

TOWN OF BRUDERHEIM
Financial Statements
For The Year Ended December 31, 2022

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, 2022, 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, 2022, 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 5, 2023

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.

Robert Stephenson
Interim Chief Administrative Officer

TOWN OF BRUDERHEIM
Statement of Financial Position
As At December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,585,066	\$ 1,307,659
Receivables <i>(Note 3)</i>	2,110,669	1,727,610
Land held for resale	3,255	3,255
	<u>3,698,990</u>	<u>3,038,524</u>
LIABILITIES		
Accounts payable and accrued liabilities	296,937	235,210
Deposit liabilities	47,435	42,838
Deferred revenue <i>(Note 4)</i>	2,030,061	1,588,957
Long-term debt <i>(Note 5)</i>	1,249,578	1,331,590
	<u>3,624,011</u>	<u>3,198,595</u>
NET FINANCIAL ASSETS (DEBT)	<u>74,979</u>	<u>(160,071)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	11,783,802	11,988,082
Inventory	2,513	2,292
Prepaid expenses	9,548	16,880
	<u>11,795,863</u>	<u>12,007,254</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 11,870,842</u>	<u>\$ 11,847,183</u>

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, 2022

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,420,817	\$ 1,418,312	\$ 1,397,453
Sales and user charges (Schedule 4)	898,151	889,764	884,107
Government transfers for operating (Schedule 3)	106,743	330,837	304,975
Rentals	169,600	143,846	92,758
Penalties and costs on taxes	126,500	130,283	119,420
Franchise and concession contracts (Note 16)	90,865	104,118	67,560
Interest	12,000	30,268	8,540
Other	12,789	27,680	8,330
Licenses and permits	8,000	8,111	7,920
Fines	8,000	2,025	4,556
	<u>2,853,465</u>	<u>3,085,244</u>	<u>2,895,619</u>
EXPENSES			
General administration	610,129	678,172	630,403
Parks and recreation	434,151	442,010	381,917
Roads, streets, walks and lighting	336,987	372,193	321,128
Water supply and distribution	321,678	334,779	395,583
Common services	239,564	213,226	232,451
Waste management	238,018	210,245	227,903
Waste water treatment and disposal	113,933	190,673	206,690
Land use planning, zoning and development	106,262	133,127	66,896
Legislative	86,407	74,503	66,188
Fire	67,474	70,405	59,784
Bylaw enforcement and policing	72,620	67,115	48,958
Library	19,930	19,930	20,176
Disaster and emergency measures	11,200	11,479	29,898
Family and community support	11,500	9,039	9,039
Amortization	-	496,291	494,278
	<u>2,669,853</u>	<u>3,323,187</u>	<u>3,191,292</u>
ANNUAL OPERATING SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>183,612</u>	<u>(237,943)</u>	<u>(295,673)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	927,000	272,469	279,768
Donations for tangible capital assets	40,000	-	17,733
Gain (loss) on disposal of tangible capital assets	-	(10,867)	12,000
	<u>967,000</u>	<u>261,602</u>	<u>309,501</u>
ANNUAL SURPLUS	<u>1,150,612</u>	<u>23,659</u>	<u>13,828</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,847,183</u>	<u>11,847,183</u>	<u>11,833,355</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 12,997,795</u>	<u>\$ 11,870,842</u>	<u>\$ 11,847,183</u>

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

TOWN OF BRUDERHEIM
Statement of Changes in Net Financial Assets (Debt)
For the Year Ended December 31, 2022

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS	\$ 1,150,612	\$ 23,659	\$ 13,828
Acquisition of tangible capital assets	(987,000)	(350,377)	(346,171)
Amortization of tangible capital assets	-	496,291	494,278
Proceeds on disposal of tangible capital assets	-	47,500	12,000
Loss on sale of tangible capital assets	-	10,867	(12,000)
	163,612	227,940	161,935
(Acquisition) use of supplies inventory	-	(221)	112
(Acquisition) use of prepaid expenses	-	7,331	28,298
(INCREASE) DECREASE IN NET DEBT	163,612	235,050	190,345
NET DEBT, BEGINNING OF YEAR	(160,071)	(160,071)	(350,416)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 3,541	\$ 74,979	\$ (160,071)

