

VILLAGE OF BRETON

Financial Statements

For The Year Ended December 31, 2017



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, 2017, 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, 2017.

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, 2017, 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.

METRIX GROUP LLP
Chartered Professional Accountants

Edmonton, Alberta
March 14, 2018



**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.

Metrix Group LLP, Chartered Professional 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, 2017

	<u>2017</u>	2016 (Restated) (Note 18)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,380,040	\$ 1,634,888
Receivables (Note 3)	584,982	252,551
Land held for resale	<u>106,474</u>	<u>93,611</u>
	<u>2,071,496</u>	<u>1,981,050</u>
LIABILITIES		
Accounts payable and accrued liabilities	85,338	187,409
Deposit liabilities	6,593	6,225
Deferred revenue (Note 4)	391,708	402,571
Long-term debt (Note 5)	<u>9,054</u>	<u>12,072</u>
	<u>492,693</u>	<u>608,277</u>
NET FINANCIAL ASSETS	<u>1,578,803</u>	<u>1,372,773</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	5,135,568	4,749,702
Prepaid expenses	<u>13,117</u>	<u>10,230</u>
	<u>5,148,685</u>	<u>4,759,932</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 6,727,488</u>	<u>\$ 6,132,705</u>
Contingencies (Note 10)		

ON BEHALF OF VILLAGE COUNCIL:

_____ Mayor

_____ Councillor

VILLAGE OF BRETON
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2017

	<u>2017</u> (Budget) (Note 17)	<u>2017</u> (Actual)	<u>2016</u> (Actual) (Restated) (Note 18)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 573,301	\$ 574,828	\$ 550,998
Sales and user charges (Schedule 4)	419,858	471,858	466,483
Government transfers for operating (Schedule 3)	331,644	293,028	383,971
Franchise and concession contracts (Note 12)	115,111	119,355	108,170
Penalties and costs on taxes	11,500	36,060	31,190
Other	5,201	32,212	13,364
Return on investments	7,500	20,967	11,451
Rentals	12,486	13,278	18,377
Fines	5,056	4,295	6,312
Licenses and permits	<u>820</u>	<u>380</u>	<u>1,955</u>
	<u>1,482,477</u>	<u>1,566,261</u>	<u>1,592,271</u>
EXPENSES			
Roads, streets, walks and lighting	337,183	298,009	331,709
Parks and recreation	305,029	250,792	230,001
General and administration	244,402	220,807	260,875
Culture: libraries, museums and halls	146,674	135,649	127,287
Family and community support	114,075	125,757	117,617
Waste management	80,676	75,288	72,941
Police	56,615	61,393	62,831
Council	44,630	48,887	31,228
Water supply and distribution	26,402	28,773	87,861
Subdivision land and development	-	12,883	11,724
Community and agricultural services	14,346	11,404	3,814
Bylaws enforcement	9,700	9,600	9,671
Wastewater treatment and disposal	13,300	9,357	1,914
Land use planning, zoning and development	1,600	1,705	9,341
Disaster and emergency services	1,480	1,231	974
Cemeteries	500	-	777
Amortization	<u>-</u>	<u>319,989</u>	<u>295,374</u>
	<u>1,396,612</u>	<u>1,611,524</u>	<u>1,655,939</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>85,865</u>	<u>(45,263)</u>	<u>(63,668)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	614,935	600,895	25,000
Other capital revenue	<u>-</u>	<u>39,151</u>	<u>37,326</u>
	<u>614,935</u>	<u>640,046</u>	<u>62,326</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 700,800</u>	<u>594,783</u>	<u>(1,342)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>6,132,705</u>	<u>6,134,047</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)		<u>\$ 6,727,488</u>	<u>\$ 6,132,705</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, 2017

