

Financial Statements of

TOWN OF BASSANO

And Independent Auditors' Report thereon

Year ended December 31, 2021

Management's Responsibility for Reporting

The Town of Bassano's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes and schedules thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2021 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. The 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 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'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 His Worship the Mayor and Members of the Council of the Town of Bassano, stating the scope of their examination and opinion on the financial statements, follows.



Ms. Amanda Davis
Chief Administrative Officer
March 14, 2022



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INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of the Council of the Town of Bassano

Opinion

We have audited the financial statements of the Town of Bassano ("the Town"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and its results of operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

March 14, 2022

TOWN OF BASSANO

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets:		
Cash and short-term investments	\$ 914,918	\$ 779,586
Taxes and grants in place of taxes (note 3)	164,717	226,958
Land held for resale	238,411	69,526
Investments (note 4)	865,803	866,885
Trade and other receivables	2,165,561	503,258
Restricted cash (note 5)	4,564,005	7,576,343
	<u>8,913,415</u>	<u>10,022,556</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	224,952	123,829
Deposit liabilities	125	50,125
Deferred revenue (note 6)	1,331,341	2,623,061
Long-term debt (note 7)	304,862	415,380
	<u>1,861,280</u>	<u>3,212,395</u>
Net financial assets	<u>7,052,135</u>	<u>6,810,161</u>
Non-Financial Assets:		
Prepaid expenses	34,874	16,486
Tangible capital assets (Schedule 6)	14,866,105	10,499,109
Land inventory	73,478	73,478
	<u>14,974,457</u>	<u>10,589,073</u>
Commitments (note 12)		
Contingent liabilities (note 14)		
Accumulated surplus (note 8 and Schedule 3)	<u>\$ 22,026,592</u>	<u>\$ 17,399,234</u>

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 1,349,600	\$ 1,348,985	\$ 1,349,928
Sales and user charges	1,186,154	1,132,637	912,717
Government transfers (Schedule 1)	2,390,979	394,941	250,986
Franchise fees and sale of goods	266,555	265,409	257,371
Interest income	19,152	63,484	89,960
Penalties and cost of taxes	15,000	40,496	39,629
Licenses and permits	15,350	26,881	9,887
Rentals	26,071	28,086	25,380
Other	7,900	19,192	7,751
Total revenue	5,276,761	3,320,111	2,943,609
Expenses (Schedule 5):			
Legislative	58,100	50,437	35,178
General administration	542,259	592,483	489,687
Protective Services	146,300	151,678	135,401
Roads, streets, walks and lighting	459,250	421,636	581,181
Water supply and distribution	435,311	523,991	429,588
Wastewater treatment and disposal	36,000	96,305	80,795
Waste management	130,850	123,780	123,908
Family and community support	100,505	101,550	104,476
Subdivision land development	2,500	207,466	(1,471)
Parks and recreation	534,156	547,843	303,853
Culture	151,516	72,980	73,661
Other	2,368,870	154,577	128,300
Total expenses	4,965,617	3,044,726	2,484,557
Excess of revenue over expenses from operations	311,144	275,385	459,052
Government transfers for capital (Schedule 1)	4,651,620	4,351,973	24,493
Excess of revenues over expenses	4,962,764	4,627,358	483,545
Accumulated surplus, beginning of year	17,399,234	17,399,234	16,915,689
Accumulated surplus, end of year	\$ 22,361,998	\$ 22,026,592	\$ 17,399,234

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Excess of revenue over expenses	\$ 4,962,764	\$ 4,627,358	\$ 483,545
Acquisition of tangible capital assets	-	(4,826,219)	(72,714)
Amortization of tangible capital assets	-	459,223	435,574
Net change in prepaid assets	-	(18,388)	4,975
Net change in land inventory	-	-	-
Change in net financial assets	4,962,764	241,974	851,380
Net financial assets, beginning of year	6,810,161	6,810,161	5,958,781
Net financial assets, end of year	\$ 11,772,925	\$ 7,052,135	\$ 6,810,161

See accompanying notes to financial statements.

