

TOWN OF BRUDERHEIM
Financial Statements
For The Year Ended December 31, 2015

INDEPENDENT AUDITORS' REPORT

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, 2015, 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, 2015 and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 6, 2016


Hawkings Epp Dumont LLP
Chartered Accountants

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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.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by the Town Council to express an opinion on the Town's financial statements.

Bruderheim, Alberta
April 6, 2016

Patty Podoborzny
Chief Administrative Officer

TOWN OF BRUDERHEIM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,524,444	\$ 1,821,104
Receivables <i>(Note 3)</i>	456,515	450,780
Land held for resale	3,255	3,255
Investments	39,685	39,685
	<u>2,023,899</u>	<u>2,314,824</u>
LIABILITIES		
Accounts payable and accrued liabilities	364,144	275,042
Deposit liabilities	205,118	204,651
Deferred revenue <i>(Note 4)</i>	357,465	763,701
Long-term debt <i>(Note 5)</i>	598,128	611,328
	<u>1,524,855</u>	<u>1,854,722</u>
NET FINANCIAL ASSETS	<u>499,044</u>	460,102
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	9,090,472	8,245,720
Inventory	6,682	1,560
Prepaid expenses	4,824	12,691
	<u>9,101,978</u>	<u>8,259,971</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 9,601,022</u>	<u>\$ 8,720,073</u>
Contingencies <i>(Note 10)</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, 2015

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,205,174	\$ 1,206,295	\$ 1,114,845
Sales and user charges (Schedule 4)	805,867	859,047	980,026
Government transfers for operating (Schedule 3)	148,837	287,515	360,683
Rentals	172,796	182,811	184,790
Penalties and costs on taxes	80,000	81,504	78,852
Other	13,140	34,588	96,795
Franchise and concession contracts (Note 17)	30,902	31,821	30,961
Licenses and permits	10,020	29,068	25,758
Interest	12,000	26,197	32,023
Developer levies	-	-	35,903
	<u>2,478,736</u>	<u>2,738,846</u>	<u>2,940,636</u>
EXPENSES			
General administration	596,991	603,837	639,678
Parks and recreation	531,175	562,278	589,759
Water supply and distribution	343,074	317,206	419,673
Roads, streets, walks and lighting	295,505	257,844	242,414
Waste management	197,635	192,189	180,472
Fire protection and safety services	192,197	191,580	212,128
Land use planning, zoning and development	57,925	178,932	142,896
Common services	106,669	125,197	94,748
Waste water treatment and disposal	57,104	85,369	95,395
Legislative	70,870	65,767	77,276
Library	19,040	19,040	18,429
Bylaw enforcement	8,100	12,382	10,611
Family and community support	11,700	12,121	11,436
Amortization	-	362,653	338,184
	<u>2,487,985</u>	<u>2,986,395</u>	<u>3,073,099</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(9,249)</u>	<u>(247,549)</u>	<u>(132,463)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,075,000	1,060,319	248,314
Donations for tangible capital assets (Note 7)	-	68,179	-
	<u>1,075,000</u>	<u>1,128,498</u>	<u>248,314</u>
ANNUAL SURPLUS	<u>1,065,751</u>	<u>880,949</u>	<u>115,851</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>8,720,073</u>	<u>8,720,073</u>	<u>8,604,222</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 9,785,824</u>	<u>\$ 9,601,022</u>	<u>\$ 8,720,073</u>

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

TOWN OF BRUDERHEIM
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
ANNUAL SURPLUS	\$ 1,065,751	\$ 880,949	\$ 115,851
Acquisition of tangible capital assets	(1,520,130)	(1,207,405)	(298,184)
Amortization of tangible capital assets	-	362,653	338,184
	(454,379)	36,197	155,851
(Acquisition) use of supplies inventory	-	(5,122)	363
(Acquisition) use of prepaid expenses	-	7,867	(1,381)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(454,379)	38,942	154,833
NET FINANCIAL ASSETS, BEGINNING OF YEAR	460,102	460,102	305,269
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,723	\$ 499,044	\$ 460,102

