

# **VILLAGE OF LOMOND**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

# **VILLAGE OF LOMOND**

## **FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018**

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## ***Management's Responsibility for Reporting***

Village of Lomond's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2018 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Village Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

The financial statements have been audited by the independent firm of BDO Canada LLP, Chartered Professional Accountants. Their report to the Members of Council of Village of Lomond, stating the scope of their examination and opinion on the financial statements, follow.



Chief Administrative Officer  
April 29<sup>th</sup> 2019



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## Independent Auditor's Report

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To the Mayor and Council of the Village of Lomond

### Opinion

We have audited the financial statements of the Village of Lomond (the "Village"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the results of its operations, change in its net financial debt 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village 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 these 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 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

### Auditor's 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 auditor's 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.

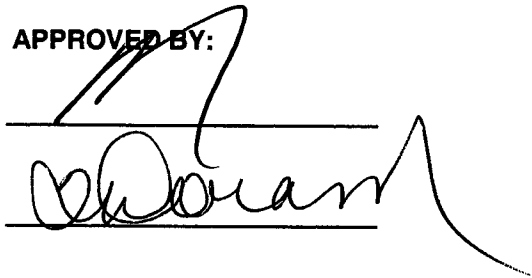
# VILLAGE OF LOMOND

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 353,460	\$ 341,278
Taxes and grants in place of taxes receivable (note 3)	116,032	97,639
Trade and other receivables	71,426	76,683
Land held for resale	57,302	57,302
Investments	10	10
	<u>598,230</u>	<u>572,912</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 19,225	\$ 18,983
Deferred revenue (note 4)	385,288	338,716
Tax recovery trust liability	4,875	4,875
Long term debt (note 5)	260,370	272,120
	<u>669,758</u>	<u>634,694</u>
<b>NET FINANCIAL DEBT</b>	<u>(71,528)</u>	<u>(61,782)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	<u>4,222,021</u>	<u>4,247,475</u>
<b>ACCUMULATED SURPLUS</b> (schedule 1, note 9)	<u>\$ 4,150,493</u>	<u>\$ 4,185,693</u>

COMMITMENTS AND CONTINGENCIES (notes 12 and 15)

APPROVED BY:



The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

# VILLAGE OF LOMOND

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2018

	Budget (note 14)	2018	2017
<b>REVENUE</b>			
Net municipal property taxes (schedule 3)	\$ 157,794	\$ 158,090	\$ 157,033
User fees	114,500	110,251	120,965
Government transfers for operating (schedule 4)	35,000	25,990	33,219
Investment income	400	577	545
Penalties and costs of taxes	11,000	12,297	7,592
Franchise fees	36,219	35,417	35,572
Other	37,890	23,637	19,890
Gain on disposal of tangible capital assets	-	-	11,170
	<u>392,803</u>	<u>366,259</u>	<u>385,986</u>
<b>EXPENSES</b>			
Legislative	9,400	5,413	11,178
Administration	164,736	142,710	132,348
Roads, streets, walks, lighting	106,944	103,030	128,815
Water	193,738	208,260	185,945
Sewer	6,910	21,388	16,776
Waste management	32,680	31,571	30,848
Community services	24,102	27,307	26,311
Loss on disposal of tangible capital assets	-	3,810	-
	<u>538,510</u>	<u>543,489</u>	<u>532,221</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>			
<b>- BEFORE OTHER</b>	(145,707)	(177,230)	(146,235)
<b>OTHER</b>			
Government transfers for capital (schedule 4)	211,469	142,030	153,961
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	65,762	(35,200)	7,726
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	4,185,693	4,185,693	4,177,967
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 4,251,455</u>	<u>\$ 4,150,493</u>	<u>\$ 4,185,693</u>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