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

TOWN OF BRUDERHEIM
Statement of Cash Flows
For The Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 23,659	\$ 13,828
Non-cash item not included in annual surplus:		
Amortization	496,291	494,278
Loss (gain) on disposal of tangible capital assets	10,867	(12,000)
	<u>530,817</u>	496,106
Changes in non-cash working capital balances related to operations:		
Receivables	(383,060)	(566,849)
Accounts payable and accrued liabilities	61,725	(73,812)
Deferred revenue	441,104	379,803
Deposit liabilities	4,600	800
Inventory	(221)	112
Prepaid expenses	7,331	28,299
	<u>131,479</u>	(231,647)
Cash flow from operating activities	<u>662,296</u>	264,459
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(350,377)	(346,171)
Proceeds on sale of tangible capital assets	47,500	12,000
Cash flow used by capital activities	<u>(302,877)</u>	(334,171)
FINANCING ACTIVITIES		
Repayment of long-term debt	(82,012)	(57,747)
INCREASE (DECREASE) IN CASH FLOW	277,407	(127,459)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,307,659	1,435,118
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,585,066	\$ 1,307,659

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, 2022**

	<u>2022</u>	<u>2021</u>
BALANCE, BEGINNING OF YEAR	\$ 10,656,492	\$ 10,746,850
Acquisition of tangible capital assets	350,377	346,173
Amortization of tangible capital assets	(496,291)	(494,278)
Repayment of capital long-term debt	82,012	57,747
Net book value of tangible capital assets disposed of	(58,366)	-
BALANCE, END OF YEAR	<u>\$ 10,534,224</u>	<u>\$ 10,656,492</u>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 11,783,802	\$ 11,988,082
Long-term capital debt	(1,249,578)	(1,331,590)
	<u>\$ 10,534,224</u>	<u>\$ 10,656,492</u>

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

TOWN OF BRUDERHEIM
Schedule of Net Taxation
For the Year Ended December 31, 2022

(Schedule 2)

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
TAXATION	\$ 1,876,602	\$ 1,874,097	\$ 1,852,974
REQUISITIONS			
Alberta School Foundation Fund	(396,100)	(396,100)	(400,001)
County of Lamont Foundation	(59,685)	(59,685)	(55,520)
	(455,785)	(455,785)	(455,521)
NET TAXATION	\$ 1,420,817	\$ 1,418,312	\$ 1,397,453

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

TOWN OF BRUDERHEIM
Schedule of Government Transfers
For the Year Ended December 31, 2022

(Schedule 3)

	2022 (Budget) (Note 15)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 63,700	\$ 289,794	\$ 263,932
Local governments	43,043	41,043	41,043
	106,743	330,837	304,975
TRANSFERS FOR CAPITAL			
Provincial government	927,000	272,469	279,768
TOTAL GOVERNMENT TRANSFERS	\$ 1,033,743	\$ 603,306	\$ 584,743

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

TOWN OF BRUDERHEIM
Schedule of Segmented Information
For the Year Ended December 31, 2022

