

**TOWN OF BRUDERHEIM**  
**Financial Statements**  
**For The Year Ended December 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of the Town of Bruderheim

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Town of Bruderheim, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Bruderheim as at December 31, 2017 and the results of its operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**METRIX GROUP LLP**

Chartered Professional Accountants

April 4, 2018  
Edmonton, Alberta

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

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.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Town Council to express an opinion on the Town's financial statements.

Bruderheim, Alberta  
April 4, 2018



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Patty Podoborzny  
Chief Administrative Officer

**TOWN OF BRUDERHEIM**  
**Statement of Financial Position**  
**As At December 31, 2017**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,585,537	\$ 2,443,538
Receivables <i>(Note 3)</i>	396,755	337,335
Land held for resale	3,255	3,255
Investments	39,685	39,685
	<u>2,025,232</u>	<u>2,823,813</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	412,507	318,473
Deposit liabilities	24,132	150,282
Deferred revenue <i>(Note 4)</i>	283,366	1,098,503
Long-term debt <i>(Note 5)</i>	1,551,784	584,415
	<u>2,271,789</u>	<u>2,151,673</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(246,557)</u>	672,140
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 7)</i>	11,798,724	8,781,730
Inventory	6,697	9,672
Prepaid expenses	115,433	15,980
	<u>11,920,854</u>	<u>8,807,382</u>
<b>ACCUMULATED SURPLUS <i>(Note 8)</i></b>	<u>\$ 11,674,297</u>	<u>\$ 9,479,522</u>
Contingencies <i>(Note 11)</i>		

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM**  
**Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2017**

	2017 (Budget) <i>(Note 15)</i>	2017 (Actual)	2016 (Actual)
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 2)</i>	\$ 1,331,911	\$ 1,326,367	\$ 1,297,108
Sales and user charges <i>(Schedule 4)</i>	886,102	886,765	952,761
Rentals	201,786	177,799	256,504
Government transfers for operating <i>(Schedule 3)</i>	91,007	137,100	144,775
Penalties and costs on taxes	79,500	107,062	63,035
Franchise and concession contracts <i>(Note 17)</i>	50,000	54,097	47,653
Other	5,449	44,229	133,155
Interest	15,000	27,797	22,475
Fines	5,300	9,112	4,269
Licenses and permits	11,200	9,079	17,837
	<u>2,677,255</u>	<u>2,779,407</u>	<u>2,939,572</u>
<b>EXPENSES</b>			
General administration	655,679	647,475	610,325
Parks and recreation	484,246	556,384	754,690
Water supply and distribution	352,701	302,177	288,377
Roads, streets, walks and lighting	311,053	297,204	298,948
Waste management	210,345	217,619	198,004
Common services	205,191	184,142	126,654
Land use planning, zoning and development	144,987	116,560	171,404
Fire protection and safety services	63,080	92,306	65,750
Legislative	90,045	83,136	74,868
Waste water treatment and disposal	60,780	59,278	79,773
Library	19,851	19,714	19,714
Bylaw enforcement	17,100	13,303	18,785
Family and community support	10,880	11,252	10,478
Amortization	-	473,126	364,022
	<u>2,625,938</u>	<u>3,073,676</u>	<u>3,081,792</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	<u>51,317</u>	<u>(294,269)</u>	<u>(142,220)</u>
<b>OTHER REVENUE</b>			
Government transfers for capital <i>(Schedule 3)</i>	1,840,023	1,210,308	20,720
Donations for tangible capital assets <i>(Note 7)</i>	-	506,339	-
Gain on disposal of tangible capital assets	-	42,783	-
Contributed tangible capital assets <i>(Note 10)</i>	-	729,614	-
	<u>1,840,023</u>	<u>2,489,044</u>	<u>20,720</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>1,891,340</u>	<u>2,194,775</u>	<u>(121,500)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>9,479,522</u>	<u>9,479,522</u>	<u>9,601,022</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> <i>(Note 8)</i>	<u>\$ 11,370,862</u>	<u>\$ 11,674,297</u>	<u>\$ 9,479,522</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM****Statement of Changes in Net Financial Assets (Debt)****For the Year Ended December 31, 2017**

