

**TOWN OF NANTON**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**TOWN OF NANTON**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

---

**CONTENTS**

<b>Management's Responsibility for Financial Reporting</b>	<b>1</b>
<b>Independent Auditor's Report</b>	<b>2-3</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule 1 - Schedule of Changes in Accumulated Surplus	8
Schedule 2 - Schedule of Tangible Capital Assets	9
Schedule 3 - Schedule of Property and Other Taxes	10
Schedule 4 - Schedule of Government Transfers	11
Schedule 5 - Schedule of Consolidated Expenses by Object	12
Schedule 6 - Schedule of Consolidated Segment Disclosure	13-14
Notes to Financial Statements	15-26



**Town of Nanton**

1907 21 Avenue, PO Box 609, Nanton, Alberta T0L 1R0  
P 403.646.2029 F 403.646.2653 [nanton.ca](http://nanton.ca)

---

## 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, 2019 and the results of its operations for the year then ended.

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

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

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

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

---

Neil Smith, CAO  
May 4, 2020



403-328-5292  
403-328-9534  
www.bdo.ca

BDO Canada LLP  
600 400 4 Ave S  
Lethbridge, Alberta  
T1J 4E1

---

## Independent Auditor's Report

---

To the Mayor and Members of Council of Town of Nanton

### Opinion

We have audited the consolidated financial statements of Town of Nanton and its controlled entities (the Group), which comprise the consolidated the statement of financial position as at December 31, 2019, and the consolidated statement of operations, the consolidated changes in net financial assets and the consolidated cashflows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada CPA*

Chartered Professional Accountants

Lethbridge, Alberta  
May 4, 2020

**TOWN OF NANTON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	4,102,428	3,291,903
Receivables		
Taxes and grants in place of taxes (note 3)	179,662	190,707
Trade and other receivables (note 3)	266,047	294,670
Due from other governments (note 3)	126,611	272,125
Land held for resale	289,106	289,106
Investments (note 4)	714,482	702,023
	<u>5,678,336</u>	<u>5,040,534</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	468,096	500,340
Deposit liabilities	117,671	97,556
Deferred revenue (note 6)	214,577	338,338
Long-term debt (note 8)	831,857	290,542
	<u>1,632,201</u>	<u>1,226,776</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,046,135</u>	<u>3,813,758</u>
<b>NON - FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	37,861,137	38,811,801
Prepaid expenses	105,622	98,408
	<u>37,966,759</u>	<u>38,910,209</u>
<b>ACCUMULATED SURPLUS (schedule 1, note 11)</b>	<u>42,012,894</u>	<u>42,723,967</u>

Commitments & Contingencies - see notes 16 & 17

APPROVED BY:

  


Neil Smith  
Chief Administrative  
Officer

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, 2019**

	Budget \$ (note 12)	2019 \$	2018 \$
<b>REVENUE</b>			
Net municipal taxes (schedule 3)	2,922,360	<b>2,949,906</b>	2,887,913
User fees and sales of goods	1,406,941	<b>1,280,983</b>	1,503,560
Penalties and cost of taxes	61,620	<b>60,377</b>	49,635
Government transfers (schedule 4)	168,210	<b>270,839</b>	308,775
Fines	32,000	<b>47,526</b>	46,854
Franchise and concession contracts	221,100	<b>259,119</b>	208,740
Investment income	25,000	<b>107,761</b>	82,088
Rentals	167,540	<b>169,022</b>	172,409
Licenses and permits	71,100	<b>65,900</b>	68,835
Other	5,500	<b>46,726</b>	72,116
<b>TOTAL REVENUE</b>	<b>5,081,371</b>	<b>5,258,159</b>	5,400,925
<b>EXPENSES</b>			
Legislative	145,260	<b>121,541</b>	132,251
General administration	679,626	<b>706,053</b>	762,152
Fire	171,920	<b>220,356</b>	199,044
Municipal enforcement and disaster	93,000	<b>83,394</b>	84,252
Common services	293,754	<b>313,892</b>	261,213
Roads, streets, walks, lighting	418,664	<b>527,336</b>	576,511
Water supply and distribution	610,605	<b>1,380,929</b>	891,572
Waste water treatment and disposal	800,332	<b>1,031,003</b>	1,153,629
Waste management	94,000	<b>78,798</b>	78,297
Recycling	139,919	<b>163,122</b>	151,635
Marketing and communications	83,400	<b>99,715</b>	83,820
Cemetery	14,150	<b>11,687</b>	5,865
Land use, planning, zoning and development	184,670	<b>140,903</b>	189,312
Parks and recreation	854,727	<b>1,005,580</b>	929,078
Culture	77,240	<b>107,757</b>	95,799
FCSS and public health	81,890	<b>83,874</b>	82,106
<b>TOTAL EXPENSES</b>	<b>4,743,157</b>	<b>6,075,940</b>	5,676,536
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	338,214	<b>(817,781)</b>	(275,611)
<b>OTHER</b>			
Government transfers for capital (schedule 4)	250,000	<b>106,708</b>	565,800
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	588,214	<b>(711,073)</b>	290,189
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	42,723,967	<b>42,723,967</b>	42,433,778
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	43,312,181	<b>42,012,894</b>	42,723,967

