

TOWN OF BRUDERHEIM
Financial Statements
For The Year Ended December 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Town of Bruderheim

Qualified Opinion

We have audited the financial statements of Town of Bruderheim (the Town), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

PS 3280 Asset Retirement Obligations is effective for fiscal years beginning on or after April 1, 2022. This standard addresses the accounting for legal obligations associated with the retirement of tangible capital assets. We were unable to obtain sufficient appropriate audit evidence about whether the Town has any asset retirement obligations as the Town has not undertaken the required work to determine whether the Town has any asset retirement obligations.

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 qualified audit 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.

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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:

- 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, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

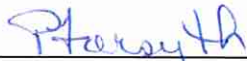
To His Worship the Mayor and Members of Council of the Town of Bruderheim

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.



Phyllis Forsyth
Chief Administrative Officer

TOWN OF BRUDERHEIM
Statement of Financial Position
As At December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 3,726,181	\$ 1,585,066
Receivables	1,046,767	2,110,669
Land held for resale	3,255	3,255
	<u>4,776,203</u>	<u>3,698,990</u>
LIABILITIES		
Accounts payable and accrued liabilities	790,396	296,937
Deposit liabilities	48,088	47,435
Deferred revenue <i>(Note 4)</i>	2,310,054	2,030,061
Long-term debt <i>(Note 5)</i>	1,196,646	1,249,578
	<u>4,345,184</u>	<u>3,624,011</u>
NET FINANCIAL ASSETS	<u>431,019</u>	<u>74,979</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 7)</i>	13,496,168	11,783,802
Inventory	1,800	2,513
Prepaid expenses	16,169	9,548
	<u>13,514,137</u>	<u>11,795,863</u>
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 13,945,156</u>	<u>\$ 11,870,842</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, 2023

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,465,867	\$ 1,466,575	\$ 1,418,312
Sales and user charges (Schedule 4)	878,952	814,900	889,764
Government transfers for operating (Schedule 3)	129,891	560,771	330,837
Rentals	163,200	163,274	143,846
Franchise and concession contracts (Note 16)	101,927	94,202	104,118
Interest	18,000	86,491	30,268
Penalties and costs on taxes	131,000	84,757	130,283
Other	8,085	23,144	27,680
Licenses and permits	8,700	8,581	8,111
Fines	2,000	2,360	2,025
	<u>2,907,622</u>	<u>3,305,055</u>	<u>3,085,244</u>
EXPENSES			
General administration	641,878	706,392	678,172
Parks and recreation	443,763	460,638	442,010
Roads, streets, walks and lighting	351,549	421,426	372,193
Water supply and distribution	313,193	294,297	334,779
Waste water treatment and disposal	114,840	200,805	190,673
Waste management	205,585	198,367	210,245
Land use planning, zoning and development	112,853	197,933	133,127
Common services	248,123	186,927	213,226
Bylaw enforcement and policing	98,468	85,152	67,115
Legislative	92,620	79,532	74,503
Fire	68,461	74,558	70,405
Library	20,038	20,038	19,930
Family and community support	9,500	9,344	9,039
Disaster and emergency measures	16,000	8,633	11,479
Amortization	496,291	495,780	496,291
	<u>3,233,162</u>	<u>3,439,822</u>	<u>3,323,187</u>
ANNUAL OPERATING SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(325,540)</u>	<u>(134,767)</u>	<u>(237,943)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	5,262,000	2,023,359	272,469
Donations for tangible capital assets	-	171,921	-
Gain (loss) on disposal of tangible capital assets	-	13,801	(10,867)
	<u>5,262,000</u>	<u>2,209,081</u>	<u>261,602</u>
ANNUAL SURPLUS	4,936,460	2,074,314	23,659
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,870,842</u>	<u>11,870,842</u>	<u>11,847,183</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 8)	<u>\$ 16,807,302</u>	<u>\$ 13,945,156</u>	<u>\$ 11,870,842</u>

