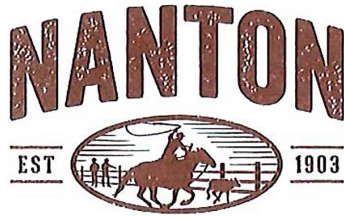


TOWN OF NANTON
Financial Statements
Year Ended December 31, 2025



Town of Nanton

1907 21 Avenue, PO Box 609, Nanton, Alberta T0L 1R0
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL 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, 2025 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.

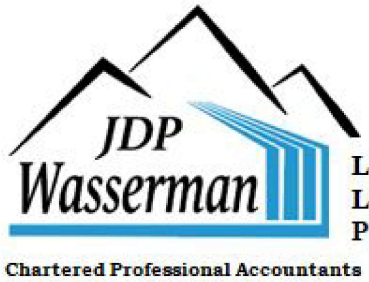
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions 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.

JDP Wasserman LLP have been appointed by the Members of Council of the Town of Nanton to express an opinion on the financial statements.

Clayton Gillespie, Corporate Service Manager
April 6, 2026

Tara Vandervalk, Chief Administrative Officer
April 6, 2026



INDEPENDENT AUDITOR'S REPORT

To the Council of the Town of Nanton

Opinion

We have audited the consolidated financial statements of the Town of Nanton (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2025, and the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with 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 PSAS, 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.

(continues)



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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.

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.

TOWN OF NANTON
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 5,311,514	\$ 6,585,518
Taxes and grants in place of taxes <i>(Note 3)</i>	162,044	144,891
Trade and other receivables <i>(Note 3)</i>	383,839	415,850
Due from other governments <i>(Note 4)</i>	963,470	477,705
Investments <i>(Note 5)</i>	2,101,319	2,014,539
	<u>8,922,186</u>	<u>9,638,503</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	427,268	418,966
Deposit liabilities <i>(Note 7)</i>	400,080	155,876
Deferred revenue <i>(Note 8)</i>	1,007,540	1,399,709
Long-term debt <i>(Note 9)</i>	645,451	678,969
Asset retirement obligation <i>(Note 11)</i>	519,748	476,510
	<u>3,000,087</u>	<u>3,130,030</u>
NET FINANCIAL ASSETS	<u>5,922,099</u>	<u>6,508,473</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	134,663	117,082
Land held for resale <i>(Note 12)</i>	304,962	230,859
Tangible capital assets <i>(Schedule 1)</i>	39,728,856	38,340,892
	<u>40,168,481</u>	<u>38,688,833</u>
ACCUMULATED SURPLUS <i>(Note 13)</i>	<u>\$ 46,090,580</u>	<u>\$ 45,197,306</u>

CONTINGENCIES AND COMMITMENTS *(Note 20)*

APPROVED BY COUNCIL:

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2025

	2025 Budget	2025 (Actual)	2024 (Actual)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 3,320,088	\$ 3,317,156	\$ 3,254,423
User fees and sales of goods	1,638,405	1,890,155	2,384,507
Penalties and costs on taxes	51,800	56,033	41,918
Franchise and concession contracts <i>(Note 14)</i>	352,000	347,382	356,467
Licenses and permits	56,250	70,086	76,740
Other revenues	9,500	57,754	57,699
Investment income	110,000	315,117	354,289
Rentals	182,073	192,593	194,493
Fines	48,000	59,547	57,525
Government transfers for operating <i>(Schedule 3)</i>	247,346	317,905	240,932
	<u>6,015,462</u>	<u>6,623,728</u>	<u>7,018,993</u>
EXPENSES <i>(Schedule 6)</i>			
Legislative	146,870	146,860	128,249
General administration	824,532	841,750	912,950
Protective services	465,748	485,000	489,472
Common services	401,501	442,230	452,200
Roads, streets, walks, lighting	528,044	865,153	823,311
Water supply and distribution	802,472	1,195,291	985,242
Waste water treatment and disposal	784,688	1,569,538	1,322,624
Waste management	83,000	66,444	82,846
Recycling	129,771	125,053	174,601
Family and community support services	84,268	92,148	83,648
Cemetery	19,855	18,372	9,307
Land use, planning, zoning and development	178,612	288,587	236,833
Parks and recreation	1,003,189	1,477,817	1,185,603
Economic development and marketing	50,866	46,254	74,771
Culture	81,971	81,517	76,982
Public health	-	9,926	13,050
	<u>5,585,387</u>	<u>7,751,940</u>	<u>7,051,689</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	<u>430,075</u>	<u>(1,128,212)</u>	<u>(32,696)</u>
OTHER ITEMS			
Government transfers for capital <i>(Schedule 3)</i>	3,448,970	2,000,236	1,457,143
Gain (loss) on disposal of tangible capital assets	-	21,250	(9,024)
	<u>3,448,970</u>	<u>2,021,486</u>	<u>1,448,119</u>
ANNUAL SURPLUS	<u>3,879,045</u>	<u>893,274</u>	<u>1,415,423</u>
ACCUMULATED SURPLUS - TO BEGIN YEAR	<u>45,197,306</u>	<u>45,197,306</u>	<u>43,781,883</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 49,076,351</u>	<u>\$ 46,090,580</u>	<u>\$ 45,197,306</u>