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, 2019**

	Budget \$	2019 \$	2018 \$
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	588,214	<b>(711,073)</b>	290,189
Acquisition of tangible capital assets	(1,753,000)	<b>(346,243)</b>	(1,190,786)
Proceeds on disposal of tangible capital assets	-	<b>53,900</b>	66,100
Amortization of tangible capital assets	-	<b>1,245,597</b>	1,194,845
Loss (gain) on disposal of tangible capital assets	-	<b>(2,591)</b>	5,765
	<u>(1,753,000)</u>	<u><b>950,663</b></u>	<u>75,924</u>
Acquisition of prepaid expenses	-	<b>(105,622)</b>	(98,408)
Use of prepaid assets	-	<b>98,408</b>	94,276
	<u>-</u>	<u><b>(7,214)</b></u>	<u>(4,132)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(1,164,786)	<b>232,377</b>	361,980
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>3,813,758</u>	<u><b>3,813,758</b></u>	<u>3,451,778</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>2,648,972</u>	<u><b>4,046,135</b></u>	<u>3,813,758</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, 2019**

	2019 \$	2018 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (Deficiency) of revenue over expenses	(711,073)	290,189
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	1,245,597	1,194,845
Loss (gain) on disposal of tangible capital assets	(2,590)	5,764
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	11,045	(29,641)
Decrease (increase) in trade and other receivables	28,623	(40,573)
Decrease (increase) in due from other governments	145,514	834,913
Decrease (increase) in land for resale	-	5,276
Decrease (increase) in investments	(12,459)	(27,299)
Decrease (increase) in prepaid expenses	(7,214)	(4,132)
Increase (decrease) in accounts payable and accrued liabilities	(32,244)	18,173
Increase (decrease) in deposit liabilities	20,115	(28,595)
Increase (decrease) in deferred revenue	(123,761)	(360,580)
	<b>561,553</b>	<b>1,858,340</b>
<b>CAPITAL</b>		
Acquisition of capital assets	(346,243)	(1,190,786)
Proceeds on disposal of tangible capital assets	53,900	66,100
	<b>(292,343)</b>	<b>(1,124,686)</b>
<b>FINANCING</b>		
Long-term debt increase - operating	750,000	-
Long-term debt repaid	(208,685)	(188,705)
Line of credit facility repaid (drawn)	-	(200,000)
	<b>541,315</b>	<b>(388,705)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>810,525</b>	<b>344,949</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,291,903</b>	<b>2,946,954</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>4,102,428</b>	<b>3,291,903</b>

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, 2019**  
**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (note 10)	2019 \$	2018 \$
<b>BALANCE, BEGINNING OF YEAR</b>	459,231	3,743,478	38,521,259	<b>42,723,967</b>	42,433,777
Excess of revenues over expenses	(711,073)	-	-	<b>(711,073)</b>	290,189
Unrestricted funds designated for future use	(1,480,106)	1,480,106	-	-	-
Restricted funds used for operations	882,303	(882,303)	-	-	-
Contributed tangible capital assets			-	-	-
Restricted funds used for tangible capital assets		(223,415)	223,415	-	-
Current year funds used for tangible capital assets	(122,828)	-	122,828	-	-
Disposal of tangible capital assets	51,310	-	(51,310)	-	-
Annual amortization expense	1,245,597	-	(1,245,597)	-	-
Long-term debt repaid	(198,116)	-	198,116	-	-
Change in accumulated surplus	(332,913)	374,388	(752,548)	<b>(711,073)</b>	290,189
<b>BALANCE, END OF YEAR</b>	126,318	4,117,866	37,768,711	<b>42,012,894</b>	42,723,967

