

TOWN OF BRUDERHEIM
Financial Statements
For The Year Ended December 31, 2016

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, 2016, 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, 2016 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 5, 2017


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 5, 2017

Patty Podoborzny
Chief Administrative Officer

**TOWN OF BRUDERHEIM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 2,443,538	\$ 1,524,444
Receivables <i>(Note 3)</i>	337,335	456,515
Land held for resale	3,255	3,255
Investments	39,685	39,685
	<u>2,823,813</u>	<u>2,023,899</u>
LIABILITIES		
Accounts payable and accrued liabilities	318,473	364,144
Deposit liabilities	205,558	205,118
Deferred revenue <i>(Note 4)</i>	1,043,227	357,465
Long-term debt <i>(Note 5)</i>	584,415	598,128
	<u>2,151,673</u>	<u>1,524,855</u>
NET FINANCIAL ASSETS	<u>672,140</u>	<u>499,044</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	8,781,730	9,090,472
Inventory	9,672	6,682
Prepaid expenses	15,980	4,824
	<u>8,807,382</u>	<u>9,101,978</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 9,479,522</u>	<u>\$ 9,601,022</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, 2016

	2016 (Budget) (Note 15)	2016 (Actual)	2015 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,300,312	\$ 1,297,108	\$ 1,206,295
Sales and user charges (Schedule 4)	825,031	952,761	859,047
Rentals	174,446	256,504	183,363
Government transfers for operating (Schedule 3)	84,862	144,775	287,515
Other	3,639	133,155	34,036
Penalties and costs on taxes	80,000	63,035	81,504
Franchise and concession contracts (Note 16)	30,902	47,653	31,821
Interest	12,000	22,475	26,197
Licenses and permits	13,270	22,106	29,068
	<u>2,524,462</u>	<u>2,939,572</u>	<u>2,738,846</u>
EXPENSES			
Parks and recreation	566,942	754,690	562,278
General administration	611,942	610,325	603,837
Amortization	-	364,022	362,653
Roads, streets, walks and lighting	265,444	298,948	257,844
Water supply and distribution	351,161	288,377	317,206
Waste management	211,501	198,004	192,189
Land use planning, zoning and development	87,788	171,404	178,932
Common services	118,092	126,654	125,197
Waste water treatment and disposal	60,624	79,773	85,369
Legislative	70,870	74,868	65,767
Fire protection and safety services	68,742	65,750	191,580
Library	19,040	19,714	19,040
Bylaw enforcement	15,100	18,785	12,382
Family and community support	10,600	10,478	12,121
	<u>2,457,846</u>	<u>3,081,792</u>	<u>2,986,395</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>66,616</u>	<u>(142,220)</u>	<u>(247,549)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	200,000	20,720	1,060,319
Donations for tangible capital assets (Note 7)	-	-	68,179
	<u>200,000</u>	<u>20,720</u>	<u>1,128,498</u>
ANNUAL SURPLUS (DEFICIT)	266,616	(121,500)	880,949
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,601,022</u>	<u>9,601,022</u>	<u>8,720,073</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 9,867,638</u>	<u>\$ 9,479,522</u>	<u>\$ 9,601,022</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, 2016

	2016 (Budget) <i>(Note 15)</i>	2016 (Actual)	2015 (Actual)
ANNUAL SURPLUS	\$ 266,616	\$ (121,500)	\$ 880,949
Acquisition of tangible capital assets	(325,500)	(55,280)	(1,207,405)
Amortization of tangible capital assets	-	364,022	362,653
	(58,884)	187,242	36,197
(Acquisition) use of supplies inventory	-	(2,990)	(5,122)
(Acquisition) use of prepaid expenses	-	(11,156)	7,867
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(58,884)	173,096	38,942
NET FINANCIAL ASSETS, BEGINNING OF YEAR	499,044	499,044	460,102
NET FINANCIAL ASSETS - END OF YEAR	\$ 440,160	\$ 672,140	\$ 499,044

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

**TOWN OF BRUDERHEIM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Annual surplus	\$ (121,500)	\$ 880,949
Non-cash item not included in annual surplus:		
Amortization	<u>364,022</u>	<u>362,653</u>
	<u>242,522</u>	<u>1,243,602</u>
Changes in non-cash working capital balances related to operations:		
Receivables	119,180	(5,733)
Accounts payable and accrued liabilities	(45,672)	89,102
Deferred revenue	685,762	(406,236)
Deposit liabilities	440	466
Inventory	(2,989)	(5,123)
Prepaid expenses	<u>(11,156)</u>	<u>7,867</u>
	<u>745,565</u>	<u>(319,657)</u>
Cash flow from operating activities	<u>988,087</u>	<u>923,945</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(55,280)</u>	<u>(1,207,405)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(13,713)</u>	<u>(13,200)</u>
INCREASE (DECREASE) IN CASH FLOW	919,094	(296,660)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,524,444</u>	<u>1,821,104</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,443,538</u>	<u>\$ 1,524,444</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, 2016