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 630,046	\$ 228,793	\$ 136,158	\$ 289,543	\$ -	\$ 133,772	\$ 1,418,312
Sales and user charges	3,503	2,275	-	-	851,617	32,369	889,764
All other	141	7,525	9,974	-	19,463	235,114	272,217
Government transfers	-	93,714	2,865	82,650	79,680	71,928	330,837
Rentals	14,213	129,633	-	-	-	-	143,846
Investment income	30,268	-	-	-	-	-	30,268
	<u>678,171</u>	<u>461,940</u>	<u>148,997</u>	<u>372,193</u>	<u>950,760</u>	<u>473,183</u>	<u>3,085,244</u>
EXPENSES							
Contracted services	255,200	112,838	90,801	125,124	349,286	100,669	1,033,918
Salaries, wages and benefits	255,758	189,636	-	110,051	159,819	282,700	997,964
Materials, goods, and supplies	28,866	43,338	6,530	34,311	191,455	26,364	330,864
Utilities	9,661	79,912	25,928	74,690	22,119	16,338	228,648
Transfers to local boards and agencies	100,000	14,740	-	-	-	-	114,740
Insurance	26,409	21,476	7,898	3,182	10,018	3,826	72,809
Interest on long-term debt	-	-	17,840	24,835	-	-	42,675
Provision for allowances	2,277	-	-	-	3,001	-	5,278
	<u>\$ 678,171</u>	<u>\$ 461,940</u>	<u>\$ 148,997</u>	<u>\$ 372,193</u>	<u>\$ 735,698</u>	<u>\$ 429,897</u>	<u>\$ 2,826,896</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	215,062	43,286	258,348
Amortization	26,574	91,994	64,132	274,173	38,318	1,100	496,291
NET REVENUE (EXPENSE)	<u>\$ (26,574)</u>	<u>\$ (91,994)</u>	<u>\$ (64,132)</u>	<u>\$ (274,173)</u>	<u>\$ 176,744</u>	<u>\$ 42,186</u>	<u>\$ (237,943)</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, 2021

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 534,311	\$ 219,317	\$ 131,119	\$ 321,128	\$ -	\$ 191,578	\$ 1,397,453
Sales and user charges	8,243	1,500	-	-	844,225	30,139	884,107
All other	130	590	7,521	-	16,441	183,104	207,786
Rentals	2,574	90,184	-	-	-	-	92,758
Government transfers	76,606	90,501	-	-	120,320	17,548	304,975
Investment income	8,540	-	-	-	-	-	8,540
	<u>630,404</u>	<u>402,092</u>	<u>138,640</u>	<u>321,128</u>	<u>980,986</u>	<u>422,369</u>	<u>2,895,619</u>
EXPENSES							
Salaries, wages and benefits	\$ 227,202	\$ 209,194	\$ (120)	\$ 134,552	\$ 157,307	\$ 255,098	\$ 983,233
Contracted services	246,913	71,928	65,104	33,958	391,231	81,398	890,532
Materials, goods, and supplies	18,541	34,180	28,510	53,510	251,397	24,364	410,502
Utilities	6,760	51,917	20,603	69,135	14,793	10,217	173,425
Provision for allowances	106,720	-	-	-	6,074	-	112,794
Insurance	24,268	19,993	7,391	3,090	9,374	3,497	67,613
Interest on long-term debt	-	-	17,152	26,883	-	-	44,035
Transfers to local boards and agencies	-	14,880	-	-	-	-	14,880
	<u>630,404</u>	<u>402,092</u>	<u>138,640</u>	<u>321,128</u>	<u>830,176</u>	<u>374,574</u>	<u>2,697,014</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	150,810	47,795	198,605
Amortization	22,514	100,952	50,964	284,850	33,898	1,100	494,278
NET REVENUE (EXPENSE)	<u>\$ (22,514)</u>	<u>\$ (100,952)</u>	<u>\$ (50,964)</u>	<u>\$ (284,850)</u>	<u>\$ 116,912</u>	<u>\$ 46,695</u>	<u>\$ (295,673)</u>

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

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2022

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.

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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2022

1. ACCOUNTING POLICIES (continued)

(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.

The Town has used estimates to determine the estimated useful lives of tangible capital assets and provisions made for uncollectible receivables.

(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.

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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2022

1. ACCOUNTING POLICIES (continued)

(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.