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

**TOWN OF BRUDERHEIM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Annual surplus	\$ 880,949	\$ 115,851
Non-cash item not included in annual surplus:		
Amortization	<u>362,653</u>	338,184
	<u>1,243,602</u>	<u>454,035</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(5,733)	114,042
Accounts payable and accrued liabilities	89,102	15,459
Deferred revenue	(406,236)	(6,688)
Deposit liabilities	466	81,242
Inventory	(5,123)	363
Prepaid expenses	<u>7,867</u>	<u>(1,381)</u>
	<u>(319,657)</u>	<u>203,037</u>
Cash flow from operating activities	<u>923,945</u>	<u>657,072</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(1,207,405)</u>	(298,184)
FINANCING ACTIVITIES		
Repayment of long-term debt	(13,200)	(12,704)
Investments	<u>-</u>	<u>(13,381)</u>
Cash flow from (used by) capital activities	<u>(13,200)</u>	<u>(26,085)</u>
INCREASE (DECREASE) IN CASH FLOW	(296,660)	332,803
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,821,104</u>	<u>1,488,301</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,524,444</u>	<u>\$ 1,821,104</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, 2015

	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 7,634,392	\$ 7,661,688
Acquisition of tangible capital assets	1,207,405	298,184
Amortization of tangible capital assets	(362,653)	(338,184)
Repayment of capital long-term debt	13,200	12,704
BALANCE, END OF YEAR	\$ 8,492,344	\$ 7,634,392
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 9,090,472	\$ 8,245,720
Long-term debt	(598,128)	(611,328)
	\$ 8,492,344	\$ 7,634,392

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

TOWN OF BRUDERHEIM
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015

(Schedule 2)

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
TAXATION			
Real property taxes	\$ 1,588,754	\$ 1,595,403	\$ 1,497,757
Government grants in lieu of property taxes	7,017	-	7,017
	<u>1,595,771</u>	<u>1,595,403</u>	<u>1,504,774</u>
REQUISITIONS			
Alberta School Foundation Fund	(347,254)	(347,254)	(336,675)
County of Lamont Foundation	(43,343)	(41,854)	(53,254)
	<u>(390,597)</u>	<u>(389,108)</u>	<u>(389,929)</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,205,174</u>	<u>\$ 1,206,295</u>	<u>\$ 1,114,845</u>

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

TOWN OF BRUDERHEIM
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015

(Schedule 3)

	2015 (Budget) (Note 15)	2015 (Actual)	2014 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 111,421	\$ 148,286	\$ 146,656
Provincial government	37,416	139,229	214,027
	148,837	287,515	360,683
TRANSFERS FOR CAPITAL			
Provincial government	1,075,000	1,060,319	248,314
TOTAL GOVERNMENT TRANSFERS	\$ 1,223,837	\$ 1,347,834	\$ 608,997

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

**TOWN OF BRUDERHEIM
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 562,724	\$ 323,937	\$ 96,818	\$ 255,395	\$ -	\$ (32,579)	\$ 1,206,295
Sales and user charges	2,890	882	-	424	851,510	3,341	859,047
Government transfers	-	64,923	93,915	-	-	128,677	287,515
All other	3,678	17,113	13,230	2,024	16,327	124,609	176,981
Rentals	8,348	174,463	-	-	-	-	182,811
Investment income	26,197	-	-	-	-	-	26,197
	603,837	581,318	203,963	257,843	867,837	224,048	2,738,846
EXPENSES							
Salaries, wages and benefits	323,812	239,914	49,393	120,856	114,097	127,689	975,761
Contracted services	236,350	171,996	74,138	28,504	271,586	135,074	917,648
Materials, goods, and supplies	18,717	43,331	36,124	36,039	190,903	20,113	345,227
Utilities	9,149	76,311	18,785	65,188	14,527	9,756	193,716
Transfers to local boards and agencies	-	16,588	-	-	-	85,553	102,141
Insurance	15,809	33,178	6,113	4,133	3,651	3,832	66,716
Interest on long-term debt	-	-	19,410	3,123	-	-	22,533
	\$ 603,837	\$ 581,318	\$ 203,963	\$ 257,843	\$ 594,764	\$ 382,017	\$ 2,623,742
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	273,073	(157,969)	115,104
Amortization	10,399	44,299	51,008	185,990	69,857	1,100	362,653
NET REVENUE (EXPENSE)	\$ (10,399)	\$ (44,299)	\$ (51,008)	\$ (185,990)	\$ 203,216	\$ (159,069)	\$ (247,549)

