

Financial Statements of

# **TOWN OF BASSANO**

Year ended December 31, 2016

## **Management's Responsibility for Financial Reporting**

The Town of Bassano's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2016 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the 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 maintained 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's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills 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 financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Members of Council of the Town of Bassano, stating the scope of their examination and opinion on the financial statements, follows.

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Sabine Nasse  
*Chief Administrative Officer*

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Town of Bassano

We have audited the accompanying financial statements of the Town of Bassano, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Bassano as at December 31, 2016, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature, there is a horizontal line that starts under the "K" and extends to the right, ending under the "P".

Chartered Professional Accountants

March 27, 2017  
Lethbridge, Canada

# TOWN OF BASSANO

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial Assets:</b>		
Cash and short-term investments	\$ 3,257,286	\$ 2,323,445
Taxes and grants in place of taxes (note 3)	182,308	123,117
Land held for resale	404,146	404,146
Investments and marketable securities (note 4)	867,214	911,454
Trade and other receivables	267,141	414,129
Restricted Cash (note 5)	35,937	57,798
	<u>5,014,032</u>	<u>4,234,089</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	138,589	442,325
Deposit liabilities	125	125
Deferred revenue (note 6)	351,179	143,609
Long-term debt (note 7)	800,610	884,207
	<u>1,290,503</u>	<u>1,470,266</u>
Net financial assets	<u>3,723,529</u>	<u>2,763,823</u>
<b>Non-Financial Assets:</b>		
Prepaid expenses	650	-
Tangible capital assets (Schedule 6)	10,889,010	11,307,798
	<u>10,889,660</u>	<u>11,307,798</u>
Commitments (note 12)		
Contingent liabilities (note 14)		
Accumulated surplus (note 8 and Schedule 3)	<u>\$ 14,613,189</u>	<u>\$ 14,071,621</u>

See accompanying notes to financial statements.

# TOWN OF BASSANO

## Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
<b>Revenue:</b>			
Net municipal property taxes (Schedule 4)	\$ 1,277,463	\$ 1,274,141	\$ 1,237,879
Sales and user charges	851,160	997,884	906,508
Government transfers (Schedule 1)	415,797	393,224	451,648
Franchise fees and sale of goods	202,000	226,096	206,172
Interest income	22,500	41,525	40,291
Penalties and cost of taxes	37,000	42,612	44,746
Licenses and permits	20,445	25,912	23,736
Rentals	67,200	64,903	63,764
Other	21,400	20,493	57,830
<b>Total revenue</b>	<b>2,914,965</b>	<b>3,086,790</b>	<b>3,032,574</b>
<b>Expenses (Schedule 5):</b>			
Legislative	51,000	48,178	40,763
General administration	434,607	437,596	556,139
Protective Services	124,480	125,287	184,658
Roads, streets, walks and lighting	388,053	585,574	526,535
Water supply and distribution	415,337	501,098	477,405
Wastewater treatment and disposal	23,000	53,759	108,766
Waste management	113,025	113,024	104,254
Family and community support	147,121	132,279	159,590
Subdivision land development	15,000	1,228	2,753
Parks and recreation	314,728	406,672	368,459
Culture	84,072	89,577	72,886
Other	62,718	50,950	52,192
Loss on sale of tangible capital assets	-	-	6,758
<b>Total expenses</b>	<b>2,173,141</b>	<b>2,545,222</b>	<b>2,661,158</b>
<b>Excess of revenue over expenses from operations</b>	<b>741,824</b>	<b>541,568</b>	<b>371,416</b>
<b>Government transfers for capital (Schedule 1)</b>	<b>-</b>	<b>-</b>	<b>1,046,799</b>
<b>Excess of revenues over expenses</b>	<b>741,824</b>	<b>541,568</b>	<b>1,418,215</b>
<b>Accumulated surplus, beginning of year</b>	<b>14,071,621</b>	<b>14,071,621</b>	<b>12,653,406</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 14,813,445</b>	<b>\$ 14,613,189</b>	<b>\$ 14,071,621</b>

See accompanying notes to financial statements.

