

VILLAGE OF BRETON

BRETON, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Breton

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Breton, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Village derives revenue from donations and fundraising for the Community Centre the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Village. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, annual surplus, cash flows, assets, liabilities, and accumulated surplus for the year ended December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village of Breton as at December 31, 2016, and the results of its operations and accumulated surplus, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
March 8, 2017

Hawkings Epp Dumont LLP

Hawkings Epp Dumont LLP
Chartered Accountants

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**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Mayor and Council of the Village of Breton

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 judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Terry Molenkamp, Municipal Administrator

VILLAGE OF BRETON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,634,888	\$ 1,289,458
Receivables <i>(Note 3)</i>	252,551	228,924
Land held for resale	<u>93,611</u>	<u>31,289</u>
	<u>1,981,050</u>	<u>1,549,671</u>
LIABILITIES		
Accounts payable and accrued liabilities	187,409	42,501
Deposit liabilities	6,225	5,925
Deferred revenue <i>(Note 4)</i>	439,897	338,327
Long-term debt <i>(Note 5)</i>	<u>12,072</u>	<u>14,767</u>
	<u>645,603</u>	<u>401,520</u>
NET FINANCIAL ASSETS	<u>1,335,447</u>	<u>1,148,151</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	4,749,702	4,977,950
Prepaid expenses	<u>10,230</u>	<u>7,946</u>
	<u>4,759,932</u>	<u>4,985,896</u>
ACCUMULATED SURPLUS <i>(Note 7)</i>	<u>\$ 6,095,379</u>	<u>\$ 6,134,047</u>
Contingencies <i>(Note 10)</i>		

ON BEHALF OF VILLAGE COUNCIL:

_____ Mayor

_____ Councillor

VILLAGE OF BRETON
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 553,478	\$ 550,998	\$ 504,243
Sales and user charges (Schedule 4)	434,528	466,483	595,649
Government transfers for operating (Schedule 3)	283,552	383,971	283,085
Franchise and concession contracts (Note 12)	107,205	108,170	103,868
Penalties and costs on taxes	11,500	31,190	17,588
Rentals	9,209	18,377	14,697
Other	5,220	13,364	26,179
Return on investments	7,500	11,451	9,961
Fines	4,199	6,312	5,360
Licenses and permits	<u>820</u>	<u>1,955</u>	<u>1,576</u>
	<u>1,417,211</u>	<u>1,592,271</u>	<u>1,562,206</u>
EXPENSES			
Roads, streets, walks and lighting	358,948	331,709	352,659
General and administration	219,591	260,875	225,914
Parks and recreation	238,573	230,001	235,911
Culture: libraries, museums and halls	154,260	127,287	118,388
Family and community support	113,457	117,617	118,072
Water supply and distribution	51,272	87,861	119,497
Waste management	86,176	72,941	77,294
Police	56,299	62,831	54,614
Council	33,885	31,228	32,912
Subdivision land and development	-	11,724	35,503
Bylaws enforcement	9,700	9,671	10,447
Land use planning, zoning and development	1,100	9,341	8,872
Community and agricultural services	6,499	3,814	5,254
Wastewater treatment and disposal	11,800	1,914	4,689
Disaster and emergency services	1,580	974	1,886
Cemeteries	200	777	7
Amortization	<u>-</u>	<u>295,374</u>	<u>299,845</u>
	<u>1,343,340</u>	<u>1,655,939</u>	<u>1,701,764</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>73,871</u>	<u>(63,668)</u>	<u>(139,558)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	-	25,000	484,281
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(4,878)</u>
	<u>-</u>	<u>25,000</u>	<u>479,403</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 73,871</u>	<u>(38,668)</u>	<u>339,845</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>6,134,047</u>	<u>5,794,202</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)		<u>\$ 6,095,379</u>	<u>\$ 6,134,047</u>

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

VILLAGE OF BRETON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ <u>73,871</u>	\$ <u>(38,668)</u>	\$ <u>339,845</u>
Acquisition of tangible capital assets	(35,000)	(67,126)	(528,609)
Proceeds on disposal of tangible capital assets	-	-	4,501
Amortization of tangible capital assets	-	295,374	299,845
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>4,878</u>
	<u>(35,000)</u>	<u>228,248</u>	<u>(219,385)</u>
Acquisition of prepaid expenses	<u>-</u>	<u>(2,284)</u>	<u>(279)</u>
INCREASE IN NET FINANCIAL ASSETS	38,871	187,296	120,181
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,148,151</u>	<u>1,148,151</u>	<u>1,027,970</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>1,187,022</u>	\$ <u>1,335,447</u>	\$ <u>1,148,151</u>