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON**Consolidated Statement of Changes in Net Financial Assets****For the Year Ended December 31, 2025**

	2025 Budget	2025 (Actual)	2024 (Actual)
Annual Surplus	\$ 3,879,045	\$ 893,274	\$ 1,415,423
Acquisition of tangible capital assets	(300,000)	(2,896,104)	(2,044,375)
Amortization of tangible capital assets	-	1,448,578	1,448,352
Proceeds on disposal of tangible capital assets	-	80,812	101,675
Loss (gain) on disposal of tangible capital assets	-	(21,250)	9,024
Use (acquisition) of prepaid expenses	-	(17,581)	3,829
Acquisition of land held for resale	-	(126,281)	-
Disposition of land held for resale (at carrying value)	-	52,178	9,542
	(300,000)	(1,479,648)	(471,953)
Increase (decrease) in net financial assets	3,579,045	(586,374)	943,470
Net financial assets - beginning of year	6,508,473	6,508,473	5,565,003
Net financial assets - end of year	\$ 10,087,518	\$ 5,922,099	\$ 6,508,473

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

	2025	2024
OPERATING TRANSACTIONS		
Annual surplus	\$ 893,274	\$ 1,415,423
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	1,448,578	1,448,352
Loss (gain) on disposal of tangible capital assets	(21,250)	9,024
Accretion	43,238	20,286
Amortization of bond discount	(7,154)	(11,233)
	<u>2,356,686</u>	<u>2,881,852</u>
Changes in non-cash working capital:		
Prepaid expenses	(17,582)	3,830
Taxes and grants in place of taxes	(17,153)	18,034
Trade and other receivables	32,011	(91,934)
Accounts payable and accrued liabilities	8,302	(230,162)
Deferred revenue	(392,169)	1,142,181
Deposit liabilities	244,204	12,035
Land held for resale	(74,102)	9,542
Due from other governments	(485,764)	(383,006)
	<u>(702,253)</u>	<u>480,520</u>
Cash flow from operating transactions	<u>1,654,433</u>	<u>3,362,372</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(2,896,104)	(2,044,375)
Proceeds on disposal of tangible capital assets	80,812	101,675
Purchase of investments	(743,172)	(708,398)
Proceeds on redemption of investments	663,545	653,863
Cash flow used by capital transactions	<u>(2,894,919)</u>	<u>(1,997,235)</u>
FINANCING TRANSACTIONS		
Repayment of long-term debt	(33,518)	(32,495)
Cash flow used by financing transactions	<u>(33,518)</u>	<u>(32,495)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,274,004)	1,332,642
Cash and cash equivalents - beginning of year	<u>6,585,518</u>	<u>5,252,876</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,311,514	\$ 6,585,518

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

(Schedule 1)

