

TOWN OF NANTON

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

TOWN OF NANTON
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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Town of Nanton

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Management's Responsibility for Reporting

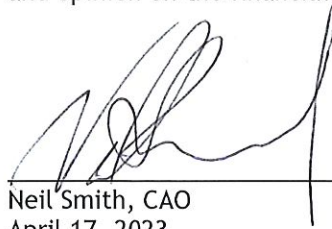
Town of Nanton's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2022 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 17, 2023



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BDO Canada LLP
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Lethbridge, Alberta
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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 Town), which comprise the consolidated the statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets and 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 Town as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated 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 Consolidated 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 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 Town'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 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.

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 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 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 Town 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 Town 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

Chartered Professional Accountants

Lethbridge, Alberta



April 17, 2023

TOWN OF NANTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	5,565,418	5,703,820
Receivables		
Taxes and grants in place of taxes (note 3)	125,795	139,621
Trade and other receivables (note 3)	301,826	299,183
Due from other governments (note 3)	299,243	58,103
Land held for resale	278,674	283,344
Investments (note 4)	877,856	504,833
	7,448,812	6,988,904
 LIABILITIES		
Accounts payable and accrued liabilities (note 5)	364,814	290,696
Deposit liabilities	132,494	117,362
Deferred revenue (note 6)	224,203	417,107
Long-term debt (note 8)	742,969	773,516
	1,464,480	1,598,681
 NET FINANCIAL ASSETS	5,984,332	5,390,223
 NON - FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	37,290,650	37,834,641
Prepaid expenses	121,371	103,554
	37,412,021	37,938,195
 ACCUMULATED SURPLUS (schedule 1, note 11)	43,396,353	43,328,418

Commitments & Contingencies - see notes 16 & 17

APPROVED BY:

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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	Budget \$ (note 12)	2022 \$	2021 \$
REVENUE			
Net municipal taxes (schedule 3)	2,967,502	2,965,068	2,912,115
User fees and sales of goods	1,501,767	1,854,844	1,862,192
Penalties and cost of taxes	60,934	48,327	66,490
Government transfers (schedule 4)	163,451	326,425	265,991
Fines	-	11,577	11,386
Franchise and concession contracts	288,000	339,899	292,787
Investment income	46,500	158,275	37,673
Rentals	162,040	161,992	103,440
Licenses and permits	55,500	56,939	63,448
Other	8,500	60,134	86,113
TOTAL REVENUE	5,254,194	5,983,480	5,701,635
EXPENSES			
Legislative	149,162	135,484	128,558
General administration	803,812	852,999	783,813
Fire	193,472	229,893	247,369
Municipal enforcement and disaster	109,843	114,323	78,023
Common services	342,734	442,431	377,321
Roads, streets, walks, lighting	426,769	657,370	604,663
Water supply and distribution	603,221	1,063,766	904,385
Waste water treatment and disposal	765,014	1,135,596	1,070,365
Waste management	81,000	69,629	85,291
Recycling	75,200	95,029	99,780
Marketing and communications	49,000	47,532	69,126
Cemetery	19,232	17,883	14,145
Land use, planning, zoning and development	160,889	184,565	223,731
Parks and recreation	905,040	1,135,898	1,052,005
Culture	80,750	106,629	95,127
FCSS and public health	80,749	78,971	78,880
TOTAL EXPENSES	4,845,887	6,367,998	5,912,582
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	408,307	(384,518)	(210,947)
OTHER			
Government transfers for capital (schedule 4)	365,000	452,453	1,117,760
EXCESS OF REVENUE OVER EXPENSES	773,307	67,935	906,813
ACCUMULATED SURPLUS, BEGINNING OF YEAR	43,328,418	43,328,418	42,421,605
ACCUMULATED SURPLUS, END OF YEAR	44,101,725	43,396,353	43,328,418

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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2022

