

TOWN OF NANTON

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

TOWN OF NANTON
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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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, 2023 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.

Clayton Gillespie, Corporate Service Manager
April 29, 2024



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BDO Canada LLP
600, 400 4 Ave S
Lethbridge, Alberta
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Independent Auditor's Report

To the Mayor and Members of Council of Town of Nanton

Qualified 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, 2023, 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 and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective January 1, 2023, the Town was required to adopt *PS 3280 Asset Retirement Obligations* which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31, 2023.

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 LLP

Chartered Professional Accountants

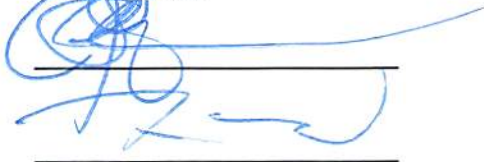
Lethbridge, Alberta
April 29, 2024

TOWN OF NANTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	5,252,877	5,565,418
Receivables		
Taxes and grants in place of taxes (note 3)	162,925	125,795
Trade and other receivables (note 3)	323,917	301,826
Due from other governments (note 3)	94,699	299,243
Land held for resale	240,401	278,674
Investments (note 4)	1,948,771	877,856
	<u>8,023,590</u>	<u>7,448,812</u>
 LIABILITIES		
Accounts payable and accrued liabilities (note 5)	649,128	364,814
Deposit liabilities	143,841	132,494
Deferred revenue (note 6)	257,525	224,203
Long-term debt (note 8)	711,464	742,969
	<u>1,761,958</u>	<u>1,464,480</u>
 NET FINANCIAL ASSETS	<u>6,261,632</u>	<u>5,984,332</u>
 NON - FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	37,846,599	37,290,650
Prepaid expenses	121,004	121,371
	<u>37,967,603</u>	<u>37,412,021</u>
 ACCUMULATED SURPLUS (schedule 1, note 11)	<u>44,229,235</u>	<u>43,396,353</u>

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, 2023

	Budget \$ (note 12)	2023 \$	2022 \$
REVENUE			
Net municipal taxes (schedule 3)	3,012,163	3,027,093	2,965,068
User fees and sales of goods	1,528,741	1,689,293	1,854,844
Penalties and cost of taxes	56,356	45,633	48,327
Government transfers (schedule 4)	182,205	313,922	326,425
Fines	12,000	32,374	11,577
Franchise and concession contracts	343,500	332,835	339,899
Investment income	62,000	346,521	158,275
Rentals	163,540	167,005	161,992
Licenses and permits	58,790	68,566	56,939
Other	9,000	37,022	60,134
TOTAL REVENUE	5,428,295	6,060,264	5,983,480
EXPENSES			
Legislative	147,175	139,478	135,484
General administration	851,034	876,629	852,999
Fire	211,450	248,714	229,893
Municipal enforcement and disaster	117,547	105,659	114,323
Common services	359,276	435,103	442,431
Roads, streets, walks, lighting	420,436	728,427	657,370
Water supply and distribution	608,254	993,257	1,063,766
Waste water treatment and disposal	773,476	1,216,160	1,135,596
Waste management	78,000	74,397	69,629
Recycling	75,327	102,101	95,029
Marketing and communications	50,000	53,533	47,532
Cemetery	21,424	12,882	17,883
Land use, planning, zoning and development	256,614	287,846	184,565
Parks and recreation	901,385	1,196,278	1,135,898
Culture	80,196	108,360	106,629
FCSS and public health	80,197	79,301	78,971
TOTAL EXPENSES	5,031,791	6,658,125	6,367,998
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	396,504	(597,861)	(384,518)
OTHER			
Government transfers for capital (schedule 4)	2,035,098	1,430,743	452,453
EXCESS OF REVENUE OVER EXPENSES	2,431,602	832,882	67,935
ACCUMULATED SURPLUS, BEGINNING OF YEAR	43,396,353	43,396,353	43,328,418
ACCUMULATED SURPLUS, END OF YEAR	45,827,955	44,229,235	43,396,353

