

TOWN OF NANTON

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

TOWN OF NANTON
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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Town of Nanton

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Management's Responsibility for Reporting

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

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated 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 consolidated 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 Town Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the consolidated 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 Town's external auditors.

The consolidated financial statements have been audited by the independent firm of BDO Canada LLP. Their report to the Members of Council of the Town of Nanton, stating the scope of their examination and opinion on the financial statements, follow.

Neil Smith, CAO
April 15, 2019



Independent Auditor's Report

To the Mayor and Members of Council of Town of Nanton

Opinion

We have audited the consolidated financial statements of Town of Nanton and its controlled entities (the Group), which comprise the consolidated the statement of financial position as at December 31, 2018, and the consolidated statement of operations, the consolidated changes in net financial assets and the consolidated cashflows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

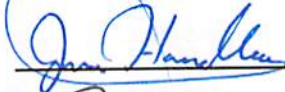
Lethbridge, Alberta
April 15, 2019


TOWN OF NANTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and temporary investments (note 2) | 3,291,903 | 2,946,954 |
| Receivables | | |
| Taxes and grants in place of taxes (note 3) | 190,707 | 161,066 |
| Trade and other receivables (note 3) | 294,670 | 254,097 |
| Due from other governments (note 3) | 272,125 | 1,107,038 |
| Land held for resale | 289,106 | 294,382 |
| Investments (note 4) | 702,023 | 674,724 |
| | <u>5,040,534</u> | <u>5,438,261</u> |
| LIABILITIES | | |
| Line of credit facility (note 2) | - | 200,000 |
| Accounts payable and accrued liabilities (note 5) | 500,340 | 482,167 |
| Deposit liabilities | 97,556 | 126,151 |
| Deferred revenue (note 6) | 338,338 | 698,918 |
| Long-term debt (note 8) | 290,542 | 479,247 |
| | <u>1,226,776</u> | <u>1,986,483</u> |
| NET FINANCIAL ASSETS | <u>3,813,758</u> | <u>3,451,778</u> |
| NON - FINANCIAL ASSETS | | |
| Tangible capital assets (schedule 2) | 38,811,801 | 38,887,724 |
| Prepaid expenses | 98,408 | 94,276 |
| | <u>38,910,209</u> | <u>38,982,000</u> |
| ACCUMULATED SURPLUS (schedule 1, note 11) | <u>42,723,967</u> | <u>42,433,778</u> |

Commitments & Contingencies - see notes 16 & 17

APPROVED BY:





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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

| | Budget \$ (note 12) | 2018 \$ | 2017 \$ |
|--|------------------------|-------------------|-------------------|
| REVENUE | | | |
| Net municipal taxes (schedule 3) | 2,788,500 | 2,887,913 | 2,724,621 |
| User fees and sales of goods | 1,242,590 | 1,503,560 | 1,585,123 |
| Penalties and cost of taxes | 61,520 | 49,635 | 60,725 |
| Government transfers (schedule 4) | 175,660 | 308,775 | 165,017 |
| Fines | 28,700 | 46,854 | 30,522 |
| Franchise and concession contracts | 150,000 | 208,740 | 209,084 |
| Investment income | 25,000 | 82,088 | 59,771 |
| Rentals | 160,640 | 172,409 | 191,442 |
| Licenses and permits | 73,530 | 68,835 | 92,512 |
| Other | 2,500 | 72,116 | 58,592 |
| TOTAL REVENUE | 4,708,640 | 5,400,925 | 5,177,409 |
| EXPENSES | | | |
| Legislative | 154,170 | 132,251 | 127,532 |
| General administration | 700,660 | 762,152 | 757,692 |
| Fire | 152,850 | 199,044 | 204,666 |
| Municipal enforcement and disaster | 92,500 | 84,252 | 91,537 |
| Common services | 252,950 | 261,213 | 307,614 |
| Roads, streets, walks, lighting | 349,160 | 576,511 | 471,878 |
| Water supply and distribution | 491,040 | 891,572 | 823,802 |
| Waste water treatment and disposal | 517,210 | 1,153,629 | 971,410 |
| Waste management | 89,240 | 78,297 | 128,394 |
| Recycling | 106,130 | 151,635 | 109,090 |
| Marketing and communications | 108,030 | 83,820 | 138,820 |
| Cemetery | 16,620 | 5,865 | 10,621 |
| Land use, planning, zoning and development | 180,100 | 189,312 | 196,884 |
| Parks and recreation | 764,010 | 929,078 | 913,700 |
| Culture | 87,870 | 95,799 | 84,156 |
| FCSS and public health | 81,900 | 82,106 | 81,003 |
| TOTAL EXPENSES | 4,144,440 | 5,676,536 | 5,418,799 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER | 564,200 | (275,611) | (241,390) |
| OTHER | | | |
| Government transfers for capital (schedule 4) | 1,161,500 | 565,800 | 2,990,895 |
| EXCESS OF REVENUE OVER EXPENSES | 1,725,700 | 290,189 | 2,749,505 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 42,433,778 | 42,433,778 | 39,684,273 |
| ACCUMULATED SURPLUS, END OF YEAR | 44,159,478 | 42,723,967 | 42,433,778 |