	Budget \$	2022 \$	2021 \$
ANNUAL SURPLUS	<u>773,307</u>	<u>67,935</u>	<u>906,813</u>
Acquisition of tangible capital assets	(1,167,500)	(901,676)	(1,228,247)
Proceeds on disposal of tangible capital assets	-	38,087	5,774
Amortization of tangible capital assets	-	1,413,930	1,394,916
Loss (gain) on disposal of tangible capital assets	-	(6,350)	(5,775)
	<u>(1,167,500)</u>	<u>543,991</u>	<u>166,668</u>
Acquisition of prepaid expenses	-	(121,371)	(103,554)
Use of prepaid assets	-	103,554	112,329
	<u>-</u>	<u>(17,817)</u>	<u>8,775</u>
INCREASE IN NET FINANCIAL ASSETS	(394,193)	594,109	1,082,256
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>5,390,223</u>	<u>5,390,223</u>	<u>4,307,967</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>4,996,030</u>	<u>5,984,332</u>	<u>5,390,223</u>

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

TOWN OF NANTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (Deficiency) of revenue over expenses	67,935	906,813
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	1,413,930	1,394,916
Loss (gain) on disposal of tangible capital assets	(6,350)	(5,775)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	13,826	79,923
Increase in trade and other receivables	(2,643)	(26,475)
Decrease in due from other governments	(241,140)	11,025
Decrease in land for resale	4,670	4,259
Decrease (increase) in investments	(373,023)	222,439
Increase in prepaid expenses	(17,817)	8,774
Decrease in accounts payable and accrued liabilities	74,118	(94,867)
Increase (decrease) in deposit liabilities	15,132	21,353
Increase in deferred revenue	(192,904)	164,235
	<u>755,734</u>	<u>2,686,620</u>
Cash provided by operating transactions		
CAPITAL		
Acquisition of capital assets	(901,676)	(1,228,247)
Proceeds on disposal of tangible capital assets	38,087	5,774
	<u>(863,589)</u>	<u>(1,222,473)</u>
Cash applied to capital transactions		
FINANCING		
Long-term debt repaid	(30,547)	(29,619)
	<u>(30,547)</u>	<u>(29,619)</u>
Cash applied to financing transactions		
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(138,402)	1,434,528
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,703,820	4,269,292
CASH AND CASH EQUIVALENTS, END OF YEAR	5,565,418	5,703,820

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

TOWN OF NANTON
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus (note 11)	Equity in Tangible Capital Assets (note 10)	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	380,826	5,243,534	37,704,058	43,328,418	42,421,605
Excess (deficiency) of revenues over expenses	67,935	-	-	67,935	906,813
Unrestricted funds designated for future use	(1,160,477)	1,160,477	-	-	-
Restricted funds used for tangible capital assets	-	(677,633)	677,633	-	-
Current year funds used for tangible capital assets	(224,043)	-	224,043	-	-
Disposal of tangible capital assets	31,736	-	(31,736)	-	-
Annual amortization expense	1,413,930	-	(1,413,930)	-	-
New long-term debt	-	-	-	-	-
Long-term debt repaid	(9,557)	-	9,557	-	-
Change in accumulated surplus	119,524	482,844	(534,433)	67,935	906,813
BALANCE, END OF YEAR	500,350	5,726,378	37,169,625	43,396,353	43,328,418

