

**VILLAGE OF BRETON**

**Financial Statements**

**For The Year Ended December 31, 2019**

**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

Management of the Village of Breton is responsible for the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

To assist in meeting its responsibility, management maintains appropriate systems of control and administrative controls designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The preparation of financial statements necessarily includes some amounts which are based on best estimates and judgments of management.

The financial statements have been audited by Metrix Group LLP, Chartered Professional Accountants. Their report to the Mayor and Village Council, stating the scope of their examination and opinion on the financial statements follows.



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Terri Wiebe, Chief Administrative Officer

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Members of Council of the Village of Breton

### *Opinion*

We have audited the financial statements of Village of Breton (the Village), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Village of Breton as at December 31, 2019, 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.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Council) are responsible for overseeing the Village's financial reporting process.

*(continues)*



## *Auditors' Responsibility 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 it 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 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 Village's internal control.
- Evaluate the appropriateness of accounting policies 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 Village'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 auditors' report. However, future events or conditions may cause the Board 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 significant deficiencies in internal control that we identify during our audit.

**METRIX GROUP LLP**

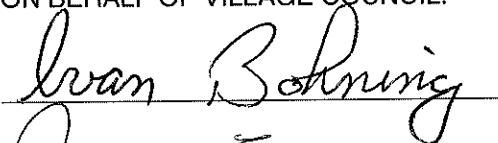
Chartered Professional Accountants

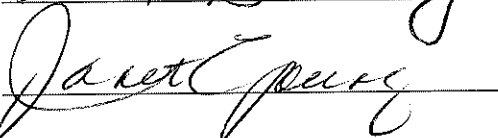
Edmonton, Alberta  
March 11, 2020

**VILLAGE OF BRETON**  
**Statement of Financial Position**  
**As at December 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 737,994	\$ 1,612,124
Receivables <i>(Note 3)</i>	1,426,394	476,807
Land held for resale	114,934	106,474
	<u>2,279,322</u>	<u>2,195,405</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	271,437	75,829
Deposit liabilities	7,543	6,968
Deferred revenue <i>(Note 4)</i>	433,427	441,818
Long-term debt <i>(Note 5)</i>	3,018	6,036
	<u>715,425</u>	<u>530,651</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,563,897</u>	<u>1,664,754</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 6)</i>	5,898,272	4,957,772
Prepaid expenses	5,687	13,560
	<u>5,903,959</u>	<u>4,971,332</u>
<b>ACCUMULATED SURPLUS <i>(Note 7)</i></b>	<u>\$ 7,467,856</u>	<u>\$ 6,636,086</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, 2019**

	2019 (Budget) <i>(Note 16)</i>	2019 (Actual)	2018 (Actual)
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 2)</i>	\$ 577,035	\$ 585,310	\$ 576,704
Sales and user charges <i>(Schedule 4)</i>	438,427	473,712	466,088
Government transfers for operating <i>(Schedule 3)</i>	461,275	285,326	383,092
Franchise and concession contracts <i>(Note 12)</i>	125,437	130,173	121,468
Return on investments	15,000	32,633	24,136
Rentals	15,086	18,505	15,709
Penalties and costs on taxes	10,000	18,475	24,103
Other	16,090	6,552	39,818
Fines	4,182	1,591	4,094
Licenses and permits	390	820	785
	<u>1,662,922</u>	<u>1,553,097</u>	<u>1,655,997</u>
<b>EXPENSES</b>			
Roads, streets, walks and lighting	373,522	319,408	358,480
Parks and recreation	342,114	286,597	254,409
General and administration	218,006	257,237	217,293
Water supply and distribution	145,888	147,687	95,681
Culture: libraries, museums and halls	144,596	134,816	135,752
Family and community support	122,963	120,775	128,040
Waste management	84,114	82,414	82,140
Police	73,559	67,697	70,988
Council	48,983	40,572	41,805
Bylaws enforcement	10,432	10,374	10,080
Community and agricultural services	9,286	10,074	7,593
Wastewater treatment and disposal	15,300	5,694	75,633
Land use planning, zoning and development	23,710	1,705	1,917
Disaster and emergency services	945	759	848
Cemeteries	-	75	-
Subdivision land and development	-	-	203
Amortization	-	331,634	324,716
	<u>1,613,418</u>	<u>1,817,518</u>	<u>1,805,578</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	<u>49,504</u>	<u>(264,421)</u>	<u>(149,581)</u>
<b>OTHER REVENUE</b>			
Government transfers for capital <i>(Schedule 3)</i>	-	1,051,000	42,308
Other capital revenue	-	68,131	28,190
Loss on disposal of tangible capital assets	-	(22,940)	(12,319)
	<u>-</u>	<u>1,096,191</u>	<u>58,179</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	49,504	831,770	(91,402)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,636,086</u>	<u>6,636,086</u>	<u>6,727,488</u>
<b>ACCUMULATED SURPLUS, END OF YEAR <i>(Note 7)</i></b>	<u>\$ 6,685,590</u>	<u>\$ 7,467,856</u>	<u>\$ 6,636,086</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, 2019**