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, 2023

	Budget \$	2023 \$	2022 \$
ANNUAL SURPLUS	<u>2,431,602</u>	<u>832,882</u>	<u>67,935</u>
Acquisition of tangible capital assets	(1,167,500)	(1,998,350)	(901,676)
Proceeds on disposal of tangible capital assets	-	-	38,087
Amortization of tangible capital assets	-	1,442,401	1,413,930
Loss (gain) on disposal of tangible capital assets	-	-	(6,350)
	<u>(1,167,500)</u>	<u>(555,949)</u>	<u>543,991</u>
Acquisition of prepaid expenses	-	(121,004)	(121,371)
Use of prepaid assets	-	121,371	103,554
	<u>-</u>	<u>367</u>	<u>(17,817)</u>
INCREASE IN NET FINANCIAL ASSETS	1,264,102	277,300	594,109
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>5,984,332</u>	<u>5,984,332</u>	<u>5,390,223</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>7,248,434</u>	<u>6,261,632</u>	<u>5,984,332</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, 2023

	2023	2022
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (Deficiency) of revenue over expenses	832,882	67,935
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	1,442,401	1,413,930
Loss (gain) on disposal of tangible capital assets	-	(6,350)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(37,130)	13,826
Increase in trade and other receivables	(22,091)	(2,643)
Decrease in due from other governments	204,544	(241,140)
Decrease in land for resale	38,273	4,670
Decrease (increase) in investments	(1,070,915)	(373,023)
Increase in prepaid expenses	367	(17,817)
Decrease in accounts payable and accrued liabilities	284,314	74,118
Increase (decrease) in deposit liabilities	11,347	15,132
Increase in deferred revenue	33,322	(192,904)
Cash provided by operating transactions	<u>1,717,314</u>	<u>755,734</u>
CAPITAL		
Acquisition of capital assets	(1,998,350)	(901,676)
Proceeds on disposal of tangible capital assets	-	38,087
Cash applied to capital transactions	<u>(1,998,350)</u>	<u>(863,589)</u>
FINANCING		
Long-term debt repaid	(31,505)	(30,547)
Cash applied to financing transactions	<u>(31,505)</u>	<u>(30,547)</u>
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(312,541)	(138,402)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,565,418</u>	<u>5,703,820</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>5,252,877</u>	<u>5,565,418</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
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2023
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus (note 11)	Equity in Tangible Capital Assets (note 10)	2023 \$	2022 \$
BALANCE, BEGINNING OF YEAR	500,350	5,726,378	37,169,625	43,396,353	43,328,418
Excess (deficiency) of revenues over expenses	832,882	-	-	832,882	67,935
Unrestricted funds designated for future use	(1,051,173)	1,051,173	-	-	-
Restricted funds used for tangible capital assets	-	(753,338)	753,338	-	-
Current year funds used for tangible capital assets	(1,245,012)	-	1,245,012	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	1,442,401	-	(1,442,401)	-	-
New long-term debt	-	-	-	-	-
Long-term debt repaid	(9,940)	-	9,940	-	-
Change in accumulated surplus	(30,842)	297,835	565,889	832,882	67,935
BALANCE, END OF YEAR	469,508	6,024,213	37,735,514	44,229,235	43,396,353

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, 2023
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures			Machinery & Equipment	Vehicles	2023	2022
				Road & Streets	Water System	Waste System		\$	\$	
COST										
BALANCE, BEGINNING 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
Transfers	-	-	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	7,620	17,456	144,409	89,886	125,561	497,400	68,324	950,656	566,547
Addition of construction-in-progress (a)	-	-	70,150	-	770,029	207,515	-	-	1,047,694	335,129
Disposition of tangible capital assets	-	-	-	-	-	-	(7,339)	(20,600)	(27,939)	(107,906)
BALANCE, END OF YEAR	892,440	471,197	8,437,146	11,362,218	16,146,287	21,144,848	4,253,661	1,658,048	64,365,844	62,395,433
ACCUMULATED AMORTIZATION										
BALANCE, BEGINNING 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
Transfer	-	-	-	-	-	-	-	-	-	-
Annual amortization	-	42,231	166,011	281,418	311,980	388,039	185,430	67,292	1,442,401	1,413,930
Accumulated amortization on disposal	-	-	-	-	-	-	(7,339)	(20,600)	(27,939)	(76,169)
BALANCE, END OF YEAR	-	340,493	3,729,018	7,403,237	5,912,538	5,131,650	2,582,227	1,420,082	26,519,245	25,104,783
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	892,440	130,704	4,708,128	3,958,981	10,233,749	16,013,198	1,671,434	237,966	37,846,599	37,290,650
2022 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	