	Land	Land Improvements	Buildings	Transportation	Environmental	Machinery and Equipment	Vehicles	2025	2024
<u>Cost:</u>									
Balance, beginning of year	\$ 892,440	\$ 503,251	\$ 8,558,128	\$ 11,472,176	\$ 38,766,292	\$ 4,184,403	\$ 1,656,671	\$ 66,033,361	\$ 64,410,476
Acquisition of tangible capital assets	-	44,661	268,683	91,524	1,812,145	302,724	376,367	2,896,104	2,044,375
Disposals and transfers	-	-	-	-	-	(161,496)	-	(161,496)	(421,490)
Balance, end of year	892,440	547,912	8,826,811	11,563,700	40,578,437	4,325,631	2,033,038	68,767,969	66,033,361
<u>Accumulated Amortization</u>									
Balance, beginning of year	-	383,905	3,928,424	7,710,177	11,747,559	2,469,383	1,453,021	27,692,469	26,554,908
Add:									
Amortization	-	2,853	174,164	309,220	726,933	193,861	41,547	1,448,578	1,448,352
Less:									
Accumulated amortization on disposals	-	-	-	-	-	(101,934)	-	(101,934)	(310,791)
Balance, end of year	-	386,758	4,102,588	8,019,397	12,474,492	2,561,310	1,494,568	29,039,113	27,692,469
Net book value of tangible capital assets	\$ 892,440	\$ 161,154	\$ 4,724,223	\$ 3,544,303	\$ 28,103,945	\$ 1,764,321	\$ 538,470	\$ 39,728,856	\$ 38,340,892
2024 Net book value of tangible capital assets	\$ 892,440	\$ 119,346	\$ 4,629,704	\$ 3,762,000	\$ 27,018,734	\$ 1,715,019	\$ 203,649	\$ 38,340,892	

TOWN OF NANTON
Schedule of Property Taxes
For the Year Ended December 31, 2025

(Schedule 2)

	2025 Budget	2025 (Actual)	2024 (Actual)
TAXATION			
Real property taxes	\$ 4,572,761	\$ 4,497,188	\$ 4,229,144
Linear property tax	-	72,565	64,420
Government grants in place of property tax	-	273	258
Local improvement taxes	6,666	6,469	6,567
	<u>4,579,427</u>	<u>4,576,495</u>	<u>4,300,389</u>
REQUISITIONS			
Alberta School Foundation Fund	1,121,681	1,121,681	918,614
Mountain View Seniors Housing	137,658	137,658	127,352
	-	-	-
	<u>1,259,339</u>	<u>1,259,339</u>	<u>1,045,966</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,320,088</u>	<u>\$ 3,317,156</u>	<u>\$ 3,254,423</u>

TOWN OF NANTON
Schedule of Government Transfers
For the Year Ended December 31, 2025

(Schedule 3)

	2025 Budget	2025 (Actual)	2024 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 152,346	\$ 197,105	\$ 133,632
Local government	95,000	120,800	107,300
	<u>247,346</u>	<u>317,905</u>	<u>240,932</u>
TRANSFERS FOR CAPITAL			
Provincial government	3,073,970	1,656,240	1,196,801
Federal government	375,000	333,996	260,342
Local government	-	10,000	-
	<u>3,448,970</u>	<u>2,000,236</u>	<u>1,457,143</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,696,316</u>	<u>\$ 2,318,141</u>	<u>\$ 1,698,075</u>

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON
Schedule of Segmented Disclosure
For the Year Ended December 31, 2025

(Schedule 4)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	2025
REVENUES								
Net municipal taxes	\$ 3,317,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,317,156
User fees and sales of goods	5,160	1,120	29,216	1,590,333	16,903	219,835	27,588	1,890,155
Penalties and costs on taxes	46,973	-	-	9,060	-	-	-	56,033
Franchise and concession contracts	347,382	-	-	-	-	-	-	347,382
Licenses and permits	-	6,625	-	-	-	63,461	-	70,086
Other revenues	39,124	4,165	2,058	-	6,682	1,425	4,300	57,754
Investment income	315,117	-	-	-	-	-	-	315,117
Rentals	-	40,164	-	-	-	3,360	149,069	192,593
Fines	-	59,547	-	-	-	-	-	59,547
Government transfers for operating	12,610	15,000	-	99,220	64,347	21,428	105,300	317,905
	4,083,522	126,621	31,274	1,698,613	87,932	309,509	286,257	6,623,728
EXPENSES								
Contracted and general services	268,047	200,162	256,741	1,181,601	22,726	213,807	491,864	2,634,948
Materials, goods and utilities	31,666	68,229	301,864	451,712	4,629	4,024	198,759	1,060,883
Provisions for allowances	7,579	4,361	4,678	2,050	3,945	-	20,625	43,238
Salaries, wages and benefits	641,633	180,702	369,994	538,640	8,435	93,210	524,749	2,357,363
Transfers to local boards and agencies	-	-	-	-	75,771	-	54,845	130,616
Transfer to individuals and organizations	26,080	-	-	-	-	23,800	800	50,680
Bank charges and short-term interest	6,636	-	-	-	-	-	-	6,636
Interest on long-term debt	-	-	-	18,998	-	-	-	18,998
Amortization of TCA	6,969	31,546	374,106	763,325	4,940	-	267,692	1,448,578
	988,610	485,000	1,307,383	2,956,326	120,446	334,841	1,559,334	7,751,940
OTHER ITEMS								
Government transfers for capital	-	-	199,745	1,800,491	-	-	-	2,000,236
Gain on disposal of tangible capital assets	21,250	-	-	-	-	-	-	21,250
ANNUAL SURPLUS (DEFICIT)	\$ 3,116,162	\$ (358,379)	\$ (1,076,364)	\$ 542,778	\$ (32,514)	\$ (25,332)	\$ (1,273,077)	\$ 893,274