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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2018

| | Budget \$ | 2018 \$ | 2017 \$ |
|--|--------------------|------------------|--------------------|
| EXCESS OF REVENUES OVER EXPENSES | 1,725,700 | 290,189 | 2,749,505 |
| Acquisition of tangible capital assets | (4,155,615) | (1,190,786) | (3,612,272) |
| Proceeds on disposal of tangible capital assets | - | 66,100 | 527 |
| Amortization of tangible capital assets | - | 1,194,845 | 1,060,629 |
| Loss (gain) on disposal of tangible capital assets | - | 5,765 | 240,359 |
| | (4,155,615) | 75,924 | (2,310,757) |
| Acquisition of prepaid expenses | - | (98,408) | (94,276) |
| Use of prepaid assets | - | 94,276 | 82,385 |
| | - | (4,132) | (11,891) |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (2,429,915) | 361,981 | 426,857 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 3,451,778 | 3,451,778 | 3,024,921 |
| NET FINANCIAL ASSETS, END OF YEAR | 1,021,863 | 3,813,758 | 3,451,778 |

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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

| | 2018 \$ | 2017 \$ |
|--|--------------------|--------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenue over expenses | 290,189 | 2,749,505 |
| Non-cash items included in excess (shortfall) of revenue over expenses: | | |
| Amortization | 1,194,845 | 1,060,629 |
| Loss (gain) on disposal of tangible capital assets | 5,764 | 240,359 |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in place receivable | (29,641) | 58,516 |
| Decrease (increase) in trade and other receivables | (40,573) | (6,360) |
| Decrease (increase) in due from other governments | 834,913 | 50,303 |
| Decrease (increase) in land for resale | 5,276 | (21,570) |
| Decrease (increase) in investments | (27,299) | (15,757) |
| Decrease (increase) in prepaid expenses | (4,132) | (11,891) |
| Increase (decrease) in accounts payable and accrued liabilities | 18,173 | (598,129) |
| Increase (decrease) in deposit liabilities | (28,595) | 1,419 |
| Increase (decrease) in deferred revenue | (360,580) | (613,764) |
| Cash provided by operating transactions | 1,858,340 | 2,893,261 |
| CAPITAL | | |
| Acquisition of capital assets | (1,190,786) | (3,612,272) |
| Proceeds on disposal of tangible capital assets | 66,100 | 527 |
| Cash applied to capital transactions | (1,124,686) | (3,611,745) |
| FINANCING | | |
| Long-term debt repaid | (188,705) | (235,698) |
| Line of credit facility repaid (drawn) | (200,000) | (300,000) |
| Cash applied to financing transactions | (388,705) | (535,698) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR | 344,949 | (1,254,182) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,946,954 | 4,201,136 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 3,291,903 | 2,946,954 |