TOWN OF BASSANO

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 4,627,358	\$ 483,545
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	459,223	435,574
	5,086,581	919,119
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	62,241	(26,001)
Prepaid expenses	(18,388)	4,975
Trade and other receivables	(1,662,303)	(242,498)
Accounts payable and accrued liabilities	101,123	37,393
Deferred revenue	(1,291,720)	1,598,115
Deposit liabilities	(50,000)	5,000
Land held for resale	(168,885)	1,222
	2,058,649	2,297,325
Capital activities:		
Acquisition of tangible capital assets	(4,826,219)	(72,714)
Investing activities:		
Increase (decrease) in restricted cash	3,012,338	(2,305,056)
Increase (decrease) in investments	1,082	(23,342)
	3,013,420	(2,328,398)
Financing activities:		
Payments on long-term debt	(110,518)	(104,517)
Increase (decrease) in cash and short-term investments	135,332	(208,304)
Cash and short-term investments, beginning of year	779,586	987,890
Cash and short-term investments, end of year	\$ 914,918	\$ 779,586

See accompanying notes to financial statements.

TOWN OF BASSANO

Notes to Financial Statements

Year ended December 31, 2021

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 financial 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, 2021

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.

All other income is recognized as earned.

(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, 2021

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.

(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, 2021

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, 2021

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. Significant areas subject to such estimates and assumptions include the estimated useful life of tangible capital assets and the valuation of trade and other receivables, taxes and grants in place of taxes, land held for resale and land inventory. Actual results could differ from those estimates.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 2022, 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, 2022.

(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, 2022.

(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, 2022.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Recent accounting pronouncements (continued):

(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, 2022.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

Management has indicated that the impact of the adoption of this standard is being evaluated and it is not known or reasonably estimable at this time.

(e) PS 3280 - Asset retirement obligations:

This section provides guidance on how to account for and report a liability for retirement of a tangible capital asset. This standard is effective for fiscal years beginning on or after April 1, 2022.

(f) PS 3400 - Revenue:

This section provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions. This standard is effective for fiscal years beginning on or after April 1, 2023.

(g) PSG-8 - Purchased Intangibles:

This new guideline allows for recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to PS 1000 Financial Statement Concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial Statement Presentation to remove the requirement to disclose that purchased intangibles are not recognized. This is effective for fiscal years beginning on or after April 1, 2023.

(h) PS 3160 - Public Private Partnerships:

This section establishes standards on how to account for public private partnership arrangements. This standard is effective for fiscal years beginning on or after April 1, 2023.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Taxes and grants in place of taxes:

	2021	2020
Taxes and grants of taxes:		
Current taxes and grants in place of taxes	\$ 138,338	\$ 149,147
Arrears taxes	46,379	87,811
	184,717	236,958
Provision for doubtful accounts	(20,000)	(10,000)
	\$ 164,717	\$ 226,958

4. Investments and marketable securities:

	2021		2020	
	Cost	Market value	Cost	Market value
At amortized cost:				
Government and government guaranteed bonds	\$ 860,431	\$ 901,492	\$ 861,669	\$ 951,180
At cost:				
Newell Regional Services Corporation	10	10	10	10
Connection First Credit Union	5,362	5,362	5,206	5,206
	\$ 865,803	\$ 906,864	\$ 866,885	\$ 956,396

Government and government guaranteed bonds have effective interest rates of 1.55% to 4.70% (2020 - 1.75% to 4.70%) and mature between 2022 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 urban and rural municipality investors.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Restricted cash:

Restricted cash is comprised of cash on deposit as follows:

	2021	2020
Deferred revenue	\$ 1,331,341	\$ 2,623,061
Provincial funding receivable	(762,304)	(328,430)
Restricted grant contributions unspent	569,037	2,294,631
Reserves ⁽ⁱ⁾	3,994,968	5,281,712
	<u>\$ 4,564,005</u>	<u>\$ 7,576,343</u>

⁽ⁱ⁾ Reserves:

	2021	2020
Reserves (note 8)	\$ 5,570,067	\$ 5,725,466
Unfunded portion	(1,575,099)	(443,754)
	<u>\$ 3,994,968</u>	<u>\$ 5,281,712</u>

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Deferred revenue:

	2021	2020
Deferred revenue, beginning of year	\$ 2,623,061	\$ 1,024,946
Grants received/receivable in the year:		
Operating	264,760	282,055
Capital	3,190,434	1,591,539
	3,455,194	1,873,594
Amounts recognized in revenue during the year:		
Operating	(394,941)	(250,986)
Capital	(4,351,973)	(24,493)
	(4,746,914)	(275,479)
Deferred revenue, end of year	\$ 1,331,341	\$ 2,623,061
Deferred revenue is comprised of:		
Operating:		
Municipal Sustainability Initiative	\$ 74,767	\$ 122,277
Alberta Community Partnership - Local Land Use Planning Component	-	9
Municipal Operating Support Transfer	-	78,000
Family and Community Support Services (FCSS) and Family and Community Support Services Association of Alberta (FCSSAA)	18,782	23,443
	93,549	223,729
Capital:		
Municipal Sustainability Initiative	1,112,697	1,656,648
Gas Tax Fund	125,095	124,161
Alberta Municipal Water/Wastewater Partnership	-	618,523
	1,237,792	2,399,332
	\$ 1,331,341	\$ 2,623,061

A funding allocation for the 2021 year aggregating \$141,209 (2020 - \$68,985) has been made available to the Town under the Gas Tax Fund ("GTF"). This allocation is only receivable from the funding source upon approval of project submissions made by the Town. As at December 31, 2021, the Town did not have any approved projects submitted towards this allocation. As a result this allocation has not been included in these financial statements.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Long-term debt:

	2021	2020
Debenture tax supported	\$ 304,862	\$ 415,380
Current portion	(116,864)	(110,518)
	\$ 187,998	\$ 304,862

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 116,864	\$ 15,631	\$ 132,495
2023	123,575	8,920	132,495
2024	64,423	1,822	66,245
	\$ 304,862	\$ 26,373	\$ 331,235

Debenture debt is repayable to the Treasury Board and Finance 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 \$21,976 (2020 - \$29,978).

The Town has an authorized overdraft available up to a maximum of \$250,000 bearing interest at prime rate. Prime rate at December 31, 2021 was 2.45% (2020 - 2.45%). As at December 31, 2021, this was not drawn upon.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Accumulated surplus

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

	2021	2020
Unrestricted surplus	\$ 1,895,282	\$ 1,590,039
Restricted surplus:		
Fire Committee	42,434	45,554
Sewage Treatment Upgrading	827,705	1,239,046
FCSS	12,561	10,072
Municipal Service	511,406	485,685
Capital Plan	3,148,183	2,769,616
Land and Development	590,864	767,409
Recreation and Culture	429,824	388,809
Recreation Funding Committee	7,090	19,275
	5,570,067	5,725,466
Equity in tangible capital assets	14,561,243	10,083,729
	\$ 22,026,592	\$ 17,399,234
	2021	2020
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$ 28,357,143	\$ 23,530,924
Accumulated amortization (Schedule 6)	(13,491,038)	(13,031,815)
Loans related to capital assets	(304,862)	(415,380)
	\$ 14,561,243	\$ 10,083,729

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 294/2020 for the Town be disclosed as follows:

	2021	2020
Total debt limit	\$ 4,980,167	\$ 4,415,414
Total debt	(304,862)	(415,380)
Amount of debt limit unused	4,675,305	4,000,034
Debt servicing limit	830,028	735,902
Debt servicing	(132,495)	(132,495)
Amount of debt servicing unused	\$ 697,533	\$ 603,407

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 294/2020) 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.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

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.

(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, 2021

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 2021	Total 2020
Irvin, Morey (Mayor)	\$ 8,300	\$ 813	\$ 9,113	\$ 5,426
Slomp, John (Deputy Mayor)	5,100	254	5,354	3,263
Wickson, Ron (Former Mayor)	11,000	515	11,515	13,222
Rose, Thomas	1,800	77	1,877	2,982
Barlow, Doug	3,300	77	3,377	3,038
Jones, Kevin	4,050	173	4,223	2,747
Mike Wetzstein	1,475	77	1,552	-
Sydney Miller	1,100	77	1,177	-
Seely, Jacqueline	-	-	-	2,332
	36,125	2,063	38,188	33,010
Chief Administrative Officer (iii)	-	-	-	-
Town Assessor (iv)	-	-	-	-
Bylaw Enforcement Officer (v)	\$ -	\$ -	\$ -	\$ -

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Salary and benefits disclosure (continued):