	2016	2015
BALANCE, BEGINNING OF YEAR	\$ 8,492,344	\$ 7,634,392
Acquisition of tangible capital assets	55,280	1,207,405
Amortization of tangible capital assets	(364,022)	(362,653)
Repayment of capital long-term debt	13,713	13,200
BALANCE, END OF YEAR	\$ 8,197,315	\$ 8,492,344
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 8,781,730	\$ 9,090,472
Long-term debt	(584,415)	(598,128)
	\$ 8,197,315	\$ 8,492,344

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

**TOWN OF BRUDERHEIM
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

(Schedule 2)

	2016 (Budget) (Note 15)	2016 (Actual)	2015 (Actual)
TAXATION	\$ 1,738,565	\$ 1,735,361	\$ 1,595,403
REQUISITIONS			
Alberta School Foundation Fund	(390,496)	(390,496)	(347,254)
County of Lamont Foundation	(47,757)	(47,757)	(41,854)
	(438,253)	(438,253)	(389,108)
NET MUNICIPAL PROPERTY TAXES	\$ 1,300,312	\$ 1,297,108	\$ 1,206,295

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

**TOWN OF BRUDERHEIM
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2016**

(Schedule 3)

	2016 (Budget) (Note 15)	2016 (Actual)	2015 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 31,421	\$ 45,306	\$ 148,286
Provincial government	53,441	99,469	139,229
	84,862	144,775	287,515
TRANSFERS FOR CAPITAL			
Provincial government	200,000	20,720	1,060,319
TOTAL GOVERNMENT TRANSFERS	\$ 284,862	\$ 165,495	\$ 1,347,834

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
REVENUE							
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
All other	9,256	116,249	7,605	-	16,419	116,420	265,949
Rentals	4,006	252,498	-	-	-	-	256,504
Government transfers	-	68,032	6,383	-	-	70,360	144,775
Investment income	22,475	-	-	-	-	-	22,475
	610,326	774,404	84,536	298,948	946,365	224,993	2,939,572
EXPENSES							
Contracted services	237,726	304,587	38,848	60,618	246,747	153,661	1,042,187
Salaries, wages and benefits	334,364	241,189	-	137,352	113,147	155,183	981,235
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
	\$ 610,326	\$ 774,404	\$ 84,536	\$ 298,948	\$ 566,155	\$ 383,401	\$ 2,717,770
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	380,210	(158,408)	221,802
Amortization	10,281	46,794	51,008	184,982	69,857	1,100	364,022
NET REVENUE (EXPENSE)	\$ (10,281)	\$ (46,794)	\$ (51,008)	\$ (184,982)	\$ 310,353	\$ (159,508)	\$ (142,220)

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
Rentals	8,348	175,015	-	-	-	-	183,363
All other	3,678	16,561	13,230	2,024	16,327	124,609	176,429
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
Notes to Financial Statements
December 31, 2016

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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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2016

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, 2016

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, 2016

2. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand	\$ 400	\$ 700
Bank accounts	2,443,138	1,523,744
	\$ 2,443,538	\$ 1,524,444

3. RECEIVABLES

	2016	2015
Trade and other	\$ 54,410	\$ 204,498
Taxes and grants in place of taxes	160,089	100,550
Utilities	99,810	93,359
Goods and Services Tax rebate	29,792	64,874
	344,101	463,281
Less: allowance for doubtful accounts	(6,766)	(6,766)
	\$ 337,335	\$ 456,515

4. DEFERRED REVENUE

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

	2016	2015
Donations	\$ 608,427	\$ 209,802
Municipal Sustainability Initiative - capital component	329,576	-
Regional Collaboration Program Grant	99,083	139,702
Other	6,141	7,961
	\$ 1,043,227	\$ 357,465

5. LONG-TERM DEBT

	2016	2015
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	\$ 516,687	\$ 523,845
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047% maturing March 2025.	67,728	74,283
	\$ 584,415	\$ 598,128

(continues)

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2016

5. LONG-TERM DEBT (continued)

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2021	16,600	19,281	35,881
To maturity	507,409	317,389	824,798
	<u>\$ 584,415</u>	<u>\$ 419,792</u>	<u>\$ 1,004,207</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>2016</u>	<u>2015</u>
Total debt limit	\$ 4,409,358	\$ 4,108,269
Total debt	584,415	598,128
Total debt limit remaining	<u>\$ 3,824,943</u>	<u>\$ 3,510,141</u>
Service on debt limit	\$ 734,893	\$ 684,712
Service on debt	35,882	35,882
Total service on debt limit remaining	<u>\$ 699,011</u>	<u>\$ 648,830</u>

