

**TOWN OF BRUDERHEIM**  
**Financial Statements**  
**For The Year Ended December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of Town of Bruderheim

### *Opinion*

We have audited the financial statements of Town of Bruderheim (the Town), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditors' Report to the Mayor and Council of Town of Bruderheim *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**METRIX GROUP LLP**

Chartered Accountants

Edmonton, Alberta  
April 3, 2019

## **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.

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Patty Podoborzny  
Chief Administrative Officer

**TOWN OF BRUDERHEIM**  
**Statement of Financial Position**  
**As At December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,288,068	\$ 1,585,537
Receivables <i>(Note 3)</i>	401,811	396,755
Land held for resale	3,255	3,255
Investments	39,685	39,685
	<u>1,732,819</u>	<u>2,025,232</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	236,886	412,507
Deposit liabilities	5,288	24,132
Deferred revenue <i>(Note 4)</i>	616,033	283,366
Long-term debt <i>(Note 5)</i>	1,499,376	1,551,784
	<u>2,357,583</u>	<u>2,271,789</u>
<b>NET (DEBT)</b>	<u>(624,764)</u>	<u>(246,557)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 7)</i>	11,962,670	11,798,724
Inventory	631	6,697
Prepaid expenses	15,404	115,433
	<u>11,978,705</u>	<u>11,920,854</u>
<b>ACCUMULATED SURPLUS <i>(Note 8)</i></b>	<u>\$ 11,353,941</u>	<u>\$ 11,674,297</u>
Contingent liability <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, 2018**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,356,559	\$ 1,349,107	\$ 1,326,367
Sales and user charges (Schedule 4)	865,211	899,590	886,765
Rentals	198,786	152,798	177,799
Government transfers for operating (Schedule 3)	112,717	124,755	137,100
Penalties and costs on taxes	101,450	85,287	107,062
Other	2,851	44,025	44,229
Franchise and concession contracts (Note 16)	52,000	50,049	54,097
Interest	24,000	26,174	27,797
Licenses and permits	9,700	11,616	9,079
Fines	10,000	7,153	9,112
	<u>2,733,274</u>	<u>2,750,554</u>	<u>2,779,407</u>
<b>EXPENSES</b>			
General administration	604,691	633,923	647,475
Parks and recreation	538,198	466,384	556,384
Water supply and distribution	352,992	379,022	302,177
Roads, streets, walks and lighting	283,251	362,571	297,204
Waste management	205,684	222,188	217,619
Common services	236,613	220,361	184,142
Land use planning, zoning and development	140,277	176,909	116,560
Waste water treatment and disposal	70,958	158,390	59,278
Legislative	83,645	77,911	83,136
Fire protection and safety services	67,067	63,719	92,306
Library	19,851	19,512	19,714
Bylaw enforcement	17,100	14,574	13,303
Family and community support	11,539	11,659	11,252
Amortization	-	454,265	473,126
	<u>2,631,866</u>	<u>3,261,388</u>	<u>3,073,676</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	<u>101,408</u>	<u>(510,834)</u>	<u>(294,269)</u>
<b>OTHER REVENUE</b>			
Government transfers for capital (Schedule 3)	594,540	190,478	1,210,308
Donations for tangible capital assets (Note 7)	-	-	506,339
Gain on disposal of tangible capital assets	-	-	42,783
Contributed tangible capital assets	-	-	729,614
	<u>594,540</u>	<u>190,478</u>	<u>2,489,044</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	695,948	(320,356)	2,194,775
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>11,674,297</u>	<u>11,674,297</u>	<u>9,479,522</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 8)	<u>\$ 12,370,245</u>	<u>\$ 11,353,941</u>	<u>\$ 11,674,297</u>

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

**TOWN OF BRUDERHEIM**  
**Statement of Changes in Net Debt**  
**For the Year Ended December 31, 2018**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 695,948	\$ (320,356)	\$ 2,194,775
Acquisition of tangible capital assets	(766,540)	(618,211)	(3,499,842)
Amortization of tangible capital assets	-	454,265	473,126
Proceeds on disposal of tangible capital assets	-	-	52,505
Loss on sale of tangible capital assets	-	-	(42,783)
	(70,592)	(484,302)	(822,219)
(Acquisition) use of supplies inventory	-	6,066	2,975
(Acquisition) use of prepaid expenses	-	100,029	(99,453)
<b>(INCREASE) DECREASE IN NET DEBT</b>	(70,592)	(378,207)	(918,697)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	(246,557)	(246,557)	672,140
<b>NET DEBT - END OF YEAR</b>	\$ (317,149)	\$ (624,764)	\$ (246,557)