- i) Salary includes regular base pay. For Councilors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.
- ii) For non-elected officials, employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance 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.
- iii) The Chief Administrative Officer position has been filled through an independent contract. The contract has been in effect since August 2018 and was extended to January 31, 2026 at a base contract amount of \$198,720 per year. A professional development allowance, estimated to be \$90,137 over the next four years commencing in 2022 is provided and shall be applied directly to educational institutions for mutually agreed upon training. Actual costs incurred in 2021 were \$198,787 (2020 - \$202,083) which included travel expenses of \$607 (2020 - \$787) and expense reimbursements of \$nil (2020 - \$974). The Town also entered into an agreement for the completion of the Town's Economic Development Enrichment Strategy in the amount of \$25,000 (2020 - Economic development in the amount of \$1,440). These contract payments are not reflected in the table above.
- iv) The Town Assessor position has been filled through an independent contract. The contract is active until February 28, 2024. The total cost incurred for the year was \$18,523 (2020 - \$18,648). These contract payments are not reflected in the table above.
- v) The Town Bylaw Officer position has been filled through an independent contract with the County of Newell and will remain in effect until either party provides a termination notice to the other. The total cost incurred for the year was \$12,000 (2020 - \$12,125). These contract payments are not reflected in the table above.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 Province of Alberta or any other person shall be provided by the participants on a per capita basis. In 2021 the Town contributed \$52,316 (2020 - \$51,454) 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 \$7,020,000. The project is to be funded from various grants as well as a contribution by the Town of \$1,023,550. The breakdown is as follows:

Investing in Canada Infrastructure Program ("ICIP")	\$ 2,723,264
Alberta Municipal Water/Wastewater Partnership ("AMWWP")	2,339,766
Municipal Sustainability Initiative - Capital	933,420
Sewage Treatment Upgrading internal reserve	<u>1,023,550</u>
	\$ 7,020,000

Total costs incurred for the project in 2021 were \$4,769,466 (2020 - \$423,675), which includes land of \$232,056 and construction in progress of \$4,537,410. At December 31, 2021 the Town has entered into various agreements with vendors for the wastewater treatment upgrade project in the amount of \$6,787,913, of which \$1,594,733 remains outstanding at year end.

- iii) The Town is committed to an operating agreement with Newell Regional Services Corporation ("NRSC") for the provision of Water Systems Operators and Wastewater Operators to manage and perform all regulatory requirements and maintenance of the Water Distribution System and Wastewater Collection System and Treatment Facilities owned by the Town. The current contract term expired on December 31, 2021. A new contract was signed with a contract term that expires on December 31, 2024 but may be terminated at any time by the Town upon 120 days prior written notice to NRSC. In 2021 the Town incurred costs of \$52,316 (2020 - \$18,684) under this agreement.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

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.

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:

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.

TOWN OF BASSANO

Notes to Financial Statements (continued)

Year ended December 31, 2021

15. Budget:

The budgeted information presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council on June 7, 2021. 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, 2021, the Town held funds on behalf of others for a scholarships trust amounting to approximately \$1,720 (2020 - \$2,469) which is not included in these financial statements.

17. Comparative information:

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

18. Approval of financial statements:

Council and Management approved these financial statements.

TOWN OF BASSANO

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Transfers for operating:			
Provincial government	\$ 2,339,000	\$ 331,717	\$ 180,800
Other local governments	51,979	63,224	70,186
	2,390,979	394,941	250,986
Transfers for capital:			
Provincial government	4,651,620	4,351,973	24,493
Total government transfers	\$ 7,042,599	\$ 4,746,914	\$ 275,479

TOWN OF BASSANO

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2021, with comparative information for 2020

	General government	Protective services	Transportation services	Planning and development	Recreation and culture	Environmental services	Public health	Total 2021	Total 2020
Revenue:									
Net municipal taxes	\$ 1,348,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,348,985	\$ 1,349,928
Sales and user charges	35,019	91,134	15,788	-	243,639	730,987	16,070	1,132,637	912,717
Government transfers	143,000	-	-	98,112	90,605	4,351,973	63,224	4,746,914	275,479
Penalties and cost of taxes	40,496	-	-	-	-	-	-	40,496	39,629
Franchise fees and sale of goods	265,409	-	-	-	-	-	-	265,409	257,371
Licenses and permits	26,881	-	-	-	-	-	-	26,881	9,887
Rentals	28,086	-	-	-	-	-	-	28,086	25,380
Interest income	63,484	-	-	-	-	-	-	63,484	89,960
Other revenues	2,914	570	-	-	-	-	15,708	19,192	7,751
	1,954,274	91,704	15,788	98,112	334,244	5,082,960	95,002	7,672,084	2,968,102
Expenses:									
Salaries, wages and benefits	176,583	60,366	90,738	-	203,994	61,449	67,401	660,531	561,923
Transfers to local boards and agencies	-	-	-	-	77,913	62,316	-	140,229	123,806
Contracted and general services	419,736	62,875	159,635	194,957	120,041	156,167	32,984	1,146,395	1,000,507
Materials, goods and utilities	32,497	16,916	28,895	-	128,715	269,773	4,524	481,320	340,519
Interest on long-term debt	-	-	-	-	-	21,976	-	21,976	27,978
Impairment (recovery) of land held for resale	-	-	-	135,052	-	-	-	135,052	(5,750)
Amortization	13,064	12,560	170,440	-	90,161	172,394	604	459,223	435,574
	641,880	152,717	449,708	330,009	620,824	744,075	105,513	3,044,726	2,484,557
Excess (deficiency) of revenue over expenses									
	\$ 1,312,394	\$ (61,013)	\$ (433,920)	\$ (231,897)	\$ (286,580)	\$ 4,338,885	\$ (10,511)	\$ 4,627,358	\$ 483,545