TOWN OF NANTON
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

(Schedule 5)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	2024
REVENUES								
Net municipal taxes	\$ 3,254,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,254,423
User fees and sales of goods	6,815	450	28,269	1,536,064	18,973	766,942	26,994	2,384,507
Penalties and costs on taxes	36,995	-	-	4,923	-	-	-	41,918
Franchise and concession contracts	356,467	-	-	-	-	-	-	356,467
Licenses and permits	-	9,280	-	-	-	67,460	-	76,740
Other revenues	44,682	1,650	4,607	-	125	2,984	3,651	57,699
Investment income	354,289	-	-	-	-	-	-	354,289
Rentals	-	41,143	-	-	-	11,420	141,930	194,493
Fines	-	57,525	-	-	-	-	-	57,525
Government transfers for operating	5,113	9,000	-	56,172	64,347	5,000	101,300	240,932
	<u>4,058,784</u>	<u>119,048</u>	<u>32,876</u>	<u>1,597,159</u>	<u>83,445</u>	<u>853,806</u>	<u>273,875</u>	<u>7,018,993</u>
EXPENSES								
Contracted and general services	260,394	212,900	279,646	940,487	11,717	178,677	244,826	2,128,647
Materials, goods and utilities	76,374	56,413	297,031	427,318	4,081	4,505	210,668	1,076,390
Provisions for allowances	3,555	2,045	2,185	1,007	1,853	-	9,641	20,286
Salaries, wages and benefits	665,850	168,303	324,831	452,076	6,731	80,672	457,237	2,155,700
Transfers to local boards and agencies	-	-	-	-	76,683	-	49,000	125,683
Transfer to individuals and organizations	21,880	-	-	-	-	47,750	800	70,430
Bank charges and short-term interest	6,178	-	-	-	-	-	-	6,178
Interest on long-term debt	-	-	-	20,023	-	-	-	20,023
Amortization of TCA	6,968	49,811	371,818	724,402	4,940	-	290,413	1,448,352
	<u>1,041,199</u>	<u>489,472</u>	<u>1,275,511</u>	<u>2,565,313</u>	<u>106,005</u>	<u>311,604</u>	<u>1,262,585</u>	<u>7,051,689</u>
OTHER ITEMS								
Government transfers for capital	-	10,943	99,015	1,050,277	-	-	296,908	1,457,143
Loss on disposal of tangible capital assets	(9,024)	-	-	-	-	-	-	(9,024)
ANNUAL SURPLUS (DEFICIT)	\$ 3,008,561	\$ (359,481)	\$ (1,143,620)	\$ 82,123	\$ (22,560)	\$ 542,202	\$ (691,802)	\$ 1,415,423

The accompanying notes are an integral part of these consolidated financial statements
JDP Wasserman LLP

TOWN OF NANTON**Schedule of Expenses by Object
For the Year Ended December 31, 2025****(Schedule 6)**

	2025 Budget	2025 (Actual)	2024 (Actual)
Contracted and general services	\$ 1,945,752	\$ 2,634,948	\$ 2,128,647
Materials, goods and utilities	1,102,985	1,060,883	1,076,390
Provision for allowances	-	43,238	20,286
Salaries, wages and benefits	2,326,058	2,357,363	2,155,700
Transfers to local boards and agencies	129,183	130,616	125,683
Transfers to individuals and organizations	43,500	50,680	70,430
Bank charges and short-term interest	4,700	6,636	6,178
Interest on long-term debt	33,209	18,998	20,023
Amortization of tangible capital assets	-	1,448,578	1,448,352
	\$ 5,585,387	\$ 7,751,940	\$ 7,051,689