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

TOWN OF NANTON
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 1

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital | 2018 \$ | 2017 \$ |
|---|-------------------------|-----------------------|-------------------------------|-------------------|-------------------|
| BALANCE, BEGINNING OF YEAR | 389,632 | 3,635,668 | 38,408,478 | 42,433,778 | 39,684,273 |
| Excess of revenues over expenses | 290,189 | - | - | 290,189 | 2,749,505 |
| Unrestricted funds designated for future use | (889,492) | 889,492 | - | - | - |
| Restricted funds used for operations | 198,392 | (198,392) | - | - | - |
| Restricted funds used for tangible capital assets | - | (583,291) | 583,291 | - | - |
| Current year funds used for tangible capital assets | (607,495) | - | 607,495 | - | - |
| Disposal of tangible capital assets | 71,865 | - | (71,865) | - | - |
| Annual amortization expense | 1,194,845 | - | (1,194,845) | - | - |
| Long-term debt repaid | (188,705) | - | 188,705 | - | - |
| Change in accumulated surplus | 69,599 | 107,809 | 112,781 | 290,189 | 2,749,505 |
| BALANCE, END OF YEAR | 459,231 | 3,743,477 | 38,521,259 | 42,723,967 | 42,433,778 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 2

| | Land | Land | Buildings | Engineered Structures | | | Machinery and | Vehicles | 2018 | 2017 |
|---|----------------|----------------|------------------|-----------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | | Improvements | | Road & Streets | Water System | Waste System | Equipment | | \$ | \$ |
| COST | | | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 765,439 | 349,724 | 6,747,669 | 10,642,463 | 14,348,655 | 20,677,018 | 2,594,302 | 1,486,172 | 57,611,442 | 54,903,201 |
| Acquisition of tangible capital assets | 126,300 | - | 93,106 | 59,303 | 88,745 | - | 121,816 | - | 489,270 | 3,612,272 |
| Additions to construction-in-progress | - | - | 701,516 | - | - | - | - | - | 701,516 | - |
| Disposition of tangible capital assets | - | - | - | - | - | - | (94,027) | - | (94,027) | (904,031) |
| BALANCE, END OF YEAR | 891,739 | 349,724 | 7,542,291 | 10,701,766 | 14,437,400 | 20,677,018 | 2,622,091 | 1,486,172 | 58,708,202 | 57,611,442 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 147,578 | 2,866,755 | 5,913,703 | 4,143,403 | 2,817,737 | 1,727,103 | 1,107,439 | 18,723,718 | 18,326,234 |
| Annual amortization | - | 23,899 | 115,098 | 216,963 | 280,935 | 385,004 | 105,908 | 67,038 | 1,194,845 | 1,060,629 |
| Accumulated amortization on disposal | - | - | - | - | - | - | (22,162) | - | (22,162) | (663,145) |
| BALANCE, END OF YEAR | - | 171,477 | 2,981,853 | 6,130,666 | 4,424,338 | 3,202,741 | 1,810,849 | 1,174,477 | 19,896,401 | 18,723,718 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 891,739 | 178,247 | 4,560,438 | 4,571,100 | 10,013,062 | 17,474,277 | 811,242 | 311,695 | 38,811,801 | 38,887,724 |
| 2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 765,439 | 202,146 | 3,880,914 | 4,728,760 | 10,205,252 | 17,859,281 | 867,199 | 378,733 | 38,887,724 | |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF PROPERTY AND OTHER TAXES
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 3

| | Budget \$ | 2018 \$ | 2017 \$ |
|---|------------------|------------------|------------------|
| TAXATION | | | |
| Real property taxes | 3,715,975 | 3,741,806 | 3,517,647 |
| Linear property taxes | - | 59,684 | 59,226 |
| Government grants in place of property taxes | - | 14,199 | 13,572 |
| Special assessments and local improvement taxes | 6,970 | 6,666 | 6,666 |
| | <u>3,722,945</u> | <u>3,822,355</u> | <u>3,597,111</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 828,505 | 828,510 | 775,031 |
| Seniors' Lodge | 105,940 | 105,932 | 97,459 |
| | <u>934,445</u> | <u>934,442</u> | <u>872,490</u> |
| NET MUNICIPAL TAXES | <u>2,788,500</u> | <u>2,887,913</u> | <u>2,724,621</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 4