(a) Road & streets and machinery & equipment includes \$1,380,527 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, 2023
SCHEDULE 3

	Budget \$	2023 \$	2022 \$
TAXATION			
Real property taxes	3,012,163	4,054,023	3,945,233
Linear property taxes	-	64,703	57,798
Government grants in place of property taxes	-	444	13,461
Special assessments and local improvement taxes	-	6,666	6,392
	<u>3,012,163</u>	<u>4,125,836</u>	<u>4,022,884</u>
REQUISITIONS			
Police	-	124,585	90,162
Alberta School Foundation Fund	-	844,551	840,605
Seniors' Lodge	-	129,607	127,049
	<u>-</u>	<u>1,098,743</u>	<u>1,057,816</u>
NET MUNICIPAL TAXES	<u>3,012,163</u>	<u>3,027,093</u>	<u>2,965,068</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, 2023
SCHEDULE 4

	Budget \$	2023 \$	2022 \$
TRANSFERS FOR OPERATING			
Federal Government	-	42,784	40,400
Provincial Government	182,205	168,838	198,725
Other Local Governments	-	102,300	87,300
	<u>182,205</u>	<u>313,922</u>	<u>326,425</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	304,754	38,831
Provincial Government	2,035,098	1,125,989	413,622
	<u>2,035,098</u>	<u>1,430,743</u>	<u>452,453</u>
TOTAL GOVERNMENT TRANSFERS	<u>2,217,303</u>	<u>1,744,665</u>	<u>778,878</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, 2023
SCHEDULE 5

EXPENSES	Budget \$	2023 \$	2022 \$
Salaries, wages and benefits	2,107,293	2,077,404	2,030,703
Contracted and general services	1,768,552	1,940,809	1,763,323
Materials, goods and utilities	977,465	1,012,553	988,458
Transfers to local boards and agencies	150,080	155,786	144,880
Bank charges and short-term interest	1,599	5,570	4,016
Interest on long-term debt	25,802	20,136	22,689
Other expenses	1,000	3,466	-
Amortization of tangible capital assets	-	1,442,401	1,413,929
	5,031,791	6,658,125	6,367,998

