

TOWN OF LAMONT
Financial Statements
For The Year Ended December 31, 2023

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, 2023, 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, 2023, 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
April 9, 2024

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.

Tyler Edworthy
Interim Chief Administrative Officer

TOWN OF LAMONT
Statement of Financial Position
As At December 31, 2023

	2023	2022 <i>(Restated Note 7)</i>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,780,344	\$ 1,911,223
Receivables <i>(Note 3)</i>	547,953	519,568
Investments <i>(Note 4)</i>	<u>3,060,750</u>	<u>3,000,000</u>
	<u>5,389,047</u>	<u>5,430,791</u>
LIABILITIES		
Accounts payable and accrued liabilities	320,598	507,362
Deposits	535,527	508,315
Deferred revenue	22,035	22,035
Asset retirement obligations <i>(Note 7)</i>	66,950	65,000
Long-term debt <i>(Note 5)</i>	<u>2,286,891</u>	<u>2,448,536</u>
	<u>3,232,001</u>	<u>3,551,248</u>
NET FINANCIAL ASSETS	<u>2,157,046</u>	<u>1,879,543</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	20,232,852	20,377,589
Inventory	500	500
Prepaid expenses	<u>16,220</u>	<u>44,148</u>
	<u>20,249,572</u>	<u>20,422,237</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 22,406,618</u>	<u>\$ 22,301,780</u>
CONTINGENCY <i>(Note 12)</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, 2023

	2023 (Budget) (Note 18)	2023 (Actual)	2022 (Actual) (Restated Note 7)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 2,020,115	\$ 2,013,052	\$ 1,933,418
Sales and user charges (Schedule 4)	1,118,898	1,139,973	1,116,365
Government transfers for operating (Schedule 3)	295,198	294,898	203,988
Franchise and concession contracts (Note 15)	312,268	289,125	306,145
Interest	128,414	187,627	116,965
Rentals	91,222	101,244	88,817
Penalties and costs on taxes	67,877	57,831	55,011
Other	13,580	34,108	11,386
Fines, licences and permits	9,267	11,453	9,738
	<u>4,056,839</u>	<u>4,129,311</u>	<u>3,841,833</u>
EXPENSES			
Water supply and distribution	828,795	783,233	796,967
Recreation and cultural services	848,022	781,680	767,678
Roads, streets, walks and lighting	784,095	781,422	687,047
General administration	744,496	778,962	703,317
Common services	501,646	483,671	464,355
Waste management	306,729	280,607	292,614
Waste water treatment and disposal	259,035	263,641	307,154
Council	135,632	131,319	120,747
Bylaws enforcement and police	122,914	119,015	73,883
Fire protection and safety services	58,941	53,142	50,781
Family and community support	21,275	21,655	21,275
Subdivision land and development	71,800	9,888	18,803
Community services	8,650	7,550	6,940
Cemetery	5,400	5,400	5,402
	<u>4,697,430</u>	<u>4,501,185</u>	<u>4,316,963</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE	<u>(640,591)</u>	<u>(371,874)</u>	<u>(475,130)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	313,091	376,712	313,091
Gain on disposal of assets	3,000	-	22,673
Donations for capital	100,000	100,000	11,199
	<u>416,091</u>	<u>476,712</u>	<u>346,963</u>
ANNUAL SURPLUS (DEFICIT)	<u>(224,500)</u>	<u>104,838</u>	<u>(128,167)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,301,780</u>	<u>22,301,780</u>	<u>22,429,947</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 22,077,280</u>	<u>\$ 22,406,618</u>	<u>\$ 22,301,780</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, 2023

	2023 (Budget) (Note 18)	2023 (Actual)	2022 (Actual) (Restated Note 7)
ANNUAL SURPLUS (DEFICIT)	\$ (224,500)	\$ 104,838	\$ (128,167)
Acquisition of tangible capital assets	(770,000)	(925,024)	(3,254,291)
Amortization of tangible capital assets	936,930	1,069,761	933,443
	(57,570)	249,575	(2,449,015)
(Acquisition) use of prepaid expenses	-	27,928	(44,148)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(57,570)	277,503	(2,493,163)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,879,543	1,879,543	4,372,706
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,821,973	\$ 2,157,046	\$ 1,879,543