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, 2019**  
**SCHEDULE 2**

	Land	Land	Buildings	Engineered Structures			Machinery and Equipment	Vehicles	2019	2018
		Improvements		Road & Streets	Water System	Waste System			\$	\$
<b>COST</b>										
BALANCE, BEGINNING OF YEAR	891,739	349,725	7,542,291	10,701,766	14,437,400	20,677,018	2,622,091	1,486,172	<b>58,708,202</b>	57,611,442
Acquisition of tangible capital assets	-	-	42,744	-	106,708	16,120	117,671	63,000	<b>346,243</b>	489,270
Allocation of construction-in-progress	-	-	(625,490)	-	-	-	625,490	-	-	701,516
Disposition of tangible capital assets	-	-	-	-	-	-	(56,316)	-	<b>(56,316)</b>	(94,027)
BALANCE, END OF YEAR	<u>891,739</u>	<u>349,725</u>	<u>6,959,545</u>	<u>10,701,766</u>	<u>14,544,108</u>	<u>20,693,138</u>	<u>3,308,936</u>	<u>1,549,172</u>	<b><u>58,998,128</u></b>	<u>58,708,202</u>
<b>ACCUMULATED AMORTIZATION</b>										
BALANCE, BEGINNING OF YEAR	-	171,477	2,981,852	6,130,666	4,424,338	3,202,741	1,810,849	1,174,477	<b>19,896,400</b>	18,723,718
Annual amortization		23,898	123,914	217,609	282,255	385,004	146,750	66,167	<b>1,245,597</b>	1,194,845
Accumulated amortization on disposal	-	-	-	-	-	-	(5,006)	-	<b>(5,006)</b>	(22,162)
BALANCE, END OF YEAR	<u>-</u>	<u>195,375</u>	<u>3,105,766</u>	<u>6,348,275</u>	<u>4,706,593</u>	<u>3,587,745</u>	<u>1,952,593</u>	<u>1,240,644</u>	<b><u>21,136,991</u></b>	<u>19,896,401</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>										
	<u>891,739</u>	<u>154,350</u>	<u>3,853,779</u>	<u>4,353,491</u>	<u>9,837,515</u>	<u>17,105,393</u>	<u>1,356,343</u>	<u>308,528</u>	<b><u>37,861,137</u></b>	<u>38,811,801</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>891,739</u>	<u>178,248</u>	<u>4,560,439</u>	<u>4,571,100</u>	<u>10,013,062</u>	<u>17,474,277</u>	<u>811,242</u>	<u>311,695</u>	<u>38,811,802</u>	

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, 2019**  
**SCHEDULE 3**

	Budget \$	2019 \$	2018 \$
<b>TAXATION</b>			
Real property taxes	2,915,400	3,833,988	3,741,806
Linear property taxes	-	63,828	59,684
Government grants in place of property taxes	-	14,320	14,199
Special assessments and local improvement taxes	6,960	6,666	6,666
	<u>2,922,360</u>	<u>3,918,802</u>	<u>3,822,355</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	-	856,989	828,510
Seniors' Lodge	-	111,907	105,932
	<u>-</u>	<u>968,896</u>	<u>934,442</u>
<b>NET MUNICIPAL TAXES</b>	<u>2,922,360</u>	<u>2,949,906</u>	<u>2,887,913</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, 2019**  
**SCHEDULE 4**

	Budget \$	2019 \$	2018 \$
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	-	-	50,000
Provincial Government	96,210	<b>198,839</b>	186,775
Other Local Governments	72,000	<b>72,000</b>	72,000
	<u>168,210</u>	<u><b>270,839</b></u>	<u>308,775</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	250,000	<b>106,708</b>	565,800
	<u>250,000</u>	<u><b>106,708</b></u>	<u>565,800</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>418,210</u>	<u><b>377,547</b></u>	<u>874,575</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, 2019**  
**SCHEDULE 5**