The accompanying notes form an integral part of these consolidated financial statements

TOWN OF NANTON
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2025

(Schedule 7)

	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 37,586,613	\$ 37,104,496
Purchase of tangible capital assets	2,896,104	2,044,375
Net book value of tangible capital assets disposed of	(59,562)	(110,699)
Amortization of tangible capital assets	(1,448,578)	(1,448,352)
Repayment of long-term debt	17,678	17,079
Asset retirement obligation accretion expense	(43,238)	(20,286)
BALANCE, END OF YEAR	<u>\$ 38,949,017</u>	<u>\$ 37,586,613</u>
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (<i>Schedule 1</i>)	\$ 39,728,856	\$ 38,340,892
Capital long-term debt (<i>Note 9</i>)	(260,091)	(277,769)
Asset retirement obligations (<i>Note 11</i>)	(519,748)	(476,510)
	<u>\$ 38,949,017</u>	<u>\$ 37,586,613</u>

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, cash flows, changes in accumulated surplus and change in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources. 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 property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The consolidated 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.

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(c) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities, tangible capital asset useful lives, asset retirement obligations, and provisions made for allowances for amounts receivable or any provision for impairment.

(d) Cash and Cash Equivalents

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

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

(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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

(g) 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 annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(h) Inventories

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

Inventories consisting of land and improvements not currently available for resale are recorded as non-financial assets.

(i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized as revenue in the consolidated 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.

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(j) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	10 - 20 years
Buildings	15 - 50 years
Engineered structures:	
Water system	45 - 75 years
Wastewater system	40 - 75 years
Roads	15 - 30 years
Machinery and equipment	3 - 30 years
Vehicles	10 years

Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

Works of art for display are not recorded as tangible capital assets but are disclosed.

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

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.

(k) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(l) Asset Retirement Obligations

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 consolidated financial statement date when:

- a) there is a legal obligation for the Town to incur retirement costs,
- b) the past transaction or event giving rise to the liability has occurred,
- c) it is expected that future economic benefits will be given up, and
- d) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to retirement activities, including removal, remediation, disposal, and site restoration. 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.

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES *(continued)*

(m) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year in which the local improvement project is completed.

(n) Other Revenue

Sales and user charges are recognized as revenue as goods are transferred or services are rendered.

Contributed assets are recognized as revenue at fair market value of the assets at the date of receipt.

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(o) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(p) Excess Collections and Under-levies

Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

1. ACCOUNTING POLICIES (continued)

(q) 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.

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.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of twelve months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

	<u>2025</u>	<u>2024</u>
Cash	\$ 4,933,005	\$ 6,254,551
Investments savings	169,566	128,400
Temporary investments	208,943	202,567
	<u>\$ 5,311,514</u>	<u>\$ 6,585,518</u>

Included in cash are savings accounts which bear interest between 2.00% and 2.90%.

The Town has a line of credit for operation purposes with ATB for up to \$250,000 with interest payable at 5.45%. As at December 31, 2025 the balance owing on this facility is \$NIL (2024 - \$NIL).

Included in cash is \$1,007,540 (2024 - \$1,399,709) externally restricted funds for operations and other capital projects as outlined in note 8.

Included in cash is \$4,216,641 (2024 - \$4,890,573) in internally restricted funds related to reserves. (note 11)

3. RECEIVABLES

	<u>2025</u>	<u>2024</u>
Current taxes and grants in place of taxes	\$ 123,725	\$ 92,453
Arrears taxes	38,319	52,438
	<u>162,044</u>	<u>144,891</u>
Utilities receivable	248,869	273,966
Loan receivable	23,500	41,500
Accrued receivables	92,881	59,273
Other receivables	18,589	41,111
	<u>383,839</u>	<u>415,850</u>

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.

Under a sales agreement dated September 11, 2024, the Town sold equipment to the Stavely and District Ag Society, for the purchase price of \$47,500. The loan is repayable in monthly payments of \$1,500 until April 2027, and is included in "other receivables".