	2017 (Budget) (Note 15)	2017 (Actual)	2016 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 1,891,340	\$ 2,194,775	\$ (121,500)
Acquisition of tangible capital assets	(3,127,500)	(3,499,842)	(55,280)
Amortization of tangible capital assets	-	473,126	364,022
Proceeds on disposal of tangible capital assets	-	52,505	-
Loss on sale of tangible capital assets	-	(42,783)	-
	(1,236,160)	(822,219)	187,242
(Acquisition) use of supplies inventory	-	2,975	(2,990)
(Acquisition) use of prepaid expenses	-	(99,453)	(11,156)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(1,236,160)	(918,697)	173,096
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	672,140	672,140	499,044
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ (564,020)	\$ (246,557)	\$ 672,140

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 2,194,775	\$ (121,500)
Non-cash item not included in annual surplus:		
Amortization	473,126	364,022
Gain on disposal of tangible capital assets	(42,783)	-
	<u>2,625,118</u>	<u>242,522</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(59,420)	(22,026)
Accounts payable and accrued liabilities	94,033	(45,672)
Deferred revenue	(815,136)	829,358
Deposit liabilities	(126,150)	(1,950)
Inventory	2,975	(2,989)
Prepaid expenses	(99,453)	(11,156)
	<u>(1,003,151)</u>	<u>745,565</u>
Cash flow from operating activities	<u>1,621,967</u>	<u>988,087</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(3,499,842)	(55,280)
Proceeds on sale of tangible capital assets	52,505	-
Cash flow used by capital activities	<u>(3,447,337)</u>	<u>(55,280)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(32,631)	(13,713)
Proceeds from long term debt	1,000,000	-
Cash flow from (used by) capital activities	<u>967,369</u>	<u>(13,713)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(858,001)</b>	<b>919,094</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u><b>2,443,538</b></u>	<u><b>1,524,444</b></u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 1,585,537</b></u>	<u><b>\$ 2,443,538</b></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM****Schedule of Equity in Tangible Capital Assets***(Schedule 1)***For the Year Ended December 31, 2017**

	2017	2016
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 8,197,315</b>	<b>\$ 8,492,344</b>
Acquisition of tangible capital assets	3,499,842	55,280
Amortization of tangible capital assets	(473,126)	(364,022)
Repayment of capital long-term debt	32,631	13,713
Net book value of tangible capital assets disposed of	(9,721)	-
Long-term capital debt issued	(1,000,000)	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 10,246,941</b>	<b>\$ 8,197,315</b>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 11,798,724	\$ 8,781,730
Long-term capital debt	(1,551,783)	(584,415)
	<b>\$ 10,246,941</b>	<b>\$ 8,197,315</b>

The accompanying notes are an integral part of these financial statements.



**TOWN OF BRUDERHEIM**  
**Schedule of Property Taxes**  
**For the Year Ended December 31, 2017**

**(Schedule 2)**

	2017 (Budget) (Note 15)	2017 (Actual)	2016 (Actual)
<b>TAXATION</b>	\$ 1,793,997	\$ 1,788,453	\$ 1,735,361
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	(410,480)	(410,480)	(390,496)
County of Lamont Foundation	(51,606)	(51,606)	(47,757)
	(462,086)	(462,086)	(438,253)
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ 1,331,911	\$ 1,326,367	\$ 1,297,108

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2017**

*(Schedule 3)*

	2017 (Budget) <i>(Note 15)</i>	2017 <b>(Actual)</b>	2016 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 59,583	\$ <b>93,757</b>	\$ 99,469
Local governments	31,424	<b>43,343</b>	45,306
	91,007	<b>137,100</b>	144,775
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	1,840,023	<b>1,210,308</b>	20,720
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 1,931,030</b>	<b>\$ 1,347,408</b>	<b>\$ 165,495</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM**  
**Schedule of Segmented Information**  
**For the Year Ended December 31, 2017**