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

TOWN OF NANTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures			Machinery & Equipment	Vehicles	2022 \$	2021 \$
				Road & Streets	Water System	Waste System				
COST										
BALANCE, BEGINNING OF YEAR	891,739	483,632	7,975,320	11,167,809	15,053,276	20,694,148	3,759,518	1,576,222	61,601,663	60,388,866
Transfers	-	(34,839)	-	-	34,839	-	-	-	-	-
Acquisition of tangible capital assets	701	14,784	39,091	50,000	198,257	117,624	70,691	75,399	566,547	1,213,659
Addition of construction-in-progress (a)	-	-	335,129	-	-	-	-	-	335,129	14,588
Disposition of tangible capital assets	-	-	-	-	-	-	(66,609)	(41,297)	(107,906)	(15,450)
BALANCE, END OF YEAR	892,440	463,577	8,349,540	11,217,809	15,286,372	20,811,772	3,763,600	1,610,324	62,395,433	61,601,663
ACCUMULATED AMORTIZATION										
BALANCE, BEGINNING OF YEAR	-	257,478	3,397,146	6,846,100	5,289,802	4,357,193	2,267,474	1,351,829	23,767,022	22,387,556
Transfer	-	(697)	-	-	697	-	-	-	-	-
Annual amortization	-	41,481	165,861	275,719	310,059	386,418	171,534	62,858	1,413,930	1,394,916
Accumulated amortization on disposal	-	-	-	-	-	-	(34,872)	(41,297)	(76,169)	(15,450)
BALANCE, END OF YEAR	-	298,262	3,563,007	7,121,819	5,600,558	4,743,611	2,404,136	1,373,390	25,104,783	23,767,022
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	892,440	165,315	4,786,533	4,095,990	9,685,814	16,068,161	1,359,464	236,934	37,290,650	37,834,641
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	891,739	226,154	4,578,174	4,321,709	9,763,474	16,336,955	1,492,044	224,392	37,834,641	

(a) Road & streets and machinery & equipment includes \$667,961 of construction in progress which is not amortized as the assets are not in productive use.

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

TOWN OF NANTON
SCHEDULE OF PROPERTY AND OTHER TAXES
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 3

	Budget \$	2022 \$	2021 \$
TAXATION			
Real property taxes	2,967,502	3,945,233	3,824,257
Linear property taxes	-	57,798	57,480
Government grants in place of property taxes	-	13,461	13,119
Special assessments and local improvement taxes	-	6,392	6,666
	<u>2,967,502</u>	<u>4,022,884</u>	<u>3,901,522</u>
REQUISITIONS			
Police	-	90,162	73,395
Alberta School Foundation Fund	-	840,605	799,178
Seniors' Lodge	-	127,049	116,834
	-	<u>1,057,816</u>	<u>989,407</u>
NET MUNICIPAL TAXES	<u>2,967,502</u>	<u>2,965,068</u>	<u>2,912,115</u>

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

TOWN OF NANTON
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 4

	Budget \$	2022 \$	2021 \$
TRANSFERS FOR OPERATING			
Federal Government	-	40,400	4,362
Provincial Government	163,451	198,725	175,109
Other Local Governments	-	87,300	86,520
	<u>163,451</u>	<u>326,425</u>	<u>265,991</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	38,831	152,327
Provincial Government	365,000	413,622	965,433
	<u>365,000</u>	<u>452,453</u>	<u>1,117,760</u>
TOTAL GOVERNMENT TRANSFERS	<u>528,451</u>	<u>778,878</u>	<u>1,383,751</u>

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

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 5

	Budget	2022	2021
	\$	\$	\$
EXPENSES			
Salaries, wages and benefits	2,037,193	2,030,703	1,825,428
Contracted and general services	1,674,164	1,763,323	1,679,390
Materials, goods and utilities	962,241	988,458	852,364
Transfers to local boards and agencies	147,814	144,880	136,258
Bank charges and short-term interest	1,665	4,016	1,103
Interest on long-term debt	22,010	22,689	22,901
Other expenses	800	-	221
Amortization of tangible capital assets	-	1,413,929	1,394,917
	4,845,887	6,367,998	5,912,582