| | Budget \$ | 2018 \$ | 2017 \$ |
|-----------------------------------|------------------|----------------|------------------|
| TRANSFERS FOR OPERATING | | | |
| Federal Government | - | 50,000 | - |
| Provincial Government | 102,910 | 186,775 | 92,017 |
| Other Local Governments | 72,750 | 72,000 | 73,000 |
| | <u>175,660</u> | <u>308,775</u> | <u>165,017</u> |
| TRANSFERS FOR CAPITAL | | | |
| Federal Government | - | - | - |
| Provincial Government | 1,161,500 | 565,800 | 2,990,895 |
| | <u>1,161,500</u> | <u>565,800</u> | <u>2,990,895</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>1,337,160</u> | <u>874,575</u> | <u>3,155,912</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 5

| EXPENSES | Budget \$ | 2018 \$ | 2017 \$ |
|---|----------------------------|--------------------------|--------------------------|
| Salaries, wages and benefits | 1,720,300 | 1,611,273 | 1,748,913 |
| Contracted and general services | 1,451,140 | 1,828,229 | 1,406,335 |
| Materials, goods and utilities | 819,650 | 890,955 | 724,480 |
| Transfers to local boards and agencies | 129,380 | 131,295 | 139,362 |
| Bank charges and short-term interest | 1,280 | 2,526 | 8,441 |
| Interest on long-term debt | 20,690 | 17,903 | 28,479 |
| Other expenses | 2,000 | (490) | 61,801 |
| Amortization of tangible capital assets | - | 1,194,845 | 1,060,629 |
| Loss on disposal of tangible capital assets | - | - | 240,359 |
| | 4,144,440 | 5,676,536 | 5,418,799 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2018
SCHEDULE 6

| | General Government | Protective Services | Transportation Services | Planning and Development | Recreation and Culture | Environmental Services | Other | Total \$ |
|---|-----------------------|------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------|------------------|
| REVENUE | | | | | | | | |
| Net municipal taxes | 2,887,913 | - | - | - | - | - | - | 2,887,913 |
| Government transfers | 121,205 | 8,000 | 27,055 | 21,000 | 515,570 | 178,745 | 3,000 | 874,575 |
| User fees and sales of goods | 3,419 | 375 | 375 | 265,221 | 34,390 | 1,189,255 | 10,525 | 1,503,560 |
| Investment income | 82,088 | - | - | - | - | - | - | 82,088 |
| Other revenues | 279,835 | 96,783 | 736 | 102,045 | 133,295 | 4,912 | 983 | 618,589 |
| | <u>3,374,460</u> | <u>105,158</u> | <u>28,166</u> | <u>388,266</u> | <u>683,255</u> | <u>1,372,912</u> | <u>14,508</u> | <u>5,966,725</u> |
| EXPENSES | | | | | | | | |
| Salaries, wages and benefits | 516,655 | 49,025 | 174,229 | 82,484 | 434,761 | 349,975 | 4,144 | 1,611,273 |
| Contracted and general services | 319,536 | 145,289 | 150,495 | 165,339 | 212,065 | 835,062 | 443 | 1,828,229 |
| Materials, goods and utilities | 39,302 | 27,082 | 240,931 | 9,737 | 174,154 | 399,480 | 269 | 890,955 |
| Transfers to local boards and agencies | 84,405 | - | - | 2,000 | 44,890 | - | - | 131,295 |
| Interest on long-term debt | - | - | - | 13,572 | - | 4,331 | - | 17,903 |
| Other expenses | 2,036 | - | - | - | - | - | - | 2,036 |
| | <u>961,934</u> | <u>221,396</u> | <u>565,655</u> | <u>273,132</u> | <u>865,870</u> | <u>1,588,848</u> | <u>4,856</u> | <u>4,481,691</u> |
| NET REVENUE, BEFORE AMORTIZATION | <u>2,412,526</u> | <u>(116,238)</u> | <u>(537,489)</u> | <u>115,134</u> | <u>(182,615)</u> | <u>(215,936)</u> | <u>9,652</u> | <u>1,485,034</u> |
| Amortization expense | 14,575 | 61,900 | 272,069 | - | 159,007 | 686,285 | 1,009 | 1,194,845 |
| NET REVENUE | <u>2,397,951</u> | <u>(178,138)</u> | <u>(809,558)</u> | <u>115,134</u> | <u>(341,622)</u> | <u>(902,221)</u> | <u>8,643</u> | <u>290,189</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2017
SCHEDULE 6

