,050,400	1,121,869	1,036,125
Government transfers for operating (Schedule 4)	303,683	224,284	505,905
Investment income	51,500	81,440	59,703
Penalties and costs on taxes	51,280	44,268	31,754
Fines, licenses and permits	14,150	6,552	15,017
Franchise fees	181,560	203,814	185,590
Gain on disposal of assets	-	-	63,651
Other	230,310	187,554	187,245
Total revenue	3,598,438	3,603,005	3,669,467
Expenses			
Administration and legislative	642,281	598,339	554,699
Fire protection and safety services	195,530	170,394	170,101
Bylaw enforcement	13,050	11,339	14,680
Common services	497,949	408,472	398,798
Roads, streets, walks, lighting	660,740	696,733	571,020
Storm sewers and drainage	3,400	1,923	952
Water supply and distribution	549,040	543,676	596,939
Wastewater treatment and disposal	252,431	222,022	129,683
Waste management	268,296	272,607	254,755
Family and community support	56,145	51,320	42,348
Cemetery	3,600	3,954	2,600
Community service	40,000	17,982	23,809
Subdivision land and development	97,600	145,321	124,341
Parks and recreation	751,383	652,464	716,374
Culture	31,000	16,693	7,357
Total expenses	4,062,445	3,813,239	3,608,456
Excess (deficiency) of revenue over expenses - before other	(\$464,007)	(210,234)	61,011
Other			
Contributed land held for resale	-	-	5,000
Government transfers for capital (Schedule 4)	2,190,500	1,876,675	366,958
Excess of revenues over expenses	1,726,493	1,666,441	432,969
Accumulated surplus - beginning of the year	19,000,398	19,000,398	18,567,429
Accumulated surplus - end of the year	20,726,891	20,666,839	19,000,398

TOWN OF LAMONT
Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2014

	Budget \$ (Unaudited)	2014 \$	2013 \$
Excess of revenues over expenses	1,726,493	1,666,441	432,969
Acquisition of tangible capital assets	(3,833,921)	(2,637,544)	(1,472,904)
Proceeds on disposal of tangible capital assets	-	-	63,651
Write down of capital assets	-	-	9,840
Amortization of tangible capital assets	-	832,322	812,394
Net loss (gain) on sale of tangible capital assets	-	-	(63,651)
	(3,833,921)	(1,805,222)	(650,670)
Decrease in net assets	(2,107,428)	(138,781)	(217,701)
Net Financial assets, beginning of year	2,828,599	2,828,599	3,046,300
Net Financial assets, end of year	721,171	2,689,818	2,828,599

TOWN OF LAMONT
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
	\$	\$
Operating		
Excess (deficiency) of revenue over expenses	1,666,441	432,969
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	832,322	812,394
Gain on disposal of tangible capital assets	-	(63,651)
Write down of tangible capital assets	-	9,840
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	18,241	(5,909)
Increase in government receivables	(222,921)	(25,647)
(Increase) decrease in trade and other receivables	(8,438)	9,682
Decrease in land held for resale	-	(5,000)
Increase in accounts payable and accrued liabilities	1,011,131	15,831
Decrease in deposit liabilities	(4,355)	-
	1,625,980	747,540
<i>Cash provided by operating transactions</i>	3,292,421	1,180,509
Capital		
Acquisition of tangible capital assets	(2,637,544)	(1,472,904)
Sale of tangible capital assets	-	63,651
<i>Cash applied to capital transactions</i>	(2,637,544)	(1,409,253)
Financing		
Long term debt issued	-	1,143,000
Long term debt repaid	(77,416)	(15,741)
<i>Cash used in financing transactions</i>	(77,416)	1,127,259
Change in cash and cash equivalents during the year	577,461	898,515
Cash and cash equivalents, beginning of year	3,705,649	2,807,134
Cash and cash equivalents, end of year	4,283,110	3,705,649
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	5,309,280	4,731,819
Less: restricted portion of cash and temporary investments (Note 3)	(1,026,170)	(1,026,170)
	4,283,110	3,705,649

TOWN OF LAMONT
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2014
Schedule 1

	2014			2013		
	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	\$	\$
Balance, beginning of year	1,620,723	2,906,340	51,670	14,421,665	19,000,398	18,567,429
Excess (deficiency) of revenues over expenses	1,666,441	-	-	-	1,666,441	432,969
Long term debt repayment	(77,416)	-	-	77,416	-	-
Current year funds used for tangible capital assets	(2,637,544)	-	-	2,637,544	-	-
Annual amortization expense	832,322	-	-	(832,322)	-	-
Subtotal	(216,197)	-	-	1,882,638	432,969	432,969
Balance, end of year	1,404,526	2,906,340	51,670	16,304,303	20,666,839	19,000,398