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 586,821	\$ 290,094	\$ 84,782	\$ 292,496	\$ -	\$ 72,174	\$ 1,326,367
Sales and user charges	2,864	1,458	-	-	880,514	1,929	886,765
All other	18,501	18,445	12,002	-	18,351	156,280	223,579
Rentals	7,274	170,525	-	-	-	-	177,799
Government transfers	4,220	95,577	8,825	4,709	-	23,770	137,101
Investment income	27,797	-	-	-	-	-	27,797
	<u>647,477</u>	<u>576,099</u>	<u>105,609</u>	<u>297,205</u>	<u>898,865</u>	<u>254,153</u>	<u>2,779,408</u>
<b>EXPENSES</b>							
Contracted services	278,152	159,609	61,217	32,396	255,072	140,240	926,686
Salaries, wages and benefits	319,999	205,691	-	141,929	107,096	221,456	996,171
Materials, goods, and supplies	25,855	75,706	1,376	28,877	196,990	17,497	346,301
Utilities	9,254	74,563	19,864	64,827	14,555	9,780	192,843
Insurance	14,217	39,452	4,270	2,778	5,360	4,514	70,591
Interest on long-term debt	-	-	18,882	26,398	-	-	45,280
Transfers to local boards and agencies	-	21,078	-	-	-	1,600	22,678
	<u>\$ 647,477</u>	<u>\$ 576,099</u>	<u>\$ 105,609</u>	<u>\$ 297,205</u>	<u>\$ 579,073</u>	<u>\$ 395,087</u>	<u>\$ 2,600,550</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
Amortization	-	-	-	-	319,792	(140,934)	178,858
	<u>10,281</u>	<u>84,478</u>	<u>51,008</u>	<u>252,534</u>	<u>73,726</u>	<u>1,100</u>	<u>473,127</u>
<b>NET REVENUE (EXPENSE)</b>	<u>\$ (10,281)</u>	<u>\$ (84,478)</u>	<u>\$ (51,008)</u>	<u>\$ (252,534)</u>	<u>\$ 246,066</u>	<u>\$ (142,034)</u>	<u>\$ (294,269)</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF BRUDERHEIM**

**Schedule of Segmented Information**

**For the Year Ended December 31, 2016**

**(Schedule 4)**

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 570,871	\$ 336,547	\$ 70,548	\$ 295,464	\$ -	\$ 23,678	\$ 1,297,108
Sales and user charges	3,718	1,078	-	3,484	929,946	14,535	952,761
Government transfers	-	68,032	6,383	-	-	70,360	144,775
Rentals	4,006	252,498	-	-	-	-	256,504
All other	9,256	116,249	7,605	-	16,419	116,420	265,949
Investment income	22,475	-	-	-	-	-	22,475
	<b>610,326</b>	<b>774,404</b>	<b>84,536</b>	<b>298,948</b>	<b>946,365</b>	<b>224,993</b>	<b>2,939,572</b>
<b>EXPENSES</b>							
Salaries, wages and benefits	\$ 334,364	\$ 241,189	\$ -	\$ 137,352	\$ 113,147	\$ 155,183	\$ 981,235
Contracted services	237,726	304,587	38,848	60,618	246,747	153,661	1,042,187
Materials, goods, and supplies	14,394	88,117	2,472	33,052	188,459	18,052	344,546
Utilities	8,756	84,755	19,908	61,950	14,401	10,160	199,930
Transfers to local boards and agencies	-	22,664	-	-	-	42,419	65,083
Insurance	15,086	33,092	4,157	3,113	3,401	3,926	62,775
Interest on long-term debt	-	-	19,151	2,863	-	-	22,014
	<b>610,326</b>	<b>774,404</b>	<b>84,536</b>	<b>298,948</b>	<b>566,155</b>	<b>383,401</b>	<b>2,717,770</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>							
Amortization	10,281	46,794	51,008	184,982	69,857	1,100	364,022
	<b>\$ (10,281)</b>	<b>\$ (46,794)</b>	<b>\$ (51,008)</b>	<b>\$ (184,982)</b>	<b>\$ 310,353</b>	<b>\$ (159,508)</b>	<b>\$ (142,220)</b>

The accompanying notes are an integral part of these financial statements.

**1. ACCOUNTING POLICIES**

The financial statements of the Town of Bruderheim (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 expense, and cash flows 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 taxes levied also includes requisitions for education that are not part of the reporting entity.

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

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

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

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Cash and Cash Equivalents

Cash and cash equivalents include 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 one year or less at acquisition.

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**1. ACCOUNTING POLICIES (continued)**

(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) 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 municipality and are recognized as revenue in the year in which the local improvement project is completed.

(h) Contaminated Sites

Contaminated sites are defined as the 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.

