

TOWN OF BRUDERHEIM
Financial Statements
For The Year Ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

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, 2019, 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, 2019, 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:

(continues)



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

May 6, 2020

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.

Patty Podoborzny
Chief Administrative Officer

TOWN OF BRUDERHEIM
Statement of Financial Position
As At December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,255,667	\$ 1,288,068
Receivables <i>(Note 3)</i>	666,884	401,811
Land held for resale	3,255	3,255
Investments	10	39,685
	<u>1,925,816</u>	<u>1,732,819</u>
LIABILITIES		
Accounts payable and accrued liabilities	223,513	236,886
Deposit liabilities	43,247	5,288
Deferred revenue <i>(Note 4.)</i>	781,323	616,033
Long-term debt <i>(Note 5)</i>	1,445,246	1,499,376
	<u>2,493,329</u>	<u>2,357,583</u>
NET (DEBT)	<u>(567,513)</u>	<u>(624,764)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	12,109,143	11,962,670
Inventory	1,590	631
Prepaid expenses	5,918	15,404
	<u>12,116,651</u>	<u>11,978,705</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 11,549,138</u>	<u>\$ 11,353,941</u>
Contingent liability <i>(Note 11)</i>		

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

TOWN OF BRUDERHEIM
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,402,324	\$ 1,395,946	\$ 1,349,107
Sales and user charges (Schedule 4)	889,676	893,378	899,590
Rentals	193,286	179,180	152,798
Government transfers for operating (Schedule 3)	108,764	168,772	124,755
Penalties and costs on taxes	85,450	112,828	85,287
Franchise and concession contracts (Note 17)	51,347	51,182	50,049
Licenses and permits	10,000	32,406	11,616
Other	33,850	31,495	44,025
Interest	24,000	15,414	26,174
Fines	8,000	8,007	7,153
	<u>2,806,697</u>	<u>2,888,608</u>	<u>2,750,554</u>
EXPENSES			
General administration	642,291	646,335	633,923
Parks and recreation	468,013	497,361	466,384
Water supply and distribution	346,988	348,716	379,022
Roads, streets, walks and lighting	333,946	322,460	362,571
Common services	238,805	233,701	220,361
Waste management	227,132	221,065	222,188
Land use planning, zoning and development	156,001	179,334	176,909
Waste water treatment and disposal	124,254	98,371	158,390
Legislative	80,511	84,819	77,911
Fire protection and safety services	64,531	68,693	63,719
Library	19,956	20,064	19,512
Bylaw enforcement	17,100	17,184	14,574
Family and community support	11,039	11,439	11,659
Amortization	-	457,304	454,265
	<u>2,730,567</u>	<u>3,206,846</u>	<u>3,261,388</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>76,130</u>	<u>(318,238)</u>	<u>(510,834)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	115,000	114,797	190,478
Donations for tangible capital assets	315,000	196,241	-
Contributed tangible capital assets (Note 10)	30,390	202,397	-
	<u>460,390</u>	<u>513,435</u>	<u>190,478</u>
ANNUAL SURPLUS (DEFICIT)	<u>536,520</u>	<u>195,197</u>	<u>(320,356)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,353,941</u>	<u>11,353,941</u>	<u>11,674,297</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 11,890,461</u>	<u>\$ 11,549,138</u>	<u>\$ 11,353,941</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, 2019

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 536,520	\$ 195,197	\$ (320,356)
Acquisition of tangible capital assets	(592,890)	(603,775)	(618,211)
Amortization of tangible capital assets	-	457,304	454,265
	(56,370)	48,726	(484,302)
(Acquisition) use of supplies inventory	-	(961)	6,066
(Acquisition) use of prepaid expenses	-	9,486	100,029
(INCREASE) DECREASE IN NET DEBT	(56,370)	57,251	(378,207)
NET DEBT, BEGINNING OF YEAR	(624,764)	(624,764)	(246,557)
NET DEBT, END OF YEAR	\$ (681,134)	\$ (567,513)	\$ (624,764)