TOWN OF LAMONT
Schedule of Tangible Capital Assets
Year Ended December 31, 2014
Schedule 2

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014 \$	2013 \$
Cost:							
Balance, beginning of year	1,172,000	5,105,133	24,590,532	624,016	653,871	32,145,552	31,720,488
Acquisition of tangible capital assets	-	276,240	2,346,509	14,795	-	2,637,544	1,472,904
Construction in progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	(1,038,000)
Write down of tangible capital assets	-	-	-	-	-	-	(9,840)
Balance, end of year	1,172,000	5,381,373	26,937,041	638,811	653,871	34,783,096	32,145,552
Accumulated amortization:							
Balance, beginning of year	-	2,031,374	13,258,658	387,642	296,579	15,974,253	16,199,859
Annual amortization	-	103,212	638,379	43,286	47,445	832,322	812,394
Accumulated amortization on disposals	-	-	-	-	-	-	(1,038,000)
Balance, end of year	-	2,134,586	13,897,037	430,928	344,024	16,806,575	15,974,253
Net book value of tangible capital assets	1,172,000	3,246,787	13,040,004	207,883	309,847	17,976,521	16,171,299
2013 Net book value of tangible capital assets	1,172,000	3,073,759	11,331,874	236,374	357,292		16,171,299

TOWN OF LAMONT
Schedule of Property and Other Taxes
Year Ended December 31, 2014
Schedule 3

	Budget	2014	2013
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	2,187,900	2,186,890	2,059,711
Linear property	65,000	65,063	62,016
Government grants in place of property taxes	4,000	4,219	4,095
	2,256,900	2,256,172	2,125,822
Requisitions			
Alberta School Foundation Fund	467,724	455,288	467,724
Lamont Seniors Foundation	73,621	67,660	73,621
	541,345	522,948	541,345
Net Municipal Taxes	1,715,555	1,733,224	1,584,477

TOWN OF LAMONT
Schedule of Government Transfers
Year Ended December 31, 2014
Schedule 4

	Budget \$ (Unaudited)	2014 \$	2013 \$
Transfers for operating			
Federal Government	-	3,789	-
Provincial Government	155,183	102,463	353,166
Other Local Governments	148,500	118,032	152,739
	303,683	224,284	505,905
Transfers for Capital			
Provincial Government	2,190,500	1,876,675	366,958
Total Government Transfers	2,494,183	2,100,959	872,863

TOWN OF LAMONT
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2014
Schedule 5

	Budget \$ (Unaudited)	2014 \$	2013 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	1,058,334	1,014,784	907,008
Contracted and general services	909,766	795,098	801,753
Materials, goods, supplies and utilities	1,202,660	1,078,355	1,028,607
Provision for allowances	11,300	7,745	9,000
Transfers to local boards and agencies	31,000	16,693	7,357
Interest on long term debt	67,685	68,242	32,497
Write down of tangible capital assets	-	-	9,840
Amortization of tangible capital assets	781,700	832,322	812,394
	4,062,445	3,813,239	3,608,456

TOWN OF LAMONT
Schedule of Segmented Disclosure
Year Ended December 31, 2014
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
								\$
Revenue								
Net municipal taxes	-	-	-	-	-	-	1,733,224	1,733,224
Government transfers		64,464	197,915	1,678,760	-	121,737	38,083	2,100,959
User fees and sales of goods	40,697	-	-	1,065,119	13,600	2,053	400	1,121,869
Investment income	2,716	-	-	-	-	-	78,724	81,440
Other revenues	5,140	5,861	8,622	5,907	3,742	168,709	244,207	442,188
	48,553	70,325	206,537	2,749,786	17,342	292,499	2,094,638	5,479,680
Expenses								
Salaries, wages and benefits	368,172	40,054	310,127	16,808	-	250,276	29,347	1,014,784
Contracted and general services	141,822	55,096	65,708	291,689	145,321	91,149	4,313	795,098
Materials, goods, supplies and utilities	56,593	42,845	300,092	390,246	-	248,983	39,596	1,078,355
Transfers to local boards and agencies	-	-	-	-	-	16,693	-	16,693
Interest on long term debt	-	-	31,157	37,085	-	-	-	68,242
Other expenses	7,745	-	-	-	-	-	-	7,745
	574,332	137,995	707,084	735,828	145,321	607,101	73,256	2,980,917
Net revenue before amortization	(525,779)	(67,670)	(500,547)	2,013,958	(127,979)	(314,602)	2,021,382	2,498,763
Amortization of tangible capital assets	24,007	43,738	400,044	302,477	-	62,056	-	832,322
Net revenue (cost)	(549,786)	(111,408)	(900,591)	1,711,481	(127,979)	(376,658)	2,021,382	1,666,441
Net revenue (cost) - 2013	(164,046)	(84,310)	(702,004)	53,641	(116,911)	(381,576)	1,828,175	432,969