# TOWN OF BASSANO

## Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Excess of revenue over expenses	\$ 741,824	\$ 541,568	\$ 1,418,215
Acquisition of tangible capital assets	-	(29,036)	(1,293,316)
Amortization of tangible capital assets	-	447,824	433,164
Loss on sale of tangible capital assets	-	-	6,758
Proceeds on sale on tangible capital assets	-	-	25,388
Acquisition of prepaid assets	-	(650)	-
Change in net financial assets	741,824	959,706	590,209
Net financial assets, beginning of year	2,763,823	2,763,823	2,173,614
Net financial assets, end of year	\$ 3,505,647	\$ 3,723,529	\$ 2,763,823

See accompanying notes to financial statements.

# TOWN OF BASSANO

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 541,568	\$ 1,418,215
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	447,824	433,164
Loss on disposal of tangible capital assets	-	6,758
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	(59,191)	48,683
Prepaid expenses	(650)	-
Trade and other receivables	146,988	88,524
Land held for resale	-	(244,921)
Accounts payable and accrued liabilities	(303,736)	253,345
Deferred revenue	207,570	(937,438)
Deposit liabilities	-	(3,000)
	<u>980,373</u>	<u>1,063,330</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(29,036)	(1,293,316)
Proceeds on disposal of tangible capital assets	-	25,388
	<u>(29,036)</u>	<u>(1,267,928)</u>
<b>Investing activities:</b>		
Decrease in restricted cash	21,861	882,283
Decrease (increase) in investments and marketable securities	44,240	(80,707)
	<u>66,101</u>	<u>801,576</u>
<b>Financing activities:</b>		
Payments on long-term debt	(83,597)	(79,058)
Increase in cash and short-term investments	933,841	517,920
Cash and short-term investments, beginning of year	2,323,445	1,805,525
Cash and short-term investments, end of year	<u>\$ 3,257,286</u>	<u>\$ 2,323,445</u>

See accompanying notes to financial statements.

# TOWN OF BASSANO

Notes to Financial Statements

Year ended December 31, 2016

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## 1. Significant accounting policies:

The financial statements of the Town of Bassano (the "Town") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Town are as follows:

### (a) Reporting entity:

The financial statements reflect the assets, liabilities, revenue and expenses, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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 are 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 the 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.



# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (c) Cash and temporary investments:

Cash and temporary investments includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

### (d) 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.

### (e) Revenue recognition:

Net municipal property taxes are recognized as revenue as levied.

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.

### (f) 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 in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

(g) Land held for resale:

Land inventory held for resale is recorded as 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. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function.

(h) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. No contaminated sites have been identified.

(i) 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.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 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.

### i. 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:

Assets	Years
Buildings	50
Engineered structures	
Road systems	20
Water systems	45 - 75
Wastewater systems	45 - 75
Other engineered structures	20
Machinery and equipment	5 - 15
Vehicles	10 - 25

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

### ii. Contribution of tangible capital assets:

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

### iii. Inventories:

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

Inventories held for consumption are recorded at the lower of cost and replacement cost.

### iv. Asset impairment:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset are less than their book value. The net write downs are accounted for as an expense.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (k) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

## 2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2017, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

### (a) PS 1201- Financial Statement Presentation:

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

### (b) PS 3450- Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Town does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Town. This standard is effective for fiscal years beginning on or after April 1, 2019.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 2. Recent accounting pronouncements (continued):

(c) PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value, denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

(d) PS 3041 - Portfolio Investments:

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

## 3. Taxes and grants in place of taxes:

	2016	2015
Taxes and grants of taxes:		
Current taxes and grants in place of taxes	\$ 133,785	\$ 57,784
Arrears taxes	58,523	65,333
	192,308	123,117
Provision for doubtful accounts	(10,000)	-
	\$ 182,308	\$ 123,117

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 4. Investments and marketable securities:

	2016		2015	
	Cost	Market value	Cost	Market value
At amortized cost:				
Government and government guaranteed bonds	\$ 862,728	\$ 889,370	\$ 907,148	\$ 952,384
At cost:				
Alberta Municipal Financing Corporation	10	-	10	-
Newell Regional Services Corporation	10	-	10	-
Connection First Credit Union	4,466	-	4,286	-
	\$ 867,214	\$ 889,370	\$ 911,454	\$ 952,384

Government and government guaranteed bonds have effective interest rates of 2.25% to 5.00% and mature between 2017 and 2045.