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

**TOWN OF BRUDERHEIM**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (320,356)	\$ 2,194,775
Non-cash item not included in annual surplus:		
Amortization	454,265	473,126
Gain on disposal of tangible capital assets	-	(42,783)
	<u>133,909</u>	<u>2,625,118</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(5,055)	(59,420)
Accounts payable and accrued liabilities	(175,622)	94,033
Deferred revenue	332,667	(815,136)
Deposit liabilities	(18,844)	(126,150)
Inventory	6,066	2,975
Prepaid expenses	100,029	(99,453)
	<u>239,241</u>	<u>(1,003,151)</u>
Cash flow from operating activities	<u>373,150</u>	<u>1,621,967</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(618,211)	(3,499,842)
Proceeds on sale of tangible capital assets	-	52,505
Cash flow used by capital activities	<u>(618,211)</u>	<u>(3,447,337)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(52,408)	(32,631)
Proceeds from long term debt	-	1,000,000
Cash flow from (used by) capital activities	<u>(52,408)</u>	<u>967,369</u>
<b>DECREASE IN CASH FLOW</b>	<b>(297,469)</b>	<b>(858,001)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>1,585,537</u></b>	<b><u>2,443,538</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 1,288,068</u></b>	<b><u>\$ 1,585,537</u></b>

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

**TOWN OF BRUDERHEIM**  
**Schedule of Equity in Tangible Capital Assets**  
**For the Year Ended December 31, 2018**

*(Schedule 1)*

	<b>2018</b>	<b>2017</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 10,246,941</b>	<b>\$ 8,197,315</b>
Acquisition of tangible capital assets	<b>618,210</b>	3,499,842
Amortization of tangible capital assets	<b>(454,265)</b>	(473,126)
Repayment of capital long-term debt	<b>52,408</b>	32,631
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>\$ 10,463,294</b>	<b>\$ 10,246,941</b>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<b>\$ 11,962,670</b>	\$ 11,798,724
Long-term capital debt	<b>(1,499,376)</b>	(1,551,783)
	<b>\$ 10,463,294</b>	<b>\$ 10,246,941</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, 2018**

**(Schedule 2)**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>TAXATION</b>	\$ 1,828,042	\$ 1,820,746	\$ 1,788,453
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	(415,073)	(415,073)	(410,480)
County of Lamont Foundation	(56,410)	(56,566)	(51,606)
	(471,483)	(471,639)	(462,086)
<b>NET MUNICIPAL PROPERTY TAXES</b>	<b>\$ 1,356,559</b>	<b>\$ 1,349,107</b>	<b>\$ 1,326,367</b>

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

**TOWN OF BRUDERHEIM**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**

**(Schedule 3)**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 49,674	\$ 61,212	\$ 93,757
Local governments	63,043	63,543	43,343
	112,717	124,755	137,100
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	594,540	190,478	1,210,308
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 707,257</b>	<b>\$ 315,233</b>	<b>\$ 1,347,408</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, 2018**

**(Schedule 4)**

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 590,629	\$ 259,439	\$ 67,546	\$ 362,572	\$ -	\$ 68,921	\$ 1,349,107
Sales and user charges	2,862	2,234	-	-	882,698	11,796	899,590
All other	7,216	14,814	10,747	-	25,393	139,960	198,130
Rentals	7,046	145,752	-	-	-	-	152,798
Government transfers	(5)	63,658	-	-	-	61,102	124,755
Investment income	26,174	-	-	-	-	-	26,174
	<u>633,922</u>	<u>485,897</u>	<u>78,293</u>	<u>362,572</u>	<u>908,091</u>	<u>281,779</u>	<u>2,750,554</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	312,589	212,196	-	163,920	113,411	248,233	1,050,349
Contracted services	263,598	92,543	32,768	42,955	420,636	180,840	1,033,340
Materials, goods, and supplies	34,597	66,903	3,471	55,385	206,060	24,578	390,994
Utilities	8,047	65,872	19,256	64,874	14,311	11,217	183,577
Insurance	15,091	28,457	4,130	4,144	5,183	4,315	61,320
Interest on long-term debt	-	-	18,668	31,294	-	-	49,962
Transfers to local boards and agencies	-	19,926	-	-	-	17,656	37,582
	<u>\$ 633,922</u>	<u>\$ 485,897</u>	<u>\$ 78,293</u>	<u>\$ 362,572</u>	<u>\$ 759,601</u>	<u>\$ 486,839</u>	<u>\$ 2,807,124</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	-	-	-	-	148,490	(205,060)	(56,570)
Amortization	12,469	84,702	50,648	271,299	34,046	1,100	454,264
<b>NET REVENUE (EXPENSE)</b>	<u>\$ (12,469)</u>	<u>\$ (84,702)</u>	<u>\$ (50,648)</u>	<u>\$ (271,299)</u>	<u>\$ 114,444</u>	<u>\$ (206,160)</u>	<u>\$ (510,834)</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, 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
	<b>647,477</b>	<b>576,099</b>	<b>105,609</b>	<b>297,205</b>	<b>898,865</b>	<b>254,153</b>	<b>2,779,408</b>
<b>EXPENSES</b>							
Salaries, wages and benefits	\$ 319,999	\$ 205,691	\$ -	\$ 141,929	\$ 107,096	\$ 221,456	\$ 996,171
Contracted services	278,152	159,609	61,217	32,396	255,072	140,240	926,686
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
	<b>647,477</b>	<b>576,099</b>	<b>105,609</b>	<b>297,205</b>	<b>579,073</b>	<b>395,087</b>	<b>2,600,550</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	-	-	-	-	319,792	(140,934)	178,858
Amortization	10,281	84,478	51,008	252,534	73,726	1,100	473,127
<b>NET REVENUE (EXPENSE)</b>	<b>\$ (10,281)</b>	<b>\$ (84,478)</b>	<b>\$ (51,008)</b>	<b>\$ (252,534)</b>	<b>\$ 246,066</b>	<b>\$ (142,034)</b>	<b>\$ (294,269)</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) 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.