VILLAGE OF BRETON
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus (deficit)	\$ (38,668)	\$ 339,845
Non-cash items included in annual surplus (deficit)		
Amortization	295,374	299,845
Loss on disposal of tangible capital assets	-	4,878
 Change in non-cash working capital balances related to operations:		
Prepaid expenses	(2,284)	(279)
Receivables	(23,627)	(60,815)
Accounts payable and accrued liabilities	144,908	(42,680)
Deferred revenue	101,570	(76,176)
Land held for resale	(62,322)	22,331
Deposit liabilities	300	-
	<u>415,251</u>	<u>486,949</u>
FINANCING ACTIVITIES		
Long-term debt proceeds	-	14,767
Repayment of long-term debt	(2,695)	-
	<u>(2,695)</u>	<u>14,767</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(67,126)	(528,609)
Proceeds on sale of tangible capital assets	-	4,501
	<u>(67,126)</u>	<u>(524,108)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	 345,430	 (22,392)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,289,458</u>	<u>1,311,850</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,634,888</u>	<u>\$ 1,289,458</u>

VILLAGE OF BRETON

Schedule 1

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
BALANCE, BEGINNING OF YEAR	\$ 4,963,183	\$ 4,758,565
Purchase of Tangible Capital Assets	67,126	528,610
Amortization of Tangible Capital Assets	(295,374)	(299,845)
Net Book Value of Tangible Capital Assets Disposed of	-	(9,380)
Repayment (Issuance) of Capital Long-term Debt	<u>2,695</u>	<u>(14,767)</u>
BALANCE, END OF YEAR	<u>\$ 4,737,630</u>	<u>\$ 4,963,183</u>

EQUITY IN TANGIBLE CAPITAL ASSETS IS COMPRISED OF THE FOLLOWING:

Tangible Capital Assets (net book value)	\$ 4,749,702	\$ 4,977,950
Long-term Debt	<u>(12,072)</u>	<u>(14,767)</u>
	<u>\$ 4,737,630</u>	<u>\$ 4,963,183</u>

VILLAGE OF BRETON

Schedule 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
TAXATION			
Real property taxes	\$ 662,356	\$ 659,876	\$ 601,122
Linear property taxes	20,149	20,149	18,920
Government grants in lieu	<u>12,371</u>	<u>12,371</u>	<u>19,353</u>
	<u>694,876</u>	<u>692,396</u>	<u>639,395</u>
REQUISITIONS			
Alberta School Foundation requisition	133,030	133,030	123,941
Brazeau Seniors requisition	<u>8,368</u>	<u>8,368</u>	<u>11,211</u>
	<u>141,398</u>	<u>141,398</u>	<u>135,152</u>
NET MUNICIPAL TAXES	<u>\$ 553,478</u>	<u>\$ 550,998</u>	<u>\$ 504,243</u>

VILLAGE OF BRETON

Schedule 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 215,358	\$ 223,896	\$ 211,919
Provincial government	<u>68,194</u>	<u>160,075</u>	<u>71,166</u>
	283,552	383,971	283,085
TRANSFERS FOR CAPITAL			
Provincial government	-	25,000	454,281
Local governments	<u>-</u>	<u>-</u>	<u>30,000</u>
	<u>-</u>	<u>25,000</u>	<u>484,281</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 283,552</u>	<u>\$ 408,971</u>	<u>\$ 767,366</u>