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consist of the following:

	<u>2025</u>	<u>2024</u>
Province – Local Government Fiscal Framework	\$ 617,010	\$ -
Province – Alberta Municipal Water & Wastewater Program	146,460	442,969
Federal - Canada Community-Building Fund	105,974	-
GST receivable	94,026	34,736
	<u>\$ 963,470</u>	<u>\$ 477,705</u>

Amounts receivable from other governments relate primarily to grant funding and cost-sharing arrangements and are considered collectible.

5. INVESTMENTS

	<u>2025</u>	<u>2024</u>
Investment shares	\$ 105	\$ 100
Bonds - Scotia Wealth Management (amortized cost)	1,471,214	1,454,439
Principal Protected Notes - Scotia Wealth Management (cost)	630,000	560,000
	<u>\$ 2,101,319</u>	<u>\$ 2,014,539</u>

The investments with Scotia Wealth include bonds with an effective interest rate between 1.07% and 4.50%, maturing between 2026 and 2048.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts payable for goods and services received prior to year end and obligations incurred in the normal course of operations. The balances are noninterest bearing and are normally settled within the Municipality's normal payment terms.

	<u>2025</u>	<u>2024</u>
Trade and other payable	\$ 334,224	\$ 348,297
Employee earned vacation and accrued wages	93,044	70,669
	<u>\$ 427,268</u>	<u>\$ 418,966</u>

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

7. DEPOSIT LIABILITIES

Deposit liabilities represent amounts received by the Municipality that are refundable or applied to future services, including utility security deposits, rental and development deposits, and advance payments received for service fees and sale of goods. These amounts are recorded as liabilities until the related service is provided, the charges are applied, or the deposits are refunded.

	<u>2025</u>	<u>2024</u>
Development security	\$ 105,063	\$ 124,113
Open permits	291,352	26,508
Damage deposits	1,235	1,235
Deposits on land sales	250	500
Other	2,180	3,520
	<u>\$ 400,080</u>	<u>\$ 155,876</u>

8. DEFERRED REVENUE

Deferred revenue represents funds received for which the Municipality has not yet met the related eligibility requirements. Government transfer revenues are recognized in the period in which the transfer is authorized and any eligibility criteria have been met, except where the transfer contains stipulations that give rise to an obligation that meets the definition of a liability.

Where funds have been received but the related eligibility requirements or stipulations have not yet been fulfilled, the amounts are recorded as deferred revenue until the applicable requirements are satisfied, at which time the amounts are recognized as revenue. Funding that has been authorized but not yet received by the Municipality is not recorded as deferred revenue.

	<u>2025</u>	<u>2024</u>
Municipal Sustainability Initiative - Capital	\$ 373,156	\$ 851,176
Canada Community Building Fund	-	16,050
Alberta Municipal Water & Wastewater Program	461,050	505,980
Canada Natural Infrastructure Fund	156,585	-
Nanton Physician Recruitment	14,841	17,718
Other	1,908	8,785
	<u>\$ 1,007,540</u>	<u>\$ 1,399,709</u>

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

9. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$5,502 including interest at 4.252% maturing June 2030.	\$ 44,643	\$ 53,468
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$20,776 including interest at 2.722% maturing June 2044.	<u>600,808</u>	<u>625,501</u>
	<u>\$ 645,451</u>	<u>\$ 678,969</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 34,573	\$ 17,984	\$ 52,557
2027	35,664	16,893	52,557
2028	36,791	15,766	52,557
2029	37,955	14,602	52,557
2030	33,656	13,399	47,055
Thereafter	<u>466,812</u>	<u>94,146</u>	<u>560,958</u>
	<u>\$ 645,451</u>	<u>\$ 172,790</u>	<u>\$ 818,241</u>

Long term debt related to capital \$260,091 (2024 - \$277,769). Long term debt related to operational expenditures \$385,360 (2024 - \$401,200)

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/2000, be disclosed as follows:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 9,935,592	\$ 10,528,490
Total debt	<u>(645,451)</u>	<u>(678,969)</u>
Total debt limit remaining	\$ 9,290,141	\$ 9,849,521
Service on debt limit	\$ 1,655,932	\$ 1,754,748
Service on debt	<u>(52,557)</u>	<u>(52,557)</u>
Total service on debt limit remaining	\$ 1,603,375	\$ 1,702,191

(continues)

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

10. DEBT LIMITS *(continued)*

The debt limit is calculated at 1.5 times revenues of the Town (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Town. Rather, the financial statements must be interpreted as a whole.

