

Financial Statements of

TOWN OF BASSANO

Year ended December 31, 2017

Management's Responsibility for Financial Reporting

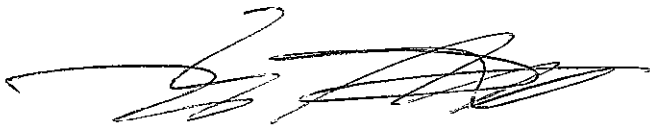
The Town of Bassano's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2017 and the results 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.



Kevin Miller
Chief Administrative Officer



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council 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, 2017, 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, 2017, 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.

KPMG LLP

Chartered Professional Accountants

April 23, 2018
Lethbridge, Canada

TOWN OF BASSANO

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash and short-term investments	\$ 4,519,889	\$ 3,257,286
Taxes and grants in place of taxes (note 3)	225,016	182,308
Land held for resale	404,146	404,146
Investments and marketable securities (note 4)	931,455	867,214
Trade and other receivables	216,361	267,141
Restricted cash (note 5)	470,445	35,937
	<u>6,767,312</u>	<u>5,014,032</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	424,179	138,589
Deposit liabilities	125	125
Deferred revenue (note 6)	1,375,563	351,179
Long-term debt (note 7)	712,212	800,610
	<u>2,512,079</u>	<u>1,290,503</u>
Net financial assets	4,255,233	3,723,529
Non-Financial Assets:		
Prepaid expenses	-	650
Tangible capital assets (Schedule 6)	11,407,451	10,889,010
	<u>11,407,451</u>	<u>10,889,660</u>
Commitments (note 12)		
Contingent liabilities (note 14)		
Accumulated surplus (note 8 and Schedule 3)	\$ 15,662,684	\$ 14,613,189

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 1,334,994	\$ 1,326,759	\$ 1,274,141
Sales and user charges	886,800	957,396	997,884
Government transfers (Schedule 1)	237,573	403,985	393,224
Franchise fees and sale of goods	220,000	239,797	226,096
Interest income	31,500	57,678	41,525
Penalties and cost of taxes	40,000	62,013	42,612
Licenses and permits	21,500	21,172	25,912
Rentals	65,560	63,244	64,903
Other	23,121	27,627	20,493
Total revenue	2,861,048	3,159,671	3,086,790
Expenses (Schedule 5):			
Legislative	55,500	54,565	48,178
General administration	423,848	451,110	437,596
Protective Services	140,335	151,126	125,287
Roads, streets, walks and lighting	444,610	663,382	585,574
Water supply and distribution	376,007	490,862	501,098
Wastewater treatment and disposal	23,950	57,122	53,759
Waste management	108,449	108,446	113,024
Family and community support	148,362	125,968	132,279
Subdivision land development	4,500	5,773	1,228
Parks and recreation	324,900	395,160	406,672
Culture	84,181	88,017	89,577
Other	112,758	90,805	50,950
Total expenses	2,247,400	2,682,336	2,545,222
Excess of revenue over expenses from operations	613,648	477,335	541,568
Government transfers for capital (Schedule 1)	-	572,160	-
Excess of revenues over expenses	613,648	1,049,495	541,568
Accumulated surplus, beginning of year	14,613,189	14,613,189	14,071,621
Accumulated surplus, end of year	\$ 15,226,837	\$ 15,662,684	\$ 14,613,189

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Excess of revenue over expenses	\$ 613,648	\$ 1,049,495	\$ 541,568
Acquisition of tangible capital assets	-	(979,621)	(29,036)
Amortization of tangible capital assets	-	461,180	447,824
Net change in prepaid assets	-	650	(650)
Change in net financial assets	613,648	531,704	959,706
Net financial assets, beginning of year	3,723,529	3,723,529	2,763,823
Net financial assets, end of year	\$ 4,337,177	\$ 4,255,233	\$ 3,723,529

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,049,495	\$ 541,568
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	461,180	447,824
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	(42,708)	(59,191)
Prepaid expenses	650	(650)
Trade and other receivables	50,780	146,988
Accounts payable and accrued liabilities	285,590	(303,736)
Deferred revenue	1,024,384	207,570
	<u>2,829,371</u>	<u>980,373</u>
Capital activities:		
Acquisition of tangible capital assets	(979,621)	(29,036)
Investing activities:		
Decrease (increase) in restricted cash	(434,508)	21,861
Decrease (increase) in investments and marketable securities	(64,241)	44,240
	<u>(498,749)</u>	<u>66,101</u>
Financing activities:		
Payments on long-term debt	(88,398)	(83,597)
Increase in cash and short-term investments	1,262,603	933,841
Cash and short-term investments, beginning of year	3,257,286	2,323,445
Cash and short-term investments, end of year	<u>\$ 4,519,889</u>	<u>\$ 3,257,286</u>

See accompanying notes to financial statements.