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

TOWN OF BRUDERHEIM
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2023

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Actual)
ANNUAL SURPLUS	\$ 4,936,460	\$ 2,074,314	\$ 23,659
Acquisition of tangible capital assets	(5,262,000)	(2,215,412)	(350,377)
Amortization of tangible capital assets	496,291	495,780	496,291
Proceeds on disposal of tangible capital assets	-	21,069	47,500
Loss on sale of tangible capital assets	-	(13,801)	10,867
	170,751	361,950	227,940
(Acquisition) use of supplies inventory	-	713	(221)
(Acquisition) use of prepaid expenses	-	(6,623)	7,331
(INCREASE) DECREASE IN NET DEBT	170,751	356,040	235,050
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	74,979	74,979	(160,071)
NET FINANCIAL ASSETS, END OF YEAR	\$ 245,730	\$ 431,019	\$ 74,979

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

TOWN OF BRUDERHEIM
Statement of Cash Flows
For The Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 2,074,314	\$ 23,659
Non-cash item not included in annual surplus:		
Amortization	495,780	496,291
Loss (gain) on disposal of tangible capital assets	(13,801)	10,867
	<u>2,556,293</u>	<u>530,817</u>
Changes in non-cash working capital balances related to operations:		
Receivables	1,063,903	(383,060)
Accounts payable and accrued liabilities	493,458	61,725
Deferred revenue	279,993	441,104
Deposit liabilities	650	4,600
Inventory	713	(221)
Prepaid expenses	(6,620)	7,331
	<u>1,832,097</u>	<u>131,479</u>
Cash flow from operating activities	<u>4,388,390</u>	<u>662,296</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,215,412)	(350,377)
Proceeds on sale of tangible capital assets	21,069	47,500
Cash flow used by capital activities	<u>(2,194,343)</u>	<u>(302,877)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(52,932)	(82,012)
INCREASE IN CASH FLOW	2,141,115	277,407
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,585,066	1,307,659
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,726,181	\$ 1,585,066

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, 2023

(Schedule 1)

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 10,534,224	\$ 10,656,492
Acquisition of tangible capital assets	2,215,412	350,377
Amortization of tangible capital assets	(495,780)	(496,291)
Repayment of capital long-term debt	52,932	82,012
Net book value of tangible capital assets disposed of	(7,266)	(58,366)
BALANCE, END OF YEAR	\$ 12,299,522	\$ 10,534,224
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 13,496,168	\$ 11,783,802
Long-term capital debt	(1,196,646)	(1,249,578)
	\$ 12,299,522	\$ 10,534,224

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

TOWN OF BRUDERHEIM
Schedule of Net Taxation
For the Year Ended December 31, 2023

(Schedule 2)

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Actual)
TAXATION	\$ 1,977,204	\$ 1,976,935	\$ 1,874,097
REQUISITIONS			
Alberta School Foundation Fund	(423,675)	(422,698)	(396,100)
County of Lamont Foundation	(87,662)	(87,662)	(59,685)
	<u>(511,337)</u>	<u>(510,360)</u>	<u>(455,785)</u>
NET TAXATION	<u>\$ 1,465,867</u>	<u>\$ 1,466,575</u>	<u>\$ 1,418,312</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, 2023

(Schedule 3)

	2023 (Budget) (Note 15)	2023 (Actual)	2022 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 87,207	\$ 518,086	\$ 289,794
Local governments	42,684	42,685	41,043
	129,891	560,771	330,837
TRANSFERS FOR CAPITAL			
Provincial government	5,262,000	2,023,359	272,469
TOTAL GOVERNMENT TRANSFERS	\$ 5,391,891	\$ 2,584,130	\$ 603,306