11. ASSET RETIREMENT OBLIGATIONS

The Town recognizes asset retirement obligations related to the retirement of certain tangible capital assets including buildings containing asbestos materials and environmental facilities. The obligations were estimated based on the expected costs to remove and dispose of hazardous materials and restore affected sites.

The estimated undiscounted future cash flows associated with these obligations total \$883,411 and are expected to occur between 2029 and 2054. The liabilities were calculated using a discount rate of 4.08%.

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 476,510	\$ 456,224
Accretion expense	43,238	20,286
Revision to estimate	-	-
Closing balance	<u>\$ 519,748</u>	<u>\$ 476,510</u>

12. LAND HELD FOR RESALE

Land held for resale represents property acquired by the Municipality for the purpose of future development and sale. Land held for resale is recorded at cost, which includes acquisition costs and development costs directly attributable to preparing the land for sale. The carrying value of land held for resale is reviewed annually and written down to net realizable value when conditions indicate that the carrying amount exceeds the estimated selling price less costs to sell.

The continuity of land held for resale is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 230,859	\$ 240,401
Add: Acquisitions and development costs	126,281	-
Less: Cost of land sold	(52,178)	(9,542)
Balance, end of year	<u>\$ 304,962</u>	<u>\$ 230,859</u>

Land held for resale is expected to be sold in the normal course of operations and is therefore classified as a non-financial asset.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

13. ACCUMULATED SURPLUS

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

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 823,600	\$ 705,582
Restricted operating surplus		
General operating	163,349	644,888
Restricted capital surplus		
Road infrastructure	1,271,360	1,283,252
Utility Infrastructure - water	408,353	329,942
Utility Infrastructure - wastewater	351,235	442,644
Municipal land developments	2,173,612	2,037,129
Building and land improvements	570,235	610,015
Arena and multiplex	143,903	415,658
Machine and equipment - general	293,812	398,324
Vehicles - fire	519,080	385,708
Building and land improvements - public realm	214,870	177,997
Developer contribution	1,674	1,674
Community sustainability	21,420	20,000
NHCMC (note 18)	185,060	157,880
	<u>6,154,614</u>	<u>6,260,223</u>
Equity in tangible capital assets (<i>Schedule 7</i>)	<u>38,949,017</u>	<u>37,586,613</u>
	<u>\$ 46,090,580</u>	<u>\$ 45,197,306</u>

14. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2025 Budget	2025 (Actual)	2024 (Actual)
Fortis Alberta Inc.	\$ 200,000	\$ 197,700	\$ 202,354
ATCO Gas	152,000	149,682	154,113
	<u>\$ 352,000</u>	<u>\$ 347,382</u>	<u>\$ 356,467</u>

Franchise fees are collected by utility providers on behalf of the Town and are remitted to the Town in accordance with the terms of the respective franchise agreements.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

15. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (i)	Benefits (ii)	2025	2024
Handley, J (Mayor)	\$ 17,111	\$ 1,835	\$ 18,946	\$ 19,140
Councillors				
Mitchell, D	12,041	983	13,024	12,585
Czop, V	12,041	3,013	15,054	13,679
Dozeman, J	10,157	581	10,738	12,585
Miller, R	12,041	775	12,816	12,279
Sorenson, K	10,157	581	10,738	12,585
Todd, K	-	-	-	10,292
McMasters, J	1,884	917	-	2,801
Shields, E	1,884	880	-	2,764
Strong, S	1,884	1,268	-	3,152
Chief Administrative Officer	136,357	33,568	169,925	160,792
Designated Officers (3 positions)	244,538	63,490	308,028	285,910
	\$ 460,095	\$ 107,891	\$ 567,986	\$ 548,564

- (i) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.
- (ii) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
- (iii) Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