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 49,504	\$ 831,770	\$ (91,402)
Acquisition of tangible capital assets	3,453,550	(1,295,074)	(161,258)
Proceeds on disposal of tangible capital assets	-	-	2,018
Amortization of tangible capital assets	-	331,634	324,716
Loss on disposal of tangible capital assets	-	22,940	12,319
	<u>3,453,550</u>	<u>(940,500)</u>	<u>177,795</u>
Acquisition of prepaid expenses	-	7,873	(442)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	3,503,054	(100,857)	85,951
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,664,754</u>	<u>1,664,754</u>	<u>1,578,803</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 5,167,808</u>	<u>\$ 1,563,897</u>	<u>\$ 1,664,754</u>

**VILLAGE OF BRETON**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Cash from operations:		
Annual surplus (deficit)	\$ 831,770	\$ (91,402)
Non-cash items included in annual surplus (deficit)		
Amortization	331,634	324,716
Loss on disposal of tangible capital assets	22,940	12,319
Change in non-cash working capital balances related to operations:		
Prepaid expenses	7,873	(443)
Receivables	(949,587)	108,175
Accounts payable and accrued liabilities	195,608	(9,509)
Deferred revenue	(8,391)	50,110
Land held for resale	(8,460)	-
Deposit liabilities	575	376
	<u>423,962</u>	<u>394,342</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(3,018)</u>	<u>(3,018)</u>
	<u>(3,018)</u>	<u>(3,018)</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,295,074)	(161,258)
Proceeds on sale of tangible capital assets	-	2,018
	<u>(1,295,074)</u>	<u>(159,240)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(874,130)</b>	<b>232,084</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>1,612,124</b></u>	<u><b>1,380,040</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 737,994</b></u>	<u><b>\$ 1,612,124</b></u>



**VILLAGE OF BRETON**  
**Schedule of Equity in Tangible Capital Assets**  
**For The Year Ended December 31, 2019**

*Schedule 1*

	2019	2018
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 4,951,736</b>	<b>\$ 5,126,514</b>
Purchase of Tangible Capital Assets	1,295,074	161,258
Amortization of Tangible Capital Assets	(331,634)	(324,716)
Net Book Value of Tangible Capital Assets Disposed of	(22,940)	(14,338)
Repayment (Issuance) of Capital Long-term Debt	<u>3,018</u>	<u>3,018</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 5,895,254</u></b>	<b><u>\$ 4,951,736</u></b>

**EQUITY IN TANGIBLE CAPITAL ASSETS IS COMPRISED OF THE FOLLOWING:**

Tangible Capital Assets (net book value)	<b>\$ 5,898,272</b>	<b>\$ 4,957,772</b>
Long-term Debt	<u>(3,018)</u>	<u>(6,036)</u>
	<b><u>\$ 5,895,254</u></b>	<b><u>\$ 4,951,736</u></b>