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

	General Administration	Recreation & Culture	Protective Services	Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 495,656	\$ 207,282	\$ 163,279	\$ 272,251	\$ -	\$ 328,107	\$ 1,466,575
Sales and user charges	3,121	3,325	-	2,824	804,879	751	814,900
Government transfers	113,825	109,158	-	146,351	103,202	88,235	560,771
All other	185	4,750	5,063	-	16,887	186,159	213,044
Rentals	7,113	156,161	-	-	-	-	163,274
Investment income	86,491	-	-	-	-	-	86,491
	<u>706,391</u>	<u>480,676</u>	<u>168,342</u>	<u>421,426</u>	<u>924,968</u>	<u>603,252</u>	<u>3,305,055</u>
EXPENSES							
Contracted services	283,026	96,958	115,764	182,770	342,231	136,325	1,157,074
Salaries, wages and benefits	351,735	216,224	-	96,519	150,049	279,375	1,093,902
Materials, goods, and supplies	27,434	47,984	2,850	36,402	168,558	37,994	321,222
Utilities	10,530	78,611	24,289	78,034	21,886	15,939	229,289
Insurance	30,837	23,019	8,394	4,790	10,746	4,104	81,890
Interest on long-term debt	-	-	17,045	22,911	-	-	39,956
Transfers to local boards and agencies	-	17,880	-	-	-	-	17,880
Provision for allowances	2,829	-	-	-	-	-	2,829
	<u>706,391</u>	<u>480,676</u>	<u>168,342</u>	<u>421,426</u>	<u>693,470</u>	<u>473,737</u>	<u>2,944,042</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	-	231,498	129,515	361,013
Amortization	25,309	97,067	60,383	277,323	34,598	1,100	495,780
NET REVENUE (EXPENSE)	<u>\$ (25,309)</u>	<u>\$ (97,067)</u>	<u>\$ (60,383)</u>	<u>\$ (277,323)</u>	<u>\$ 196,900</u>	<u>\$ 128,415</u>	<u>\$ (134,767)</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, 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
Government transfers	-	93,714	2,865	82,650	79,680	71,928	330,837
All other	141	7,525	9,974	-	19,463	235,114	272,217
Rentals	14,213	129,633	-	-	-	-	143,846
Investment income	30,268	-	-	-	-	-	30,268
	678,171	461,940	148,997	372,193	950,760	473,183	3,085,244
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
	678,171	461,940	148,997	372,193	735,698	429,897	2,826,896
NET REVENUE, BEFORE AMORTIZATION							
Amortization	-	-	-	-	215,062	43,286	258,348
	26,574	91,994	64,132	274,173	38,318	1,100	496,291
NET REVENUE (EXPENSE)	\$ (26,574)	\$ (91,994)	\$ (64,132)	\$ (274,173)	\$ 176,744	\$ 42,186	\$ (237,943)

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

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2023

1. ACCOUNTING POLICIES

The financial statements of the Town of Bruderheim (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expense, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

(d) Valuation of Financial Assets and Liabilities

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost

(continues)

1. ACCOUNTING POLICIES (continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(f) 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.

(g) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(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) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2023

1. ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) New Accounting Standards not yet Adopted

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, 2023

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 400	\$ 400
Deposit accounts with financial institutions	<u>3,725,781</u>	<u>1,584,666</u>
	\$ 3,726,181	\$ 1,585,066

3. RECEIVABLES

	<u>2023</u>	<u>2022</u>
Other governments	\$ 549,561	\$ 1,600,986
Taxes and grants in place of taxes	500,255	490,645
Utilities	66,820	76,187
Trade and other	<u>51,090</u>	<u>61,936</u>
	<u>1,167,726</u>	<u>2,229,754</u>
Less: allowance for doubtful accounts	<u>(120,959)</u>	<u>(119,085)</u>
	\$ 1,046,767	\$ 2,110,669

All receivables other than taxes and grants in place of taxes are current. The age of taxes and grants in place of taxes receivables that are not impaired are as follows:

Current	\$ 187,201	\$ 195,100
1 year	135,526	139,154
2 years	45,906	27,578
3 years	934	766
Over 3 years	<u>9,729</u>	<u>8,962</u>
	\$ 379,296	\$ 371,560