VILLAGE OF BRETON

Schedule 4

SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 244,653	\$ 3,091	\$ 63,119	\$ 286,554	\$ -	\$ (46,419)	\$ 550,998
Sales and user charges	4,159	12,582	175,823	4,479	227,145	42,295	466,483
Government transfers	-	97,319	16,747	40,676	-	229,229	383,971
All other	4,781	2,711	-	-	-	164,950	172,442
Rentals	7,282	-	8,687	-	-	2,408	18,377
	<u>260,875</u>	<u>115,703</u>	<u>264,376</u>	<u>331,709</u>	<u>227,145</u>	<u>392,463</u>	<u>1,592,271</u>
EXPENSES							
Salaries, wages, and benefits	129,909	67,725	47,072	122,222	11,680	138,358	516,966
Materials, goods, and contracted and general services	45,676	46,261	116,352	26,313	78,058	100,872	413,532
Repairs and maintenance	81,755	-	54,964	119,327	21,504	6,759	284,309
Utilities	8,480	-	18,440	56,856	16,344	4,240	104,360
Insurance	(9,481)	-	24,938	5,842	5,130	2,879	29,308
Telephone	4,536	1,717	2,610	1,149	-	2,078	12,090
	<u>260,875</u>	<u>115,703</u>	<u>264,376</u>	<u>331,709</u>	<u>132,716</u>	<u>255,186</u>	<u>1,360,565</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	94,429	137,277	231,706
Amortization	38,253	-	46,517	158,097	51,775	732	295,374
NET REVENUE	<u>\$ (38,253)</u>	<u>\$ -</u>	<u>\$ (46,517)</u>	<u>\$ (158,097)</u>	<u>\$ 42,654</u>	<u>\$ 136,545</u>	<u>\$ (63,668)</u>

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

VILLAGE OF BRETON

Schedule 4

SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Sales and user charges	\$ 4,183	\$ 14,155	\$ 208,876	\$ 2,680	\$ 231,765	\$ 133,990	\$ 595,649
Taxation	205,047	8,073	24,995	304,375	-	(38,247)	504,243
Government transfers	-	91,199	14,770	45,605	-	131,511	283,085
All other	10,975	4,645	-	-	-	148,912	164,532
Rentals	5,709	-	8,350	-	-	638	14,697
	<u>225,914</u>	<u>118,072</u>	<u>256,991</u>	<u>352,660</u>	<u>231,765</u>	<u>376,804</u>	<u>1,562,206</u>
EXPENSES							
Salaries, wages, and benefits	132,855	66,377	77,570	130,291	11,428	132,252	550,773
Materials, goods, and contracted and general services	52,844	49,914	74,935	84,599	140,797	97,941	501,030
Repairs and maintenance	24,319	-	63,669	69,535	28,385	7,916	193,824
Utilities	8,436	-	18,105	61,999	16,625	4,218	109,383
Insurance	2,833	-	19,994	4,594	4,245	2,249	33,915
Telephone	4,627	1,781	2,718	1,642	-	2,226	12,994
	<u>225,914</u>	<u>118,072</u>	<u>256,991</u>	<u>352,660</u>	<u>201,480</u>	<u>246,802</u>	<u>1,401,919</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	30,285	130,002	160,287
Amortization	38,321	-	46,517	162,501	51,775	731	299,845
NET REVENUE	<u>\$ (38,321)</u>	<u>\$ -</u>	<u>\$ (46,517)</u>	<u>\$ (162,501)</u>	<u>\$ (21,490)</u>	<u>\$ 129,271</u>	<u>\$ (139,558)</u>

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

VILLAGE OF BRETON

Schedule 5

SCHEDULE OF GOLF COURSE OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
REVENUE			
Membership and green fees	\$ 93,000	\$ 90,682	\$ 110,365
Cart rentals	27,000	26,847	34,595
Tournament fees	7,000	11,568	11,786
Merchandise	6,500	10,746	7,603
Advertising	<u>1,000</u>	<u>1,470</u>	<u>1,200</u>
	<u>134,500</u>	<u>141,313</u>	<u>165,549</u>
EXPENSES			
Contracted services	63,190	60,000	24,276
Salaries, wages, and benefits	41,407	42,156	73,315
Repairs and maintenance	24,800	30,563	36,003
Utilities and telephone	19,021	14,150	13,590
All other	11,590	9,163	7,809
Insurance	1,678	7,269	1,629
Fuel and oil	3,700	2,354	3,097
Advertising	<u>2,000</u>	<u>2,142</u>	<u>1,780</u>
	<u>167,386</u>	<u>167,797</u>	<u>161,499</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (32,886)</u>	<u>\$ (26,484)</u>	<u>\$ 4,050</u>

VILLAGE OF BRETON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

The Village of Breton ("the Village") is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA).

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, and expense, and changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Mayor and 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 municipal 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 revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

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

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value.

(e) Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize this loss.

(CONT'D)

VILLAGE OF BRETON

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

1. ACCOUNTING POLICIES (CONT'D)

(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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as property and equipment under their respective function.

(g) 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 their estimated useful lives as follows:

Buildings	20 - 50 years
Engineered structures:	
Roadways	20 - 35 years
Wastewater systems	75 years
Water systems	45 - 75 years
Machinery and equipment	5 - 30 years
Vehicles	10 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.