The accompanying notes are an integral part of these

TOWN OF LAMONT
Statement of Cash Flows
For The Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 104,838	\$ (128,167)
Non-cash items not included in annual surplus:		
Amortization of capital assets	1,069,761	933,443
Gain on disposal of tangible capital assets	-	(22,673)
Asset retirement obligations accretion (Note 7)	1,950	-
	<u>1,176,549</u>	<u>782,603</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(28,385)	(93,302)
Long-term investments	(3,060,750)	-
Accounts payable and accrued liabilities	(186,764)	254,585
Deferred revenue	-	(16,749)
Deposits	27,207	(12,963)
Prepaid expenses	27,933	(44,148)
	<u>(3,220,759)</u>	<u>87,423</u>
Cash flow from (used by) operating activities	<u>(2,044,210)</u>	<u>870,026</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of intangible assets	-	22,672
Purchase of tangible capital assets	(925,024)	(3,254,291)
Purchase of investments	3,000,000	(3,000,000)
	<u>2,074,976</u>	<u>(6,231,619)</u>
Cash flow from (used by) capital activities	<u>2,074,976</u>	<u>(6,231,619)</u>
FINANCING ACTIVITIES		
Long-term debt issued	-	1,536,063
Repayment of long-term debt	(161,645)	(130,408)
	<u>(161,645)</u>	<u>1,405,655</u>
Cash flow from (used by) capital activities	<u>(161,645)</u>	<u>1,405,655</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(130,879)	(3,955,938)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,911,223	5,867,161
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,780,344	\$ 1,911,223

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, 2023**

	2023	2022 <i>(Restated Note 7)</i>
BALANCE, BEGINNING OF YEAR	\$ 17,864,053	\$ 16,948,860
Acquisition of tangible capital assets	925,024	3,254,291
Amortization of tangible capital assets	(1,069,761)	(933,443)
Repayment of capital long-term debt	161,645	130,408
Asset retirement obligations accretion	(1,950)	-
Long-term debt proceeds used during the year	-	(1,536,063)
BALANCE, END OF YEAR	\$ 17,879,011	\$ 17,864,053
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 20,232,852	\$ 20,377,589
Long-term debt used for tangible capital assets	(2,286,891)	(2,448,536)
Asset retirement obligations	(66,950)	(65,000)
	\$ 17,879,011	\$ 17,864,053

The accompanying notes are an integral part of these

TOWN OF LAMONT
Schedule of Property Taxes
For the Year Ended December 31, 2023

(Schedule 2)

	2023 (Budget) (Note 18)	2023 (Actual)	2022 (Actual)
TAXATION			
Real property tax	\$ 2,497,972	\$ 2,490,892	\$ 2,400,852
Linear property tax	57,508	57,525	56,108
Government grants in lieu of property tax	4,812	4,812	4,657
	<u>2,560,292</u>	<u>2,553,229</u>	<u>2,461,617</u>
REQUISITIONS			
Alberta School Foundation Fund	449,042	449,042	460,362
Lamont Seniors Foundation	91,135	91,135	67,837
	<u>540,177</u>	<u>540,177</u>	<u>528,199</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 2,020,115</u>	<u>\$ 2,013,052</u>	<u>\$ 1,933,418</u>

TOWN OF LAMONT
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 3)

	2023 (Budget) (Note 18)	2023 (Actual)	2022 (Actual)
TRANSFERS FOR OPERATING			
Provincial government transfers	\$ 225,130	\$ 224,830	\$ 136,615
Local government transfers	70,068	70,068	67,373
	295,198	294,898	203,988
TRANSFERS FOR CAPITAL			
Provincial government transfers	313,091	376,712	313,091
TOTAL GOVERNMENT TRANSFERS	\$ 608,289	\$ 671,610	\$ 517,079

TOWN OF LAMONT
Schedule of Segmented Information
For the Year Ended December 31, 2023

(Schedule 4)

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 330,192	\$ 465,641	\$ 146,231	\$ 776,781	\$ -	\$ 294,207	\$ 2,013,052
Sales and user charges	5,482	-	-	-	1,125,261	9,230	1,139,973
All other	5,562	11,421	7,326	732	8,106	359,370	392,517
Government transfers	220,630	74,268	-	-	-	-	294,898
Interest	187,627	-	-	-	-	-	187,627
Rentals	4,625	96,619	-	-	-	-	101,244
	<u>754,118</u>	<u>647,949</u>	<u>153,557</u>	<u>777,513</u>	<u>1,133,367</u>	<u>662,807</u>	<u>4,129,311</u>
EXPENSES							
Salaries, wages and benefits	515,761	248,109	-	331,995	221,444	87,072	1,404,381
Contracted and general services	150,637	34,548	124,358	96,790	513,307	30,620	950,260
Utilities	19,449	221,894	17,713	141,665	44,167	-	444,888
Repairs & maintenance	623	53,615	395	69,776	82,918	-	207,327
Materials, goods, and supplies	54,713	28,372	2,360	47,236	22,371	35,788	190,840
Insurance	12,935	60,175	8,731	14,645	4,560	1,299	102,345
Interest on long-term debt	-	-	-	75,406	16,648	-	92,054
Transfers to local boards	-	-	-	-	-	37,120	37,120
Asset retirement obligations accretion	-	1,236	-	-	772	-	2,008
Provision for allowances	-	-	-	-	682	-	682
	<u>\$ 754,118</u>	<u>\$ 647,949</u>	<u>\$ 153,557</u>	<u>\$ 777,513</u>	<u>\$ 906,869</u>	<u>\$ 191,899</u>	<u>\$ 3,431,905</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	226,498	470,908	697,406
Amortization	24,844	117,644	18,600	487,579	420,613	-	1,069,280
NET REVENUE (DEFICIT)	<u>\$ (24,844)</u>	<u>\$ (117,644)</u>	<u>\$ (18,600)</u>	<u>\$ (487,579)</u>	<u>\$ (194,115)</u>	<u>\$ 470,908</u>	<u>\$ (371,874)</u>