In 2008, the Town purchased 100 shares of the Newell Regional Service Corporation at \$0.10 per share for a total investment of \$10 which represents a 14% ownership. The Newell Regional Service Corporation is a private issuer, with a limited number of town and rural municipality investors.

## 5. Restricted cash:

Restricted cash is made up of funds set aside in the Municipal reserve account. Municipal reserve funds may be used only for the purposes specified in the Municipal Government Act, section 671(4). Accordingly, these amounts are not available for current operations.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 6. Deferred revenue:

	2016	2015
Deferred revenue, beginning of year	\$ 143,609	\$ 1,081,047
Grants received in the year:		
Operating	412,175	555,258
Capital	188,619	5,751
	600,794	561,009
Amounts recognized in revenue during the year:		
Operating	(393,224)	(451,648)
Capital	-	(1,046,799)
	(393,224)	(1,498,447)
Transfers		
Operating	-	(274,300)
Capital	-	274,300
	-	-
Deferred revenue, end of year	\$ 351,179	\$ 143,609
Deferred revenue is comprised of:		
Operating	\$ 112,254	\$ 93,303
Capital	238,925	50,306
	\$ 351,179	\$ 143,609

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 7. Long-term debt:

	2016	2015
Debenture tax supported	\$ 800,610	\$ 884,207
Current portion	(88,398)	(83,597)
	\$ 712,212	\$ 800,610

Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	\$ 88,398	\$ 44,097	\$ 132,495
2018	93,474	39,021	132,495
2019	98,841	33,654	132,495
2020	104,517	27,978	132,495
2021	110,518	21,976	132,494
Thereafter	304,862	26,374	331,236
	\$ 800,610	\$ 193,100	\$ 993,710

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at the rate of 5.66% per annum, before Provincial subsidy, and matures in 2024. Debenture debt is issued on the credit and security of the Town at large.

Interest payments on long-term debt amounted to \$48,702 (2015 - \$53,253).

The Town has a revolving loan with Chinook Financial, a division of Connect First Credit Union. The revolving loan is due on demand, bears interest at 3% and has available funds up to \$300,000. As at December 31, 2016, the revolving loan was not drawn upon.



# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 8. Accumulated surplus

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

	2016	2015
Unrestricted surplus	\$ 786,240	\$ 1,895,993
Restricted surplus:		
Capital funds	3,738,549	1,752,037
Equity in tangible capital asset	10,088,400	10,423,591
	<u>\$ 14,613,189</u>	<u>\$ 14,071,621</u>

	2016	2015
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$ 22,128,809	\$ 22,099,773
Accumulated amortization (Schedule 6)	(11,239,799)	(10,791,975)
Loans related to capital assets	(800,610)	(884,207)
	<u>\$ 10,088,400</u>	<u>\$ 10,423,591</u>

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 9. Debt limits:

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

	2016	2015
Total debt limit	\$ 4,630,185	\$ 4,548,861
Total debt	(800,610)	(884,207)
Amount of debt limit unused	3,829,575	3,664,654
Debt servicing limit	771,698	758,144
Debt servicing	(132,495)	(132,495)
Amount of debt servicing unused	\$ 639,203	\$ 625,649

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service 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 Town. Rather, the financial statements must be interpreted as a whole.

## 10. Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Town. 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:

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks and lighting.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 10. Segmented disclosure: (continued):

(d) Planning and development:

Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Town.

(e) Recreation and culture:

The recreation and culture department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Town.

(f) 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 functions.

(g) Public health:

Public health provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 11. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salaries (i)	Benefits and Allowances (ii)	Total 2016	Total 2015
Barlow, Doug	\$ 2,400	\$ 48	\$ 2,448	\$ 2,959
Beddows, Ric	4,100	48	4,148	3,459
Doherty, Richard	1,900	48	1,948	2,959
Jones, Kevin	5,000	48	5,048	5,459
MacWilliam, Lynn	6,800	48	6,848	4,809
Peterson, Jackie	5,900	48	5,948	5,359
Rose, Thomas (Mayor)	7,020	48	7,068	5,492
	33,120	336	33,456	30,496
Chief Administrative Officer	\$ 87,921	\$ 2,029	\$ 89,950	\$ 89,835

i) Salary includes regular base pay. For Councillors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.

ii) For non-elected officials, employers 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 and long, short-term plans as well as travel allowances.