(i) Tangible Capital Assets

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

Land improvements	15 - 20 years
Buildings	25 - 50 Years
Engineered structures:	
Water System	35 - 65 years
Wastewater System	35 - 65 years
Other engineered structures	15 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	3 - 20 years

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

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

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**1. ACCOUNTING POLICIES (continued)**

(j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

(k) Over-levy and Under-levy

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(l) Equity in Tangible Capital Assets

Equity in tangible capital assets represents the Town's net investment in its tangible capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

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**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2017**

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**2. CASH AND CASH EQUIVALENTS**

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 400	\$ 400
Deposit accounts with financial institutions	<u>1,585,137</u>	<u>2,443,138</u>
	<u>\$ 1,585,537</u>	<u>\$ 2,443,538</u>

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**3. RECEIVABLES**

	<u>2017</u>	<u>2016</u>
Taxes and grants in place of taxes	\$ 174,306	\$ 160,089
Goods and Services Tax rebate	97,396	29,792
Utilities	82,549	99,810
Trade and other	<u>61,572</u>	<u>54,410</u>
	415,823	344,101
Less: allowance for doubtful accounts	<u>(19,068)</u>	<u>(6,766)</u>
	<u>\$ 396,755</u>	<u>\$ 337,335</u>

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**4. DEFERRED REVENUE**

Deferred revenue consists of funds received which are restricted to expenditures of future periods.

	<u>2017</u>	<u>2016</u>
Donations	\$ 155,501	\$ 608,427
Municipal Sustainability Initiative - capital component	36,444	329,576
Regional Collaboration Program Grant	99,083	99,083
Other	59,663	61,417
Federal Gas Tax	<u>(67,325)</u>	<u>-</u>
	<u>\$ 283,366</u>	<u>\$ 1,098,503</u>

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**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2017**

**5. LONG-TERM DEBT**

	<u>2017</u>	<u>2016</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$33,494 including interest at 3.022% maturing March 2037.	\$ 981,616	\$ -
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	509,264	516,687
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047% maturing March 2025.	<u>60,904</u>	<u>67,728</u>
	<b>\$ 1,551,784</b>	<b>\$ 584,415</b>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 52,408	\$ 50,462	\$ 102,870
2019	54,130	48,740	102,870
2020	55,909	46,961	102,870
2021	57,747	45,123	102,870
2022	59,646	43,224	102,870
To maturity	<u>1,271,944</u>	<u>488,307</u>	<u>1,760,251</u>
	<b>\$ 1,551,784</b>	<b>\$ 722,817</b>	<b>\$ 2,274,601</b>

**6. DEBT LIMITS**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 4,169,111	\$ 4,409,358
Total debt	<u>(1,551,784)</u>	<u>(584,415)</u>
<b>Total debt limit remaining</b>	<b>\$ 2,617,327</b>	<b>\$ 3,824,943</b>
Service on debt limit	\$ 694,852	\$ 734,893
Service on debt	<u>(102,870)</u>	<u>(35,882)</u>
<b>Total service on debt limit remaining</b>	<b>\$ 591,982</b>	<b>\$ 699,011</b>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. 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 a 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.

**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2017**

**7. TANGIBLE CAPITAL ASSETS**

	2017 Net Book Value	2016 Net Book Value
Engineered structures		
Roadways	\$ 5,407,575	\$ 3,314,849
Wastewater systems	831,550	684,111
Water systems	329,277	256,087
	<b>6,568,402</b>	<b>4,255,047</b>
Buildings	3,295,426	2,529,552
Land	1,278,174	1,278,174
Machinery and equipment	405,150	431,451
Land improvements	181,638	202,465
Vehicles	69,934	85,041
	<b>\$ 11,798,724</b>	<b>\$ 8,781,730</b>

	Cost Beginning of Year	Purchased Additions	Disposals	Contributed Additions	Cost End of Year
Engineered structures					
Roadways	\$ 7,626,236	\$ 2,311,546	-	-	\$ 9,937,782
Water systems	437,220	80,668	-	-	517,888
Wastewater systems	3,078,660	209,511	-	-	3,288,171
	11,142,116	2,601,725	-	-	13,743,841
Buildings	3,566,387	870,767	-	-	4,437,154
Machinery and equipment	874,337	27,350	(162,832)	-	738,855
Land	1,278,174	-	-	-	1,278,174
Land improvements	513,217	-	-	-	513,217
Vehicles	311,835	-	(41,990)	-	269,845
	<b>\$ 17,686,066</b>	<b>\$ 3,499,842</b>	<b>\$ (204,822)</b>	<b>\$ -</b>	<b>\$ 20,981,086</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,311,387	\$ 218,820	-	-	\$ 4,530,207
Water systems	181,133	7,478	-	-	188,611
Wastewater systems	2,394,549	62,072	-	-	2,456,621
	6,887,069	288,370	-	-	7,175,439
Buildings	1,036,835	104,893	-	-	1,141,728
Machinery and equipment	442,886	43,928	(153,109)	-	333,705
Land improvements	310,752	20,827	-	-	331,579
Vehicles	226,794	15,107	(41,990)	-	199,911
	<b>\$ 8,904,336</b>	<b>\$ 473,125</b>	<b>\$ (195,099)</b>	<b>\$ -</b>	<b>\$ 9,182,362</b>