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

TOWN OF BRUDERHEIM
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 562,949	\$ 304,617	\$ 65,868	\$ 205,772	\$ -	\$ (24,361)	\$ 1,114,845
Sales and user charges	2,850	17,941	2,380	740	950,122	5,993	980,026
Government transfers	30,000	53,446	115,634	-	32,491	129,112	360,683
All other	3,912	55,338	38,857	35,903	13,991	120,268	268,269
Rentals	7,944	176,846	-	-	-	-	184,790
Investment income	32,023	-	-	-	-	-	32,023
	639,678	608,188	222,739	242,415	996,604	231,012	2,940,636
EXPENSES							
Contracted services	\$ 318,610	\$ 167,560	\$ 77,993	\$ 44,897	\$ 356,734	\$ 78,663	\$ 1,044,457
Salaries, wages and benefits	279,903	252,797	42,143	84,812	91,602	122,483	873,740
Materials, goods, and supplies	16,347	66,283	58,228	43,397	228,426	9,846	422,527
Utilities	8,172	73,954	20,311	62,060	14,887	10,706	190,090
Transfers to local boards and agencies	-	13,365	-	-	-	100,418	113,783
Insurance	16,646	34,229	4,404	3,875	3,890	4,240	67,284
Interest on long-term debt	-	-	19,660	3,374	-	-	23,034
	639,678	608,188	222,739	242,415	695,539	326,356	1,690,458
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	301,065	(95,344)	205,721
Amortization	10,399	43,698	44,100	167,098	71,788	1,101	338,184
NET REVENUE (EXPENSE)	\$ (10,399)	\$ (43,698)	\$ (44,100)	\$ (167,098)	\$ 229,277	\$ (96,445)	\$ (132,463)

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

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2015

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 expenditures, 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.

Expenditures 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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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2015

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) Prepaid Local Improvement Charges

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.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(h) 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.

(i) 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.

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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2015

1. ACCOUNTING POLICIES *(continued)*

(j) 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.

(k) 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.

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2015

2. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	\$ 700	\$ 700
Bank accounts	1,523,744	320,404
Temporary investments	-	1,500,000
	\$ 1,524,444	\$ 1,821,104

3. RECEIVABLES

	2015	2014
Trade and other	\$ 204,498	\$ 92,016
Taxes and grants in place of taxes	100,550	224,648
Utilities	93,359	96,246
Goods and Services Tax rebate	64,874	44,636
	463,281	457,546
Less: allowance for doubtful accounts	(6,766)	(6,766)
	\$ 456,515	\$ 450,780

4. DEFERRED REVENUE

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

	2015	2014
Donations	\$ 209,802	\$ 174,834
Regional Collaboration Program Grant	139,702	223,155
Other	7,961	34,321
Municipal Sustainability Initiative - capital component	-	331,391
	\$ 357,465	\$ 763,701

5. LONG-TERM DEBT

	2015	2014
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	\$ 523,845	\$ 530,746
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047% maturing March 2025.	74,283	80,582
	\$ 598,128	\$ 611,328

(continues)

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2015

5. LONG-TERM DEBT (continued)

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 13,713	\$ 22,169	\$ 35,882
2017	14,247	21,635	35,882
2018	14,802	21,080	35,882
2019	15,379	20,503	35,882
2020	15,978	19,904	35,882
To maturity	<u>524,009</u>	<u>318,876</u>	<u>842,885</u>
	<u>\$ 598,128</u>	<u>\$ 424,167</u>	<u>\$ 1,022,295</u>

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>2015</u>	<u>2014</u>
Total debt limit	\$ 4,108,269	\$ 4,410,954
Total debt	<u>598,128</u>	<u>611,328</u>
Total debt limit remaining	\$ 3,510,141	\$ 3,799,626
Service on debt limit	\$ 684,712	\$ 735,159
Service on debt	<u>35,882</u>	<u>35,882</u>
Total service on debt limit remaining	\$ 648,830	\$ 699,277

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, 2015

7. TANGIBLE CAPITAL ASSETS

	2015	2014
	Net Book	Net Book
	Value	Value
Engineered structures		
Roadways	\$ 3,462,626	\$ 2,611,278
Wastewater systems	743,389	802,668
Water systems	262,490	244,108
	4,468,505	3,658,054
Buildings	2,549,167	2,599,500
Land	1,278,174	1,278,174
Machinery and equipment	476,768	399,449
Land improvements	217,710	238,322
Vehicles	100,148	72,221
	\$ 9,090,472	\$ 8,245,720