	Budget	2019	2018
	\$	\$	\$
<b>EXPENSES</b>			
Salaries, wages and benefits	1,774,858	<b>1,738,574</b>	1,611,273
Contracted and general services	1,720,880	<b>2,133,696</b>	1,828,229
Materials, goods and utilities	967,870	<b>793,727</b>	890,955
Transfers to local boards and agencies	226,480	<b>141,789</b>	131,295
Bank charges and short-term interest	1,900	<b>2,757</b>	2,526
Interest on long-term debt	50,169	<b>19,471</b>	17,903
Other expenses	1,000	<b>329</b>	(490)
Amortization of tangible capital assets	-	<b>1,245,597</b>	1,194,845
	<u>4,743,157</u>	<u><b>6,075,940</b></u>	<u>5,676,536</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, 2019**  
**SCHEDULE 6**

	General Government	Protective Services	Roads, streets, walks, lighting Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total \$
<b>REVENUE</b>								
Net municipal taxes	2,949,906	-	-	-	-	-	-	2,949,906
Government transfers	99,653	8,000	-	9,524	55,625	201,745	3,000	377,547
User fees and sales of goods	7,029	150	975	1,707	29,297	1,229,382	12,443	1,280,983
Investment income	107,761	-	-	-	-	-	-	107,761
Other revenues	344,722	92,271	2,000	72,425	131,866	5,386	-	648,670
	<u>3,509,071</u>	<u>100,421</u>	<u>2,975</u>	<u>83,656</u>	<u>216,788</u>	<u>1,436,513</u>	<u>15,443</u>	<u>5,364,867</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	544,358	47,399	228,967	89,934	415,694	403,916	8,306	1,738,574
Contracted and general services	228,458	162,214	114,540	142,321	265,171	1,219,146	1,846	2,133,696
Materials, goods and utilities	33,091	29,686	225,560	1,113	176,260	327,489	528	793,727
Transfers to local boards and agencies	90,701	-	-	2,895	48,193	-	-	141,789
Interest on long-term debt	-	-	-	4,355	-	15,116	-	19,471
Other expenses	3,086	-	-	-	-	-	-	3,086
	<u>899,694</u>	<u>239,299</u>	<u>569,067</u>	<u>240,618</u>	<u>905,318</u>	<u>1,965,667</u>	<u>10,680</u>	<u>4,830,343</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>2,609,377</u>	<u>(138,878)</u>	<u>(566,092)</u>	<u>(156,962)</u>	<u>(688,530)</u>	<u>(529,154)</u>	<u>4,763</u>	<u>534,524</u>
Amortization expense	11,774	64,451	272,161	-	208,019	688,185	1,007	1,245,597
<b>NET REVENUE</b>	<u>2,597,603</u>	<u>(203,329)</u>	<u>(838,253)</u>	<u>(156,962)</u>	<u>(896,549)</u>	<u>(1,217,339)</u>	<u>3,756</u>	<u>(711,073)</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, 2018**  
**SCHEDULE 6**

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

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



**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**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 19)

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances have been eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The Town has estimates in respect of accounts receivable, deferred revenues and tangible capital assets.

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

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

d) Cash and temporary investments

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

e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

f) Land Held for Resale

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

g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

h) Tax Revenue

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

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

i) Government Transfers

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

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

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

j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess (deficiency) of revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

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

	<u>Years</u>
Buildings	15-50
Engineered structures	
Roads	15-30
Water systems	45-75
Wastewater systems	40-75
Land improvements	10-20
Machinery and equipment	3-30
Vehicles	10

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

ii. Contributions on Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

k) Registered pension plan

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

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

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

l) Financial Instruments

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

m) Contaminated Sites Liability

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
Cash	<b><u>4,102,428</u></b>	<b><u>3,291,903</u></b>

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

The Town has an available revolving line of credit facility up to \$5,000,000 with interest payable at prime minus 0.25%. As at December 31, 2019 the balance owing on this facility is \$Nil (2018-\$Nil).

Included in cash is \$214,578 (2018 - \$338,338) restricted for capital projects as outlined in note 6. The cash balance also includes debenture proceeds received in 2019 of which \$294,775 (2018 - \$nil) was not spent at year end.