# VILLAGE OF LOMOND

## STATEMENT OF CHANGE IN NET FINANCIAL DEBT YEAR ENDED DECEMBER 31, 2018

	Budget (note 14)	2018	2017
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 65,762</b>	<b>\$ (35,200)</b>	<b>\$ 7,726</b>
Acquisition of tangible capital assets	(191,350)	(120,536)	(153,962)
Amortization of tangible capital assets	139,457	142,180	135,003
Disposal of tangible capital assets	-	3,810	7,329
	(51,893)	25,454	(11,630)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>13,869</b>	<b>(9,746)</b>	<b>(3,904)</b>
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<b>(61,782)</b>	<b>(61,782)</b>	<b>(57,878)</b>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<b>\$ (47,913)</b>	<b>\$ (71,528)</b>	<b>\$ (61,782)</b>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

# VILLAGE OF LOMOND

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenue over expenses	\$ (35,200)	\$ 7,726
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	142,180	135,003
Loss (gain) on disposal of tangible capital assets	3,810	(11,170)
Net changes in non-cash working capital balances:		
Increase in taxes and grants in place of taxes	(18,393)	(8,795)
Decrease (increase) in trade and other receivables	5,257	(16,008)
Increase in accounts payable and accrued liabilities	242	2,414
Increase in deferred revenue	46,572	126,833
	<u>144,468</u>	<u>236,003</u>
<b>INVESTING</b>		
Proceeds on disposal of tangible assets	-	18,498
Acquisition of tangible capital assets	(120,536)	(153,962)
	<u>(120,536)</u>	<u>(135,464)</u>
<b>FINANCING</b>		
Long term debt repaid	(11,750)	(11,375)
	<u>(11,750)</u>	<u>(11,375)</u>
<b>INCREASE (DECREASE) IN CASH</b>	12,182	89,164
<b>CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR</b>	<u>341,278</u>	<u>252,114</u>
<b>CASH AND TEMPORARY INVESTMENTS AT END OF YEAR (note 2)</b>	<u>\$ 353,460</u>	<u>\$ 341,278</u>

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.



# VILLAGE OF LOMOND

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2018

### SCHEDULE 1

	Unrestricted Surplus (Debt)	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	(66,535)	4,753	4,247,475	\$ 4,185,693	\$ 4,177,967
Excess (deficiency) of revenue over expenses	(35,200)	-	-	(35,200)	7,726
Unrestricted funds designated for future use	-	-	-	-	-
Restricted funds used for operations	3,650	(3,650)	-	-	-
Current year funds used for tangible capital assets	(116,488)	-	116,488	-	-
Disposal of tangible capital assets	3,810	-	(3,810)	-	-
Annual amortization expense	142,146	-	(142,146)	-	-
<b>Change in accumulated surplus</b>	(2,082)	(3,650)	(29,468)	(35,200)	7,726
<b>BALANCE, END OF YEAR</b>	(68,617)	1,103	4,218,007	\$ 4,150,493	\$ 4,185,693

# VILLAGE OF LOMOND

## SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2018

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	59,743	182,870	99,408	4,986,436	193,922	32,698	\$ 5,555,077	\$ 5,441,768
Acquisition of tangible capital assets	-	-	56,807	39,879	12,850	11,000	120,536	132,462
Additions to construction-in-progress	-	-	-	-	-	-	-	21,500
Disposition of tangible capital assets	-	-	-	-	(12,700)	-	(12,700)	(40,653)
BALANCE, END OF YEAR	59,743	182,870	156,215	5,026,315	194,072	43,698	5,662,913	5,555,077
<b>ACCUMULATED AMORTIZATION</b>								
BEGINNING BALANCE	-	85,351	30,083	1,116,051	57,402	18,715	1,307,602	1,205,923
Annual amortization	-	7,856	2,050	102,780	25,216	4,278	142,180	135,003
Accumulated amortization on disposal	-	-	-	-	(8,890)	-	(8,890)	(33,324)
BALANCE, END OF YEAR	-	93,207	32,133	1,218,831	73,728	22,993	1,440,892	1,307,602
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	59,743	89,663	124,082	3,807,484	120,344	20,705	\$ 4,222,021	\$ 4,247,475
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	59,743	97,519	69,325	3,870,385	136,520	13,983	4,247,475	