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

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 6

	General Government	Protective Services	Roads, streets, walks, lighting Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	2,965,068	-	-	-	-	-	-	2,965,068
Government transfers	63,944	24,000	50,000	-	394,156	227,420	19,358	778,878
User fees and sales of goods	6,730	300	745	340,145	34,517	1,448,571	23,836	1,854,844
Investment income	158,275	-	-	-	-	-	-	158,275
Other revenues	425,925	59,958	8,351	53,604	125,800	5,230	-	678,868
	3,619,942	84,258	59,096	393,749	554,473	1,681,221	43,194	6,435,933
EXPENSES								
Salaries, wages and benefits	667,790	144,425	321,703	84,149	428,251	370,887	13,498	2,030,703
Contracted and general services	254,218	77,359	178,508	138,566	272,424	839,214	3,034	1,763,323
Materials, goods and utilities	32,124	56,275	266,178	6,102	213,065	414,369	345	988,458
Transfers to local boards and agencies	93,100	-	-	3,280	48,500	-	-	144,880
Interest on long-term debt	-	-	-	-	-	22,689	-	22,689
Other expenses	4,016	-	-	-	-	-	-	4,016
	1,051,248	278,059	766,389	232,097	962,240	1,647,159	16,877	4,954,069
NET REVENUE, BEFORE AMORTIZATION	2,568,694	(193,801)	(707,293)	161,652	(407,767)	34,062	26,317	1,481,864
Amortization expense	16,206	66,157	333,412	-	280,287	716,861	1,006	1,413,929
NET REVENUE	2,552,488	(259,958)	(1,040,705)	161,652	(688,054)	(682,799)	25,311	67,935

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

TOWN OF NANTON
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2021
SCHEDULE 6

	General Government	Protective Services	Roads, streets, walks, lighting Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	2,912,115	-	-	-	-	-	-	2,912,115
Government transfers	189,884	11,000	108,109	-	930,898	140,860	3,000	1,383,751
User fees and sales of goods	8,480	6,894	-	332,310	39,898	1,457,365	17,245	1,862,192
Investment income	37,673	-	-	-	-	-	-	37,673
Other revenues	386,934	60,598	15,274	62,291	93,240	5,327	-	623,664
	3,535,086	78,492	123,383	394,601	1,064,036	1,603,552	20,245	6,819,395
EXPENSES								
Salaries, wages and benefits	612,315	65,448	265,240	86,873	400,107	386,234	9,210	1,825,427
Contracted and general services	240,737	159,048	157,588	195,453	229,993	693,929	2,642	1,679,390
Materials, goods and utilities	37,232	36,368	227,525	8,031	190,932	350,989	1,287	852,364
Transfers to local boards and agencies	83,458	-	-	2,500	50,300	-	-	136,258
Interest on long-term debt	-	-	-	-	-	22,901	-	22,901
Other expenses	1,301	-	-	-	24	-	-	1,325
	975,043	260,864	650,353	292,857	871,356	1,454,053	13,139	4,517,665
NET REVENUE, BEFORE AMORTIZATION	2,560,043	(182,372)	(526,970)	101,744	192,680	149,499	7,106	2,301,730
Amortization expense	16,208	64,528	331,631	-	275,776	705,768	1,006	1,394,917
NET REVENUE	2,543,835	(246,900)	(858,601)	101,744	(83,096)	(556,269)	6,100	906,813

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

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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) - 1/3 Joint Venture (note 18)

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. User fee revenues are recognized as services are provided. Franchise, and concession revenues are recognized monthly based on the term of the agreement as earned. 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. The Town has estimates in respect of accounts receivable, deferred revenues and tangible capital assets.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

d) Cash and temporary investments

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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

k) Registered pension plan

The Town has a defined contribution pension plan for full-time employees. The Town's pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. CASH AND TEMPORARY INVESTMENTS

	2022	2021
	\$	\$
	<hr/>	<hr/>
Cash	4,474,665	5,618,024
Investments savings cash	1,034,077	-
Temporary investments	56,676	85,796
	<hr/>	<hr/>
	5,565,418	5,703,820
	<hr/>	<hr/>

Included in cash are savings accounts which bear interest between 2.45% and 4.4%.