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, 2023
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	3,027,093	-	-	-	-	-	-	3,027,093
Government transfers	91,325	39,900	146,581	-	514,449	935,771	16,639	1,744,665
User fees and sales of goods	6,800	300	-	157,805	32,134	1,482,308	9,946	1,689,293
Investment income	346,521	-	-	-	-	-	-	346,521
Other revenues	407,221	81,542	2,254	64,839	122,422	5,040	117	683,435
	<u>3,878,960</u>	<u>121,742</u>	<u>148,835</u>	<u>222,644</u>	<u>669,005</u>	<u>2,423,119</u>	<u>26,702</u>	<u>7,491,007</u>
EXPENSES								
Salaries, wages and benefits	672,426	146,412	315,612	86,528	449,956	399,034	7,436	2,077,404
Contracted and general services	265,386	94,844	213,101	246,841	314,220	804,070	2,347	1,940,809
Materials, goods and utilities	30,721	44,662	282,731	4,910	206,379	441,433	1,717	1,012,553
Transfers to local boards and agencies	104,186	-	-	3,100	48,500	-	-	155,786
Interest on long-term debt	-	-	-	-	-	20,136	-	20,136
Other expenses	9,036	-	-	-	-	-	-	9,036
	<u>1,081,755</u>	<u>285,918</u>	<u>811,444</u>	<u>341,379</u>	<u>1,019,055</u>	<u>1,664,673</u>	<u>11,500</u>	<u>5,215,724</u>
NET REVENUE, BEFORE AMORTIZATION	<u>2,797,205</u>	<u>(164,176)</u>	<u>(662,609)</u>	<u>(118,735)</u>	<u>(350,050)</u>	<u>758,446</u>	<u>15,202</u>	<u>2,275,283</u>
Amortization expense	13,653	68,455	352,086	-	285,583	721,242	1,382	1,442,401
NET REVENUE	<u>2,783,552</u>	<u>(232,631)</u>	<u>(1,014,695)</u>	<u>(118,735)</u>	<u>(635,633)</u>	<u>37,204</u>	<u>13,820</u>	<u>832,882</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 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
	<u>3,619,942</u>	<u>84,258</u>	<u>59,096</u>	<u>393,749</u>	<u>554,473</u>	<u>1,681,221</u>	<u>43,194</u>	<u>6,435,933</u>
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
	<u>1,051,248</u>	<u>278,059</u>	<u>766,389</u>	<u>232,097</u>	<u>962,240</u>	<u>1,647,159</u>	<u>16,877</u>	<u>4,954,069</u>
NET REVENUE, BEFORE AMORTIZATION	<u>2,568,694</u>	<u>(193,801)</u>	<u>(707,293)</u>	<u>161,652</u>	<u>(407,767)</u>	<u>34,062</u>	<u>26,317</u>	<u>1,481,864</u>
Amortization expense	16,206	66,157	333,412	-	280,287	716,861	1,006	1,413,929
NET REVENUE	<u>2,552,488</u>	<u>(259,958)</u>	<u>(1,040,705)</u>	<u>161,652</u>	<u>(688,054)</u>	<u>(682,799)</u>	<u>25,311</u>	<u>67,935</u>

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, 2023

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 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, tangible capital assets, and asset retirement obligation.

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) **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.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

f) **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.

g) **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.

h) **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.

i) **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess (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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

j) **Registered pension plan**

The Town has a defined contribution pension plan for full-time employees. The Town's pension costs are

k) **Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

l) **Asset Retirement Obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

m) **Financial Instruments**

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial Instruments (continued)

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

n) New Account Policies Adopted During the year

i. Financial Instruments

Cash, accounts receivable, accounts payable are measured at cost. Short term investments and long-term debt is measured at cost or amortized costs. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

2. CASH AND TEMPORARY INVESTMENTS

	2023 \$	2022 \$
Cash	4,791,104	4,474,665
Investments savings cash	307,486	1,034,077.00
Temporary investments	154,287	56,676
	5,252,877	5,565,418

Included in cash are savings accounts which bear interest between 2.45% and 7.20%.

The Town has a line of credit for operation purposes with ATB for up to \$250,000 with interest payable at 8.20%. As at December 31, 2023 the balance owing on this facility is \$Nil (2022-\$Nil).

Included in cash is \$257,525 (2022 - \$224,203) restricted for capital projects as outlined in note 6. Included in cash is \$1,046,738 (2022 - \$977,334) in internally restricted funds related to reserves (note 11)

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. RECEIVABLES	2023	2022
	\$	\$
Current taxes and grants in place of taxes	119,191	89,647
Arrears taxes	43,734	36,148
	<u>162,925</u>	<u>125,795</u>
Utilities receivable	244,643	238,120
Accrued receivables	46,724	36,318
Other receivables	32,550	27,388
	<u>323,917</u>	<u>301,826</u>
GST receivable	56,194	39,532
Due from provincial government	38,505	259,711
	<u>94,699</u>	<u>299,243</u>