TOWN OF BASSANO

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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, 2017

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, 2017

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

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, 2017

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, 2017

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:

	2017	2016
Taxes and grants of taxes:		
Current taxes and grants in place of taxes	\$ 172,480	\$ 133,785
Arrears taxes	62,536	58,523
	235,016	192,308
Provision for doubtful accounts	(10,000)	(10,000)
	\$ 225,016	\$ 182,308

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Investments and marketable securities:

	2017		2016	
	Cost	Market value	Cost	Market value
At amortized cost:				
Government and government guaranteed bonds	\$ 926,758	\$ 946,324	\$ 862,728	\$ 889,370
At cost:				
Alberta Municipal Financing Corporation	10	-	10	-
Newell Regional Services Corporation	10	-	10	-
Connection First Credit Union	4,677	-	4,466	-
	\$ 931,455	\$ 946,324	\$ 867,214	\$ 889,370

Government and government guaranteed bonds have effective interest rates of 1.97% to 5.00% and mature between 2019 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.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2017

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.

6. Deferred revenue:

	2017	2016
Deferred revenue, beginning of year	\$ 351,179	\$ 143,609
Grants received in the year:		
Operating	351,146	412,175
Capital	1,649,383	188,619
	2,000,529	600,794
Amounts recognized in revenue during the year:		
Operating	(403,985)	(393,224)
Capital	(572,160)	-
	(976,145)	(393,224)
Transfers		
Operating	(121,799)	(274,300)
Capital	121,799	274,300
	-	-
Deferred revenue, end of year	\$ 1,375,563	\$ 351,179
Deferred revenue is comprised of:		
Operating	\$ 7,486	\$ 112,254
Capital	1,368,077	238,925
	\$ 1,375,563	\$ 351,179

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Long-term debt:

	2017	2016
Debenture tax supported	\$ 712,212	\$ 800,610
Current portion	(93,474)	(88,398)
	\$ 618,738	\$ 712,212

Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	\$ 93,474	\$ 39,021	\$ 132,495
2019	98,841	33,654	132,495
2020	104,517	27,978	132,495
2021	110,519	21,976	132,495
2022	116,864	15,631	132,495
Thereafter	187,997	10,745	198,742
	\$ 712,212	\$ 149,005	\$ 861,217

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 \$43,891 (2016 - \$48,702).

The Town has an authorized overdraft available up to a maximum of \$250,000 bearing interest at prime rate. As at December 31, 2017, this was not drawn upon.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Accumulated surplus

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

	2017	2016
Unrestricted surplus	\$ 953,647	\$ 786,240
Restricted surplus:		
Capital funds	4,013,798	3,738,549
Equity in tangible capital asset	10,695,239	10,088,400
	<u>\$ 15,662,684</u>	<u>\$ 14,613,189</u>
	2017	2016
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$ 23,108,430	\$ 22,128,809
Accumulated amortization (Schedule 6)	(11,700,979)	(11,239,799)
Loans related to capital assets	(712,212)	(800,610)
	<u>\$ 10,695,239</u>	<u>\$ 10,088,400</u>

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2017

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:

	2017	2016
Total debt limit	\$ 4,739,507	\$ 4,630,185
Total debt	(712,212)	(800,610)
Amount of debt limit unused	4,027,295	3,829,575
Debt servicing limit	789,918	771,698
Debt servicing	(132,495)	(132,495)
Amount of debt servicing unused	\$ 657,423	\$ 639,203

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, 2017

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, 2017

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 2017	Total 2016
Barlow, Doug	\$ 3,100	\$ 68	\$ 3,168	\$ 2,448
Beddows, Ric	3,600	531	4,131	5,362
Doherty, Richard	1,800	68	1,868	1,948
Jones, Kevin	5,500	2,421	7,921	6,156
MacWilliam, Lynn	8,050	2,290	10,340	9,732
Peterson, Jackie (Mayor)	7,300	2,108	9,408	8,454
Rose, Thomas	4,810	408	5,218	9,872
Slomp, John	1,961	212	2,173	-
Wickson, Ron	2,300	1,676	3,976	-
	38,421	9,782	48,203	43,972
Chief Administrative Officer (iii)	\$ 132,746	\$ 5,376	\$ 138,122	\$ 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.
- iii) Included in the Chief Administrative Officer's salary was severance pay. The Acting Chief Administrative Officer position was seconded from June 2017 to February 2018 by a County of Newell representative. No costs were incurred for the secondment.

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, 2017

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 \$48,939 (2016 - \$52,024) 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 30.5% being contributed by the Town and 69.5% being contributed by Alberta Transportation. Total costs incurred for the project as at December 31, 2017 were \$98,528 (2016 - \$29,038).