	<u>2017</u> (Budget) (Note 17)	<u>2017</u> (Actual)	<u>2016</u> (Actual) (Restated) (Note 18)
ANNUAL SURPLUS (DEFICIT)	\$ <u>700,800</u>	\$ <u>594,783</u>	\$ <u>(1,342)</u>
Acquisition of tangible capital assets	(572,355)	(705,855)	(67,126)
Amortization of tangible capital assets	<u>-</u>	<u>319,989</u>	<u>295,374</u>
	<u>(572,355)</u>	<u>(385,866)</u>	<u>228,248</u>
Acquisition of prepaid expenses	<u>-</u>	<u>(2,887)</u>	<u>(2,284)</u>
INCREASE IN NET FINANCIAL ASSETS	128,445	206,030	224,622
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,372,773</u>	<u>1,372,773</u>	<u>1,148,151</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,501,218</u>	<u>\$ 1,578,803</u>	<u>\$ 1,372,773</u>

VILLAGE OF BRETON
Statement of Cash Flows
For The Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u> (Restated) (Note 18)
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus (deficit)	\$ 594,783	\$ (1,342)
Non-cash items included in annual surplus (deficit)		
Amortization	319,989	295,374
Loss on disposal of tangible capital assets	-	-
 Change in non-cash working capital balances related to operations:		
Prepaid expenses	(2,887)	(2,284)
Receivables	(332,431)	(23,627)
Accounts payable and accrued liabilities	(102,071)	144,908
Deferred revenue	(10,863)	64,244
Land held for resale	(12,863)	(62,322)
Deposit liabilities	<u>368</u>	<u>300</u>
	<u>454,025</u>	<u>415,251</u>
FINANCING ACTIVITIES		
Long-term debt proceeds	-	(2,695)
Repayment of long-term debt	<u>(3,018)</u>	<u>-</u>
	<u>(3,018)</u>	<u>(2,695)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(705,855)</u>	<u>(67,126)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(254,848)	345,430
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,634,888</u>	<u>1,289,458</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,380,040</u>	<u>\$ 1,634,888</u>

VILLAGE OF BRETON
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2017

Schedule 1

	<u>2017</u>	<u>2016</u>
BALANCE, BEGINNING OF YEAR	\$ 4,737,630	\$ 4,963,183
Purchase of Tangible Capital Assets	705,855	67,126
Amortization of Tangible Capital Assets	(319,989)	(295,374)
Repayment (Issuance) of Capital Long-term Debt	<u>3,018</u>	<u>2,695</u>
BALANCE, END OF YEAR	<u>\$ 5,126,514</u>	<u>\$ 4,737,630</u>

EQUITY IN TANGIBLE CAPITAL ASSETS IS COMPRISED OF THE FOLLOWING:

Tangible Capital Assets (net book value)	\$ 5,135,568	\$ 4,749,702
Long-term Debt	<u>(9,054)</u>	<u>(12,072)</u>
	<u>\$ 5,126,514</u>	<u>\$ 4,737,630</u>

VILLAGE OF BRETON
Schedule of Property Taxes
For The Year Ended December 31, 2017

Schedule 2

	<u>2017</u> (Budget) (Note 17)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TAXATION			
Real property taxes	\$ 702,630	\$ 706,366	\$ 659,876
Linear property taxes	19,874	19,874	20,149
Government grants in lieu	<u>12,533</u>	<u>12,533</u>	<u>12,371</u>
	<u>735,037</u>	<u>738,773</u>	<u>692,396</u>
REQUISITIONS			
Alberta School Foundation requisition	151,244	153,459	133,030
Brazeau Seniors requisition	<u>10,492</u>	<u>10,486</u>	<u>8,368</u>
	<u>161,736</u>	<u>163,945</u>	<u>141,398</u>
NET MUNICIPAL TAXES	<u>\$ 573,301</u>	<u>\$ 574,828</u>	<u>\$ 550,998</u>

VILLAGE OF BRETON
Schedule of Government Transfers
For The Year Ended December 31, 2017

Schedule 3

	<u>2017</u> (Budget) (Note 17)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 207,248	\$ 207,689	\$ 223,896
Provincial government	<u>124,396</u>	<u>85,339</u>	<u>160,075</u>
	331,644	293,028	383,971
TRANSFERS FOR CAPITAL			
Provincial government	\$ <u>614,935</u>	\$ <u>600,895</u>	\$ <u>25,000</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 946,579</u>	<u>\$ 893,923</u>	<u>\$ 408,971</u>