| | General Government | Protective Services | Transportation Services | Planning and Development | Recreation and Culture | Environmental Services | Other | Total \$ |
|---|-----------------------|------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------|------------------|
| REVENUE | | | | | | | | |
| Net municipal taxes | 2,724,621 | - | - | - | - | - | - | 2,724,621 |
| Government transfers | 67,138 | 8,000 | 311,116 | 8,150 | 68,729 | 2,689,779 | 3,000 | 3,155,912 |
| User fees and sales of goods | 6,400 | 775 | 975 | 337,180 | 29,548 | 1,199,905 | 10,340 | 1,585,123 |
| Investment income | 59,771 | - | - | - | - | - | - | 59,771 |
| Other revenues | 290,582 | 79,008 | 5,011 | 104,389 | 158,803 | 5,084 | - | 642,877 |
| | <u>3,148,512</u> | <u>87,783</u> | <u>317,102</u> | <u>449,719</u> | <u>257,080</u> | <u>3,894,768</u> | <u>13,340</u> | <u>8,168,304</u> |
| EXPENSES | | | | | | | | |
| Salaries, wages and benefits | 542,780 | 52,697 | 223,425 | 137,051 | 410,594 | 374,460 | 7,906 | 1,748,913 |
| Contracted and general services | 205,694 | 163,092 | 65,238 | 170,640 | 206,549 | 593,755 | 1,367 | 1,406,335 |
| Materials, goods and utilities | 38,810 | 18,513 | 221,940 | 2,732 | 179,417 | 262,727 | 341 | 724,480 |
| Transfers to local boards and agencies | 92,131 | - | - | 2,800 | 44,431 | - | - | 139,362 |
| Interest on long-term debt | - | - | - | 22,481 | - | 5,998 | - | 28,479 |
| Other expenses | 70,236 | - | - | - | - | 240,365 | - | 310,601 |
| | <u>949,651</u> | <u>234,302</u> | <u>510,603</u> | <u>335,704</u> | <u>840,991</u> | <u>1,477,305</u> | <u>9,614</u> | <u>4,358,170</u> |
| NET REVENUE, BEFORE AMORTIZATION | <u>2,198,861</u> | <u>(146,519)</u> | <u>(193,501)</u> | <u>114,015</u> | <u>(583,911)</u> | <u>2,417,463</u> | <u>3,726</u> | <u>3,810,134</u> |
| Amortization expense | 16,576 | 61,901 | 268,889 | - | 156,865 | 555,391 | 1,007 | 1,060,629 |
| NET REVENUE | <u>2,182,285</u> | <u>(208,420)</u> | <u>(462,390)</u> | <u>114,015</u> | <u>(740,776)</u> | <u>1,862,072</u> | <u>2,719</u> | <u>2,749,505</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Town of Nanton (the "Town") are the representations of management prepared in accordance with generally accepted accounting principals 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 Town of Nanton are as follows:

a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the Town operations plus all of the entities that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources. They include the following:

Nanton Fire Department
Nanton Family & Community Support Services
Thelma Fanning Memorial Library
Nanton Health Centre Management Committee (NHCMC)

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 have been eliminated.

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 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.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. 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.

f) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

g) 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.

h) Tax 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.