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

<b>3. RECEIVABLES</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current taxes and grants in place of taxes	<u>143,937</u>	148,153
Arrears taxes	<u>35,725</u>	42,554
	<u>179,662</u>	<u>190,707</u>
Utilities receivable	213,753	193,227
Accrued receivables	24,188	23,831
Other receivables	<u>28,106</u>	<u>77,612</u>
	<u>266,047</u>	<u>294,670</u>
GST receivable	34,040	42,991
Due from provincial government	92,571	13,477
Due from federal government	-	215,657
	<u>126,611</u>	<u>272,125</u>

The Town's exposure to credit risk arises from the possibility that taxpayers may fail to meet their obligations. Taxes and grants in lieu receivable includes \$50,884 (2018- \$33,894) due from five (2018 - three) taxpayer(s). The Town manages this risk by following the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act, which includes the right of the Town to offer up for sale at a public auction those properties with taxes in arrears.

<b>4. INVESTMENTS</b>	<b>2019 - \$</b>		<b>2018</b>
	<u>Market Value</u>	<u>Amortized Cost</u>	<u>\$</u>
Investment shares	102	102	95
Investments - BMO Nesbitt Burns	<u>731,282</u>	<u>714,380</u>	<u>701,928</u>
	<u>731,384</u>	<u>714,482</u>	<u>702,023</u>

The investments with BMO Nesbitt Burns include corporate bonds with an effective interest rate of 2.59%, maturing in 2022; strips and coupons with an effective interest rate between 2.66% and 3.05%, maturing between 2021 and 2024.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are employee benefit obligations (accrued wages and vacation) of \$67,164 (2018 - \$95,976). Employees have either earned the benefits or are entitled to these within the next budgetary year.

**6. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Alberta Community Partnership Program	76,075	178,163
Federal Gas Tax Fund	-	-
Municipal Sustainability Initiative - Capital	80,896	111,680
Municipal Sustainability Initiative - Operating	25,343	15,247
Nanton Physician Recruitment	30,448	30,868
Miscellaneous	<u>1,815</u>	<u>2,380</u>
	<u>214,577</u>	<u>338,338</u>

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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. During the year the Town received \$nil (2018 - 280,244) and expended \$32,238 (2018 - \$546,400) on eligible expenditures.

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. During the year the Town received \$31,747 (2018 - \$31,068) and expended \$21,961 (2018- \$44,570) on eligible expenditures.

Federal Gas Tax Fund

This Government of Canada provides Alberta Transportation with a grant restricted to eligible expenditures as approved under the funding agreement. During the year the Town received \$nil (2018 - \$nil) and expended \$74,470 (2018- \$88,745) on eligible expenditures.

Alberta Community Partnership Program

This Provincial grant is restricted to eligible expenditures as approved under the funding agreement. During the year the Town received \$nil (2018 - \$314,727) and expended \$104,024 (2018- \$nil) on eligible expenditures.

**7. CONTAMINATED SITES LIABILITY**

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2019 (2018-\$nil) as a result of this standard.

**8. LONG-TERM DEBT**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Long term debt related to operational expenditures	<b>739,431</b>	-
Long term date related to capital expenditures	<b>92,426</b>	290,542
Debentures	<b>831,857</b>	290,542
	<u>Principal</u>	<u>Interest</u>
	<u>Total</u>	
2020	28,721	23,836
2021	29,619	22,938
2022	30,547	22,010
2023	31,505	21,052
2024	32,495	20,062
Thereafter	<u>678,970</u>	<u>191,830</u>
	<u>831,857</u>	<u>301,728</u>
		<u>1,133,585</u>

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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 \$19,471 (2018 - \$17,902).

The Town's total cash payments for interest in 2019 was \$22,228 (2018 - \$20,012).