VILLAGE OF BRETON
 Schedule of Segmented Information
 For The Year Ended December 31, 2017

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 192,454	\$ 1,023	\$ 95,579	\$ 255,521	\$ -	\$ 30,251	\$ 574,828
Sales and user charges	3,933	16,114	172,769	2,776	232,554	43,712	471,858
Government transfers	-	104,793	11,482	39,712	-	137,041	293,028
All other	18,164	3,826	-	-	-	191,279	213,269
Rentals	<u>6,257</u>	-	<u>6,589</u>	-	-	<u>432</u>	<u>13,278</u>
	<u>220,808</u>	<u>125,756</u>	<u>286,419</u>	<u>298,009</u>	<u>232,554</u>	<u>402,715</u>	<u>1,566,261</u>
EXPENSES							
Salaries, wages, and benefits	137,004	68,930	41,148	141,949	11,630	135,531	536,192
Materials, goods, and contracted and general services	64,303	54,703	123,955	40,652	79,823	70,153	433,589
Repairs and maintenance	14,836	-	72,882	48,126	22,194	7,944	165,982
Utilities	9,203	-	20,464	59,257	18,190	4,598	111,712
Insurance	(9,996)	-	24,870	6,340	5,083	2,872	29,169
Telephone	<u>5,458</u>	<u>2,123</u>	<u>3,100</u>	<u>1,685</u>	-	<u>2,525</u>	<u>14,891</u>
	<u>220,808</u>	<u>125,756</u>	<u>286,419</u>	<u>298,009</u>	<u>136,920</u>	<u>223,623</u>	<u>1,291,535</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	95,634	179,092	274,726
Amortization	<u>37,798</u>	-	<u>53,666</u>	<u>158,097</u>	<u>69,694</u>	<u>734</u>	<u>319,989</u>
NET REVENUE	<u>\$(37,798)</u>	<u>\$-</u>	<u>\$(53,666)</u>	<u>\$(158,097)</u>	<u>\$ 25,940</u>	<u>\$ 178,358</u>	<u>\$(45,263)</u>

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

VILLAGE OF BRETON
Schedule of Segmented Information
For The Year Ended December 31, 2016

Schedule 4

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Sales and user charges	\$ 4,159	\$ 12,582	\$ 175,823	\$ 4,479	\$ 227,145	\$ 42,295	\$ 466,483
Taxation	244,653	3,091	63,119	286,554	-	(46,419)	550,998
Government transfers	-	97,319	16,747	40,676	-	229,229	383,971
All other	4,781	2,711	-	-	-	164,950	172,442
Rentals	<u>7,282</u>	<u>-</u>	<u>8,687</u>	<u>-</u>	<u>-</u>	<u>2,408</u>	<u>18,377</u>
	<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	<u>4,536</u>	<u>1,717</u>	<u>2,610</u>	<u>1,149</u>	<u>-</u>	<u>2,078</u>	<u>12,090</u>
	<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	<u>38,253</u>	<u>-</u>	<u>46,517</u>	<u>158,097</u>	<u>51,775</u>	<u>732</u>	<u>295,374</u>
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 of Golf Course Operations
For The Year Ended December 31, 2017

Schedule 5

	<u>2017</u> (Budget) (Note 17)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Membership and green fees	\$ 90,000	\$ 96,236	\$ 90,682
Cart rentals	27,000	25,336	26,847
Tournament fees	9,000	7,194	11,568
Merchandise	6,500	7,360	10,746
Advertising	<u>1,000</u>	<u>1,185</u>	<u>1,470</u>
	<u>133,500</u>	<u>137,311</u>	<u>141,313</u>
EXPENSES			
Contracted services	63,190	60,000	60,000
Salaries, wages, and benefits	42,576	36,174	42,156
Repairs and maintenance	27,800	25,972	30,563
Utilities and telephone	15,007	16,347	14,150
All other	8,550	9,000	9,163
Insurance	7,229	7,229	7,269
Fuel and oil	2,471	2,764	2,354
Advertising	<u>4,200</u>	<u>1,247</u>	<u>2,142</u>
	<u>171,023</u>	<u>158,733</u>	<u>167,797</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (37,523)</u>	<u>\$ (21,422)</u>	<u>\$ (26,484)</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

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 include items that are capable of reasonably prompt liquidation and generally mature within ninety days from the date of purchase.