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>2022</u>	<u>Funds Received</u>	<u>Funds Used</u>	<u>2023</u>
Alberta Municipal Water Wastewater Program	\$ -	\$ 2,410,000	\$ (845,448)	\$ 1,564,552
Municipal Sustainability Initiative	1,200,205	174,569	(1,000,080)	374,694
Canada Community-Building Fund	283,095	87,329	(118,419)	252,005
Other	34,802	1,597	-	36,399
Alberta Community Partnership	252,253	-	(216,300)	35,953
Other grants	34,001	60,000	(69,364)	24,637
Donations	56,442	24,844	(59,472)	21,814
Western Economic Diversification Canada	169,263	-	(169,263)	-
	<u>\$ 2,030,061</u>	<u>\$ 2,758,339</u>	<u>\$ (2,478,346)</u>	<u>\$ 2,310,054</u>

TOWN OF BRUDERHEIM
Notes to Financial Statements
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5. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$33,494 including interest at 3.022% maturing March 2037.	\$ 738,090	\$ 781,781
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$13,193 including interest at 3.683% maturing September 2051.	<u>458,556</u>	<u>467,797</u>
	<u>\$ 1,196,646</u>	<u>\$ 1,249,578</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	61,850	31,523	93,373
To maturity	<u>905,792</u>	<u>270,474</u>	<u>1,176,266</u>
	<u>\$ 1,196,646</u>	<u>\$ 446,489</u>	<u>\$ 1,643,135</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>2023</u>	<u>2022</u>
Total debt limit	\$ 4,957,583	\$ 4,627,866
Total debt	<u>(1,196,646)</u>	<u>(1,249,578)</u>
Total debt limit remaining	<u>\$ 3,760,937</u>	<u>\$ 3,378,288</u>
Service on debt limit	\$ 826,264	\$ 771,311
Service on debt	<u>(93,374)</u>	<u>(93,373)</u>
Total service on debt limit remaining	<u>\$ 732,890</u>	<u>\$ 677,938</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, 2023

7. TANGIBLE CAPITAL ASSETS

	2023 Net Book Value	2022 Net Book Value
Engineered structures		
Roadways	\$ 4,466,123	\$ 4,671,000
Wastewater systems	734,208	748,483
Water systems	2,004,895	485,985
	<u>7,205,226</u>	<u>5,905,468</u>
Buildings	3,029,018	2,980,022
Land	1,478,174	1,478,174
Machinery and equipment	759,578	782,611
Land improvements	969,770	628,920
Vehicles	54,402	8,607
	<u>\$ 13,496,168</u>	<u>\$ 11,783,802</u>

	Cost Beginning of Year	Purchased Additions	Disposals	Contributed Additions	Cost End of Year
Engineered structures					
Roadways	\$ 10,335,795	\$ 26,750	-	-	\$ 10,362,545
Water systems	711,986	1,526,388	-	-	2,238,374
Wastewater systems	3,304,460	2,802	-	-	3,307,262
	<u>14,352,241</u>	<u>1,555,940</u>	<u>-</u>	<u>-</u>	<u>15,908,181</u>
Buildings	4,678,139	164,557	-	-	4,842,696
Machinery and equipment	1,402,750	67,661	(40,533)	-	1,429,878
Land	1,478,174	-	-	-	1,478,174
Land improvements	1,023,703	377,156	-	-	1,400,859
Vehicles	269,845	50,098	(29,450)	-	290,493
	<u>\$ 23,204,852</u>	<u>\$ 2,215,412</u>	<u>\$ (69,983)</u>	<u>-</u>	<u>\$ 25,350,281</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 5,664,795	\$ 231,627	-	-	\$ 5,896,422
Water systems	226,001	7,478	-	-	233,479
Wastewater systems	2,555,977	17,077	-	-	2,573,054
	<u>8,446,773</u>	<u>256,182</u>	<u>-</u>	<u>-</u>	<u>8,702,955</u>
Buildings	1,698,117	115,561	-	-	1,813,678
Machinery and equipment	620,139	83,427	(33,266)	-	670,300
Land improvements	394,783	36,306	-	-	431,089
Vehicles	261,238	4,303	(29,450)	-	236,091
	<u>\$ 11,421,050</u>	<u>\$ 495,779</u>	<u>\$ (62,716)</u>	<u>-</u>	<u>\$ 11,854,113</u>