(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, 2022

1. ACCOUNTING POLICIES *(continued)*

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, 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, 2023, 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, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 400	\$ 400
Deposit accounts with financial institutions	1,584,666	1,307,259
	<u>\$ 1,585,066</u>	<u>\$ 1,307,659</u>

3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Other governments	\$ 1,600,986	\$ 1,228,972
Taxes and grants in place of taxes	490,645	495,566
Utilities	76,187	76,279
Trade and other	61,936	51,359
	2,229,754	1,852,176
Less: allowance for doubtful accounts	(119,085)	(124,566)
	<u>\$ 2,110,669</u>	<u>\$ 1,727,610</u>

Taxes and grants in place of taxes includes \$313,218 (2021 - \$335,826) from one tax payer and arrears taxes in the amount of \$290,794 (2021 - \$317,119) of which, \$215,826 (2021 - \$244,183) is due from the same tax payer.

4. DEFERRED REVENUE

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

	<u>2020</u>	<u>Funds Received</u>	<u>Funds Used</u>	<u>2021</u>
Municipal Sustainability Initiative	\$ 1,217,662	\$ 174,569	\$ (192,026)	\$ 1,200,205
Canada Community-Building Fund	228,498	83,597	(29,000)	283,095
Alberta Community Partnership	51,025	350,000	(148,772)	252,253
Western Economic Diversification Canada	-	234,263	(65,000)	169,263
Donations	49,642	10,000	(3,200)	56,442
Other	29,841	4,961	-	34,802
Other grants	9,424	80,000	(55,423)	34,001
Municipal Stimulus Program	2,865	-	(2,865)	-
	<u>\$ 1,588,957</u>	<u>\$ 937,390</u>	<u>\$ (496,286)</u>	<u>\$ 2,030,061</u>

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2022

5. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$33,494 including interest at 3.022% maturing March 2037.	\$ 781,781	\$ 824,181
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	467,797	476,706
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$4,748 including interest at 4.047%.	-	30,703
	<u>\$ 1,249,578</u>	<u>\$ 1,331,590</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 52,931	\$ 40,442	\$ 93,373
2024	54,605	38,769	93,374
2025	56,332	37,042	93,374
2026	58,114	35,260	93,374
2027	59,953	33,421	93,374
To maturity	<u>967,643</u>	<u>301,997</u>	<u>1,269,640</u>
	<u>\$ 1,249,578</u>	<u>\$ 486,931</u>	<u>\$ 1,736,509</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>2022</u>	<u>2021</u>
Total debt limit	\$ 4,627,866	\$ 4,343,429
Total debt	(1,249,578)	(1,331,590)
Total debt limit remaining	<u>\$ 3,378,288</u>	<u>\$ 3,011,839</u>
Service on debt limit	\$ 771,311	\$ 723,905
Service on debt	(93,373)	(102,870)
Total service on debt limit remaining	<u>\$ 677,938</u>	<u>\$ 621,035</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, 2022

7. TANGIBLE CAPITAL ASSETS

	2022		2021
	Net Book		Net Book
	Value		Value
Engineered structures			
Roadways	\$ 4,671,000	\$	4,902,048
Wastewater systems	748,483		749,271
Water systems	485,986		478,021
	5,905,469		6,129,340
Buildings	2,980,022		3,095,583
Land	1,478,174		1,478,174
Machinery and equipment	782,611		717,536
Land improvements	628,919		554,539
Vehicles	8,607		12,910
	\$ 11,783,802	\$	11,988,082

	Cost					Cost
	Beginning of	Purchased	Disposals	Contributed		End of
	Year	Additions		Additions		Year
Engineered structures						
Roadways	\$ 10,335,795	\$ -	\$ -	\$ -		\$ 10,335,795
Water systems	696,544	15,443	-	-		711,987
Wastewater systems	3,288,171	16,289	-	-		3,304,460
	14,320,510	31,732	-	-		14,352,242
Buildings	4,678,139	-	-	-		4,678,139
Machinery and equipment	1,293,534	212,216	(103,000)	-		1,402,750
Land	1,478,174	-	-	-		1,478,174
Land improvements	988,622	106,429	(71,349)	-		1,023,702
Vehicles	269,845	-	-	-		269,845
	\$ 23,028,824	\$ 350,377	\$ (174,349)	\$ -		\$ 23,204,852