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

1. Significant accounting policies

The financial statements of the municipality are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

1. Significant accounting policies (*continued*)

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.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in GIC's and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than one year.

Tax revenue

Tax revenues are recognized when the tax has been authorized by by-law and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Requisition 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.

Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and 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.

(*continues*)

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

1. Significant accounting policies *(continued)*

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(continues)

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

1. Significant accounting policies (*continued*)

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 Change in Net Financial Assets (Debt) for the year.

a) 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:

	YEARS
Land improvements	20
Buildings	50
Engineered structures	
Water system	40
Wastewater system	40
Other engineered structures	20-40
Machinery and equipment	10-15
Vehicles	10-20

Assets acquired during the year will be amortized that year in accordance with the useful lives stated above. Assets disposed of in the year are not amortized in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) Contributions of tangible capital assets

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

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

d) Inventories

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

e) Cultural and historical tangible capital assets

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

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3260 - Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

Section PS 3450 - Financial Instruments

This new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, Section PS 1201 and Section PS 2601 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2016.

For government organizations, as defined in Section PS 1300, the new section and related amendments are effective for fiscal periods beginning on or after April 1, 2012.

3. Cash and temporary investments

	2014	2013
Cash	\$ 1,433,549	\$ 416,724
Temporary investments	3,875,731	4,315,095
	\$ 5,309,280	\$ 4,731,819

Temporary investments are short term deposits and guaranteed investment certificates with original maturities of one year or less.

The guaranteed investment certificates mature from August 2015 to November 2015 and bear interest at 1.77% to 2.05%.

Included in temporary investments is a restricted amount of \$1,026,170 (2013 – \$1,026,170) consisting of deferred revenue of \$406,500, the subdivision development reserve of \$568,000, and unexpended capital funding of \$51,670.

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

4. Taxes and grants in place of taxes receivable

	2014	2013
Current taxes and grants in place of taxes	\$ 89,001	\$ 155,988
Arrears taxes	60,970	120,859
	149,971	276,847
Less: allowance for doubtful accounts	-	(108,635)
	\$ 149,971	\$ 168,212

5. Investments

	2014	2013
Alberta Capital Finance Authority (ACFA) shares	\$ 10	\$ 10

6. Revolving loan

The municipality has a \$800,000 revolving line of credit of which \$nil (2013 - \$nil) was in use as at December 31, 2014. Bank advances on the credit line are payable on demand and bear interest at prime less 0.25%. The credit line is secured by a general security agreement.

7. Deferred revenue

	2014	2013
Developer - letter of credit	\$ 406,500	\$ 406,500

Included in deferred revenue, is \$406,500 received when the Town called a letter of credit related to a development agreement. The proceeds from this letter of credit are to be used to fund any future costs needed to complete the development project.

8. Employee benefit obligations

The municipality has accumulating non-vesting sick leave benefits.

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

9. Long term debt

	2014	2013
Tax supported debentures	\$ 1,672,218	\$ 1,749,634

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 80,303	\$ 64,800	\$ 145,103
2016	83,301	61,801	145,102
2017	86,416	58,686	145,102
2018	89,652	55,450	145,102
2019	93,015	52,087	1,714,542
Thereafter	<u>1,239,531</u>	<u>329,908</u>	<u>1,569,439</u>
	<u>\$ 1,672,218</u>	<u>\$ 622,732</u>	<u>\$ 2,294,950</u>

The current portion of the long term debt amounts to \$80,303 (2013 - \$77,416).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.295% to 5.066% per annum and matures in December 2028 and March 2034. The average annual interest rate is 4.181% for 2014 (4.181% for 2013).

Debenture debt is issued on the credit and security of the municipality at large.

Interest on long term debt amounted to \$68,242 (2013 - \$32,497).

