

TOWN OF BASSANO
Financial Statements
Year Ended December 31, 2022

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, 2022 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 13, 2023



Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of 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, 2022, and the statements of operations and accumulated surplus, 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 Town as at December 31, 2022, and the results of its operations, changes in net financial assets and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of 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 (Members of Council) are responsible for overseeing the Town's financial reporting process.

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.

(continues)



Wetaskiwin
5010 - 51 street
Wetaskiwin, AB
T9A 1L3

Camrose
4825 - 48 street
Camrose, AB
T4V 1L4

Edmonton
6515 - 118 avenue
Edmonton, AB
T5W 1G5

Auditor's Responsibilities for the Audit 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 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 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
Chartered Professional Accountants
Wetaskiwin, Alberta
March 13, 2023

TOWN OF BASSANO
Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,099,958	\$ 914,918
Taxes and grants in place of taxes <i>(Note 3)</i>	218,700	164,717
Land held for resale	217,764	238,411
Investments <i>(Note 4)</i>	1,007,556	865,803
Trade and other receivables <i>(Note 5)</i>	2,209,953	2,165,561
Restricted cash <i>(Note 6)</i>	4,904,007	4,564,005
	<u>9,657,938</u>	<u>8,913,415</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	272,314	224,952
Deposit liabilities <i>(Note 8)</i>	77,200	125
Deferred revenue <i>(Note 9)</i>	1,796,796	1,331,341
Long-term debt <i>(Note 10)</i>	187,999	304,862
	<u>2,334,309</u>	<u>1,861,280</u>
NET FINANCIAL ASSETS	<u>7,323,629</u>	<u>7,052,135</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	26,290	34,874
Tangible capital assets <i>(Schedule 1)</i>	16,269,962	14,866,105
Land inventory	73,478	73,478
	<u>16,369,730</u>	<u>14,974,457</u>
ACCUMULATED SURPLUS <i>(Note 12)</i>	<u>\$ 23,693,359</u>	<u>\$ 22,026,592</u>

CONTINGENCIES AND COMMITMENTS *(Note 19)*

TOWN OF BASSANO
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	2022 Budget	2022 (Actual)	2021 (Actual)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,369,984	\$ 1,360,752	\$ 1,348,985
User fees and sales of goods	923,850	1,021,255	858,096
Government transfers for operating <i>(Schedule 3)</i>	1,007,433	652,916	669,481
Franchise and concession contracts <i>(Note 14)</i>	267,000	311,250	265,409
Rentals	35,450	39,333	28,086
Penalties and costs on taxes	40,000	57,248	40,496
Licenses and permits	15,350	16,336	26,881
Investment income	12,000	160,299	63,484
Other revenues	9,515	25,222	19,192
	<u>3,680,582</u>	<u>3,644,611</u>	<u>3,320,110</u>
EXPENSES <i>(Schedule 6)</i>			
Council and legislative	64,200	48,523	50,437
General administration	799,628	788,908	591,443
Protective services	175,700	174,797	152,718
Roads, streets, walks, and lighting	581,512	533,397	421,636
Water supply and distribution	449,621	540,778	523,991
Wastewater treatment and disposal	42,500	133,451	93,088
Waste management	132,150	125,276	126,997
Family and community support services	103,670	90,574	101,550
Economic development and community services	88,000	40,209	122,544
Parks and recreation	684,913	583,100	547,843
Subdivision land development	2,500	24,148	207,466
Culture	126,980	92,771	72,980
Airport	14,700	34,852	28,070
Cemetery	5,000	6,752	3,963
	<u>3,271,074</u>	<u>3,217,536</u>	<u>3,044,726</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	409,508	427,075	275,384
OTHER INCOME			
Government transfers for capital <i>(Schedule 3)</i>	1,854,370	1,239,692	4,351,973
ANNUAL SURPLUS	2,263,878	1,666,767	4,627,358
ACCUMULATED SURPLUS - TO BEGIN YEAR	<u>22,026,592</u>	<u>22,026,592</u>	<u>17,399,234</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 24,290,470</u>	<u>\$ 23,693,359</u>	<u>\$ 22,026,592</u>