Benefits and allowances also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concessionary loans, travel allowances, car allowances, and club memberships.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 12. Commitments:

- i. The Town of Bassano is a member of the Newell Regional Solid Waste Management Authority Ltd. under which five municipalities have entered into an agreement to operate a regional solid waste management operation for the benefit of each municipality. All capital, operating and transportation funding required for the Newell Regional Solid Waste Management Authority Ltd. not provided by the Government of the Province of Alberta or any other person shall be provided by the participants on a per capita basis. In 2016 the Town contributed \$52,024 (2015 - \$51,254) and it is estimated that this amount will be payable on an annual basis. Any member may terminate its participation in the Newell Regional Solid Waste Management Authority Ltd. by providing the other members 12 months notice of intention to terminate.
- ii. The Town has committed to the completion of a wastewater treatment upgrade. The estimated completion costs of this project totals \$5,300,000, with 30.40% being contributed by the Town and 69.50% being contributed by Alberta Transportation. This project will begin in 2017.

## 13. Financial instruments:

The Town as part of its operations carries a number of financial instruments, such as cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities 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 except as otherwise disclosed.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

### i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities.

### ii Credit concentration:

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 of diversity of taxpayers and customers minimizes the credit risk.

# TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 13. Financial instruments: (continued):

### iii Liquidity risk :

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

## 14. Contingent liabilities:

- i. 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.
- ii. The Town is the defendant in a lawsuit related to water damages which possibly may exceed \$1,000,000 plus unspecified damages, interest and costs. At present, the amount or outcome is not determinable. The amount of any uninsured loss arising from a future settlement, if any, would be accounted for as a current transaction in the year of the settlement.

## 15. Budget:

The budgeted information presented in these financial statements is based upon the 2016 operating and capital budgets approved by Council on June 13, 2016. Amortization was not contemplated in development of the budget and, as such, has not been included.

## 16. Funds held on behalf of others:

At December 31, 2016, the Town held funds on behalf of others for a scholarships trust amounting to approximately \$4,213 (2015 - \$4,560) which are not included in these financial statements.

## 17. Approval of financial statements:

Council and Management approved these financial statements.

# TOWN OF BASSANO

## Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Transfers for operating:			
Provincial government	\$ 103,668	\$ 80,862	\$ 160,729
Other local governments	312,129	312,362	290,919
	415,797	393,224	451,648
Transfers for capital:			
Provincial government	-	-	1,046,799
Total government transfers	\$ 415,797	\$ 393,224	\$ 1,498,447

# TOWN OF BASSANO

## Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2016, with comparative information for 2015

	General government	Protective services	Transportation services	Planning and development	Recreation and culture	Environmental services	Public health	Total 2016	Total 2015
<b>Revenue:</b>									
Net municipal taxes	1,274,141	-	-	-	-	-	-	1,274,141	1,237,879
Sales and user charges	128,253	117,556	7,007	-	74,272	658,437	12,359	997,884	906,508
Government transfers	205,658	12,375	10,317	39,746	26,982	5,000	93,146	393,224	1,498,447
Penalties and cost of taxes	42,612	-	-	-	-	-	-	42,612	44,746
Franchise fees and sale of goods	226,096	-	-	-	-	-	-	226,096	206,172
Licenses and permits	25,912	-	-	-	-	-	-	25,912	23,736
Rentals	64,903	-	-	-	-	-	-	64,903	63,764
Interest income	41,525	-	-	-	-	-	-	41,525	40,291
Other revenues	20,493	-	-	-	-	-	-	20,493	57,830
	2,029,593	129,931	17,324	39,746	101,254	663,437	105,505	3,086,790	4,079,373
<b>Expenses:</b>									
Salaries, wages and benefits	221,670	39,799	214,386	-	153,638	56,000	15,167	700,660	645,103
Transfers to local boards and agencies	-	-	-	-	15,944	57,024	-	72,968	82,560
Contracted and general services	218,616	56,620	189,682	22,096	142,627	129,381	103,128	862,150	1,068,007
Materials, goods and utilities	32,776	16,308	33,920	-	93,880	218,551	17,483	412,918	372,313
Interest on long-term debt	-	-	-	-	-	48,702	-	48,702	53,253
Loss on sale of tangible capital assets	-	-	-	-	-	-	-	-	6,758
Amortization	12,715	12,560	173,564	-	90,159	158,222	604	447,824	433,164
	485,777	125,287	611,552	22,096	496,248	667,880	136,382	2,545,222	2,661,158
<b>Excess of revenue over expenses</b>	<b>1,543,816</b>	<b>4,644</b>	<b>(594,228)</b>	<b>17,650</b>	<b>(394,994)</b>	<b>(4,443)</b>	<b>(30,877)</b>	<b>541,568</b>	<b>1,418,215</b>