TOWN OF BRUDERHEIM
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8. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 378,474	\$ 187,278
Restricted surplus		
Capital reserves <i>(Note 9)</i>	1,267,160	1,149,340
Equity in tangible capital assets <i>(Schedule 1)</i>	<u>12,299,522</u>	<u>10,534,224</u>
	<u>\$ 13,945,156</u>	<u>\$ 11,870,842</u>

9. RESERVES

	<u>2023</u>	<u>2022</u>
Utilities infrastructure lifecycle, maintenance & replacement	\$ 668,388	\$ 535,568
Utilities project	151,032	151,032
Internal financing	174,779	149,779
Utilities levy debt repayment	101,236	101,236
Stabilization	40,060	80,060
Infrastructure lifecycle, maintenance & replacement	44,774	44,774
Major recreation facilities	28,797	28,797
Recreation facility debt repayment	18,975	18,975
Land	17,458	17,458
Community investment program	8,355	8,355
Municipal projects	8,306	8,306
Cultural development	<u>5,000</u>	<u>5,000</u>
	<u>\$ 1,267,160</u>	<u>\$ 1,149,340</u>

10. CONTRACTUAL OBLIGATIONS

The Town is in the process of building a new reservoir and pump station with an estimated cost in the amount of \$4,787,958 of which \$1,720,485 had been incurred as at December 31, 2023. The Town has obtained Alberta Municipal Water/Waster Partnership grant funding to maximum of \$3,051,724 to assist with this project.

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)	2023	2022
Mayor K. Hauch	\$ 9,074	\$ 332	\$ 9,406	\$ 8,725
Councillors				
J. Schueler	5,473	222	5,695	8,597
L. Falardeau	7,731	252	7,983	7,094
W. Olechow	7,952	243	8,195	6,919
A. Carter	7,506	238	7,744	6,819
G. Campbell	6,805	-	6,805	6,544
D. Jacobs	7,506	238	7,744	6,544
A. Young	1,076	13	1,089	-
	<u>\$ 53,123</u>	<u>\$ 1,538</u>	<u>\$ 54,661</u>	<u>\$ 51,242</u>
Designated Officers	<u>14,758</u>	<u>-</u>	<u>14,758</u>	<u>14,580</u>
Chief Administrative Officers	<u>\$ 127,242</u>	<u>\$ 16,654</u>	<u>\$ 143,896</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.

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 2023 were \$33,128 (2022 - \$40,146).

13. FINANCIAL INSTRUMENTS

The Town is exposed to various risks through its financial instruments and has a framework to monitor, evaluate and manage these risks. The following analysis provides information about the Town's risk exposure and concentration as of December 31, 2023.

Credit risk

(continues)

TOWN OF BRUDERHEIM
Notes to Financial Statements
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13. FINANCIAL INSTRUMENTS (continued)

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Town has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the Town's revenue and expenses will be affected by the fluctuation and degree of volatility in interest rates. The Town is exposed to interest rate risk primarily through its cash balances. Interest rate risk with respect to the Town's debt is managed through fixed-rate debentures.

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant other price risks arising from these financial instruments.

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 2023 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 10, 2023. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	Budget	Actual
Annual surplus	\$ 4,936,460	\$ 2,074,314
Amortization expense	496,291	495,780
Loss on disposal of tangible capital assets	-	(13,801)
Repayment of long-term debt	(52,931)	(52,932)
Purchase of tangible capital assets	(5,262,000)	(2,215,412)
Net transfers (to) from reserves	(117,820)	(117,820)
	<u>\$ -</u>	<u>\$ 170,129</u>

16. UTILITY FRANCHISE AGREEMENTS

As required by *Alberta Regulation 313/2000* utility franchise agreement annual revenues include \$75,880 (2022 - \$87,294) from ATCO Gas and \$18,322 (2022 - \$16,284) from Fortis.

TOWN OF BRUDERHEIM
Notes to Financial Statements
December 31, 2023

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