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

TOWN OF BRUDERHEIM
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 195,197	\$ (320,356)
Non-cash item not included in annual surplus:		
Amortization	457,304	454,265
Contributed tangible capital assets	(202,397)	-
	<u>450,104</u>	<u>133,909</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(265,074)	(5,055)
Accounts payable and accrued liabilities	(13,373)	(175,622)
Deferred revenue	165,290	332,667
Deposit liabilities	37,959	(18,844)
Inventory	(959)	6,066
Prepaid expenses	9,486	100,029
	<u>(66,671)</u>	<u>239,241</u>
Cash flow from operating activities	<u>383,433</u>	<u>373,150</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(401,379)	(618,211)
FINANCING ACTIVITIES		
Repayment of long-term debt	(54,130)	(52,408)
Investments	39,675	-
Cash flow from (used by) capital activities	<u>(14,455)</u>	<u>(52,408)</u>
DECREASE IN CASH FLOW	(32,401)	(297,469)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,288,068</u>	<u>1,585,537</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,255,667</u>	<u>\$ 1,288,068</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, 2019**

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 10,463,294	\$ 10,246,941
Acquisition of tangible capital assets	603,776	618,210
Amortization of tangible capital assets	(457,304)	(454,265)
Repayment of capital long-term debt	54,130	52,408
BALANCE, END OF YEAR	\$ 10,663,896	\$ 10,463,294
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 12,109,143	\$ 11,962,670
Long-term capital debt	(1,445,247)	(1,499,376)
	\$ 10,663,896	\$ 10,463,294

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

TOWN OF BRUDERHEIM
Schedule of Property Taxes
For the Year Ended December 31, 2019

(Schedule 2)

	2019 (Budget) <i>(Note 16)</i>	2019 (Actual)	2018 (Actual)
TAXATION	\$ 1,886,694	\$ 1,881,361	\$ 1,820,746
REQUISITIONS			
Alberta School Foundation Fund	(421,299)	(421,955)	(415,073)
County of Lamont Foundation	(63,071)	(63,460)	(56,566)
	<u>(484,370)</u>	<u>(485,415)</u>	<u>(471,639)</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,402,324</u>	<u>\$ 1,395,946</u>	<u>\$ 1,349,107</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, 2019

(Schedule 3)

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 62,336	\$ 121,944	\$ 61,212
Local governments	46,428	46,828	63,543
	108,764	168,772	124,755
TRANSFERS FOR CAPITAL			
Provincial government	115,000	114,797	190,478
TOTAL GOVERNMENT TRANSFERS	\$ 223,764	\$ 283,569	\$ 315,233

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

TOWN OF BRUDERHEIM
Schedule of Segmented Information
For the Year Ended December 31, 2019

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 620,893	\$ 236,294	\$ 74,693	\$ 322,461	\$ -	\$ 141,605	\$ 1,395,946
Sales and user charges	2,315	2,048	-	-	884,991	4,024	893,378
All other	143	16,190	11,184	-	21,583	186,819	235,919
Rentals	7,570	171,609	-	-	-	-	179,179
Government transfers	-	91,285	-	-	-	77,487	168,772
Investment income	15,414	-	-	-	-	-	15,414
	646,335	517,426	85,877	322,461	906,574	409,935	2,888,608
EXPENSES							
Salaries, wages and benefits	324,412	251,511	-	136,451	147,118	261,197	1,120,689
Contracted services	266,367	106,949	37,250	44,380	308,769	168,296	932,011
Materials, goods, and supplies	25,786	55,182	1,785	43,085	187,907	20,807	334,552
Utilities	7,802	64,786	18,631	67,948	15,956	10,788	185,911
Insurance	21,968	17,333	6,504	3,820	8,402	3,260	61,287
Interest on long-term debt	-	-	21,707	26,777	-	-	48,484
Transfers to local boards and agencies	-	21,665	-	-	-	44,943	66,608
	\$ 646,335	\$ 517,426	\$ 85,877	\$ 322,461	\$ 668,152	\$ 509,291	\$ 2,749,542
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	238,422	(99,356)	139,066
Amortization	17,514	79,945	50,648	271,257	36,840	1,100	457,304
NET REVENUE (EXPENSE)	\$ (17,514)	\$ (79,945)	\$ (50,648)	\$ (271,257)	\$ 201,582	\$ (100,456)	\$ (318,238)