	Cost			Cost
	Beginning of	Purchased	Disposals	End of
	Year	Additions		Year
Engineered structures				
Roadways	\$ 6,626,163	\$ 1,000,073	-	\$ 7,626,236
Water systems	412,435	24,785	-	437,220
Wastewater systems	3,078,660	-	-	3,078,660
	10,117,258	1,024,858	-	11,142,116
Buildings	3,499,777	16,698	-	3,516,475
Machinery and equipment	756,042	122,815	4,520	874,337
Land	1,278,174	-	-	1,278,174
Land improvements	507,849	-	-	507,849
Vehicles	268,801	43,034	-	311,835
	\$ 16,427,901	\$ 1,207,405	\$ 4,520	\$ 17,630,786

	Accumulated			Accumulated
	Amortization	Current	Disposals	Amortization
	Beginning of	Amortization		End of
	Year		Write-downs	Year
Engineered structures				
Roadways	\$ 4,014,885	\$ 148,725	-	\$ 4,163,610
Water systems	168,327	6,403	-	174,730
Wastewater systems	2,275,992	59,279	-	2,335,271
	6,459,204	214,407	-	6,673,611
Buildings	900,277	67,031	-	967,308
Machinery and equipment	356,593	45,496	(4,520)	397,569
Land improvements	269,527	20,612	-	290,139
Vehicles	196,580	15,107	-	211,687
	\$ 8,182,181	\$ 362,653	\$(4,520)	\$ 8,540,314

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8. ACCUMULATED SURPLUS

	2015	2014
Unrestricted surplus	\$ 191,138	\$ 204,100
Restricted surplus		
Operating reserves (Note 9)	255,896	188,326
Capital reserves (Note 9)	661,644	693,255
Equity in tangible capital assets (Schedule 1)	8,492,344	7,634,392
	\$ 9,601,022	\$ 8,720,073

9. RESERVES

	2015	2014
Operating Reserves		
Operating contingency	\$ 239,055	\$ 171,485
Community future	9,655	9,655
Recreation	7,186	7,186
	\$ 255,896	\$ 188,326
Capital Reserves		
Water and sewer infrastructure	\$ 180,817	\$ 158,210
Emergency services	138,594	87,569
Administration	132,890	188,133
Land sales	89,132	139,132
Equipment replacement	40,333	40,333
Offsite levies	35,903	35,903
Sewer flood control	25,000	25,000
Recreation facilities	18,975	18,975
	\$ 661,644	\$ 693,255

10. 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.

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11. ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2010, the Public Sector Accounting Board issued PS - 3260 Liability for Contaminated Sites, effective for fiscal year starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. During 2015, the Town adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the Town's financial statements due to this.

12. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2)	2015	2014
Mayor K. Hauch	\$ 8,427	\$ 339	\$ 8,766	\$ 8,294
Councillors				
P. Lee	8,320	348	8,668	9,107
S. Ross	7,370	295	7,665	7,711
W. Olechow	6,720	263	6,983	7,483
G. Campbell	6,321	9	6,330	6,859
V. Differenz	6,690	15	6,705	-
J. Melnick	4,185	138	4,323	9,639
J. Schueler	1,396	69	1,465	-
D. McCormack	123	-	123	8,669
	\$ 49,552	\$ 1,476	\$ 51,028	\$ 57,762
Chief Administrative Officer	\$ 124,391	\$ -	\$ 124,391	\$ 136,447

(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.

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%, or 7% 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 2015 were \$28,494 (2014 - \$28,678).

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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.

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*).

16. BUDGET FIGURES

Budget figures are presented for information purposes only and are unaudited. The budget, prepared by the Town, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ 1,065,751	\$ 880,949	\$ 115,851
Amortization expense	-	362,653	338,184
Repayment of long-term debt	(13,136)	(13,200)	(12,704)
Purchase of tangible capital assets	(1,520,130)	(1,207,405)	(298,184)
Net transfers (to) from reserves	467,515	(35,959)	44,881
	\$ -	\$ (12,962)	\$ 188,028

17. UTILITY FRANCHISE AGREEMENTS

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

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

19. COMPARATIVE FIGURES

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