The accompanying notes are an integral part of these

TOWN OF LAMONT

Schedule of Segmented Information

(Schedule 4)

For the Year Ended December 31, 2022

	General Administration	Recreation Services	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
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
Investment income	116,965	-	-	-	-	-	116,965
Rentals	5,522	83,295	-	-	-	-	88,817
	678,473	634,142	106,064	760,787	1,097,135	565,232	3,841,833
EXPENSES							
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
	678,473	634,142	106,064	760,787	1,014,995	189,059	3,383,520
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	82,140	376,173	458,313
Amortization	24,844	117,644	18,600	390,615	381,740	-	933,443
NET REVENUE (DEFICIT)	\$ (24,844)	\$ (117,644)	\$ (18,600)	\$ (390,615)	\$ (299,600)	\$ 376,173	\$ (475,130)

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 expenses during the period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets, allowance for doubtful accounts, and asset retirement obligations. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

(continues)

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(j) 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.

(k) 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 for the year.

(l) 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.

(m) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(n) New Accounting Standards not yet Adopted

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.

TOWN OF LAMONT
Notes to Financial Statements
December 31, 2023

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Deposit accounts with financial institutions	\$ 1,774,273	\$ 899,950
Other	6,071	6,071
Guaranteed Investment Certificates	-	1,005,202
	<u>\$ 1,780,344</u>	<u>\$ 1,911,223</u>

Cash includes \$518,021 (2022 - \$491,865) 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.

3. RECEIVABLES

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes	\$ 223,503	\$ 205,350
Utilities	184,249	185,598
Trade and other	68,780	82,410
Accrued interest	84,757	56,247
Other governments	32,836	36,135
	<u>594,125</u>	<u>565,740</u>
Less: allowance for doubtful accounts	<u>(46,172)</u>	<u>(46,172)</u>
	<u>\$ 547,953</u>	<u>\$ 519,568</u>

4. INVESTMENTS

Investments are comprised of Guaranteed Investment Certificates bearing interest at rates of 4.05% and 5.57% maturing in May and July 2024.

TOWN OF LAMONT
Notes to Financial Statements
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5. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$54,298 including interest at 3.620% maturing March 2042.	\$ 1,455,758	\$ 1,509,568
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$48,594 including interest at 3.295% maturing December 2028.	444,667	525,209
Alberta Capital Finance Authority debenture repayable in semi-annual payments of \$23,956 including interest at 5.066% maturing March 2034.	386,466	413,759
	<u>\$ 2,286,891</u>	<u>\$ 2,448,536</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	195,023	58,675	253,698
To maturity	<u>1,379,755</u>	<u>350,435</u>	<u>1,730,190</u>
	<u>\$ 2,286,891</u>	<u>\$ 711,787</u>	<u>\$ 2,998,678</u>

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

	2023	2022
	Net Book	Net Book
	Value	Value
Engineered structures		
Water systems	\$ 5,111,036	\$ 5,164,569
Wastewater systems	4,917,162	4,879,127
Roadways	5,242,501	5,309,150
	15,270,699	15,352,846
Land	1,299,000	1,299,000
Buildings	2,379,153	2,489,583
Machinery and equipment	1,081,701	994,239
Vehicles	202,299	241,921
	\$ 20,232,852	\$ 20,377,589

	Cost				Cost
	Beginning of	Purchased	Disposals	Transfers	End of
	Year	Additions			Year
Engineered structures					
Roadways	\$ 16,968,741	\$ 358,287	-	-	\$ 17,327,028
Water systems	8,928,998	152,019	-	-	9,081,017
Wastewater systems	7,763,796	235,850	-	-	7,999,646
	33,661,535	746,156	-	-	34,407,691
Buildings	5,525,584	-	-	-	5,525,584
Machinery and equipment	1,768,774	178,868	(19,700)	-	1,927,942
Land	1,299,000	-	-	-	1,299,000
Vehicles	690,333	-	-	-	690,333
	\$ 42,945,226	\$ 925,024	\$ (19,700)	\$ -	\$ 43,850,550