The Town has an available revolving line of credit facility up to \$5,000,000 with interest payable at 7.7%. As at December 31, 2022 the balance owing on this facility is \$Nil (2021-\$Nil). The Town also has a line of credit for operation purposes with ATB for up to \$250,000 with interest payable at 3.45%. As at December 31, 2022 the balance owing on this facility is \$Nil (2021-\$Nil).

Included in cash is \$224,203 (2021 - \$417,107) restricted for capital projects as outlined in note 6.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. RECEIVABLES	2022	2021
	\$	\$
Current taxes and grants in place of taxes	89,647	82,144
Arrears taxes	36,148	57,477
	<u>125,795</u>	<u>139,621</u>
Utilities receivable	238,120	234,617
Accrued receivables	36,318	31,242
Other receivables	27,388	33,324
	<u>301,826</u>	<u>299,183</u>
GST receivable	39,532	58,103
Due from provincial government	259,711	0
	<u>299,243</u>	<u>58,103</u>

Taxes and grants in lieu receivable includes \$52,250 (2021 - \$50,979) due from four (2021 - five) taxpayer(s). The Town follows 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	2022		2021
	Market Value	\$	\$
Investment shares	82	82	82
Bonds - BMO Nesbitt Burns (amortized cost)	404,633	411,851	504,751
Bonds- Scotia Wealth Management (amortized cost)	463,352	465,923	-
	<u>868,067</u>	<u>877,856</u>	<u>504,833</u>

The investments with BMO Nesbitt Burns includes strips and coupons with an effective interest rate between 0.586% and 3.05%, maturing between 2023 and 2024. Additionally, the investments with Scotia Wealth includes bonds with an effective interest rate between 1.93% and 6.45%, maturing between 2023 and 2030.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are employee benefit obligations (accrued wages and vacation) of \$94,511 (2021 - \$96,542). Employees have either earned the benefits or are entitled to these within the next budgetary year.

6. DEFERRED REVENUE

	Opening Balance	Received	Recognized	Ending Balance
Alberta Community Partnership Program	-	-	-	-
Federal Gas Tax Fund	204,794	23,689	99,637	128,846
Municipal Operating Support Transfer	-	-	-	-
Municipal Sustainability Initiative - Capital	182,959	1,569	114,856	69,672
Municipal Sustainability Initiative - Operating	4,807	27,617	27,295	5,129
Nanton Physician Recruitment	24,237	-	3,881	20,356
Miscellaneous	310	-	110	200
	<u>417,107</u>	<u>52,875</u>	<u>245,779</u>	<u>224,203</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 Canada provides Alberta Transportation with a grant 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 2022 (2021-\$nil) as a result of this standard.

8. LONG-TERM DEBT

	2022 \$	2021 \$
Long term debt related to operational expenditures	621,944	642,934
Long term debt related to capital expenditures	121,025	130,582
Debentures	742,969	773,516
	Principal \$	Interest \$
2023	31,505	21,052
2024	32,495	20,062
2025	33,517	19,040
2026	34,573	17,984
2027	35,664	16,893
Thereafter	575,215	137,913
	742,969	232,944
		975,913

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

8. LONG-TERM DEBT (CONTINUED)

Long term debt is repayable to Alberta Capital Finance Authority. Long term debt for operational purposes bears interest at 2.72% and matures in 2044. Long-term debt for capital purposes bears interest at 4.25% per annum and matures in 2030.

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

Interest on long-term debt amounted to \$22,689 (2021 - \$22,901).

The Town's total cash payments for interest in 2022 was \$22,010 (2021 - \$23,981).

In 2019, the Town received \$750,000 from Alberta Capital Finance Authority for operational expenditures related to raw water reservoir renewal.

