

TOWN OF BASSANO
Financial Statements
Year Ended December 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of the Town of Bassano

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statement. 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.

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



Amanda Davis
Chief Administrative Officer

Bassano, Alberta
March 11, 2024



Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Town of Bassano

Opinion

We have audited the financial statements of Town of Bassano (the the Town), which comprise the statement of financial position as at December 31, 2023, and the statements of statement of operations and accumulated surplus, statement of remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the the Town as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the the Town in accordance with 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 PSAS, 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 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 the Town or to cease operations, or has no realistic alternative but to do so.

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

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

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Independent Auditor's Report to the Members of Town of Bassano (*continued*)

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 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 the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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

JDP Wasserman LLP

JDP Wasserman LLP
Chartered Professional Accountants
Wetaskiwin, Alberta
March 11, 2024

TOWN OF BASSANO
Statement of Financial Position
As at December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 1,163,624	\$ 1,099,958
Taxes and grants in place of taxes <i>(Note 4)</i>	145,694	218,700
Land held for resale	54,778	217,764
Investments <i>(Note 5)</i>	872,981	1,007,556
Trade and other receivables <i>(Note 6)</i>	915,472	2,209,953
Restricted cash <i>(Note 7)</i>	7,965,233	4,904,007
	<u>11,117,782</u>	<u>9,657,938</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 8)</i>	137,505	272,314
Deposit liabilities <i>(Note 9)</i>	119,167	77,200
Deferred revenue <i>(Note 10)</i>	2,012,616	1,796,796
Long-term debt <i>(Note 11)</i>	64,423	187,999
	<u>2,333,711</u>	<u>2,334,309</u>
NET FINANCIAL ASSETS	<u>8,784,071</u>	<u>7,323,629</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	34,827	26,290
Tangible capital assets <i>(Schedule 1)</i>	16,058,600	16,269,962
Land inventory	73,478	73,478
	<u>16,166,905</u>	<u>16,369,730</u>
ACCUMULATED SURPLUS <i>(Note 13)</i>	<u>\$ 24,950,976</u>	<u>\$ 23,693,359</u>

CONTINGENCIES AND COMMITMENTS *(Note 20)*

TOWN OF BASSANO
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

	2023 Budget	2023 (Actual)	2022 (Actual)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,472,748	\$ 1,472,127	\$ 1,360,752
User fees and sales of goods	989,990	1,381,642	1,021,255
Government transfers for operating <i>(Schedule 3)</i>	1,323,018	903,134	438,395
Franchise and concession contracts <i>(Note 15)</i>	295,000	294,748	311,250
Rentals	37,120	40,021	39,333
Penalties and costs on taxes	35,000	49,505	57,248
Licenses and permits	15,250	22,866	16,336
Investment income	25,000	357,354	160,299
Other revenues	6,000	14,846	25,222
	<u>4,199,126</u>	<u>4,536,243</u>	<u>3,430,090</u>
EXPENSES <i>(Schedule 6)</i>			
Council and legislative	61,600	45,883	48,523
General administration	874,943	606,633	574,387
Protective services	274,550	263,374	174,797
Roads, streets, walks, and lighting	498,086	496,882	533,397
Water supply and distribution	510,035	611,954	540,778
Wastewater treatment and disposal	58,500	227,438	133,451
Waste management	134,763	128,299	125,276
Family and community support services	113,755	108,286	90,574
Economic development and community services	67,000	47,182	40,209
Parks and recreation	1,028,378	611,257	583,100
Subdivision land development	2,000	211,912	24,148
Culture	152,504	122,821	92,771
Airport	22,100	38,852	34,852
Cemetery	7,000	4,082	6,752
	<u>3,805,214</u>	<u>3,524,855</u>	<u>3,003,015</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	<u>393,912</u>	<u>1,011,388</u>	<u>427,075</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 3)</i>	-	239,229	1,239,692
Other contributions for capital	-	7,000	-
	<u>-</u>	<u>246,229</u>	<u>1,239,692</u>
ANNUAL SURPLUS	<u>393,912</u>	<u>1,257,617</u>	<u>1,666,767</u>
ACCUMULATED SURPLUS - TO BEGIN YEAR	<u>23,693,359</u>	<u>23,693,359</u>	<u>22,026,592</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 24,087,271</u>	<u>\$ 24,950,976</u>	<u>\$ 23,693,359</u>