TOWN OF BASSANO
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	2022 Budget	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS	\$ 2,263,878	\$ 1,666,767	\$ 4,627,358
Purchase of tangible capital assets	-	(1,949,992)	(4,826,219)
Amortization of tangible capital assets	-	546,135	459,223
Use (acquisition) of prepaid expenses	-	8,584	(18,388)
	-	(1,395,273)	(4,385,384)
INCREASE IN NET FINANCIAL ASSETS	2,263,878	271,494	241,974
NET FINANCIAL ASSETS - BEGINNING OF YEAR	7,052,135	7,052,135	6,810,161
NET FINANCIAL ASSETS - END OF YEAR	\$ 9,316,013	\$ 7,323,629	\$ 7,052,135

TOWN OF BASSANO
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 1,666,767	\$ 4,627,358
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	<u>546,135</u>	459,223
	<u>2,212,902</u>	<u>5,086,581</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(53,983)	62,241
Prepaid expenses	8,584	(18,388)
Trade and other receivables	(44,391)	(1,662,303)
Accounts payable and accrued liabilities	47,360	101,123
Deferred revenue	465,455	(1,291,720)
Deposit liabilities	77,075	(50,000)
Land held for resale	<u>20,647</u>	<u>(168,885)</u>
	<u>520,747</u>	<u>(3,027,932)</u>
Cash flow from operating activities	<u>2,733,649</u>	<u>2,058,649</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,949,991)	(4,826,219)
Net change in investments	(141,753)	1,082
Net change in restricted cash	<u>(340,002)</u>	<u>3,012,338</u>
Cash flow used by investing activities	<u>(2,431,746)</u>	<u>(1,812,799)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	<u>(116,863)</u>	<u>(110,518)</u>
Cash flow used by financing activity	<u>(116,863)</u>	<u>(110,518)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	185,040	135,332
Cash and cash equivalents - beginning of year	<u>914,918</u>	<u>779,586</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,099,958	\$ 914,918

TOWN OF BASSANO
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

(Schedule 1)

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2022	2021
<u>Cost:</u>							
Balance, beginning of year	\$ 385,357	\$ 5,464,517	\$ 21,297,344	\$ 725,173	\$ 484,753	\$ 28,357,143	\$ 23,530,924
Acquisition of tangible capital assets	-	50,836	1,825,447	46,881	-	1,923,164	288,809
Construction in progress	-	26,828	-	-	-	26,828	4,537,410
Disposals	-	-	-	-	-	-	-
Balance, end of year	385,357	5,542,181	23,122,791	772,053	484,753	30,307,135	28,357,143
<u>Accumulated Amortization</u>							
Balance, beginning of year	-	2,418,590	10,282,880	458,035	331,533	13,491,038	13,031,815
Add:							
Amortization	-	110,307	371,552	45,634	18,642	546,135	459,223
Less:							
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	2,528,897	10,654,432	503,669	350,174	14,037,173	13,491,038
Net book value of tangible capital assets	385,357	3,013,285	12,468,358	268,384	134,578	16,269,962	14,866,105
2021 Net book value of tangible capital assets	385,357	3,045,929	11,014,464	267,136	153,219	14,866,105	

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

TOWN OF BASSANO
Schedule of Property Taxes
For the Year Ended December 31, 2022

(Schedule 2)

	2022 Budget	2022 (Actual)	2021 (Actual)
TAXATION			
Real property taxes	\$ 1,742,821	\$ 1,664,907	\$ 1,660,633
Linear property tax	-	57,829	44,711
Government grants in place of property tax	-	10,853	13,149
	<u>1,742,821</u>	<u>1,733,589</u>	<u>1,718,493</u>
REQUISITIONS			
Alberta School Foundation Fund	313,420	313,420	322,318
Christ the Redeemer - RCSSD	12,704	12,704	13,227
Senior Lodges	11,905	11,905	10,772
Policing	34,808	34,808	23,191
	<u>372,837</u>	<u>372,837</u>	<u>369,508</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,369,984</u>	<u>\$ 1,360,752</u>	<u>\$ 1,348,985</u>

TOWN OF BASSANO
Schedule of Government Transfers
For the Year Ended December 31, 2022

(Schedule 3)

	2022 Budget	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 290,184	\$ 77,741	\$ 331,718
Local government	655,394	552,825	274,539
Federal government	61,855	22,350	63,224
	<u>1,007,433</u>	<u>652,916</u>	<u>669,481</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>1,854,370</u>	<u>1,239,692</u>	<u>4,351,973</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,861,803</u>	<u>\$ 1,892,608</u>	<u>\$ 5,021,454</u>