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:

	2022	2021
	\$	\$
Total debt limit	8,975,220	8,552,453
Total debt	(742,969)	(773,516)
Amount total debt limit unused	8,232,251	7,778,937
Debt servicing limit	1,495,870	1,425,409
Debt servicing	(52,557)	(52,557)
Amount of debt servicing limit unused	1,443,313	1,372,852

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

	2022	2021
	\$	\$
Tangible capital assets (schedule 2)	62,395,433	61,601,662
Accumulated amortization (schedule 2)	(25,104,783)	(23,767,022)
Long-term debt (note 8)	(121,025)	(130,582)
	37,169,625	37,704,058

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

11. ACCUMULATED SURPLUS

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

	2022	2021
	\$	\$
Unrestricted surplus	500,350	380,826
Restricted surplus		
General operating	798,447	882,686
Road infrastructure	1,051,354	889,300
Utility infrastructure - water	979,890	864,808
Municipal Land Developments	1,178,783	1,055,254
Building and land improvements	506,820	450,132
Arena/Multiplex	344,352	303,031
Machine and equipment - general	317,804	291,965
Vehicles - fire	325,830	256,504
Building and land improvements - public realm	90,625	120,625
NHCMC (note 18)	130,798	127,556
Developer Contribution Reserves	1,675	1,673
	5,726,378	5,243,534
Equity in tangible capital assets (note 10)	37,169,625	37,704,058
	43,396,354	43,328,417

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.

	2022
	\$
Budget surplus reported in financial statements	773,307
Less: Capital expenditures	(576,000)
Less: Debt principal repayment	(30,547)
Add: Transfer from reserves	448,240
Less: Transfer to reserves	(615,000)
Budget approved by Council	-

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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:

	2022		2021	
	\$		\$	
	Salary ¹	Benefits ^{2,3}	Total	Total
COUNCILLORS				
Handley	17,058	1,848	18,906	18,672
Mitchell	12,004	560	12,564	12,543
West	-	-	-	10,804
Czop	12,004	75	12,079	12,475
Dozeman	9,926	472	10,398	10,624
McLelland	-	-	-	10,624
Wicket	-	-	-	12,623
Miller	12,004	550	12,554	2,797
Sorenson	12,004	1,040	13,044	1,993
Todd	12,004	560	12,564	2,843
Chief Administrative Officer	130,159	25,550	155,709	153,047
Designated Officers (3 positions)	213,184	53,232	266,416	261,185

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 8.5% of pensionable payroll. Employees of the Town of Nanton may make voluntary contributions if desired.

Employees contributed \$43,865 to the plan for the year (2021 - \$35,099). The Town contributed \$110,786 to the plan for the year (2021 - \$97,411) for current service and this expense has been recognized on the statement of operations.

On December 31, 2022, there have been no changed rates of employer contributions to the plan.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Roads, Streets, Walks, Lighting 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

16. COMMITMENTS

The Town of Nanton has a five year agreement with Benchmark Assessment Consultants which is set to expire on June 30, 2025 for assessment services. The agreement contains the following agreed upon amounts:

2023:	\$25/parcel plus GST
2024:	\$25/parcel plus GST
2025:	\$25/parcel plus GST

The Town of Nanton has a one year agreement with the Access Gas Services for natural gas supply and management services set to expire December 2023 for \$1.99/GJ.

The Town of Nanton has a four year agreement with Campus Energy for electricity services set to expire December 2025.

The Town of Nanton has a 3 year contract with T&T disposal services for waste and recycling collection services set to expire August 2024. Monthly charges under the contract are \$2,513 and \$2,558 for residential waste collection and recycling collection respectively, plus a monthly variable fee of \$2.74 and \$2.79 per household.

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.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

18. 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.

The following table presents condensed financial information for the Nanton Health Management Committee business partnerships:

	Nanton Health Centre	
	2022	2021
	\$	\$
Financial position		
Cash	169,600	365,725
Other assets	227,117	15,032
Trade and other receivables	3,060	641
Total assets	399,777	381,398
Accounts payable	7,382	-
Total liabilities	7,382	-
Accumulated surplus	392,395	381,398
Result of operations		
Revenues	90,807	88,254
Expenses	79,810	23,321
Net income	10,997	64,933