16. BUDGET FIGURES

	2025 Budget	2025 Actual
Annual surplus (deficit)	\$ 3,879,045	\$ 893,274
Amortization of tangible capital assets	-	1,448,578
Repayment of long-term debt	(42,275)	(33,518)
Acquisition of tangible capital assets	(300,000)	(2,896,104)
Proceeds on issuance of long-term debt	581,900	-
	<u>4,118,670</u>	<u>(587,770)</u>
Transfer to reserves		
Capital	(5,102,142)	(904,761)
Operating	(60,000)	-
NHCMC (note 18)	-	(27,260)
	<u>(5,162,142)</u>	<u>(932,021)</u>
Transfer from reserves		
Capital	807,272	1,037,554
Operating	236,200	481,539
	<u>1,043,472</u>	<u>1,519,093</u>
Results of operations	<u>\$ -</u>	<u>\$ (698)</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on April 21, 2025. The note above reconciles the approved financial plan to the figures reported in these financial statements.

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the Town's credit risk.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

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 Centre Management Committee business partnerships:

	<u>2025</u>	<u>2024</u>
<u>Financial position</u>		
Assets		
Cash	\$ 308,843	\$ 237,809
Other assets	241,520	236,309
Trade and other receivables	5,357	-
	<u>555,720</u>	<u>474,118</u>
Liabilities		
Accounts payable	<u>537</u>	<u>479</u>
	<u>\$ 555,183</u>	<u>\$ 473,639</u>
Accumulated surplus		
<u>Results of operation</u>		
Revenues	\$ 103,648	\$ 96,145
Expenses	21,867	31,238
Net Income	<u>\$ 81,781</u>	<u>\$ 64,907</u>

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

19. SEGMENTED INFORMATION

The Town provides a range of services to its citizens. Segmented information has been identified based upon lines of service provided by the Town. Services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

- a) General government:
The mandate of general government includes all taxation, Council and administrative functional activities.
- b) Protective services:
The mandate of protective services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.
- c) Transportation services:
Roads, streets, walks, and lighting services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks, lighting and drainage.
- d) Environmental services:
Environmental services is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities, and waste management and recycling functions.
- e) Planning and development:
Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Town.
- f) Recreation and culture:
The parks and recreation department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Town.
- g) Community services:
Community services provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services. Other public health services are also included in community services.

For additional information see the Schedules of Segmented Disclosure (*Schedule 4 & Schedule 5*).

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

20. CONTINGENCIES AND COMMITMENTS

- i. The Town of Nanton has a five year agreement with Benchmark Assessment Consultants which is set to expire on June 30, 2030 for assessment services. The agreement contains the following agreed upon amounts:
 - 2026: \$29/parcel plus GST
 - 2027: \$30/parcel plus GST
 - 2028: \$31/parcel plus GST
 - 2029: \$32/parcel plus GST
 - 2030: \$33/parcel plus GST
 - ii. The Town of Nanton has a 1 year contract with T&T disposal services for waste and recycling collection services set to expire August 2026. Monthly charges under the contract are \$2,687 for residential waste collection and \$2,742 for residential recycling collection, plus a monthly variable fee of \$2.99 and \$3.05 per household for waste collection and recycling collection.
 - iii. 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 exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
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21. LOCAL AUTHORITIES PENSION PLAN

In 2025, fourteen employees of the Town participated in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act.

Contributions for current and past service are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2024 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 11.65%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2024 - 10.65%) on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2025 totalled \$91,800 (2024 - \$61,039). Total current and past service contributions by the employees of the Town to the LAPP in 2025 totalled \$81,649 (2024 - \$54,330).

As at December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.557 billion (2023 - \$15.057 billion). This amount was not specifically allocated to the participating government organizations. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years.

TOWN OF NANTON
Notes to Financial Statements
Year Ended December 31, 2025

22. REGISTERED PENSION PLAN

The Town of Nanton has 16 active members and 3 inactive members participating in a private pension plan administered through Manulife.

The Town of Nanton is required to make current service contributions to the plan of 8.5% (2024 - 8.5%) of pensionable salary. Employees of the Town are required to make current service contributions to the plan of 3.0% (2024 - 3.0%) of pensionable salary. Employees of the Town of Nanton may make voluntary contributions over the required 3.0% if desired.

Employees contributed \$23,322 to the plan for the year (2024 - 29,968). The Town contributed \$42,129 to the plan for the year (2024 - \$62,528) for current service and this expense has been recognized on the statement of operations.

23. COMPARATIVE INFORMATION

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by Town Council and management on March 30, 2026.