(h) Under-levies and Over-levies

Under-levies and over-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property taxes. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

2. CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 1,000	\$ 1,000
Operating bank accounts	1,172,623	842,198
Guaranteed Investment Certificates	<u>461,265</u>	<u>446,260</u>
	<u>\$ 1,634,888</u>	<u>\$ 1,289,458</u>

Guaranteed Investment Certificates bear interest at rates ranging from 1.40% to 2.88%, and mature dates ranging from 2017 - 2019.

VILLAGE OF BRETON
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

3. RECEIVABLES

	<u>2016</u>	<u>2015</u>
Taxes and grants in place of taxes	\$ 143,342	\$ 103,093
Trade and other	79,150	96,397
Utilities	30,663	24,332
Goods and Services Tax rebate	<u>5,396</u>	<u>11,102</u>
	258,551	234,924
Less: Allowance for doubtful accounts	<u>(6,000)</u>	<u>(6,000)</u>
	<u>\$ 252,551</u>	<u>\$ 228,924</u>

4. DEFERRED REVENUE

Deferred revenue consists of conditional government grant funding received which relates to expenses of future periods.

	<u>2015</u>	<u>Add</u>	<u>Less</u>	<u>2016</u>
Donations - Community Centre	\$ 336,327	\$ 46,975	\$ -	\$ 383,302
Other	2,000	54,595	-	56,595
Municipal Sustainability Initiative	<u>-</u>	<u>92,166</u>	<u>(92,166)</u>	<u>-</u>
	<u>\$ 338,327</u>	<u>\$ 193,736</u>	<u>\$ (92,166)</u>	<u>\$ 439,897</u>

5. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
John Deere finance loan repayable in annual payments of \$2,953 including interest at 0.59%.	<u>\$ 12,072</u>	<u>\$ 14,767</u>

Principal and interest repayments required over the next two years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,953	\$ -	\$ 2,953
2018	2,953	-	2,953
2019	2,953	-	2,953
2020	2,955	-	2,955
2021	<u>258</u>	<u>-</u>	<u>258</u>
2017	<u>\$ 12,072</u>	<u>\$ -</u>	<u>\$ 12,072</u>

VILLAGE OF BRETON
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

6. TANGIBLE CAPITAL ASSETS

	<u>2016</u> Net Book Value	<u>2015</u> Net Book Value
Engineered structures		
Roadways	\$ 1,514,120	\$ 1,664,099
Water systems	1,042,180	1,036,895
Wastewater systems	<u>651,654</u>	<u>674,442</u>
	3,207,954	3,375,436
Buildings	1,176,507	1,198,582
Machinery, equipment, and furnishings	278,060	311,401
Land	61,531	61,531
Vehicles	<u>25,650</u>	<u>31,000</u>
	<u>\$ 4,749,702</u>	<u>\$ 4,977,950</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 3,525,089	\$ -	\$ -	\$ -	\$ 3,525,089
Water systems	1,610,409	29,800	-	-	1,640,209
Wastewater systems	<u>1,361,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,584</u>
	6,497,082	29,800	-	-	6,526,882
Buildings	2,659,654	37,326	-	-	2,696,980
Machinery, equipment, and furnishings	717,411	-	-	-	717,411
Land	61,531	-	-	-	61,531
Vehicles	<u>53,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,500</u>
	<u>\$ 9,989,178</u>	<u>\$ 67,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,056,304</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 1,860,990	\$ 149,979	\$ -	\$ -	\$ 2,010,969
Wastewater systems	687,142	22,788	-	-	709,930
Water systems	<u>573,514</u>	<u>24,515</u>	<u>-</u>	<u>-</u>	<u>598,029</u>
	3,121,646	197,282	-	-	3,318,928
Buildings	1,461,072	59,401	-	-	1,520,473
Machinery, equipment, and furnishings	406,010	33,341	-	-	439,351
Land	-	-	-	-	-
Vehicles	<u>22,500</u>	<u>5,350</u>	<u>-</u>	<u>-</u>	<u>27,850</u>
	<u>\$ 5,011,228</u>	<u>\$ 295,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,306,602</u>

VILLAGE OF BRETON
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

7. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 374,511	\$ 291,759
Restricted surplus		
Reserves (Note 8)	983,238	879,105
Equity in tangible capital assets (Schedule 1)	<u>4,737,630</u>	<u>4,963,183</u>
	<u>\$ 6,095,379</u>	<u>\$ 6,134,047</u>