**VILLAGE OF BRETON**  
**Schedule of Property Taxes**  
**For The Year Ended December 31, 2019**

*Schedule 2*

	2019 (Budget) <i>(Note 16)</i>	2019 <b>(Actual)</b>	2018 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 727,544	\$ <b>749,083</b>	\$ 737,404
Government grants in lieu	12,912	<b>12,913</b>	12,564
Linear property taxes	18,646	-	-
	<u>759,102</u>	<u><b>761,996</b></u>	<u>749,968</u>
<b>REQUISITIONS</b>			
Alberta School Foundation requisition	169,912	<b>164,496</b>	161,312
Brazeau Seniors requisition	12,054	<b>12,233</b>	11,866
Designated Industrial Requisition	101	<b>(43)</b>	86
	<u>182,067</u>	<u><b>176,686</b></u>	<u>173,264</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 577,035</u>	<u>\$ <b>585,310</b></u>	<u>\$ 576,704</u>

**VILLAGE OF BRETON**  
**Schedule of Government Transfers**  
**For The Year Ended December 31, 2019**

*Schedule 3*

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Local governments	\$ 209,963	\$ 207,381	\$ 208,775
Provincial government	251,312	<b>77,945</b>	174,317
	<u>461,275</u>	<u><b>285,326</b></u>	<u>383,092</u>
<b>TRANSFERS FOR CAPITAL</b>			
Local governments	-	1,000,000	-
Provincial government	-	<b>51,000</b>	42,308
	<u>-</u>	<u><b>1,051,000</b></u>	<u>42,308</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 461,275</b>	<b>\$ 1,336,326</b>	<b>\$ 425,400</b>

**VILLAGE OF BRETON**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2019**

**Schedule 4**

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 259,959	\$ 2,672	\$ 69,600	\$ 281,559	\$ -	\$ (28,480)	\$ 585,310
Sales and user charges	3,811	11,970	219,352	3,489	233,431	1,659	473,712
Government transfers	-	104,746	9,656	34,359	-	136,565	285,326
All other	(19,884)	1,070	-	-	-	209,058	190,244
Rentals	12,853	-	5,285	-	-	367	18,505
	256,739	120,458	303,893	319,407	233,431	319,169	1,553,097
<b>EXPENSES</b>							
Salaries, wages, and benefits	136,584	68,355	67,811	141,717	11,076	137,516	563,059
Materials, goods, and contracted and general services	104,769	50,992	128,213	34,987	89,174	95,773	503,908
Repairs and maintenance	10,193	-	50,666	70,597	114,244	7,198	252,898
Utilities	9,449	-	18,074	63,995	16,219	4,771	112,508
Insurance	(7,063)	-	35,936	6,340	5,083	2,872	43,168
Telephone	2,807	1,111	3,193	1,771	-	1,461	10,343
	256,739	120,458	303,893	319,407	235,796	249,591	1,485,884
<b>NET REVENUE BEFORE AMORTIZATION</b>	-	-	-	-	(2,365)	69,578	67,213
Amortization	37,294	-	50,477	174,262	68,869	732	331,634
<b>NET REVENUE</b>	\$ (37,294)	\$ -	\$ (50,477)	\$ (174,262)	\$ (71,234)	\$ 68,846	\$ (264,421)

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

**VILLAGE OF BRETON**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2018**

**Schedule 4**

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 208,070	\$ 678	\$ 62,099	\$ 322,229	\$ -	\$ (16,372)	\$ 576,704
Sales and user charges	3,662	11,749	206,435	1,344	240,672	2,226	466,088
Government transfers	-	103,137	14,301	34,898	-	230,756	383,092
All other	(4,698)	10,656	-	-	-	208,446	214,404
Rentals	10,259	-	5,400	-	-	50	15,709
	217,293	126,220	288,235	358,471	240,672	425,106	1,655,997
<b>EXPENSES</b>							
Salaries, wages, and benefits	133,460	68,237	54,413	135,904	11,423	141,934	545,371
Materials, goods, and contracted and general services	55,316	56,604	148,176	102,295	95,533	73,840	531,764
Repairs and maintenance	24,316	-	39,666	50,495	122,799	12,042	249,318
Utilities	9,780	-	18,762	60,744	18,685	4,333	112,304
Insurance	(9,033)	-	24,097	7,184	5,014	3,296	30,558
Telephone	3,454	1,379	3,121	1,849	-	1,744	11,547
	217,293	126,220	288,235	358,471	253,454	237,189	1,480,862
<b>NET REVENUE BEFORE AMORTIZATION</b>	-	-	-	-	(12,782)	187,917	175,135
Amortization	37,798	-	51,177	161,849	73,160	732	324,716
<b>NET REVENUE</b>	\$ (37,798)	\$ -	\$ (51,177)	\$ (161,849)	\$ (85,942)	\$ 187,185	\$ (149,581)