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

(Schedule 4)

	General government	Protective services	Transportation services	Environmental services	Public health	Planning and development	Recreation and culture	2022
REVENUES								
Net municipal taxes	\$ 1,360,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,360,752
User fees and sales of goods	22,425	4,132	6,831	887,629	10,345	-	89,892	1,021,255
Government transfers	28,807	135,370	50,488	1,239,692	31,212	600	406,439	1,892,608
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
	1,995,940	139,682	57,319	2,127,322	52,633	600	510,807	4,884,303
EXPENSES								
Salaries, wages and benefits	216,054	69,716	136,922	-	60,257	-	244,791	727,741
Contracted and general services	358,608	54,131	221,898	174,397	29,980	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	214,521	-	-	-	-	-	-	214,521
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	18,264	12,560	173,748	249,782	604	-	91,176	546,135
	837,430	174,797	568,249	799,505	97,327	64,357	675,871	3,217,536
ANNUAL SURPLUS (DEFFICIT)	\$ 1,158,510	\$ (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 Segmented Disclosure
For the Year Ended December 31, 2021

(Schedule 5)

	General government	Protective services	Transportation services	Environmental services	Public health	Planning and development	Recreation and culture	2022
REVENUES								
Net municipal taxes	\$ 1,348,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,348,985
User fees and sales of goods	35,019	2,026	16,348	730,985	11,581	-	62,137	858,096
Government transfers	143,000	89,108	- 560	4,351,975	67,713	98,112	272,108	5,021,456
Franchise and concession contracts	265,409	-	-	-	-	-	-	265,409
Rentals	25,180	-	-	-	-	-	2,905	28,086
Penalties and costs on taxes	40,496	-	-	-	-	-	-	40,496
Licenses and permits	26,881	-	-	-	-	-	-	26,881
Investment income	63,484	-	-	-	-	-	-	63,484
Other revenues	414	570	-	-	15,708	-	2,500	19,192
	1,948,869	91,704	15,788	5,082,960	95,002	98,112	339,650	7,672,085
EXPENSES								
Salaries, wages and benefits	176,583	60,366	90,738	-	67,401	-	203,994	599,082
Contracted and general services	419,737	56,331	157,239	212,312	32,984	194,957	151,592	1,225,152
Materials, goods and utilities	32,497	23,460	31,289	275,078	4,524	-	97,164	464,012
Transfers to local boards and agencies	-	-	-	62,316	-	-	77,913	140,230
Interest on long-term debt	-	-	-	21,976	-	-	-	21,976
Provision for allowances	-	-	-	-	-	135,052	-	135,052
Amortization of tangible capital assets	13,064	12,560	170,440	172,394	604	-	90,159	459,223
	641,881	152,718	449,706	744,076	105,513	330,009	620,823	3,044,726
ANNUAL SURPLUS (DEFFICIT)	\$ 1,306,989	\$ (61,015)	\$ (433,918)	\$ 4,338,884	\$ (10,511)	\$ (231,898)	\$ (281,173)	\$ 4,627,358

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, 2022****(Schedule 6)**

	2022 Budget	2022 (Actual)	2021 (Actual)
Salaries, wages and benefits	\$ 712,696	\$ 727,744	\$ 599,082
Contracted and general services	1,642,589	1,031,070	1,225,151
Materials, goods and utilities	547,006	543,308	464,012
Transfers to local boards and agencies	133,400	129,611	140,230
Transfers to other governments	219,752	214,521	-
Interest on long-term debt	15,631	15,630	21,976
Provision for allowances	-	9,521	135,052
Amortization of tangible capital assets	-	546,135	459,222
	\$ 3,271,074	\$ 3,217,540	\$ 3,044,725

TOWN OF BASSANO
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2022

(Schedule 7)

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 11,585,141	\$ 11,345,872
Purchase of tangible capital assets	1,949,991	4,826,219
Amortization of tangible capital assets	(546,135)	(459,223)
Repayment of long-term debt	116,863	110,518
BALANCE, END OF YEAR	\$ 13,105,860	\$ 15,823,386
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (<i>Schedule 1</i>)	\$ 16,269,962	\$ 14,866,105
Long-term debt (<i>Note 10</i>)	(187,999)	(304,862)
	\$ 16,081,963	\$ 14,561,243

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

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.

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TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

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.