# VILLAGE OF LOMOND

## SCHEDULE OF PROPERTY TAXES YEAR ENDED DECEMBER 31, 2018

### SCHEDULE 3

	Budget (note 14)	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 119,022	\$ 119,318	\$ 111,524
Linear property taxes	7,115	7,115	7,158
Business taxes	45,379	45,379	51,384
Government grants in place of property taxes	1,430	1,430	1,171
Special assessments and local improvement taxes	21,006	21,006	21,845
	193,952	194,248	193,082
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	34,256	34,256	34,140
Marquis Seniors Foundation	1,902	1,902	1,909
	36,158	36,158	36,049
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ 157,794	\$ 158,090	\$ 157,033

# VILLAGE OF LOMOND

## SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2018

### SCHEDULE 4

	Budget (note 14)	2018	2017
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 35,000	\$ 25,990	\$ 32,419
Federal Government	-	-	800
	35,000	25,990	33,219
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	211,469	142,030	153,961
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 246,469</b>	<b>\$ 168,020</b>	<b>\$ 187,180</b>

# VILLAGE OF LOMOND

## SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2018

### SCHEDULE 5

	Budget (note 14)	2018	2017
<b>EXPENSES</b>			
Salaries, wages and benefits	\$ 65,200	\$ 63,849	\$ 61,100
Contracted and general services	166,150	156,538	145,822
Materials, goods, supplies and utilities	113,340	117,918	126,769
Interest on long term debt	8,670	8,668	9,044
Transfer to local boards and agencies	39,798	45,668	47,331
Other expenditures	5,895	4,858	7,153
Amortization of tangible capital assets	139,457	142,180	135,002
Loss on disposal of tangible capital assets	-	3,810	-
	<u>\$ 538,510</u>	<u>\$ 543,489</u>	<u>\$ 532,221</u>

# VILLAGE OF LOMOND

## SCHEDULE OF SEGMENT DISCLOSURE YEAR ENDED DECEMBER 31, 2018

### SCHEDULE 6

	Legislation & Administration	Public Works, Water, Waste	Community Services	Total
<b>REVENUE</b>				
Taxation	\$ 158,090	\$ -	\$ -	\$ 158,090
User and regulatory fees	35,417	110,251	-	145,668
Government transfers (schedule 4)	-	168,020	-	168,020
Other	36,311	-	200	36,511
	<u>229,818</u>	<u>278,271</u>	<u>200</u>	<u>508,289</u>
<b>EXPENSES</b>				
Salaries and benefits	54,228	9,621	-	63,849
Goods and services	85,152	215,368	19,604	320,124
Interest	-	8,668	-	8,668
Amortization	3,884	130,593	7,703	142,180
Other	4,859	3,809	-	8,668
	<u>148,123</u>	<u>368,059</u>	<u>27,307</u>	<u>543,489</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 81,695</u>	<u>\$ (89,788)</u>	<u>\$ (27,107)</u>	<u>\$ (35,200)</u>



# VILLAGE OF LOMOND

## SCHEDULE OF SEGMENT DISCLOSURE YEAR ENDED DECEMBER 31, 2017

### SCHEDULE 6

	Legislation & Administration	Public Works, Water, Waste	Community Services	Total
<b>REVENUE</b>				
Taxation	\$ 157,033	\$ -	\$ -	\$ 157,033
User and regulatory fees	35,572	120,965	-	156,537
Government transfers (schedule 4)	-	175,135	12,045	187,180
Other	28,027	-	-	28,027
Gain on disposal of tangible capital assets	-	11,170	-	11,170
	<u>220,632</u>	<u>307,270</u>	<u>12,045</u>	<u>539,947</u>
<b>EXPENSES</b>				
Salaries and benefits	52,951	8,149	-	61,100
Goods and services	80,287	222,298	17,337	319,922
Interest	-	9,044	-	9,044
Amortization	3,135	122,893	8,974	135,002
Other	7,153	-	-	7,153
	<u>143,526</u>	<u>362,384</u>	<u>26,311</u>	<u>532,221</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 77,106</u>	<u>\$ (55,114)</u>	<u>\$ (14,266)</u>	<u>\$ 7,726</u>

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lomond (the "Village") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

#### a) Reporting Entity

The financial statements reflect the assets, liabilities, revenue and expenses, and changes in financial assets (debt) and cash flows of the reporting entity. This entity is comprised of the municipal operations.