*(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) 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.

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**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2018**

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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, 2018**

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**2. CASH AND CASH EQUIVALENTS**

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 400	\$ 400
Deposit accounts with financial institutions	<u>1,287,668</u>	<u>1,585,137</u>
	<b>\$ 1,288,068</b>	<b>\$ 1,585,537</b>

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**3. RECEIVABLES**

	<u>2018</u>	<u>2017</u>
Taxes and grants in place of taxes	\$ 281,503	\$ 174,306
Utilities	81,366	82,549
Trade and other	36,192	61,572
Goods and Services Tax rebate	<u>23,979</u>	<u>97,396</u>
	423,040	415,823
Less: allowance for doubtful accounts	<u>(21,229)</u>	<u>(19,068)</u>
	<b>\$ 401,811</b>	<b>\$ 396,755</b>

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**4. DEFERRED REVENUE**

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

	<u>2018</u>	<u>2017</u>
Municipal Sustainability Initiative - capital component	\$ 405,205	\$ 36,444
Donations	208,028	155,501
Regional Collaboration Program Grant	83,929	99,083
Other	56,196	59,663
Federal Gas Tax	<u>(137,325)</u>	<u>(67,325)</u>
	<b>\$ 616,033</b>	<b>\$ 283,366</b>

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**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2018**

**5. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$33,494 including interest at 3.022% maturing March 2037.	\$ 944,010	\$ 981,616
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	501,565	509,264
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047% maturing March 2025.	<u>53,801</u>	<u>60,904</u>
	<u>\$ 1,499,376</u>	<u>\$ 1,551,784</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2023	61,610	41,267	102,877
To maturity	<u>1,210,334</u>	<u>447,046</u>	<u>1,657,380</u>
	<u>\$ 1,499,376</u>	<u>\$ 672,361</u>	<u>\$ 2,171,737</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>2018</u>	<u>2017</u>
Total debt limit	\$ 4,125,831	\$ 4,169,111
Total debt	<u>(1,499,376)</u>	<u>(1,551,784)</u>
<b>Total debt limit remaining</b>	<u>\$ 2,626,455</u>	<u>\$ 2,617,327</u>
Service on debt limit	\$ 687,639	\$ 694,852
Service on debt	<u>(102,870)</u>	<u>(102,870)</u>
<b>Total service on debt limit remaining</b>	<u>\$ 584,769</u>	<u>\$ 591,982</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, 2018**

**7. TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	<b>2017</b>
	<b>Net Book</b>	<b>Net Book</b>
	<b>Value</b>	<b>Value</b>
Engineered structures		
Roadways	\$ 5,357,761	\$ 5,407,575
Wastewater systems	811,678	831,550
Water systems	321,799	329,277
	<b>6,491,238</b>	<b>6,568,402</b>
Buildings	3,284,707	3,295,426
Land	1,478,174	1,278,174
Machinery and equipment	492,913	405,150
Land improvements	160,811	181,638
Vehicles	54,827	69,934
	<b>\$ 11,962,670</b>	<b>\$ 11,798,724</b>