TOWN OF BASSANO
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2023

	2023 Budget	2023 (Actual)	2022 (Actual)
ANNUAL SURPLUS	\$ 393,912	\$ 1,257,617	\$ 1,666,767
Purchase of tangible capital assets	-	(400,417)	(1,949,992)
Amortization of tangible capital assets	-	611,778	546,135
Use (acquisition) of prepaid expenses	-	(8,536)	8,584
	-	202,825	(1,395,273)
INCREASE IN NET FINANCIAL ASSETS	393,912	1,460,442	271,494
NET FINANCIAL ASSETS - BEGINNING OF YEAR	7,323,629	7,323,629	7,052,135
NET FINANCIAL ASSETS - END OF YEAR	\$ 7,717,541	\$ 8,784,071	\$ 7,323,629

TOWN OF BASSANO
Statement of Remeasurement Gains and Losses
Year Ended December 31, 2023

	<i>2023 Budget</i>	2023 (Actual)	<i>2022 (Actual)</i>
Accumulated remeasurement gains(losses) at beginning of year	\$ -	\$ -	\$ -
Unrealized gains (losses) attributed to:			
Investments	-	-	-
Derivatives	-	-	-
Other	-	-	-
Amounts reclassified to the statement of operations:			
Reclassification for realized gain	-	-	-
Net remeasurement for the year	-	-	-
Accumulated remeasurement gains(losses) at end of year	\$ -	\$ -	\$ -

TOWN OF BASSANO
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 1,257,617	\$ 1,666,767
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	<u>611,780</u>	546,135
	<u>1,869,397</u>	<u>2,212,902</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	73,006	(53,983)
Prepaid expenses	(8,538)	8,584
Trade and other receivables	1,294,481	(44,391)
Accounts payable and accrued liabilities	(134,808)	47,361
Deferred revenue	215,820	465,455
Deposit liabilities	41,967	77,075
Land held for resale	<u>162,987</u>	<u>20,647</u>
	<u>1,644,913</u>	<u>520,748</u>
Cash flow from operating activities	<u>3,514,310</u>	<u>2,733,650</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(400,417)	(1,949,992)
Net change in investments	134,575	(141,753)
Net change in restricted cash	<u>(3,061,226)</u>	<u>(340,002)</u>
Cash flow used by investing activities	<u>(3,327,068)</u>	<u>(2,431,747)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	<u>(123,576)</u>	<u>(116,863)</u>
Cash flow used by financing activity	<u>(123,576)</u>	<u>(116,863)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	63,666	185,040
Cash and cash equivalents - beginning of year	<u>1,099,958</u>	<u>914,918</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,163,624	\$ 1,099,958

TOWN OF BASSANO
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

(Schedule 1)

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2023	2022
<u>Cost:</u>							
Balance, beginning of year	\$ 385,357	\$ 5,542,181	\$ 23,122,791	\$ 772,053	\$ 484,753	\$ 30,307,135	\$ 28,357,143
Acquisition of tangible capital assets	-	329,610	10,442	11,156	-	351,208	1,923,164
Construction in progress	-	49,209	-	-	-	49,209	26,828
Disposals	-	-	-	-	-	-	-
Balance, end of year	385,357	5,921,000	23,133,233	783,209	484,753	30,707,552	30,307,135
<u>Accumulated Amortization</u>							
Balance, beginning of year	-	2,528,896	10,654,434	503,669	350,175	14,037,174	13,491,038
Add:							
Amortization	-	99,570	447,188	46,378	18,642	611,778	546,135
Less:							
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	2,628,466	11,101,622	550,047	368,817	14,648,952	14,037,173
Net book value of tangible capital assets	385,357	3,292,534	12,031,611	233,162	115,936	16,058,600	16,269,962
2022 Net book value of tangible capital assets	385,357	3,013,285	12,468,357	268,384	134,578	16,269,961	

TOWN OF BASSANO
Schedule of Property Taxes
For the Year Ended December 31, 2023

(Schedule 2)

	2023 Budget	2023 (Actual)	2022 (Actual)
TAXATION			
Real property taxes	\$ 1,861,397	\$ 1,786,587	\$ 1,664,907
Linear property tax	-	63,427	57,829
Government grants in place of property tax	-	10,551	10,853
	-	-	-
	<u>1,861,397</u>	<u>1,860,565</u>	<u>1,733,589</u>
REQUISITIONS			
Alberta School Foundation Fund	320,122	320,122	313,420
Christ the Redeemer - RCSSD	10,765	10,765	12,704
Senior Lodges	12,355	12,355	11,905
Policing	45,196	45,196	34,808
	-	-	-
	<u>388,438</u>	<u>388,438</u>	<u>372,837</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,472,959</u>	<u>\$ 1,472,127</u>	<u>\$ 1,360,752</u>