**TOWN OF BRUDERHEIM**  
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**8. ACCUMULATED SURPLUS**

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 248,302	\$ 188,426
Restricted surplus		
Operating reserves (Note 9)	296,734	345,507
Capital reserves (Note 9)	882,320	748,274
Equity in tangible capital assets (Schedule 1)	<u>10,246,941</u>	<u>8,197,315</u>
	<u>\$ 11,674,297</u>	<u>\$ 9,479,522</u>

**9. RESERVES**

	<u>2017</u>	<u>2016</u>
<b>Operating Reserves</b>		
Operating contingency	\$ 209,779	\$ 305,094
Community future	86,955	36,955
Recreation	-	3,458
	<u>\$ 296,734</u>	<u>\$ 345,507</u>
<b>Capital Reserves</b>		
Water and sewer infrastructure	\$ 252,432	\$ 203,632
Public works equipment	190,140	68,333
Emergency services	138,594	138,594
Sewer infrastructure	85,333	43,333
Land sales	44,503	73,064
Equipment replacement	40,333	40,333
Offsite levies	35,903	35,903
Administration	31,107	81,107
Sewer flood control	25,000	25,000
Skateboard park	20,000	20,000
Recreation facilities	18,975	18,975
	<u>\$ 882,320</u>	<u>\$ 748,274</u>

**10. CONTRIBUTED TANGIBLE CAPITAL ASSETS**

A total of \$729,614 in engineered structures were contributed to the Town in 2017 and were recorded at their estimated fair value at the time they were received.

**11. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate shares of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**12. SALARIES AND BENEFITS DISCLOSURE**

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

	Salary (1)	Benefits (2)	2017	2016
Mayor K. Hauch	\$ 8,554	\$ 109	\$ 8,663	\$ 8,847
Councillors				
P. Lee	8,040	119	8,159	9,604
J. Schueler	8,865	115	8,980	9,148
S. Ross	5,595	68	5,663	8,993
V. Differenz	6,570	-	6,570	8,195
W. Olechow	5,870	81	5,951	7,166
G. Campbell	6,415	-	6,415	6,320
G. Bottoroff	1,890	40	1,930	-
P. Crawford	1,965	44	2,009	-
L. Falardeau	1,440	18	1,458	-
	<u>\$ 55,204</u>	<u>\$ 594</u>	<u>\$ 55,798</u>	<u>\$ 58,273</u>
Chief Administrative Officer	\$ 122,778	\$ -	\$ 122,778	\$ 121,864

(1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.

(2) 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.

(3) Benefits and allowances figures 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.

(4) The Town has a management services agreement with Strathcona County for the Chief Administrative Officer position. The agreement provides the Chief Administrative Officer, municipal services, other services, and includes expenses related to these functions.

**13. PENSION PLAN**

Employees of the Town participate in a group pension plan. The plan offers employees flexibility with the opportunity to choose their allocation amount. Employees of the Town have the option to make a current service contribution in the amount of 3%, 5%, 7%, or 9% of their gross salary for the year. Employee contributions are matched by the Town.

Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the Town to the employee pension plan in 2017 were \$40,059 (2016 - \$29,248).

**TOWN OF BRUDERHEIM**  
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**14. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and cash equivalents, receivables, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit 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 receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

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**15. SEGMENTED INFORMATION**

The Town provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (*Schedule 4*).

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**16. BUDGET FIGURES**

The 2017 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 3, 2017. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2017 Budget	2017 Actual
Annual surplus (deficit)	\$ 1,891,340	\$ 2,194,775
Amortization expense	-	473,126
Loss on disposal of tangible capital assets	-	(42,783)
Repayment of long-term debt	-	(32,631)
Long-term debt issued	1,000,000	1,000,000
Purchase of tangible capital assets	(3,127,500)	(3,499,842)
Net transfers (to) from reserves	236,160	(85,273)
	\$ -	\$ 7,372

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**17. UTILITY FRANCHISE AGREEMENTS**

As required by Alberta Regulation 313/2000 utility franchise agreement annual revenues are entirely from Atco Gas.

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**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

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**19. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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