(e) 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.

(CONT'D)

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

1. ACCOUNTING POLICIES (CONT'D)

(f) 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.

(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) 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 Village 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) 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>2017</u>	<u>2016</u>
Cash on hand	\$ 1,000	\$ 1,000
Deposit accounts with financial institutions	1,235,990	1,172,623
Guaranteed Investment Certificates	<u>143,050</u>	<u>461,265</u>
	<u>\$ 1,380,040</u>	<u>\$ 1,634,888</u>

Guaranteed Investment Certificates bear interest at rates ranging from 1.43% to 2.88%, and maturing at dates ranging from February 2018 - September 2019.

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

3. RECEIVABLES

	<u>2017</u>	<u>2016</u>
Government transfers, trade and other	\$ 364,058	\$ 79,150
Taxes	185,084	143,342
Utilities	32,219	30,663
Goods and Services Tax	<u>19,831</u>	<u>5,396</u>
	601,192	258,551
Less: Allowance for doubtful taxes	<u>(16,210)</u>	<u>(6,000)</u>
	<u>\$ 584,982</u>	<u>\$ 252,551</u>

4. DEFERRED REVENUE

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

	<u>2016</u>	<u>Add</u>	<u>Less</u>	<u>2017</u>
Donations - Community Centre	\$ 345,976	\$ 78,288	\$ (39,151)	\$ 385,113
Other	<u>56,595</u>	<u>-</u>	<u>(50,000)</u>	<u>6,595</u>
	<u>\$ 402,571</u>	<u>\$ 78,288</u>	<u>\$ (89,151)</u>	<u>\$ 391,708</u>

5. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
John Deere finance loan repayable in annual payments of \$2,953 including interest at 0.59%.	<u>\$ 9,054</u>	<u>\$ 12,072</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,953	\$ -	\$ 2,953
2019	2,953	-	2,953
2020	2,953	-	2,953
2021	195	-	195
2022	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,054</u>	<u>\$ -</u>	<u>\$ 9,054</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

6. TANGIBLE CAPITAL ASSETS

	<u>2017</u> Net Book Value	<u>2016</u> Net Book Value
Engineered structures		
Roadways	\$ 1,510,391	\$ 1,514,120
Water systems	1,390,896	1,042,180
Wastewater systems	<u>621,553</u>	<u>651,654</u>
	3,522,840	3,207,954
Buildings	1,156,257	1,176,507
Machinery, equipment, and furnishings	374,640	278,060
Land	61,531	61,531
Vehicles	<u>20,300</u>	<u>25,650</u>
	<u>\$ 5,135,568</u>	<u>\$ 4,749,702</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 3,525,089	\$ 146,250	\$ -	\$ -	\$ 3,671,339
Water systems	1,640,209	383,694	-	-	2,023,903
Wastewater systems	<u>1,361,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,584</u>
	6,526,882	529,944	-	-	7,056,826
Buildings	2,696,980	39,151	-	-	2,736,131
Machinery, equipment, and furnishings	717,411	136,760	-	-	854,171
Land	61,531	-	-	-	61,531
Vehicles	<u>53,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,500</u>
	<u>\$ 10,056,304</u>	<u>\$ 705,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,762,159</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 2,010,969	\$ 149,979	\$ -	\$ -	\$ 2,160,948
Wastewater systems	709,930	30,101	-	-	740,031
Water systems	<u>598,029</u>	<u>34,978</u>	<u>-</u>	<u>-</u>	<u>633,007</u>
	3,318,928	215,058	-	-	3,533,986
Buildings	1,520,473	59,401	-	-	1,579,874
Machinery, equipment, and furnishings	439,351	40,180	-	-	479,531
Land	-	-	-	-	-
Vehicles	<u>27,850</u>	<u>5,350</u>	<u>-</u>	<u>-</u>	<u>33,200</u>
	<u>\$ 5,306,602</u>	<u>\$ 319,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,626,591</u>

Buildings includes costs in the amount of \$76,477 (2016 - \$37,326) for the new Breton Community Centre which are not being amortized as the building has not been completed.