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, 2017

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 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 2017 operating and capital budgets approved by Council on May 23, 2017. 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, 2017, the Town held funds on behalf of others for a scholarships trust amounting to approximately \$4,214 (2016 - \$4,213) and for proceeds from a tax sale at auction of \$44,956 (2016 - \$nil) 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, 2017, with comparative information for 2016

	Budget	2017	2016
Transfers for operating:			
Provincial government	\$ 120,973	\$ 128,041	\$ 80,862
Other local governments	116,600	275,944	312,362
	237,573	403,985	393,224
Transfers for capital:			
Provincial government	-	572,160	-
Total government transfers	\$ 237,573	\$ 976,145	\$ 393,224

TOWN OF BASSANO

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2017, with comparative information for 2016

	General government	Protective services	Transportation services	Planning and development	Recreation and culture	Environmental services	Public health	Total 2017	Total 2016
Revenue:									
Net municipal taxes	1,326,759	-	-	-	-	-	-	1,326,759	1,274,141
Sales and user charges	15,666	127,373	3,045	-	80,178	706,448	24,686	957,396	997,884
Government transfers	186,844	18,500	580,160	55,176	28,355	10,510	96,600	976,145	393,224
Penalties and cost of taxes	62,013	-	-	-	-	-	-	62,013	42,612
Franchise fees and sale of goods	239,797	-	-	-	-	-	-	239,797	226,096
Licenses and permits	21,172	-	-	-	-	-	-	21,172	25,912
Rentals	63,244	-	-	-	-	-	-	63,244	64,903
Interest income	57,678	-	-	-	-	-	-	57,678	41,525
Other revenues	27,627	-	-	-	-	-	-	27,627	20,493
	2,000,800	145,873	583,205	55,176	108,533	716,958	121,286	3,731,831	3,086,790
Expenses:									
Salaries, wages and benefits	300,236	43,477	238,525	-	172,089	54,507	22,672	831,506	700,660
Transfers to local boards and agencies	-	-	-	-	15,371	53,939	-	69,310	72,968
Contracted and general services	159,490	77,096	243,153	69,126	111,996	76,907	103,447	841,215	862,150
Materials, goods and utilities	29,735	17,993	34,682	-	93,561	257,396	1,867	435,234	412,918
Interest on long-term debt	-	-	-	-	-	43,891	-	43,891	48,702
Amortization	16,213	12,560	171,853	-	90,160	169,790	604	461,180	447,824
	505,674	151,126	688,213	69,126	483,177	656,430	128,590	2,682,336	2,545,222
Excess of revenue over expenses	1,495,126	(5,253)	(105,008)	(13,950)	(374,644)	60,528	(7,304)	1,049,495	541,568

TOWN OF BASSANO

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Unrestricted	Restricted surplus	Equity in TCA	2017	2016
Balance, beginning of year	\$ 786,240	\$ 3,738,549	\$ 10,088,400	\$ 14,613,189	\$ 14,071,621
Excess of revenues over expenses	1,049,495	-	-	1,049,495	541,568
Transferred to restricted surplus	(275,249)	275,249	-	-	-
Acquisition of tangible capital assets internally funded	(979,621)	-	979,621	-	-
Amortization of capital assets	461,180	-	(461,180)	-	-
Debt principal paid	(88,398)	-	88,398	-	-
Change in accumulated surplus	167,407	275,249	606,839	1,049,495	541,568
Balance, end of year	\$ 953,647	\$ 4,013,798	\$ 10,695,239	\$ 15,662,684	\$ 14,613,189

TOWN OF BASSANO

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
General taxation:			
Real property tax	\$ 1,653,204	\$ 1,644,756	\$ 1,581,116
Linear property tax	25,935	25,856	24,753
Government grants in place of property taxes	12,716	12,847	12,632
	1,691,855	1,683,459	1,618,501
Requisitions:			
Alberta School Foundation Fund	318,143	318,071	306,931
Christ the Redeemer - RCSSD	12,783	12,694	12,645
Seniors Lodges	25,935	25,935	24,784
	356,861	356,700	344,360
Net municipal property tax	\$ 1,334,994	\$ 1,326,759	\$ 1,274,141

TOWN OF BASSANO

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Salaries, wages and benefits	\$ 781,342	\$ 831,506	\$ 700,660
Contracted and general services	902,900	841,215	862,150
Materials, goods and utilities	449,750	435,234	412,918
Transfers to local boards and agencies	69,311	69,310	72,968
Interest on long-term debt	44,097	43,891	48,702
Amortization	-	461,180	447,824
Total expenses by object	\$ 2,247,400	\$ 2,682,336	\$ 2,545,222

TOWN OF BASSANO

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2017, with comparative information for 2016

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2017	2016
Cost:							
Balance, beginning of year	\$ 153,301	\$ 5,464,517	\$ 15,428,983	\$ 647,549	\$ 434,459	\$ 22,128,809	\$ 22,099,773
Acquisition of tangible capital assets	-	-	892,633	17,498	-	910,131	-
Construction in progress	-	-	69,490	-	-	69,490	29,036
Balance, end of year	153,301	5,464,517	16,391,106	665,047	434,459	23,108,430	22,128,809
Accumulated amortization:							
Balance, beginning of year	-	1,920,137	8,770,430	307,475	241,757	11,239,799	10,791,975
Amortization	-	109,290	303,249	30,929	17,712	461,180	447,824
Balance, end of year	-	2,029,427	9,073,679	338,404	259,469	11,700,979	11,239,799
Net book value of tangible capital assets	153,301	3,435,090	7,317,427	326,643	174,990	11,407,451	10,889,010
2016 Net book value of tangible capital assets	\$ 153,301	\$ 3,544,380	\$ 6,658,553	\$ 340,074	\$ 192,702	\$ 10,889,010	