TOWN OF BASSANO
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 3)

	2023 Budget	2023 (Actual)	2022 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 444,514	\$ 366,213	\$ 100,092
Local government	878,504	536,921	338,303
	<u>1,323,018</u>	<u>903,134</u>	<u>438,395</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	239,229	1,239,692
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,323,018</u>	<u>\$ 1,142,363</u>	<u>\$ 1,678,087</u>

TOWN OF BASSANO
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 4)

	General government	Protective services	Transportation services	Environmental services	Public health	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal taxes	\$ 1,227,273	14,545	4,362	-	26,977	-	198,970	\$ 1,472,127
User fees and sales of goods	208,157	13,937	6,204	1,027,071	24,978	-	101,295	1,381,642
Government transfers	32,562	253,008	105,169	-	97,230	14,727	639,667	1,142,363
Franchise and concession contracts	294,748	-	-	-	-	-	-	294,748
Rentals	25,457	-	-	-	-	-	14,564	40,021
Penalties and costs on taxes	49,505	-	-	-	-	-	-	49,505
Licenses and permits	22,866	-	-	-	-	-	-	22,866
Investment income	357,354	-	-	-	-	-	-	357,354
Other revenues	846	90	-	-	13,910	-	7,000	21,846
	2,218,768	281,580	115,735	1,027,071	163,095	14,727	961,496	4,782,472
EXPENSES								
Salaries, wages and benefits	216,861	143,439	122,012	-	65,177	-	268,026	815,515
Contracted and general services	393,498	58,785	203,070	243,390	34,074	420,370	210,649	1,563,836
Materials, goods and utilities	23,893	48,590	36,904	331,468	12,513	-	133,910	587,278
Transfers to other governments	-	-	-	-	-	-	-	-
Transfers to local boards and agencies	-	-	-	57,750	-	-	41,054	98,804
Interest on long-term debt	-	-	-	8,920	-	-	-	8,920
Provision for allowances	-	-	-	-	-	(161,276)	-	(161,276)
Amortization of tangible capital assets	18,264	12,560	173,748	326,163	604	-	80,439	611,778
	652,516	263,374	535,734	967,691	112,368	259,094	734,078	3,524,855
ANNUAL SURPLUS (DEFFICIT)	\$ 1,566,252	\$ 18,206	\$ (419,999)	\$ 59,380	\$ 50,727	\$ (244,367)	\$ 227,418	\$ 1,257,617

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

TOWN OF BASSANO
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022

(Schedule 5)

	General government	Protective services	Transportation services	Environmental services	Public health	Planning and development	Recreation and culture	2022
REVENUES								
Net municipal taxes	\$ 1,146,231	\$ 12,599	\$ 3,789	\$ -	\$ 14,502	\$ -	\$ 183,631	\$ 1,360,752
User fees and sales of goods	22,426	4,132	6,831	887,629	10,345	-	89,892	1,021,255
Government transfers	28,806	122,771	46,699	1,239,693	16,710	600	222,808	1,678,087
Franchise and concession contracts	311,250	-	-	-	-	-	-	311,250
Rentals	24,857	-	-	-	-	-	14,476	39,333
Penalties and costs on taxes	57,248	-	-	-	-	-	-	57,248
Licenses and permits	16,336	-	-	-	-	-	-	16,336
Investment income	160,299	-	-	-	-	-	-	160,299
Other revenues	13,966	180	-	-	11,076	-	-	25,222
	1,781,419	139,682	57,319	2,127,322	52,633	600	510,807	4,669,782
EXPENSES								
Salaries, wages and benefits	216,054	69,716	136,923	-	60,257	-	244,791	727,741
Contracted and general services	358,609	54,131	221,898	174,398	29,979	54,836	137,218	1,031,069
Materials, goods and utilities	29,982	38,389	35,680	301,946	6,486	-	130,825	543,308
Transfers to other governments	-	-	-	-	-	-	-	-
Transfers to local boards and agencies	-	-	-	57,750	-	-	71,861	129,611
Interest on long-term debt	-	-	-	15,630	-	-	-	15,630
Provision for allowances	-	-	-	-	-	9,521	-	9,521
Amortization of tangible capital assets	18,265	12,560	173,748	249,782	604	-	91,176	546,135
	622,910	174,796	568,249	799,506	97,326	64,357	675,871	3,003,015
ANNUAL SURPLUS (DEFFICIT)	\$ 1,158,509	\$ (35,114)	\$ (510,930)	\$ 1,327,816	\$ (44,693)	\$ (63,757)	\$ (165,064)	\$ 1,666,767