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
REVENUE							
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
	633,922	485,897	78,293	362,572	908,091	281,779	2,750,554
EXPENSES							
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
	633,922	485,897	78,293	362,572	759,601	486,839	2,807,124
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	148,490	(205,060)	(56,570)
Amortization	12,469	84,702	50,648	271,299	34,046	1,100	454,264
NET REVENUE (EXPENSE)	\$ (12,469)	\$ (84,702)	\$ (50,648)	\$ (271,299)	\$ 114,444	\$ (206,160)	\$ (510,834)

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, 2019

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.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2021, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2019

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 400	\$ 400
Deposit accounts with financial institutions	<u>1,255,267</u>	<u>1,287,668</u>
	<u>\$ 1,255,667</u>	<u>\$ 1,288,068</u>

3. RECEIVABLES

	<u>2019</u>	<u>2018</u>
Taxes and grants in place of taxes	\$ 364,974	\$ 281,503
Other governments	180,030	23,979
Utilities	101,810	81,366
Trade and other	<u>43,954</u>	<u>36,192</u>
	<u>690,768</u>	<u>423,040</u>
Less: allowance for doubtful accounts	<u>(23,884)</u>	<u>(21,229)</u>
	<u>\$ 666,884</u>	<u>\$ 401,811</u>

4. DEFERRED REVENUE

Deferred revenue consists of funds received which are restricted to expenditures of future periods. Changes during the year were as follows:

	<u>2018</u>	<u>Funds Received</u>	<u>Funds Used</u>	<u>2019</u>
Municipal Sustainability Initiative - capital component	\$ 405,205	\$ 294,406	\$ (114,797)	\$ 584,814
Donations	177,273	74,312	(181,748)	69,837
Regional Collaboration Program grant	83,929	-	(42,541)	41,388
Other grants	30,755	26,325	(17,176)	39,904
Other	56,196	-	(18,545)	37,651
Federal Gas Tax	<u>(137,325)</u>	<u>145,054</u>	<u>-</u>	<u>7,729</u>
	<u>\$ 616,033</u>	<u>\$ 540,097</u>	<u>\$ (374,807)</u>	<u>\$ 781,323</u>

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2019

5. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$33,494 including interest at 3.022% maturing March 2037.	\$ 905,259	\$ 944,010
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	493,579	501,565
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047% maturing March 2025.	<u>46,408</u>	<u>53,801</u>
	\$ 1,445,246	\$ 1,499,376

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 55,909	\$ 46,961	\$ 102,870
2021	57,747	45,123	102,870
2022	59,646	43,224	102,870
2023	61,610	41,261	102,871
2024	63,638	39,232	102,870
To maturity	<u>1,146,696</u>	<u>407,814</u>	<u>1,554,510</u>
	\$ 1,445,246	\$ 623,615	\$ 2,068,861

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>2019</u>	<u>2018</u>
Total debt limit	\$ 4,332,912	\$ 4,125,831
Total debt	<u>(1,445,246)</u>	<u>(1,499,376)</u>
Total debt limit remaining	\$ 2,887,666	\$ 2,626,455
Service on debt limit	\$ 722,152	\$ 687,639
Service on debt	<u>(102,870)</u>	<u>(102,870)</u>
Total service on debt limit remaining	\$ 619,282	\$ 584,769

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, 2019

7. TANGIBLE CAPITAL ASSETS

	2019 Net Book Value	2018 Net Book Value
Engineered structures		
Roadways	\$ 5,141,466	\$ 5,357,761
Wastewater systems	789,013	811,678
Water systems	314,321	321,799
	<u>6,244,800</u>	<u>6,491,238</u>
Buildings	3,229,959	3,284,707
Land	1,478,174	1,478,174
Machinery and equipment	560,502	492,913
Land improvements	555,988	160,811
Vehicles	39,720	54,827
	<u>\$ 12,109,143</u>	<u>\$ 11,962,670</u>