# TOWN OF BASSANO

## Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Unrestricted	Restricted surplus	Equity in TCA	2016	2015
Balance, beginning of year	\$ 1,895,993	\$ 1,752,037	\$ 10,423,591	\$ 14,071,621	\$ 12,653,406
Excess of revenues over expenses	541,568	-	-	541,568	1,418,215
Transferred to restricted surplus	(1,986,512)	1,986,512	-	-	-
Acquisition of tangible capital assets internally funded	(29,036)	-	29,036	-	-
Amortization of capital assets	447,824	-	(447,824)	-	-
Debt principal paid	(83,597)	-	83,597	-	-
Change in accumulated surplus	(1,109,753)	1,986,512	(335,191)	541,568	1,418,215
Balance, end of year	\$ 786,240	\$ 3,738,549	\$ 10,088,400	\$ 14,613,189	\$ 14,071,621

# TOWN OF BASSANO

## Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
General taxation:			
Real property tax	\$ 1,584,414	\$ 1,581,116	\$ 1,541,678
Linear property tax	24,784	24,753	24,311
Government grants in place of property taxes	12,674	12,632	12,539
	1,621,872	1,618,501	1,578,528
Requisitions:			
Alberta School Foundation Fund	306,893	306,931	303,733
Christ the Redeemer - RCSSD	12,732	12,645	12,596
Seniors Lodges	24,784	24,784	24,320
	344,409	344,360	340,649
Net municipal property tax	\$ 1,277,463	\$ 1,274,141	\$ 1,237,879

# TOWN OF BASSANO

## Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Salaries, wages and benefits	\$ 703,400	\$ 700,660	\$ 645,103
Contracted and general services	876,320	862,150	1,068,007
Materials, goods and utilities	468,222	412,918	372,313
Transfers to local boards and agencies	75,135	72,968	82,560
Interest on long-term debt	50,064	48,702	53,253
Loss on sale of tangible capital assets	-	-	6,758
Amortization	-	447,824	433,164
<b>Total expenses by object</b>	<b>\$ 2,173,141</b>	<b>\$ 2,545,222</b>	<b>\$ 2,661,158</b>

# TOWN OF BASSANO

## Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2016, with comparative information for 2015

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2016	2015
<b>Cost:</b>							
Balance, beginning of year	\$ 153,301	\$ 5,464,517	\$ 15,399,947	\$ 647,549	\$ 434,459	\$ 22,099,773	\$ 20,857,563
Acquisition of tangible capital assets	-	-	-	-	-	-	1,293,316
Construction in progress	-	-	29,036	-	-	29,036	-
Disposal of tangible capital assets	-	-	-	-	-	-	(51,106)
Balance, end of year	153,301	5,464,517	15,428,983	647,549	434,459	22,128,809	22,099,773
<b>Accumulated amortization:</b>							
Balance, beginning of year	-	1,810,847	8,477,038	280,045	224,045	10,791,975	10,377,771
Accumulated amortization on disposals	-	-	-	-	-	-	(18,960)
Amortization	-	109,290	293,392	27,430	17,712	447,824	433,164
Balance, end of year	-	1,920,137	8,770,430	307,475	241,757	11,239,799	10,791,975
Net book value of tangible capital assets	153,301	3,544,380	6,658,553	340,074	192,702	10,889,010	11,307,798
2015 Net book value of tangible capital assets	\$ 153,301	\$ 3,653,670	\$ 6,922,909	\$ 367,504	\$ 210,414	\$ 11,307,798	