In 2019, the Town received \$750,000 from Alberta Capital Finance Authority for operational expenditures related to raw water reservoir renewal. Of this amount \$294,775 remains unspent at the end of the year and is included in restricted cash. (note 2)

**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:

	2019 \$	2018 \$
Total debt limit	7,887,239	8,101,388
Total debt	(831,857)	(290,542)
Amount total debt limit unused	7,055,382	7,810,846
Debt servicing limit	1,314,540	1,350,231
Debt servicing	(52,557)	(209,397)
Amount of debt servicing limit unused	1,261,983	1,140,834

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**

	2019 \$	2018 \$
Tangible capital assets (schedule 2)	58,998,128	58,708,202
Accumulated amortization (schedule 2)	(21,136,991)	(19,896,401)
Long-term debt (note 8)	(92,426)	(290,542)
	37,768,711	38,521,259

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**11. ACCUMULATED SURPLUS**

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

	2019 \$	2018 \$
Unrestricted surplus	<b>126,318</b>	459,231
Restricted surplus		
General operating	500,000	550,000
Utility operating	122,447	277,447
Utility infrastructure	-	363,410
Road infrastructure	542,886	393,243
Utility infrastructure - water	865,290	-
Land developments - industrial and commercial	306,373	261,333
Land developments - Westview	732,979	918,767
Building and land improvements	595,707	569,764
Machine and equipment - general	161,860	186,108
Vehicles - fire	157,193	137,050
Building and land improvements - public realm	40,000	-
NHCMC (note 19)	93,131	86,355
	<b>4,117,866</b>	3,743,478
Equity in tangible capital assets (note 10)	<b>37,768,711</b>	38,521,259
	<b>42,012,894</b>	42,723,967

**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.

	2019 \$
Budget surplus reported in financial statements	588,214
Less: Capital expenditures	(1,753,000)
Add: Debt proceeds	1,250,000
Less: Debt principal repayment	(231,704)
Add: Transfer from reserves - debt servicing	198,390
Add: Transfer from reserves	584,100
Less: Transfer to reserves	(636,000)
Budget approved by Council	-



**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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:

	2019		2018	
	\$		\$	
	Salary <sup>1</sup>	Benefits <sup>2,3</sup>	Total	Total
<b>COUNCILLORS</b>				
Handley	18,087	782	<b>18,869</b>	20,373
Mitchell	13,501	520	<b>14,021</b>	12,325
West	13,181	520	<b>13,701</b>	14,415
Czop	13,261	520	<b>13,781</b>	14,015
Dozeman	12,621	520	<b>13,141</b>	13,615
McLelland	12,461	520	<b>12,981</b>	12,615
Wicket	12,461	520	<b>12,981</b>	13,495
Chief Administrative Officer	117,462	21,569	<b>139,031</b>	87,690
Designated Officers (3 positions)	197,356	41,014	<b>238,370</b>	259,349

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

**14. REGISTERED PENSION PLAN**

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

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

Employees contributed \$15,873 to the plan for the year (2018 - \$18,496). The contributed \$63,407 to the plan for the year (2018 - \$85,003) for current service and this expense have been recognized on the statement of operations.

On December 31, 2019, there have been no changed rates of employer contributions to the plan.



**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**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 FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

---

**16. COMMITMENTS**

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

2020:       \$25/parcel plus GST

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

2020:       \$86,875 + Fuel

2021:       \$88,845 + Fuel

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

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

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

**17. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**18. FINANCIAL INSTRUMENTS**

The Town's financial instruments consists of cash and temporary investments, line of credit facility, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, deferred revenue and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments. Subsequent to year end the Town's liquidity risk increased as a result of COVID-19. This has disrupted the Town's operations and could impact the Town's ability in meeting its' obligations as they come due.

**TOWN OF NANTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**18. FINANCIAL INSTRUMENTS (CONTINUED)**

The Town is subjected to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimized the credit risk. Subsequent to year end the Town's liquidity risk increased as a result of COVID-19. This may result in the Town's taxpayers and customers having difficulty fulfilling their obligations. The Town continues to mitigate this risk by fulfilling the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act.

**19. NANTON HEALTH CENTRE MANAGEMENT COMMITTEE**

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

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

	Nanton Health Centre	
	2019	2018
Financial position		
Cash	\$ 258,668	\$ 155,927
Other assets	20,724	119,473
Total assets	\$ 279,392	\$ 275,400
Accumulated surplus	\$ 279,392	\$ 275,399
Result of operations		
Revenues	\$ 84,068	\$ 81,373
Expenses	80,075	14,720
Net income	\$ 3,993	\$ 66,653

**20. SUBSEQUENT EVENTS**

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Town, its residence, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its residents.