The schedule of taxes levied also includes operating requisitions for educational and social organizations that are not part of the municipal reporting entity.

#### b) 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 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.

#### 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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

#### d) 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.

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Land Held for Resale

Land held for resale is recorded at the lower of average cost or net realizable value. Cost includes amount 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 and sidewalks are recorded as physical assets under the respective function.

#### f) Government Transfers

Government transfers are the transfers 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 as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations liabilities are settled.

#### g) Prepaid Local Improvements Charges

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.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

#### h) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

#### i) Taxation Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) 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 revenue over expenses, provides the change in net financial assets (debt) for the year.

#### i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed 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	15-30
Buildings	50
Electronic controls	15
Engineered structures	
Roadway system	10-40
Water system	45-75
Wastewater system	45-75
Machinery and equipment	10-15
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

#### ii. Contributions of Tangible Capital Assets

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

#### iii. 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.

### 2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash in bank	\$ 328,797	\$ 332,058
Restricted cash - cemetery	20,196	4,753
Temporary investments	4,467	4,467
	<u>\$ 353,460</u>	<u>\$ 341,278</u>

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 2. CASH AND TEMPORARY INVESTMENTS (continued)

Temporary investments are short term deposits earning interest at 0.50% (2017 - 0.50%), maturing in 2019. There is a \$1,200 term deposit earning interest at 2.05% (2017 - 2.05%), maturing in 2019. Cash in bank earns interest at 0.05%.

The Village has access to overdraft funds to a maximum of \$45,000 in which the balance at year-end was \$nil. (2017 - \$nil)

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2018</u>	<u>2017</u>
Current taxes and grants in place of taxes	\$ 45,885	\$ 34,300
Arrears taxes and interest	<u>70,147</u>	<u>63,339</u>
	<u>\$ 116,032</u>	<u>\$ 97,639</u>

### 4. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Municipal Sustainability Initiative Capital	\$ 285,033	\$ 238,716
Gas Tax Fund	58,967	100,000
Alberta Community Partnership	12,500	-
Cemetery Donation	20,000	-
Municipal Sustainability Initiative Operating	<u>8,788</u>	<u>-</u>
	<u>\$ 385,288</u>	<u>\$ 338,716</u>

In the current year funding in the amount of \$182,091 (2017 - \$313,214) was received from the Municipal Sustainability Initiative of which \$34,778 is from the operating component. Amounts shown above comprise the unspent portion of these funds. The use of these funds is restricted to eligible capital and operating projects, as approved under the funding agreement.

Unexpended funds related to the advances are supported by cash, temporary investments and accounts receivable.

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 5. LONG-TERM DEBT

	2018	2017
Bank loans	<u>\$ 260,370</u>	<u>\$ 272,120</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2019	12,140	8,279	20,419
2020	12,541	7,878	20,419
2021	12,955	7,465	20,420
2022	13,382	7,037	20,419
2023	13,823	6,596	20,419
Thereafter	195,529	45,570	241,099
	<u>\$ 260,370</u>	<u>\$ 82,825</u>	<u>\$ 343,195</u>

The Village has a bank loan repayable to Chinook Financial. The loan bears interest at 3.25% per annum, repayable in monthly principal and interest payments of \$1,702 and matures in 2035.

Interest on long-term debt amounted to \$8,669 and the Village's total cash payments for interest in 2018 were \$8,669.