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

i) Government Transfers

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 transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess (deficiency) of revenue over expenses, provides the consolidated Change in Net Financial Assets 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 |
|-------------------------|-------|
| Buildings | 15-50 |
| Engineered structures | |
| Roads | 15-30 |
| Water systems | 45-75 |
| Wastewater systems | 40-75 |
| Land improvements | 10-20 |
| Machinery and equipment | 3-30 |
| Vehicles | 10 |

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

ii. Contributions on 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost, with cost determined by the average cost method, except for gravel and fuel which is determined by the first-in, first-out method.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial Instruments

Unless otherwise noted, the fair value of the financial instrument approximates their carrying value and it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from financial instruments.

The Town 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 Town 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.

l) Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

m) Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Town's operations and would otherwise have been purchased at their fair value at the date of the contribution if fair value can be reasonably estimated.

2. CASH AND TEMPORARY INVESTMENTS

| | 2018 \$ | 2017 \$ |
|------|------------|------------|
| Cash | 3,291,903 | 2,946,954 |

Included in cash are savings accounts which bear interest between 0.40% and 1.65%.

The Town has an available revolving line of credit facility up to \$5,000,000 with interest payable at prime minus 0.25%. As at December 31, 2018 the balance owing on this facility is \$Nil (2017-\$200,000).

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

| 3. RECEIVABLES | 2018 | 2017 |
|--|----------------|------------------|
| | \$ | \$ |
| Current taxes and grants in place of taxes | <u>148,153</u> | <u>120,221</u> |
| Arrears taxes | <u>42,554</u> | <u>40,845</u> |
| | <u>190,707</u> | <u>161,066</u> |
| Utilities receivable | 193,227 | 196,591 |
| Accrued receivables | 23,831 | 27,380 |
| Other receivables | <u>77,612</u> | <u>30,126</u> |
| Due from federal government | | |
| | <u>294,670</u> | <u>254,097</u> |
| GST receivable | 42,991 | 36,258 |
| Due from provincial government | 13,477 | 590,396 |
| Due from federal government | <u>215,657</u> | <u>480,384</u> |
| | <u>272,125</u> | <u>1,107,038</u> |

The Town's exposure to credit risk arises from the possibility that taxpayers may fail to meet their obligations. Taxes and grants in lieu receivable includes \$33,894 (2017- \$9,315) due from three (2017 - one) taxpayer(s). The Town 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 Town to offer up for sale at a public auction those properties with taxes in arrears.

| 4. INVESTMENTS | 2018 - \$ | | 2017 |
|---------------------------------|---------------------|-----------------------|----------------|
| | <u>Market Value</u> | <u>Amortized Cost</u> | <u>\$</u> |
| Investment shares | 95 | 95 | 95 |
| Investments - BMO Nesbitt Burns | <u>708,405</u> | <u>701,928</u> | <u>674,629</u> |
| | <u>708,500</u> | <u>702,023</u> | <u>674,724</u> |

The investments with BMO Nesbitt Burns include corporate bonds with an effective interest rate of 2.59%, maturing in 2022; strips and coupons with an effective interest rate between 2.66% and 3.05%, maturing between 2019 and 2024.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
 Included in accounts payable and accrued liabilities are employee benefit obligations (accrued wages and vacation) of \$95,976 (2017 - \$143,295). Employees have either earned the benefits or are entitled to these within the next budgetary year.

| 6. DEFERRED REVENUE | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Alberta Community Partnership Program | 178,163 | 175,604 |
| Federal Gas Tax Fund | - | 75,269 |
| Miscellaneous | 2,380 | 3,716 |
| Municipal Sustainability Initiative - Capital | 111,680 | 385,026 |
| Municipal Sustainability Initiative - Operating | 15,247 | 28,435 |
| Nanton Physician Recruitment | <u>30,868</u> | <u>30,868</u> |
| | <u>338,338</u> | <u>698,918</u> |

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

6. DEFERRED REVENUE (CONTINUED)

Municipal Sustainability Initiative - Capital

The Province provides conditional grant funding through this program to assist with various capital expenditures in the Town. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Municipal Sustainability Initiative - Operating

The Province provides conditional grant funding through this program to assist with various operating expenditures in the Town. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Federal Gas Tax Fund

This Government of Alberta Transportation grant is restricted to eligible expenditures as approved under the funding agreement.