	Cost Beginning of Year	Purchased Additions	Disposals	Contributed Additions	Cost End of Year
Engineered structures					
Roadways	\$ 10,112,361	\$ 8,055	-	-	\$ 10,120,416
Water systems	517,888	-	-	-	517,888
Wastewater systems	3,288,171	-	-	-	3,288,171
	<u>13,918,420</u>	<u>8,055</u>	<u>-</u>	<u>-</u>	<u>13,926,475</u>
Buildings	4,526,640	56,650	-	-	4,583,290
Machinery and equipment	886,852	127,823	-	-	1,014,675
Land	1,478,174	-	-	-	1,478,174
Land improvements	513,217	411,248	-	-	924,465
Vehicles	269,845	-	-	-	269,845
	<u>\$ 21,593,148</u>	<u>\$ 603,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,196,924</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,754,600	\$ 224,350	-	-	\$ 4,978,950
Water systems	196,089	7,478	-	-	203,567
Wastewater systems	2,476,493	22,665	-	-	2,499,158
	<u>7,427,182</u>	<u>254,493</u>	<u>-</u>	<u>-</u>	<u>7,681,675</u>
Buildings	1,241,933	111,398	-	-	1,353,331
Machinery and equipment	393,939	60,234	-	-	454,173
Land improvements	352,406	16,071	-	-	368,477
Vehicles	215,018	15,107	-	-	230,125
	<u>\$ 9,630,478</u>	<u>\$ 457,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,087,781</u>

TOWN OF BRUDERHEIM
Notes to Financial Statements
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8. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus (deficit)	\$ (72,288)	\$ (160,519)
Restricted surplus		
Capital reserves (Note 9)	957,530	1,051,166
Equity in tangible capital assets (Schedule 1)	<u>10,663,896</u>	<u>10,463,294</u>
	<u>\$ 11,549,138</u>	<u>\$ 11,353,941</u>

9. RESERVES

	<u>2019</u>	<u>2018</u>
Utilities infrastructure lifecycle, maintenance & replacement	\$ 251,503	\$ 238,594
Internal financing	199,779	199,779
Utilities project	151,032	151,032
Infrastructure lifecycle, maintenance & replacement	138,026	190,786
Utilities levy debt repayment	101,236	101,236
Stabilization	65,000	65,000
Recreation facility debt repayment	18,975	18,975
Land	17,458	17,458
Municipal projects	8,306	33,306
Cultural development	5,000	5,000
Community investment program	1,215	10,000
Skateboard park	-	20,000
	<u>\$ 957,530</u>	<u>\$ 1,051,166</u>

10. CONTRIBUTED TANGIBLE CAPITAL ASSETS

During 2019 building costs of \$202,397 related to the Youth Centre and Community Park were contributed to the Town and were recorded at their estimated fair value.

11. 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
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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)	2019	2018
Mayor K. Hauch	\$ 8,682	\$ 264	\$ 8,946	\$ 8,795
Councillors				
J. Schueler	9,936	323	10,259	10,541
P. Lee	9,961	325	10,286	9,980
G. Campbell	8,911	-	8,911	7,386
W. Olechow	8,261	240	8,501	3,289
L. Falardeau	7,686	212	7,898	7,864
P. Crawford	4,451	93	4,544	5,901
D. Skousbol	1,555	77	1,632	-
G. Bottoroff	-	-	-	2,232
	<u>\$ 59,443</u>	<u>\$ 1,534</u>	<u>\$ 60,977</u>	<u>\$ 55,988</u>
Designated Officers	14,000	-	14,000	14,000
Chief Administrative Officer	<u>\$ 126,646</u>	<u>\$ -</u>	<u>\$ 126,646</u>	<u>\$ 124,968</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.

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

13. PENSION PLAN

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

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

Total current service contributions by the Town to the employee pension plan in 2019 were \$58,397 (2018 - \$50,820).

TOWN OF BRUDERHEIM
Notes to Financial Statements
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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

The 2019 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 15, 2019. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2019 Budget	2019 Actual
Annual surplus (deficit)	\$ 536,520	\$ 195,197
Amortization expense	-	457,304
Repayment of long-term debt	(54,130)	(54,130)
Purchase of tangible capital assets	(592,890)	(401,379)
Net transfers (to) from reserves	110,500	93,636
	<u>\$ -</u>	<u>\$ 290,628</u>

17. UTILITY FRANCHISE AGREEMENTS

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

18. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Town. An estimate of the potential financial impact cannot be made at this time.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