8. RESERVES

	<u>2016</u>	<u>2015</u>
Operating Reserves		
Community Hall	\$ 255,000	\$ 225,000
Land and subdivision development	241,332	200,904
Roads and Streets	86,479	86,479
Recreation	70,380	70,380
Mill rate stabilization	55,042	55,042
Common services equipment	65,938	52,233
Water	44,488	44,488
Facilities	43,515	43,515
Water and wastewater contingency	36,278	36,278
Common services contingency	45,000	25,000
Public Works	20,001	20,001
Cemetery	<u>19,785</u>	<u>19,785</u>
	<u>\$ 983,238</u>	<u>\$ 879,105</u>

9. 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 Village be disclosed as follows:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 2,388,407	\$ 2,343,309
Total debt	<u>12,072</u>	<u>14,767</u>
Amount of total debt limit unused	<u>\$ 2,376,335</u>	<u>\$ 2,328,542</u>
Debt servicing limit	\$ 398,068	\$ 390,552
Debt servicing	<u>2,953</u>	<u>2,953</u>
Amount of debt servicing limit unused	<u>\$ 395,115</u>	<u>\$ 387,599</u>

10. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange. Under the terms of membership, the Village could become liable for its proportionate share 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.

VILLAGE OF BRETON

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

11. CONTRACTUAL OBLIGATIONS

(a) Waste Disposal Agreement

The Village has entered into an agreement for waste and recycling pick-up services for the period October 1, 2015 - September 30, 2020. The estimated cost of these services is approximately \$60,000 annually. Future requirements will be adjusted based on the Consumer Price Index for the Edmonton region.

(b) Breton Community Centre

The Village has entered into a contract for architectural services in the amount of \$326,695 for the design and construction of the Breton Community Center.

12. UTILITY FRANCHISE AGREEMENTS

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	<u>2016</u>	<u>2015</u>
Fortis Alberta Inc.	\$ 83,645	\$ 81,684
Atco Gas	<u>24,525</u>	<u>22,184</u>
	<u>\$ 108,170</u>	<u>\$ 103,868</u>

13. TRUST ASSETS

A summary of trust fund activities by the Village is as follows:

	<u>2016</u>	<u>2015</u>
Tax sale properties		
Balance, Beginning of Year	\$ 2,566	\$ 2,527
Interest income	<u>46</u>	<u>39</u>
Balance, End of Year	<u>\$ 2,612</u>	<u>\$ 2,566</u>

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village 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 Village 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 Village's credit risk.

15. SEGMENTED INFORMATION

The Village 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 Segment Disclosure (Schedule 4).

VILLAGE OF BRETON

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

16. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Municipal Administrator and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2016</u>	<u>Total</u> <u>2015</u>
Mayors				
Barker	\$ 3,350	\$ -	\$ 3,350	\$ 250
Aldous	-	-	-	2,600
Councillors				
Power	3,800	-	3,800	4,050
Young	3,150	-	3,150	3,350
Plaquin	3,200	-	3,200	2,700
Doucette	<u>2,400</u>	<u>-</u>	<u>2,400</u>	<u>2,600</u>
	<u>\$ 15,900</u>	<u>\$ -</u>	<u>\$ 15,900</u>	<u>\$ 15,550</u>
Municipal Administrator	<u>\$ 71,900</u>	<u>\$ 5,372</u>	<u>\$ 77,272</u>	<u>\$ 77,408</u>

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honouraria and any other direct cash remuneration.
- (2) Benefits and allowances include the employer's share of the employee benefits and contributions 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.

17. BUDGET

Budget figures are presented for informational purposes only and are unaudited. The 2016 budget, prepared by the Village, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2016</u> <u>(Budget)</u>	<u>2016</u> <u>(Actual)</u>	<u>2015</u> <u>(Actual)</u>
Annual surplus (deficit)	73,871	(38,668)	339,845
Add back:			
Amortization expense	-	295,374	299,845
Net transfers to (from) reserves	(39,205)	(104,134)	(94,923)
Deduct:			
Gain on disposal of tangible capital assets	-	-	4,878
Purchase of tangible capital assets	<u>(35,000)</u>	<u>(67,126)</u>	<u>(528,609)</u>
Adjusted annual surplus (deficit)	<u>\$ (334)</u>	<u>\$ 85,446</u>	<u>\$ 21,036</u>

VILLAGE OF BRETON
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2016

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