	Accumulated				Accumulated
	Amortization	Current	Disposals	Transfers	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 11,659,591	\$ 424,936	-	-	\$ 12,084,527
Water systems	3,764,429	205,552	-	-	3,969,981
Wastewater systems	2,884,669	197,815	-	-	3,082,484
	18,308,689	-	-	-	18,308,689
Buildings	3,036,001	110,430	-	-	3,146,431
Machinery and equipment	774,535	91,406	(19,700)	-	846,241
Vehicles	448,412	39,622	-	-	488,034
	\$ 22,567,637	\$ 1,069,761	\$ (19,700)	\$ -	\$ 23,617,698

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7. ASSET RETIREMENT OBLIGATIONS

Effective January 1, 2023, the Town adopted *PS 3280 Asset Retirement Obligations* retroactively and comparative figures have been restated. The effect of these changes on the comparative figures has resulted in an increase in asset retirement obligations and tangible capital assets in the amounts of \$65,000 and \$8,020 and a decrease in accumulated surplus in the amount \$56,980.

The Town owns buildings which contain asbestos. Regulations require the Town to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when a building undergoes renovations or is demolished. The estimated liability is based on the sum of discounted future cash flows using a discount rate of 3%.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 65,000	\$ 65,000
Accretion expense	1,950	-
Balance, end of year	<u>\$ 66,950</u>	<u>\$ 65,000</u>

The Town as not designated assets for settling the abatement activities.

8. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted Surplus	\$ 2,603,209	\$ 2,341,440
Restricted surplus		
Reserves (<i>Note 9</i>)	1,924,398	2,096,287
Equity in tangible capital assets (<i>Schedule 1</i>)	17,879,011	17,864,053
	<u>\$ 22,406,618</u>	<u>\$ 22,301,780</u>

9. RESTRICTED SURPLUS

	<u>2023</u>	<u>2022</u>
Subdivision	\$ 636,901	\$ 788,790
Administration	461,127	461,127
General administration	322,129	322,129
Streets and roads	189,000	189,000
Public works	62,073	62,073
Recreation	52,500	52,500
Unexpended funds	51,669	51,669
Water	46,342	46,342
Arena	34,358	34,358
Sanitary sewer	17,500	17,500
Storm sewer	15,000	15,000
Curling rink	10,000	10,000
Hall	10,000	10,000
Fire	7,986	7,986
Parks	7,813	27,813
	<u>\$ 1,924,398</u>	<u>\$ 2,096,287</u>

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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 Town of Lamont be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 6,193,967	\$ 5,762,750
Total debt	<u>(2,286,891)</u>	<u>(2,448,536)</u>
Total debt limit remaining	\$ 3,907,076	\$ 3,314,214
Service on debt limit	\$ 1,032,328	\$ 960,458
Service on debt	<u>(253,698)</u>	<u>(253,697)</u>
Total service on debt limit remaining	\$ 778,630	\$ 706,761

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.

11. 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, 2023 or 2022.

12. 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.

13. 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).

14. 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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Notes to Financial Statements
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15. UTILITY FRANCHISE AGREEMENTS

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

	<u>2023</u>	<u>2022</u>
Atco Gas	\$ 197,020	\$ 215,982
Fortis Alberta Inc.	92,105	90,163
	\$ 289,125	\$ 306,145

16. 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>2023</u>	<u>2022</u>
Mayor Perrin	\$ 18,187	\$ -	\$ 18,187	\$ 17,487
Councillors				
Foulds	10,348	-	10,348	9,648
Harvey	10,348	-	10,348	9,648
Holowaychuk	10,348	-	10,348	9,648
Koroluk	10,348	-	10,348	9,648
Sieker	10,348	-	10,348	9,648
Taylor	10,348	-	10,348	9,648
	\$ 80,275	\$ -	\$ 80,275	\$ 75,375
Chief Administrative Officer	\$ 135,086	\$ 21,741	\$ 156,827	\$ 154,646
Designated Officers (2)	\$ 90,572	\$ 17,449	\$ 108,021	\$ 95,529

(1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

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

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Notes to Financial Statements
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17. 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 12.23% 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 11.23% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$76,186 (2022 - \$81,481). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$85,673 (2022 - \$72,557).

At December 31, 2022, the Plan disclosed an actuarial surplus of \$11.9 billion (2021 - \$11.922 billion surplus).

18. BUDGET FIGURES

The 2023 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 25, 2023. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2023 Budget</u>	<u>2023 Actual</u>
Annual surplus (deficit)	\$ (224,500)	\$ 104,838
Amortization expense	936,930	1,069,280
Repayment of long-term debt	(162,272)	(161,645)
Purchase of tangible capital assets	(770,000)	(925,024)
Net transfers (to) from reserves	219,842	582,280
	<u>\$ -</u>	<u>\$ 669,729</u>

19. 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.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, and accounts payable.

20. COMPARATIVE FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