### 6. DEBT LIMITS

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

	2018	2017
Total debt limit	<u>\$ 549,389</u>	<u>\$ 578,979</u>
Total debt	<u>260,370</u>	<u>272,120</u>
Amount of debt limit unused	<u>\$ 289,019</u>	<u>\$ 306,859</u>
Debt servicing limit	<u>\$ 91,565</u>	<u>\$ 96,497</u>
Debt servicing	<u>20,419</u>	<u>20,419</u>
Amount of debt servicing limit unused	<u>\$ 71,146</u>	<u>\$ 76,078</u>

The debt limit is calculated at 1.5 times revenue of the Village (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 Village. Rather, the financial statements must be interpreted as a whole.



# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 7. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities and long term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in lieu of taxes receivable and trade and other receivables. Taxes and grants in lieu receivable includes \$49,014 (2017 - \$36,443) due from one taxpayers (2017 - one). The Village manages this risk by following the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act, which includes the right of the Village to offer up for sale at a public auction those properties with taxes in arrears.

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

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Tangible capital assets (schedule 2)	\$ 5,662,913	\$ 5,555,077
Accumulated amortization (schedule 2)	<u>(1,440,892)</u>	<u>(1,307,602)</u>
	<u>\$ 4,222,021</u>	<u>\$ 4,247,475</u>

### 9. ACCUMULATED SURPLUS

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ (68,617)	\$ (66,535)
Restricted surplus		
Cemetery	1,103	4,753
Capital	-	-
Equity in tangible capital assets (note 8)	<u>4,222,021</u>	<u>4,247,475</u>
	<u>\$ 4,150,493</u>	<u>\$ 4,185,693</u>

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2018 Total	2017 Total
Councillors				
Koch	\$ 1,050	\$ 163	\$ 1,213	\$ 1,558
Stokes	1,050	163	1,213	1,164
Donnelly	900	139	1,039	1,504
Chief Administrative Officer	39,201	10,993	50,194	47,285

(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.

### 11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village 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 serves 259,714 members and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Village 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. Employees of the Village are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$3,859 (2017 - \$4,028). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2018 were \$3,487 (2017 - \$3,674).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

# VILLAGE OF LOMOND

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 14. BUDGETED INFORMATION

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	<u>2018</u>
Financial Plan Bylaw deficiency for the year	\$ (138,557)
Add: Long-term debt repayments	20,420
Capital expenditures	191,350
2017 fund deficit	1,219
Less: Reserve activity	
Interest on debt repayments	<u>(8,670)</u>
Budget surplus reported in financial statements	<u>\$ 65,762</u>

### 15. COMMITMENTS

The Village has entered into a six year contract with Benchmark Assessments to act as a tax assessor (2019-2023). The scheduled payments not including GST are as follows:

2019	4,465
2020	4,577
2021	4,691
2022	4,808
2023	<u>4,928</u>
	<u>\$ 23,469</u>

The Village has entered into a contract with the water treatment plant operator. This contract ends October 31, 2019. The amounts scheduled to be paid are \$3,500 per month.

### 16. CONTAMINATED SITES LIABILITY

The Village has adopted PS3260, Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2018 as a result of this standard.

# **VILLAGE OF LOMOND**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### **12. CONTINGENCIES**

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village 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.

### **13. SEGMENTED INFORMATION**

The Village provides a range of services to its citizens. For management reporting purposes the Village's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations or limitations.

Village services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Administration**

Administration is responsible for the management of the Village.

#### **Public Works, Water, and Waste**

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and the maintenance of the parks and open spaces. The department also provides drinking water to the citizens of the Village, collection and treatment of wastewater, and collection and disposal of solid waste.

#### **Community Services**

The Village provides and assists in funding other organizations to provide community services for the Village residents, including emergency, cemetery, recreation and library services.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The Administration reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to Administration services based on the Fund's net surplus. Certain taxation and other revenues have been apportioned based on a percentage of the other recorded expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.