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TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022

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, 2022

1. ACCOUNTING POLICIES (continued)

(o) *New Accounting Standards not yet Adopted*

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, it is anticipated that 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.

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. 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.

	2022	2021
Bank accounts	\$ 1,007,629	\$ 703,538
Term deposits	92,329	211,380
	\$ 1,099,958	\$ 914,918

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

3. TAXES AND GRANTS IN PLACE OF TAXES

	<u>2022</u>	<u>2021</u>
<u>Taxes and grants in place of taxes</u>		
Current taxes and grants in place of taxes	\$ 156,593	\$ 138,338
Arrears taxes	82,107	46,379
	<u>238,700</u>	<u>184,717</u>
Provision for doubtful accounts	(20,000)	(20,000)
	<u>\$ 218,700</u>	<u>\$ 164,717</u>

4. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Government and government guaranteed bonds	\$ 1,001,919	\$ 860,431
Connection First Credit Union	5,627	5,362
Newell Regional Services Corporation	10	10
	<u>\$ 1,007,556</u>	<u>\$ 865,803</u>

Government and government guaranteed bonds bear interest at 1.55% to 4.70% (2021 - 1.55% to 4.70%) per annum and mature at dates between June 2, 2023 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.

5. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Canada Community-Building Fund	\$ 282,465	\$ -
Municipal Sustainability Initiative - Capital	867,677	712,094
Municipal Sustainability Initiative - Operating	-	50,209
Investing in Canada Infrastructure Program	850,944	1,116,579
Goods and services tax	11,931	95,012
Utilities	117,369	107,253
Other	79,567	84,414
	<u>\$ 2,209,953</u>	<u>\$ 2,165,561</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

6. RESTRICTED CASH

Restricted cash is comprised of cash on deposit as follows:

	<u>2022</u>	<u>2021</u>
Municipal sustainability initiative - operating	\$ 126,903	\$ 24,558
Municipal sustainability initiative - capital	410,376	400,602
Municipal services	520,414	511,406
Fire committee	31,919	39,244
Canada community-building fund	128,147	125,095
Family community support services	26	12,561
Land and development	605,280	590,864
Recreation funding committee	18,605	7,090
Recreation and culture	484,792	429,824
Land sale trust	24,857	-
Capital plan	2,552,178	2,403,954
Wastewater treatment upgrade	452	24
Alberta municipal water/wastewater partnership	58	-
Other restricted cash	-	18,783
	<u>\$ 4,904,007</u>	<u>\$ 4,564,005</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade and other payable	\$ 122,351	\$ 203,574
Employee earned vacation, sick and overtime liability	6,727	21,378
GST rebate repayable	143,236	-
	<u>\$ 272,314</u>	<u>\$ 224,952</u>

8. DEPOSIT LIABILITIES

	<u>2022</u>	<u>2021</u>
Deposits on land sales	\$ 52,219	\$ -
Land sale proceeds to be distributed	24,856	-
Utility	125	125
	<u>\$ 77,200</u>	<u>\$ 125</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

9. DEFERRED REVENUE

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

	<u>2022</u>	<u>2021</u>
Municipal Sustainability Initiative - Capital	\$ 1,278,054	\$ 1,112,697
Family and Community Support Services	48,410	18,782
Canada Community-Building Fund	410,612	125,095
Municipal Sustainability Initiative - Operating	59,662	74,767
Other	58	-
	<u>\$ 1,796,796</u>	<u>\$ 1,331,341</u>

10. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$66,248 including interest at 5.66200% maturing June 2024.	<u>\$ 187,999</u>	<u>\$ 304,862</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 123,575	\$ 8,920	\$ 132,495
2024	64,424	1,824	66,248
	<u>\$ 187,999</u>	<u>\$ 10,744</u>	<u>\$ 198,743</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

11. 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>2022</u>	<u>2021</u>
Total debt limit	\$ 5,466,917	\$ 4,980,165
Total debt	<u>(187,999)</u>	<u>(304,862)</u>
Total debt limit remaining	\$ 5,278,918	\$ 4,675,303
Service on debt limit	\$ 911,153	\$ 830,028
Service on debt	<u>(132,495)</u>	<u>(132,495)</u>
Total service on debt limit remaining	\$ 778,658	\$ 697,533

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.

12. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 2,368,447	\$ 1,895,282
Restricted surplus		
Operating reserves (Note 13)	1,667,774	2,421,884
Capital reserves (Note 13)	3,575,175	3,148,183
Equity in tangible capital assets (Schedule 7)	<u>16,081,963</u>	<u>14,561,243</u>
	\$ 23,693,359	\$ 22,026,592

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

13. RESTRICTED SURPLUS

	<u>2022</u>	<u>2021</u>
<u>Operating Reserves</u>		
Municipal services	\$ 520,414	\$ 511,406
Fire Committee	37,881	42,434
Sewage Treatment Upgrading	452	827,705
Family Community Support Services	350	12,561
Land and Development	605,280	590,864
Recreation Funding Committee	18,605	7,090
Recreation and Culture	484,792	429,824
	<u>\$ 1,667,774</u>	<u>\$ 2,421,884</u>
 <u>Capital Reserves</u>		
Capital Plan	<u>\$ 3,575,175</u>	<u>\$ 3,148,183</u>

14. 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:

	2022 Budget	2022 (Actual)	2021 (Actual)
Fortis Alberta Inc.	\$ 167,000	\$ 185,623	\$ 165,844
ATCO Gas	100,000	125,627	99,565
	<u>\$ 267,000</u>	<u>\$ 311,250</u>	<u>\$ 265,409</u>

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

15. 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)	2022	2021
Irvin, Morey (Mayor)	\$ 14,375	\$ 620	\$ 14,995	\$ 9,113
Wickson, Ron (Former Mayor)	-	-	-	11,515
Councillors				
Slomp, John (Deputy Mayor)	7,200	211	7,411	5,354
Jones, Kevin	4,450	-	4,450	4,223
Wetzstein, Mike	5,450	111	5,561	1,552
Miller, Sydney	7,700	239	7,939	1,177
Barlow, Doug	-	-	-	3,377
Rose, Thomas	-	-	-	1,877
Chief Administrative Officer (iii)	-	-	-	-
Town Assessor (iv)	-	-	-	-
Bylaw Enforcement Officer (v)	-	-	-	-
	\$ 39,175	\$ 1,181	\$ 40,356	\$ 38,188

- (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, 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 2022 were \$199,650 (2021 - \$198,787) which included travel expenses of \$930 (2021 - \$607) and professional development of \$26,707 (2021 - \$nil). The Town also entered into an agreement for the completion of the Town's Wastewater Treatment Upgrade in the amount of \$115,600 (2021 - Economic Development in the amount of \$25,000). 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 \$18,090 (2021 - \$18,523). 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 \$12,960 (2021 - \$12,075). These contract payments are not reflected in the table above.

TOWN OF BASSANO
Notes to Financial Statements
Year Ended December 31, 2022

16. BUDGET FIGURES

	2022 (Budget)	2022 (Actual)
Annual surplus (deficit)	\$ 2,263,878	\$ 1,666,767
Amortization of tangible capital assets	-	546,135
Acquisition of tangible capital assets	(2,254,358)	(1,949,991)
Repayment of long-term debt	(116,864)	(116,863)
Annual transfers to reserves		
Transfer to Municipal Services	(40,000)	(40,000)
Transfer to Recreation and Culture	(67,000)	(67,000)
Transfer to Capital Plan	(360,106)	(360,106)
Other net transfers from(to) reserves		
Transfer from Municipal Services	49,000	30,991
Transfer from Fire Committee	-	4,552
Transfer from Sewage Treatment Upgrade	400,000	827,254
Transfer from Family Community Support Services	19,700	12,212
Transfer to Land and Development	-	(14,416)
Transfer from Recreation and Culture	102,750	12,032
Transfer from(to) Recreation Funding Committee	3,000	(11,514)
Transfer to Capital Plan	-	(66,886)
Results of operations	\$ -	\$ 473,167

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on May 30, 2022. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

17. 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, 2022

18. 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, 2022

19. 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 2022 the Town contributed \$52,765 (2021 - \$52,316) 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 2022 the Town incurred costs of \$40,060 (2021 - \$30,836) under this agreement, which included maintenance expenses of \$12,081.
 - 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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20. FUNDS HELD ON BEHALF OF OTHERS

At December 31, 2022, the Town held funds on behalf of others for a scholarships trust amounting to approximately \$1,723 (2021 - \$1,720) which is not included in these financial statements.

21. 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.

22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by Town Council and management.