Alberta Municipal Water and Wastewater Partnership

This Provincial grant is restricted to eligible expenditures as approved under the funding agreement.

Alberta Community Partnership Program

This Provincial grant is restricted to eligible expenditures as approved under the funding agreement.

7. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2018 (2017-\$nil) as a result of this standard.

8. LONG-TERM DEBT

| | <u>2018</u> | <u>2017</u> | |
|-----------------|------------------|-----------------|----------------|
| | \$ | \$ | |
| Debentures | <u>290,542</u> | <u>479,247</u> | |
| Current Portion | <u>198,116</u> | <u>188,706</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2019 | 198,116 | 11,281 | 209,397 |
| 2020 | 7,150 | 3,854 | 11,004 |
| 2021 | 7,457 | 3,854 | 11,311 |
| 2022 | 7,778 | 3,227 | 11,005 |
| 2023 | 8,112 | 2,893 | 11,005 |
| Thereafter | <u>61,929</u> | <u>9,605</u> | <u>71,534</u> |
| | <u>290,542</u> | <u>34,714</u> | <u>325,256</u> |

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

8. LONG-TERM DEBT (CONTINUED)

Long-term debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.25% to 4.95% per annum and matures in periods through 2019 to 2030.

Long-term debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$17,902 (2017 - \$28,478).

The Town's total cash payments for interest in 2018 was \$20,012 (2017 - \$31,627).

9. DEBT LIMITS

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

| | 2018 \$ | 2017 \$ |
|---------------------------------------|------------|------------|
| Total debt limit | 8,101,388 | 7,766,114 |
| Total debt | (290,542) | (679,247) |
| Amount total debt limit unused | 7,810,846 | 7,086,867 |
| Debt servicing limit | 1,350,231 | 1,294,352 |
| Debt servicing | (209,397) | (209,398) |
| Amount of debt servicing limit unused | 1,140,834 | 1,084,954 |

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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2018 \$ | 2017 \$ |
|---------------------------------------|--------------|--------------|
| Tangible capital assets (schedule 2) | 58,708,202 | 57,611,442 |
| Accumulated amortization (schedule 2) | (19,896,401) | (18,723,718) |
| Long-term debt (note 8) | (290,542) | (479,247) |
| | 38,521,259 | 38,408,477 |

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

11. 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 | <u>459,231</u> | <u>389,632</u> |
| Restricted surplus | | |
| General operating | 550,000 | 600,000 |
| Utility operating | 277,447 | 258,147 |
| Utility infrastructure | 363,410 | 174,074 |
| Road infrastructure | 393,243 | 273,448 |
| Land developments - industrial and commercial | 261,333 | 355,715 |
| Land developments - Westview | 918,767 | 846,591 |
| Building and land improvements | 569,764 | 873,717 |
| Machine and equipment - general | 186,108 | 190,265 |
| Vehicles - fire | 137,050 | - |
| NHCMC | <u>86,355</u> | <u>63,711</u> |
| | <u>3,743,477</u> | <u>3,635,668</u> |
| Equity in tangible capital assets (note 10) | <u>38,521,259</u> | <u>38,408,478</u> |
| | <u>42,723,967</u> | <u>42,433,778</u> |

12. BUDGETED INFORMATION

Budgeted information was prepared under the modified accrual method while Public Sector Accounting Standards require a full accrual basis. This note provides a reconciliation between the budget figures disclosed in the financial statements and the approved budget figures.

| | <u>2018</u> |
|---|-------------|
| | \$ |
| Budget surplus reported in financial statements | 1,725,700 |
| Less: Capital expenditures | (1,656,500) |
| Add: Debt proceeds | - |
| Less: Debt principal repayment | (188,700) |
| Add: Transfer from reserves - debt servicing | 198,390 |
| Add: Transfer from reserves | 540,000 |
| Less: Transfer to reserves | (618,890) |
| Budget approved by Council | <u>-</u> |