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

TOWN OF BASSANO**Schedule of Expenses by Object
For the Year Ended December 31, 2023****(Schedule 6)**

	2023 Budget	2023 (Actual)	2022 (Actual)
Salaries, wages and benefits	\$ 794,640	\$ 815,515	\$ 727,741
Contracted and general services	2,252,577	1,563,836	1,031,069
Materials, goods and utilities	606,070	587,278	543,308
Transfers to local boards and agencies	143,007	98,804	129,611
Interest on long-term debt	8,920	8,920	15,630
Provision for allowances	-	(161,276)	9,521
Amortization of tangible capital assets	-	611,778	546,135
	<u>\$ 3,805,214</u>	<u>\$ 3,524,855</u>	<u>\$ 3,003,015</u>

TOWN OF BASSANO**Schedule of Equity in Tangible Capital Assets****(Schedule 7)****For the Year Ended December 31, 2023**

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 16,081,964	\$ 14,561,244
Purchase of tangible capital assets	400,417	1,949,992
Amortization of tangible capital assets	(611,778)	(546,135)
Repayment of long-term debt	123,574	116,863
BALANCE, END OF YEAR	\$ 15,994,177	\$ 16,081,964
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (<i>Schedule 1</i>)	\$ 16,058,600	\$ 16,269,963
Long-term debt (<i>Note 11</i>)	(64,423)	(187,999)
	\$ 15,994,177	\$ 16,081,964

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

1. 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, revenues and expenses, cash flows, changes in accumulated surplus and change in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

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

(b) Basis of Accounting

The Town follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) Use of Estimates

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

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

(d) Cash and Cash Equivalents

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(continues)

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written-down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(f) Land Held for Resale

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

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(h) Inventories

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

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

(i) Government Transfers

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

Government transfers are recognized 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.

(continues)

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(j) Tangible Capital Assets

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

Buildings	50 years
Engineered structures:	
Water system	45 - 75 years
Wastewater system	45 - 75 years
Other	20 years
Machinery and equipment	5 -15 years
Vehicles	10 - 25 years

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

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

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

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

(k) Contaminated Sites

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

(continues)

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(l) Tax Revenue

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

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

(m) Other Revenue

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

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

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

(n) Requisition Over-levies and Under-levies

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. If the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(continues)

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(o) New Accounting Standards Adopted in the Year

Effective for fiscal years beginning on or after April 1, 2022, PS3280 *Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, PS1201 financial statement presentation requires that the recognized value of specific financial assets and liabilities be updated annually using the current fair value. The Town will be required to prepare 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.

Effective for fiscal years beginning on or after April 1, 2022, PS3450 requires municipalities to follow a new comprehensive standard on financial instruments. Derivative instruments and equity instruments will be required to be measured at their fair value at each year end, and any unrealized gains or losses associated with those equities will be reported on a separate statement of re-measurement gains and losses. As the Town does not invest in derivatives or equity instruments based on its investment policy, as a result the adoption of this standard will have a minimal impact on the Town.

Effective for fiscal years beginning on or after April 1, 2022, PS2601 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.

(x) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2023, PS3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Effective for fiscal years beginning on or after April 1, 2023, PSG-8 This new guideline allows for recognition of intangibles purchased through an exchange transaction.

Effective for fiscal years beginning on or after April 1, 2023, PS3160 establishes standards on how to account for public private partnership arrangements.

2. IMPACT OF ADOPTING PS 3280 - ASSET RETIREMENT OBLIGATIONS

The Town of Bassano has adopted PS 3280 Asset Retirement Obligations (ARO) accounting standard as pronounced by the Public Sector Accounting Board with stated adoption for April 1, 2022 with respect to these financial statements. As a result, the adoption has been applied retrospectively in preparing the financial statements for the year ended December 31, 2023, the comparative information for the year ended December 31, 2022 and the opening balance sheet as at January 1, 2022 has been restated where appropriate.

(continues)

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

2. IMPACT OF ADOPTING PS 3280 - ASSET RETIREMENT OBLIGATIONS *(continued)*

The Town of Bassano evaluated the impact of the adoption of PS 3280 in consultation with third party financial and engineering professionals. The process was informed by a review of the Town's 2018 Infrastructure Master Plan (IMP) prepared by MPE Engineering and a review of current and historical records. From the accounting guidelines, we collectively determined that the Town has no material ARO Obligations associated with the decommission or retirement of its assets.

3. CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Bank accounts	\$ 910,526	\$ 1,007,629
Term deposits	253,098	92,329
	<u>\$ 1,163,624</u>	<u>\$ 1,099,958</u>

4. TAXES AND GRANTS IN PLACE OF TAXES

	<u>2023</u>	<u>2022</u>
<u>Taxes and grants in place of taxes</u>		
Current taxes and grants in place of taxes	\$ 137,461	\$ 156,593
Arrears taxes	28,233	82,107
	<u>165,694</u>	238,700
Provision for doubtful accounts	<u>(20,000)</u>	(20,000)
	<u>\$ 145,694</u>	<u>\$ 218,700</u>

5. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Government and government guaranteed bonds	\$ 867,034	\$ 1,001,919
Connection First Credit Union	5,937	5,627
Newell Regional Services Corporation	10	10
	<u>\$ 872,981</u>	<u>\$ 1,007,556</u>

Government and government guaranteed bonds bear interest at 1.55% to 4.70% (2022 - 1.55% to 4.70%) per annum and mature at dates between June 2, 2025 and December 1, 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
Year Ended December 31, 2023

6. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Canada Community-Building Fund	\$ -	\$ 282,465
Municipal Sustainability Initiative - Capital	155,583	867,677
Municipal Sustainability Initiative - Operating	100,418	-
Investing in Canada Infrastructure Program	245,488	850,944
Alberta Community Partnership - Intermunicipal Collaboration	17,500	-
Goods and services tax	(420)	11,931
Utilities	143,946	117,369
Other	252,957	79,567
	<u>\$ 915,472</u>	<u>\$ 2,209,953</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

7. RESTRICTED CASH

Restricted cash is comprised of cash on deposit as follows:

	<u>2023</u>	<u>2022</u>
Municipal sustainability initiative - operating	\$ 62,970	\$ 126,903
Municipal sustainability initiative - capital	1,331,094	410,376
Municipal services	579,076	520,414
Fire committee	1,033	31,919
Canada community-building fund	504,900	128,147
Family community support services	3,571	26
Land and development	779,618	605,280
Recreation funding committee	40,168	18,605
Recreation and culture	589,965	484,792
Land sale trust	102,308	24,857
Fire reserve - capital	65,802	-
Capital plan	3,534,475	2,552,178
Wastewater treatment upgrade	316,207	452
Alberta municipal water/wastewater partnership	62	58
Alberta Community Partnership - Intermunicipal Collaboration	53,984	-
	<u>\$ 7,965,233</u>	<u>\$ 4,904,007</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade and other payable	\$ 129,143	\$ 122,351
Employee earned vacation, sick and overtime liability	8,362	6,727
GST rebate repayable	-	143,236
	<u>\$ 137,505</u>	<u>\$ 272,314</u>

9. DEPOSIT LIABILITIES

	<u>2023</u>	<u>2022</u>
Deposits on land sales	\$ 11,300	\$ 52,219
Land sale proceeds to be distributed	107,742	24,856
Utility deposits	125	125
	<u>\$ 119,167</u>	<u>\$ 77,200</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

10. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - Capital	\$ 1,361,677	\$ 1,278,054
Family and Community Support Services	12,405	48,410
Canada Community-Building Fund	504,900	410,612
Municipal Sustainability Initiative - Operating	20,842	59,662
Alberta Community Partnership - Intermunicipal Collaboration	71,484	-
Other	41,308	58
	<u>\$ 2,012,616</u>	<u>\$ 1,796,796</u>

11. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$66,248 including interest at 5.66200% maturing June 2024.	<u>\$ 64,423</u>	<u>\$ 187,999</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 64,423</u>	<u>\$ 1,824</u>	<u>\$ 66,247</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

12. 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:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 6,804,365	\$ 5,145,135
Total debt	<u>(64,423)</u>	<u>(187,999)</u>
Total debt limit remaining	\$ 6,739,942	\$ 4,957,136
Service on debt limit	\$ 1,134,061	\$ 857,523
Service on debt	<u>(66,247)</u>	<u>(132,495)</u>
Total service on debt limit remaining	\$ 1,067,814	\$ 725,028

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

13. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 2,567,107	\$ 2,368,447
Restricted surplus		
Operating reserves (<i>Note 13</i>)	2,052,902	1,667,774
Capital reserves (<i>Note 13</i>)	4,336,790	3,575,174
Equity in tangible capital assets (<i>Schedule 7</i>)	<u>15,994,177</u>	<u>16,081,964</u>
	\$ 24,950,976	\$ 23,693,359