	Accumulated				Accumulated
	Amortization	Current	Disposals	Write-downs	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures					
Roadways	\$ 5,433,747	\$ 231,048	\$ -	\$ -	\$ 5,664,795
Water systems	218,523	7,478	-	-	226,001
Wastewater systems	2,538,900	17,077	-	-	2,555,977
	8,191,170	255,603	-	-	8,446,773
Buildings	1,582,556	115,561	-	-	1,698,117
Machinery and equipment	575,998	88,774	(44,633)	-	620,139
Land improvements	434,083	32,049	(71,349)	-	394,783
Vehicles	256,935	4,303	-	-	261,238
	\$ 11,040,742	\$ 496,290	\$ (115,982)	\$ -	\$ 11,421,050

TOWN OF BRUDERHEIM
Notes to Financial Statements
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8. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 187,278	\$ 63,053
Restricted surplus		
Capital reserves (Note 9)	1,149,340	1,127,638
Equity in tangible capital assets (Schedule 1)	<u>10,534,224</u>	<u>10,656,492</u>
	\$ 11,870,842	\$ 11,847,183

9. RESERVES

	<u>2022</u>	<u>2021</u>
Utilities infrastructure lifecycle, maintenance & replacement	\$ 535,568	\$ 388,266
Utilities project	151,032	151,032
Internal financing	149,779	174,779
Utilities levy debt repayment	101,236	101,236
Stabilization	80,060	57,000
Infrastructure lifecycle, maintenance & replacement	44,774	121,574
Major recreation facilities	28,797	97,772
Recreation facility debt repayment	18,975	-
Land	17,458	17,458
Community investment program	8,355	5,215
Municipal projects	8,306	8,306
Cultural development	<u>5,000</u>	<u>5,000</u>
	\$ 1,149,340	\$ 1,127,638

10. CONTRACTUAL OBLIGATIONS

The Town has entered into an agreement with Strathcona County for Chief Administrative Officer services commencing April 21, 2020 and ending April 20, 2025. The annual service fees total \$125,000.

TOWN OF BRUDERHEIM
Notes to Financial Statements
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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)	2022	2021
Mayor K. Hauch	\$ 8,427	\$ 298	\$ 8,725	\$ 8,507
Councillors				
J. Schueler	7,906	691	8,597	6,488
L. Falardeau	6,889	205	7,094	6,781
W. Olechow	5,724	1,195	6,919	6,805
A. Carter	6,630	189	6,819	1,589
G. Campbell	6,544	-	6,544	6,380
D. Jacobs	6,171	373	6,544	1,164
P. Lee	-	-	-	5,842
D. Skousbol	-	-	-	5,800
	<u>\$ 48,291</u>	<u>\$ 2,951</u>	<u>\$ 51,242</u>	<u>\$ 49,356</u>
Designated Officers	<u>14,580</u>	<u>-</u>	<u>14,580</u>	<u>14,401</u>
Chief Administrative Officer	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</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.

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 2022 were \$40,146 (2021 - \$42,596).

TOWN OF BRUDERHEIM
Notes to Financial Statements
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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.

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

The 2022 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 19, 2022. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2022 Budget</u>	<u>2022 Actual</u>
Annual surplus (deficit)	\$ 1,150,612	\$ 23,659
Amortization expense	-	496,291
Loss on disposal of tangible capital assets	-	10,867
Repayment of long-term debt	(51,309)	(82,012)
Purchase of tangible capital assets	(987,000)	(350,377)
Net transfers (to) from reserves	(112,303)	(21,702)
	<u>\$ -</u>	<u>\$ 76,726</u>

16. UTILITY FRANCHISE AGREEMENTS

As required by Alberta Regulation 313/2000 utility franchise agreement annual revenues include \$87,294 (2021 - \$67,560) from ATCO Gas and \$16,824 (2021 - NIL) from Fortis.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