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

13. 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:

| | 2018 | | 2017 | |
|-----------------------------------|---------------------|-------------------------|---------|---------|
| | Salary ¹ | Benefits ^{2,3} | Total | Total |
| COUNCILLORS | | | | |
| Anchoris | - | - | - | 10,126 |
| Everett | - | - | - | 15,868 |
| Handley | 19,919 | 453 | 20,373 | 13,071 |
| Hensel | - | - | - | 10,526 |
| Labrune | - | - | - | 10,126 |
| Mitchell | 12,325 | lm | 12,325 | 12,289 |
| West | 14,125 | 290 | 14,415 | 13,729 |
| Czop | 13,725 | 290 | 14,015 | 2,083 |
| Dozeman | 13,325 | 290 | 13,615 | 2,723 |
| McLelland | 12,325 | 290 | 12,615 | 2,343 |
| Wicket | 13,205 | 290 | 13,495 | 2,483 |
| | | | | |
| Chief Administrative Officer | 74,808 | 12,882 | 87,690 | 134,698 |
| | | | | |
| Designated Officers (3 positions) | 217,893 | 41,456 | 259,349 | 212,459 |

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees include 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 and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

14. REGISTERED PENSION PLAN

Employees of the Town of Nanton participate in a private pension plan through Great West Life. The plan covers 19 permanent employees of the Town.

The Town of Nanton is required to make current service contributions to the plan of 7.9% of pensionable payroll. Employees of the Town of Nanton may make voluntary contributions if desired.

Total contributions by the Town of Nanton to Great West Life in 2018 were \$85,003 (2017 - \$82,681).

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

15. SEGMENTED DISCLOSURE

The Town of Nanton 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).

General Government

Included in this segment are revenues and expenses associated with legislative, general administration, family and community support services (FCSS) and public health.

Protective Services

Included in this segment are revenues and expenses associated with fire and municipal enforcement and disaster.

Transportation Services

Included in this segment are revenues and expenses associated with common services and roads, streets, walks and lighting.

Planning and Development

Included in this segment are revenues and expenses associated with marketing and communications, land use, planning, zoning and development.

Recreation and Culture

Included in this segment are revenues and expenses associated with parks and recreation and culture.

Environmental Services

Included in this segment are revenues and expenses associated with water supply and distribution, waste water treatment and disposal, waste management and recycling.

Other

Included in this segment are revenues and expenses associated with the Nanton cemetery.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

16. COMMITMENTS

The Town of Nanton has a five year agreement with Benchmark Assessment Consultants which is set to expire on June 30, 2020 for assessment services. The agreement contains the following agreed upon amounts:

2019: \$25/parcel plus GST
2020: \$25/parcel plus GST

The Town of Nanton has a three year agreement with the MD of Willow Creek which is set to expire on December 31, 2021 for the use of their Peace Officers. The agreement contains the following agreed upon amounts:

2019: \$84,565 + Fuel
2020: \$86,875 + Fuel
2021: \$88,845 + Fuel

The Town of Nanton has a five year agreement with the Access Gas Services for natural gas supply and management services set to expire December 2021.

The Town of Nanton has a three year agreement with AltaGas for electricity services set to expire January 2019.

The Town of Nanton has a three year agreement with GFL Environmental Inc. for waste and recyclables collection and disposal services set to expire in August 2020.

17. CONTINGENCIES

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

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consists of cash and temporary investments, line of credit facility, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, deferred revenue and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subjected 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 Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimized the credit risk.

TOWN OF NANTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

19. NANTON HEALTH CENTRE MANAGEMENT COMMITTEE

The Town of Nanton participates in a Joint Venture with the MD of Willow Creek and the MD of Ranchland in operating the Nanton Health Centre Management Committee and the Nanton Medical Clinic. The three stakeholders share responsibilities for 1/3 of the operating revenues, operating costs and net operating revenues of the Clinic. The Town of Nanton provides management and administrative services as its commitment to the operation. The Joint Venture is proportionately consolidated with the Town of Nanton's financial statements at year-end on a line by line basis.

20. COMPARATIVE FIGURES

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