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

7. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 488,736	\$ 411,837
Restricted surplus		
Reserves (Note 8)	1,112,238	983,238
Equity in tangible capital assets (Schedule 1)	<u>5,126,514</u>	<u>4,737,630</u>
	<u>\$ 6,727,488</u>	<u>\$ 6,132,705</u>

8. RESERVES

	<u>2017</u>	<u>2016</u>
Operating Reserves		
Community Hall	\$ 285,000	\$ 255,000
Land and subdivision development	283,687	241,332
Common services contingency	113,000	45,000
Roads and Streets	86,479	86,479
Common services equipment	75,143	65,938
Mill rate stabilization	55,042	55,042
Recreation	49,820	70,380
Water	44,488	44,488
Facilities	43,515	43,515
Water and wastewater contingency	36,278	36,278
Public Works	20,001	20,001
Cemetery	<u>19,785</u>	<u>19,785</u>
	<u>\$ 1,112,238</u>	<u>\$ 983,238</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>2017</u>	<u>2016</u>
Total debt limit	\$ 2,349,392	\$ 2,388,407
Total debt	<u>9,054</u>	<u>12,072</u>
Amount of total debt limit unused	<u>\$ 2,340,338</u>	<u>\$ 2,376,335</u>
Debt servicing limit	\$ 391,565	\$ 398,068
Debt servicing	<u>2,953</u>	<u>2,953</u>
Amount of debt servicing limit unused	<u>\$ 388,612</u>	<u>\$ 395,115</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
For The Year Ended December 31, 2017

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>2017</u>	<u>2016</u>
Fortis Alberta Inc.	\$ 87,420	\$ 83,645
Atco Gas	<u>31,935</u>	<u>24,525</u>
	<u>\$ 119,355</u>	<u>\$ 108,170</u>

13. TRUST ASSETS

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

	<u>2017</u>	<u>2016</u>
Tax sale properties		
Balance, Beginning of Year	\$ 2,605	\$ 2,566
Interest income	<u>46</u>	<u>39</u>
Balance, End of Year	<u>\$ 2,651</u>	<u>\$ 2,605</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
For The Year Ended December 31, 2017

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>2017</u>	<u>Total</u> <u>2016</u>
Mayors				
Barker	\$ 2,600	\$ -	\$ 2,600	\$ 3,350
Councillors				
Power	3,650	-	3,650	3,800
Young	2,950	-	2,950	3,150
Plaquin	2,800	-	2,800	3,200
Doucette	2,200	-	2,200	2,400
Bohning	750	-	750	-
Pritchard	900	-	900	-
	<u>\$ 15,850</u>	<u>\$ -</u>	<u>\$ 15,850</u>	<u>\$ 15,900</u>
Municipal Administrator	<u>\$ 71,900</u>	<u>\$ 5,357</u>	<u>\$ 77,257</u>	<u>\$ 77,272</u>

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria 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

The 2017 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 12, 2017. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2017</u> (Budget)	<u>2017</u> (Actual)
Annual surplus	700,800	594,783
Add back:		
Amortization expense	-	319,989
Net transfers to (from) reserves	(128,445)	(128,999)
Deduct:		
Purchase of tangible capital assets	<u>(572,355)</u>	<u>(705,855)</u>
Adjusted annual surplus (deficit)	<u>\$ -</u>	<u>\$ 79,918</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2017

18. RESTATEMENT

Subsequent to issuing the 2017 financial statements, it was discovered that funds received for construction of the new Breton Community Centre which were to be used to pay for design costs the Village incurred during 2016 in the amount of \$37,326 were not included as revenue in 2016.

This has been corrected retroactively and the 2016 comparative figures have been restated.

The effect on the 2016 comparative figures has been to decrease deferred revenue, increase other capital revenue, and decrease the annual deficit by \$37,326.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.