TOWN OF BASSANO

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Unrestricted	Restricted surplus	Equity in TCA	2021	2020
Balance, beginning of year	\$ 1,590,039	\$ 5,725,466	\$ 10,083,729	\$ 17,399,234	\$ 16,915,689
Excess of revenues over expenses	4,627,358	-	-	4,627,358	483,545
Transferred to restricted surplus	(570,929)	570,929	-	-	-
Transferred from restricted surplus	726,328	(726,328)	-	-	-
Acquisition of tangible capital assets internally funded	(4,826,219)	-	4,826,219	-	-
Amortization of capital assets	459,223	-	(459,223)	-	-
Debt principal paid	(110,518)	-	110,518	-	-
Change in accumulated surplus	305,243	(155,399)	4,477,514	4,627,358	483,545
Balance, end of year	\$ 1,895,282	\$ 5,570,067	\$ 14,561,243	\$ 22,026,592	\$ 17,399,234

TOWN OF BASSANO

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
General taxation:			
Real property tax	\$ 1,695,339	\$ 1,660,633	\$ 1,630,608
Linear property tax	10,769	44,711	43,921
Government grants in place of property taxes	13,000	13,149	13,461
	1,719,108	1,718,493	1,687,990
Requisitions:			
Alberta School Foundation Fund	322,318	322,318	315,147
Christ the Redeemer - RCSSD	13,227	13,227	12,833
Seniors Lodges	10,772	10,772	10,082
Policing	23,191	23,191	-
	369,508	369,508	338,062
Net municipal property tax	\$ 1,349,600	\$ 1,348,985	\$ 1,349,928

TOWN OF BASSANO

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Salaries, wages and benefits	\$ 766,690	\$ 660,531	\$ 561,924
Contracted and general services	3,460,770	1,146,395	1,000,507
Materials, goods and utilities	562,305	481,320	340,518
Transfers to local boards and agencies	153,876	140,229	123,806
Interest on long-term debt	21,976	21,976	27,978
Impairment (recovery) of land held for resale	-	135,052	(5,750)
Amortization	-	459,223	435,574
Total expenses by object	\$ 4,965,617	\$ 3,044,726	\$ 2,484,557

TOWN OF BASSANO

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2021, with comparative information for 2020

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2021	2020
Cost:							
Balance, beginning of year	\$ 153,301	\$ 5,464,517	\$ 16,759,935	\$ 690,712	\$ 462,459	\$ 23,530,924	\$ 23,458,210
Acquisition of tangible capital assets	232,056	-	-	34,460	22,293	288,809	37,769
Construction in progress	-	-	4,537,410	-	-	4,537,410	34,945
Balance, end of year	385,357	5,464,517	21,297,345	725,172	484,752	28,357,143	23,530,924
Accumulated amortization:							
Balance, beginning of year	-	2,309,298	9,986,735	421,777	314,005	13,031,815	12,596,241
Amortization	-	109,290	296,146	36,259	17,528	459,223	435,574
Balance, end of year	-	2,418,588	10,282,881	458,036	331,533	13,491,038	13,031,815
Net book value of tangible capital assets	385,357	3,045,929	11,014,464	267,136	153,219	14,866,105	10,499,109
2020 Net book value of tangible capital assets	\$ 153,301	\$ 3,155,219	\$ 6,773,200	\$ 268,935	\$ 148,454	\$ 10,499,109	