	Cost Beginning of Year	Purchased Additions	Disposals	Contributed Additions	Cost End of Year
Engineered structures					
Roadways	\$ 9,937,782	\$ 174,579	-	-	\$ 10,112,361
Water systems	517,888	-	-	-	517,888
Wastewater systems	3,288,171	-	-	-	3,288,171
	<b>13,743,841</b>	<b>174,579</b>	<b>-</b>	<b>-</b>	<b>13,918,420</b>
Buildings	4,437,154	95,635	(6,149)	-	4,526,640
Machinery and equipment	738,855	147,997	-	-	886,852
Land	1,278,174	200,000	-	-	1,478,174
Land improvements	513,217	-	-	-	513,217
Vehicles	269,845	-	-	-	269,845
	<b>\$ 20,981,086</b>	<b>\$ 618,211</b>	<b>\$ (6,149)</b>	<b>\$ -</b>	<b>\$ 21,593,148</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,530,207	\$ 224,393	-	-	\$ 4,754,600
Water systems	188,611	7,478	-	-	196,089
Wastewater systems	2,456,621	19,872	-	-	2,476,493
	<b>7,175,439</b>	<b>251,743</b>	<b>-</b>	<b>-</b>	<b>7,427,182</b>
Buildings	1,141,728	106,354	(6,149)	-	1,241,933
Machinery and equipment	333,705	60,234	-	-	393,939
Land improvements	331,579	20,827	-	-	352,406
Vehicles	199,911	15,107	-	-	215,018
	<b>\$ 9,182,362</b>	<b>\$ 454,265</b>	<b>\$ (6,149)</b>	<b>\$ -</b>	<b>\$ 9,630,478</b>

**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2018**

**8. ACCUMULATED SURPLUS**

	<u>2018</u>	<u>2017</u>
Unrestricted surplus (deficit)	\$ (160,519)	\$ 248,302
Restricted surplus		
Capital reserves (Note 9)	1,051,166	1,179,054
Equity in tangible capital assets (Schedule 1)	<u>10,463,294</u>	<u>10,246,941</u>
	<b>\$ 11,353,941</b>	<b>\$ 11,674,297</b>

**9. RESERVES**

	<u>2018</u>	<u>2017</u>
Utilities infrastructure lifecycle, maintenance & replacement	\$ 238,594	\$ 138,594
Infrastructure lifecycle, maintenance & replacement	190,786	85,333
Internal financing	199,779	209,779
Utilities project	151,032	252,432
Utilities levy debt repayment	101,236	40,333
Stabilization	65,000	86,955
Municipal projects	33,306	35,903
Skateboard park	20,000	20,000
Recreation facility debt repayment	18,975	18,975
Land	17,458	44,503
Community investment program	10,000	-
Cultural development	5,000	-
Public works equipment	-	190,140
Administration	-	31,107
Sewer flood control	-	25,000
	<b>\$ 1,051,166</b>	<b>\$ 1,179,054</b>

**10. CONTINGENT LIABILITY**

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, 2018**

**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)	2018	2017
Mayor K. Hauch	\$ 8,682	\$ 113	\$ 8,795	\$ 8,796
Councillors				
J. Schueler	10,311	230	10,541	10,541
P. Lee	9,786	194	9,980	9,978
L. Falardeau	7,761	103	7,864	7,864
G. Campbell	7,386	-	7,386	7,387
P. Crawford	5,823	78	5,901	5,901
W. Olechow	3,264	25	3,289	3,289
G. Botoroff	2,194	38	2,232	2,232
	<b>\$ 55,207</b>	<b>\$ 781</b>	<b>\$ 55,988</b>	<b>\$ 55,988</b>
Designated Officers	14,000	-	14,000	14,155
Chief Administrative Officer	\$ 124,698	\$ -	\$ 124,698	\$ 122,778

(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.

**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%, 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 2018 were \$50,820 (2017 - \$40,059).

**TOWN OF BRUDERHEIM**  
**Notes to Financial Statements**  
**December 31, 2018**

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**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.

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**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*).

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**15. BUDGET FIGURES**

The 2018 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 9, 2018. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2018 Budget</u>	<u>2018 Actual</u>
Annual surplus (deficit)	\$ 695,948	\$ (320,356)
Amortization expense	-	454,265
Repayment of long-term debt	(52,408)	(52,408)
Purchase of tangible capital assets	(766,540)	(618,211)
Net transfers (to) from reserves	123,000	127,888
	<u>\$ -</u>	<u>\$ (408,822)</u>

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**16. UTILITY FRANCHISE AGREEMENTS**

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

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**17. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

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