Taxes and grants in lieu receivable includes \$64,234 (2022 - \$52,250) due from five (2022 - four) 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	2023		2022
	Market Value	\$	\$
Investment shares	96	96	82
Bonds - BMO Nesbitt Burns (amortized cost)	198,516	199,099	411,851
Bonds- Scotia Wealth Management (amortized cost)	1,514,037	1,499,576	465,923
Principle Protected Notes - Scotia Wealth Management (cost)	248,255	250,000	-
	<u>1,960,904</u>	<u>1,948,771</u>	<u>877,856</u>

The investments with BMO Nesbitt Burns includes strips and coupons with an effective interest rate between 2.58% and 3.05%, maturing in 2024. Additionally, the investments with Scotia Wealth includes bonds with an effective interest rate between 3.00% and 5.94%, 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 \$109,173 (2022 - \$94,511). 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
Canada Community Building Fund	128,846	372,060	343,060	157,846
Municipal Sustainability Initiative - Capital	69,672	545,214	547,136	67,750
Municipal Sustainability Initiative - Operating	5,129	55,544	48,500	12,173
Nanton Physician Recruitment	20,356	-	895	19,461
Miscellaneous	200	95.00	-	295
	<u>224,203</u>	<u>972,913</u>	<u>939,591</u>	<u>257,525</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Canada Community Building 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 2023 (2022-\$nil) as a result of this standard.

8. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>	
	\$	\$	
Long term debt related to operational expenditures	600,379	621,944	
Long term debt related to capital expenditures	111,085	121,025	
Debentures	<u>711,464</u>	<u>742,969</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2024	32,495	20,062	52,557
2025	33,517	19,040	52,557
2026	34,573	17,984	52,557
2027	35,664	16,893	52,557
2028	36,791	15,766	52,557
Thereafter	<u>538,424</u>	<u>122,147</u>	<u>660,571</u>
	<u>711,464</u>	<u>211,892</u>	<u>923,356</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 \$20,136 (2022 - \$22,689).

The Town's total cash payments for interest in 2022 was \$21,052 (2022 - \$22,010).

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:

	<u>2023</u>	<u>2022</u>
	\$	\$
Total debt limit	9,090,396	8,975,220
Total debt	<u>(711,464)</u>	<u>(742,969)</u>
Amount total debt limit unused	<u>8,378,932</u>	<u>8,232,251</u>
Debt servicing limit	1,515,066	1,495,870
Debt servicing	<u>(52,557)</u>	<u>(52,557)</u>
Amount of debt servicing limit unused	<u>1,462,509</u>	<u>1,443,313</u>

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Tangible capital assets (schedule 2)	64,365,844	62,395,432
Accumulated amortization (schedule 2)	(26,519,245)	(25,104,783)
Long-term debt (note 8)	<u>(111,085)</u>	<u>(121,025)</u>
	<u>37,735,514</u>	<u>37,169,624</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

11. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Unrestricted surplus	<u>469,508</u>	<u>500,350</u>
Restricted surplus		
General operating	775,447	798,447
Road infrastructure	1,259,361	1,051,354
Utility infrastructure - water	793,443	979,890
Municipal Land Developments	1,238,789	1,178,783
Building and land improvements	584,209	506,820
Arena/Multiplex	386,397	344,352
Machine and equipment - general	315,375	317,804
Vehicles - fire	382,081	325,830
Building and land improvements - public realm	131,193	90,625
NHCMC (note 18)	136,244	130,798
Developer Contribution Reserves	1,674	1,675
Community Sustainability Reserve	<u>20,000</u>	<u>-</u>
	<u>6,024,213</u>	<u>5,726,378</u>
Equity in tangible capital assets (note 10)	<u>37,735,514</u>	<u>37,169,625</u>
	<u>44,229,235</u>	<u>43,396,354</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>2023</u>
	\$
Budget surplus reported in financial statements	2,431,602
Less: Capital expenditures	(2,697,000)
Less: Debt principal repayment	(31,504)
Add: Transfer from reserves	911,902
Less: Transfer to reserves	<u>(615,000)</u>
Budget approved by Council	<u>-</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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:

	2023		2022	
	\$		\$	
	Salary ¹	Benefits ^{2,3}	Total	Total
COUNCILLORS				
Handley	17,058	1,882	18,940	18,906
Mitchell	12,004	581	12,585	12,564
Czop	12,004	235	12,239	12,079
Dozeman	12,004	1,061	13,065	10,398
Miller	12,004	550	12,554	12,554
Sorenson	12,004	1,061	13,065	13,044
Todd	6,925	367	7,292	12,564
Chief Administrative Officer	132,443	24,931	157,374	155,709
Designated Officers (3 positions)	217,053	51,186	268,239	266,416

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 \$24,640 to the plan for the year (2022 - \$43,865). The Town contributed \$58,205 to the plan for the year (2022 - \$110,786) for current service and this expense has been recognized on the statement of operations.

On December 31, 2023, there have been no changed rates of employer contributions to the plan.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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:

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 2027 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 Rural Municipalities of Alberta (RMA). 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. 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	
	2023	2022
	\$	\$
Financial position		
Cash	174,541	169,600
Other assets	230,753	227,117
Trade and other receivables	3,438	3,060
Total assets	<u>408,732</u>	<u>399,777</u>
Accounts payable	-	7,382
Total liabilities	<u>-</u>	<u>-</u>
Accumulated surplus	<u>408,732</u>	<u>392,395</u>
Result of operations		
Revenues	95,761	90,807
Expenses	79,424	79,810
Net income	<u>16,337</u>	<u>10,997</u>

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

19. ASSET RETIREMENT OBLIGATIONS

As of April 1, 2022, all public entities were required to adopt section PS 3280, Asset Retirement Obligations, that was issued by the Public Sector Accounting Standards Board in August 2018. For the 2023 fiscal year, the Town of Nanton is unsure if they have any asset retirement obligations relating to their tangible capital assets, so they have not recorded any liabilities on their financial statements, and the assets listed in Note 10 may be understated by the amounts of any existing asset retirement obligations.

20. FINANCIAL INSTRUMENTS

a) Financial Instrument Risk

The Town is exposed to credit risk, liquidity risk, and interest rate risk and market rate risk from its financial instruments. This note describes the Town's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the Town's exposure to above risks or the policies, procedures, and methods it uses to manage and measure the risks.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk through its cash and accounts receivable, and portfolio investments.

The Town manages its credit risk by monitoring outdated accounts for collection. The Town measures its exposure to credit risk based on how long amounts have been outstanding and on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable, included in Notes 2 & 3. The Town maintains the majority of its bank accounts and investment accounts at two financial institutions. Holding cash at bank institutions with cash accounts which are insured up to \$100,000 or 100%. Balances in these accounts may exceed federally insured amounts. Accounts receivable arise primarily as a result of interest receivables. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The Town manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments which meets the investment requirements of Alberta Municipal Affairs. As a result, the Town has reduced exposure to market or value risk.

c) Liquidity Risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to liquidity risk through its accounts payable and investments.

The Town manages this risk by monitoring cash activities and expected outflows through budgeting, and has the ability to increase tax rates per bylaw in order to increase cash. The Town staggers maturity dates of its investment portfolio for cash flow needs. Also to help manage the risk, the Town has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Town measures its exposure to liquidity risk based on extensive budgeting.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk on long-term debt and interest bearing instruments as disclosed in notes 4 and 8. For investments, the fair value will change as interest rates change.

e) Other Risks

Investments with embedded derivatives are subject to market risk relative to an underlying index, and depending on the terms of the note, may include terms that restrict their liquidity. The Town manages these risks through a diversified portfolio with varied terms to maturity, issuers and referenced indices.

TOWN OF NANTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

21. SUBSEQUENT EVENTS

a) Line of Credit

On March 18, 2024, the Town passed bylaw 1387/24. The bylaw sets out to authorize the Council to incur indebtedness through a line of credit for a maximum amount of \$250,000 for the purpose of interim cash flow.

b) Credit Card

On March 18, 2024, the Town passed bylaw 1388/24. The bylaw sets out to authorize the Council to incur indebtedness as a credit card holder for a maximum amount of \$35,000 for the purpose of daily operational purchasing.