The municipality's total cash payments for interest in 2014 were \$67,686 (2013 - \$31,363).

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

10. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the municipality be disclosed as follows:

	2014	2013
Total debt limit	\$ 5,404,508	\$ 5,489,441
Total debt	(1,672,218)	(1,749,634)
Amount of debt limit unused	\$ 3,732,290	\$ 3,739,807
Debt servicing limit	\$ 900,751	\$ 914,907
Debt servicing	(145,102)	(145,102)
Amount of debt servicing limit unused	\$ 755,649	\$ 769,805

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

11. Equity in tangible capital assets

	2014	2013
Tangible capital assets (Schedule 2)	\$ 34,783,096	\$ 32,145,552
Accumulated amortization (Schedule 2)	(16,806,575)	(15,974,253)
Long term debt (Note 9)	(1,672,218)	(1,749,634)
Total	\$ 16,304,303	\$ 14,421,665

12. Accumulated surplus

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

	2014	2013
Unrestricted surplus	\$ 1,404,526	\$ 1,620,723
Restricted surplus		
Capital account	51,670	51,670
Operating	2,906,340	2,906,340
Equity in tangible capital assets	16,304,303	14,421,665
Total	\$ 20,666,839	\$ 19,000,398

TOWN OF LAMONT
Notes to Financial Statements
Year Ended December 31, 2014

13. Segmented disclosure

The municipality provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

14. Salary and benefits disclosure

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

	2014		2013	
	Salary (1)	Benefits & allowances (2)		
B. Skinner - Mayor	\$ 10,400	\$ 5,200	\$ 15,600	\$ 15,600
S. McDonald	-	-	-	6,650
W. Field	5,600	2,800	8,400	8,400
M. Brown	-	-	-	6,650
G. Hrehorets	5,600	2,800	8,400	8,400
S. Sharun	5,600	2,800	8,400	8,400
D. Taylor	5,600	2,800	8,400	1,750
D. Dunsmore	5,600	2,800	8,400	1,750
D. Pewarchuk	5,600	2,800	8,400	1,750
Chief Administrative Officer	109,273	19,927	129,200	131,508
Deputy Chief Administrative Officer	22,187	4,312	26,499	-

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.

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15. Local authorities pension plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The municipality is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2014 were \$56,720 (2013 - \$56,720). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2014 were \$51,480 (2013 - \$51,480).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

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16. Contingencies

The municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town has entered into three separate Master Sales Agreements and three separate Development Agreements with a developer. Each is for the sale of land held by the Town for the development of three different subdivisions within the Town's municipal boundaries. The Town alleges the developer defaulted on its obligations regarding certain conditions of the Master Sales and Development Agreements. As a result, the Town has sought to terminate the agreements and has called a \$406,500 letter of credit held as security against development deficiencies. As disclosed in Note 7 of the financial statements, this amount is included as part of deferred revenue at December 31, 2013 and December 31, 2014.

Also in dispute are 2008 developer invoices totaling \$260,000 for services provided as part of the Development Agreements. The developer alleges the costs incurred were the responsibility of the Town. The Town did not approve the expenditures and therefore did not record an amount as a liability at December 31, 2008, 2009, 2010, 2011, 2012, 2013, or 2014. In the event the dispute is not resolved in favour of the Town, the Town will record an amount as an expenditure in the year the dispute is resolved.

The developer has a claim for breach of the Development and Sales Agreements for \$29,000,000. The Town has a counter claim of \$1,000,000 plus interest and costs. Legal counsel believes that the extent of the damages claimed by Jabneel Developments Inc. against the Town appears to be an effort to try to intimidate and pressure the Town as opposed to damages being calculated based upon potential lost project profits. During 2014, the Developer is seeking to increase the amount of damages claimed to \$120,000,000 in general damages and \$5,000,000 in punitive damages.

Negotiations regarding the dispute between the Town and the developer are ongoing. The developer has added some Councilors and Town staff members to the lawsuit during 2013. According to the Town's legal advisors, any settlement amount is indeterminable.

The caveats related to the land under the Development Agreement have been discharged and the Town was awarded costs on this matter during the 2014 year. The amount of the costs are undeterminable at this time and will be directed by the Court at a subsequent date once the various litigation with Jabneel Developments Inc. has been resolved.

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17. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

18. Comparative figures

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

19. Approval of financial statements

Council and Management have approved these financial statements.

20. Budget amounts

Budget amounts are included for information purposes only and are not audited.