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

14. RESTRICTED SURPLUS

	<u>2023</u>	<u>2022</u>
<u>Operating Reserves</u>		
Municipal services	\$ 579,076	\$ 520,414
Fire Committee	6,995	37,881
Sewage Treatment Upgrading	81,290	452
Family Community Support Services	395	350
Land and Development	779,618	605,280
Recreation Funding Committee	40,168	18,605
Recreation and Culture	565,360	484,792
	<u>\$ 2,052,902</u>	<u>\$ 1,667,774</u>
<u>Capital Reserves</u>		
Capital Plan	\$ 4,272,990	\$ 3,575,174
Fire Services	63,800	-
	<u>\$ 4,336,790</u>	<u>\$ 3,575,174</u>

15. FRANCHISE AND CONCESSION CONTRACTS

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

	2023 Budget	2023 (Actual)	2022 (Actual)
Fortis Alberta Inc.	\$ 185,000	\$ 185,509	\$ 185,623
ATCO Gas	110,000	109,239	125,627
	<u>\$ 295,000</u>	<u>\$ 294,748</u>	<u>\$ 311,250</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

16. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (i)	Benefits (ii)	2023	2022
Irvin, Morey (Mayor)	\$ 11,875	\$ 1,200	\$ 13,075	\$ 14,995
Councillors				
Slomp, John (Deputy Mayor)	5,250	1,364	6,614	7,411
Jones, Kevin	2,625	1,200	3,825	4,450
Wetzstein, Mike	3,375	1,261	4,636	5,561
Miller, Sydney	3,625	1,283	4,908	7,939
Chief Administrative Officer (iii)	-	-	-	-
Town Assessor (iv)	-	-	-	-
Bylaw Enforcement Officer (v)	-	-	-	-
	\$ 26,750	\$ 6,308	\$ 33,058	\$ 40,356

- (i) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.
- (ii) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition. Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.
- 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, 2025 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 2023 were \$231,868 (2022 - \$199,650) which included travel expenses of \$1,885 (2022 - \$930) and professional development of \$21,003 (2022 - \$26,707).
- 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 \$19,468 (2022 - \$18,090). 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 \$13,440 (2022 - \$12,960). These contract payments are not reflected in the table above.

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

17. BUDGET FIGURES

	2023 (Budget)	2023 (Actual)
Annual surplus (deficit)	\$ 393,912	\$ 1,209,196
Amortization of tangible capital assets	-	611,779
Acquisition of tangible capital assets	(39,579)	(351,207)
Repayment of long-term debt	(123,575)	(116,864)
Annual transfers to reserves		
Transfer to Municipal Services	(30,000)	(30,000)
Transfer to Recreation and Culture	(60,000)	(60,000)
Transfer to Capital Plan	(342,763)	(342,763)
Other net transfers from(to) reserves		
Transfer from(to) Municipal Services	97,000	(28,661)
Transfer from(to) Fire Committee	31,500	30,886
Transfer from(to) Sewage Treatment Upgrade	(78,500)	(80,838)
Transfer from(to) Family Community Support Services	12,620	(46)
Transfer from(to) Land and Development	-	(174,339)
Transfer from(to) Recreation and Culture	108,500	(20,568)
Transfer from(to) Recreation Funding Committee	3,040	(21,563)
Transfer from(to) Fire Capital	(6,380)	(63,800)
Transfer from(to) Capital Plan	34,225	(355,053)
Results of operations	\$ -	\$ 206,159

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on April 25, 2023. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

18. FINANCIAL INSTRUMENTS

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

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

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

19. SEGMENTED INFORMATION

The Town provides a range of services to its citizens. Segmented information has been identified based upon lines of service provided by the Town. 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.

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

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2023

20. CONTINGENCIES AND 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 2023 the Town contributed \$52,750 (2022 - \$52,765) 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 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 expires on December 31, 2024 but may be terminated at any time by the Town upon 120 days prior written notice to NRSC. In 2023 the Town incurred costs of \$46,482 (2022 - \$40,060) under this agreement, which included maintenance expenses of \$20,830.
 - iii) The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
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21. FUNDS HELD ON BEHALF OF OTHERS

At December 31, 2023, the Town held funds on behalf of others for a scholarships trust amounting to approximately \$736 (2022 - \$1,723) which is not included in these financial statements.

22. 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.

23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by Town Council and management.