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, 2016

7. TANGIBLE CAPITAL ASSETS

	2016 Net Book Value	2015 Net Book Value
Engineered structures		
Roadways	\$ 3,314,849	\$ 3,462,626
Wastewater systems	684,111	743,389
Water systems	256,087	262,490
	4,255,047	4,468,505
Buildings	2,529,552	2,549,167
Land	1,278,174	1,278,174
Machinery and equipment	431,451	476,768
Land improvements	202,465	217,710
Vehicles	85,041	100,148
	\$ 8,781,730	\$ 9,090,472

	Cost Beginning of Year	Purchased Additions	Disposals	Contributed Additions	Cost End of Year
Engineered structures					
Roadways	\$ 7,626,236	\$ -	\$ -	\$ -	\$ 7,626,236
Water systems	437,220	-	-	-	437,220
Wastewater systems	3,078,660	-	-	-	3,078,660
	11,142,116	-	-	-	11,142,116
Buildings	3,516,475	49,912	-	-	3,566,387
Machinery and equipment	874,337	-	-	-	874,337
Land	1,278,174	-	-	-	1,278,174
Land improvements	507,849	5,368	-	-	513,217
Vehicles	311,835	-	-	-	311,835
	\$ 17,630,786	\$ 55,280	\$ -	\$ -	\$ 17,686,066

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,163,610	\$ 147,777	\$ -	\$ -	\$ 4,311,387
Water systems	174,730	6,403	-	-	181,133
Wastewater systems	2,335,271	59,278	-	-	2,394,549
	6,673,611	213,458	-	-	6,887,069
Buildings	967,308	69,527	-	-	1,036,835
Machinery and equipment	397,569	45,317	-	-	442,886
Land improvements	290,139	20,613	-	-	310,752
Vehicles	211,687	15,107	-	-	226,794
	\$ 8,540,314	\$ 364,022	\$ -	\$ -	\$ 8,904,336

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2016

8. ACCUMULATED SURPLUS

	2016	2015
Unrestricted surplus	\$ 188,426	\$ 191,138
Restricted surplus		
Operating reserves (Note 9)	345,507	255,896
Capital reserves (Note 9)	748,274	661,644
Equity in tangible capital assets (Schedule 1)	8,197,315	8,492,344
	\$ 9,479,522	\$ 9,601,022

9. RESERVES

	2016	2015
Operating Reserves		
Operating contingency	\$ 305,094	\$ 239,055
Community future	36,955	9,655
Recreation	3,458	7,186
	\$ 345,507	\$ 255,896
Capital Reserves		
Water and sewer infrastructure	\$ 203,632	\$ 180,817
Emergency services	138,594	138,594
Administration	81,107	132,890
Land sales	73,064	89,132
Public works equipment	68,333	-
Sewer infrastructure	43,333	-
Equipment replacement	40,333	40,333
Offsite levies	35,903	35,903
Sewer flood control	25,000	25,000
Skateboard park	20,000	-
Recreation facilities	18,975	18,975
	\$ 748,274	\$ 661,644

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.

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2016

11. 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)	2016	2015
Mayor K. Hauch	\$ 8,727	\$ 120	\$ 8,847	\$ 8,766
Councillors				
P. Lee	9,420	184	9,604	8,668
J. Schueler	8,984	164	9,148	1,465
S. Ross	8,845	148	8,993	7,665
V. Differenz	8,195	-	8,195	6,705
W. Olechow	7,095	71	7,166	6,983
G. Campbell	6,320	-	6,320	6,330
J. Melnick	-	-	-	4,323
D. McCormack	-	-	-	123
	<u>\$ 57,586</u>	<u>\$ 687</u>	<u>\$ 58,273</u>	<u>\$ 51,028</u>
Chief Administrative Officer	<u>\$ 121,864</u>	<u>\$ -</u>	<u>\$ 121,864</u>	<u>\$ 124,391</u>

(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.

12. 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 2016 were \$29,248 (2015 - \$28,494).

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2016

13. 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.

14. 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*).

15. 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.

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 266,616	\$ (121,500)	\$ 880,949
Amortization expense	-	364,022	362,653
Repayment of long-term debt	(13,199)	(13,713)	(13,200)
Purchase of tangible capital assets	(325,500)	(55,280)	(1,207,405)
Net transfers (to) from reserves	72,083	(176,241)	(35,959)
	<u>\$ -</u>	<u>\$ (2,712)</u>	<u>\$ (12,962)</u>

16. UTILITY FRANCHISE AGREEMENTS

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

17. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Town obtained debenture financing in the amount of \$1,000,000 from the Alberta Capital Financing Authority for the purpose of the 2017 street improvement program.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