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, 2019**

**Schedule 5**

	2019 (Budget) (Note 16)	2019 (Actual)	2018 (Actual)
<b>REVENUE</b>			
Membership and green fees	\$ 99,000	\$ 102,492	\$ 99,283
Restaurant	9,000	35,257	31,013
Cart rentals	25,000	25,087	25,932
Tournament fees	9,000	13,638	9,112
Merchandise	6,500	3,817	5,096
Advertising	1,300	2,235	1,920
	<u>149,800</u>	<u>182,526</u>	<u>172,356</u>
<b>EXPENSES</b>			
Contracted services	77,347	75,706	73,429
Salaries, wages, and benefits	49,875	61,424	49,623
Repairs and maintenance	82,150	33,712	26,933
Utilities and telephone	19,026	13,559	14,616
All other	10,710	8,463	22,986
Fuel and oil	4,301	6,366	3,186
Advertising	2,200	467	1,383
Insurance	7,229	7,229	7,062
	<u>252,838</u>	<u>206,926</u>	<u>199,218</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (103,038)</u>	<u>\$ (24,400)</u>	<u>\$ (26,862)</u>

**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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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)

**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.

*(j) New Accounting Standards not yet Adopted*

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

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

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**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

**2. CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 1,000	\$ 1,000
Deposit accounts with financial institutions	736,994	1,576,631
Guaranteed Investment Certificates	-	34,493
	<u>\$ 737,994</u>	<u>\$ 1,612,124</u>

**3. RECEIVABLES**

	<u>2019</u>	<u>2018</u>
Government transfers, trade and other	\$ 1,324,769	\$ 393,488
Taxes	106,363	86,453
Utilities	17,015	16,749
Goods and Services Tax	47,213	1,984
	<u>1,495,360</u>	<u>498,674</u>
Less: Allowance for doubtful taxes	<u>(68,966)</u>	<u>(21,867)</u>
	<u>\$ 1,426,394</u>	<u>\$ 476,807</u>

**4. DEFERRED REVENUE**

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

	<u>2018</u>	<u>Receipts</u>	<u>Revenue</u>	<u>2019</u>
Donations - Community Centre	\$ 441,818	\$ 59,740	\$ (68,131)	\$ 433,427

**5. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
John Deere finance loan repayable in annual payments of \$2,953 including interest at 0.59%.	<u>\$ 3,018</u>	<u>\$ 6,036</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$ 3,018</u>	<u>\$ -</u>	<u>\$ 3,018</u>

**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

**6. TANGIBLE CAPITAL ASSETS**

	<b>2019</b>		<b>2018</b>	
	<b>Net Book</b>		<b>Net Book</b>	
	<b>Value</b>		<b>Value</b>	
Engineered structures				
Roadways	\$ 1,203,121		\$ 1,360,412	
Water systems	1,478,992		1,397,167	
Wastewater systems	568,664		591,452	
	<b>3,250,777</b>		<b>3,349,031</b>	
Buildings	2,167,262		1,125,419	
Machinery, equipment, and furnishings	367,187		361,174	
Land	61,531		61,531	
Vehicles	51,515		60,617	
	<b>\$ 5,898,272</b>		<b>\$ 4,957,772</b>	

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 3,671,339	\$ -	\$ -	-	\$ 3,671,339
Water systems	2,066,210	120,883	-	-	2,187,093
Wastewater systems	1,361,584	-	-	-	1,361,584
	7,099,133	120,883	-	-	7,220,016
Buildings	2,764,321	1,123,191	(31,000)	-	3,856,512
Machinery, equipment, and furnishings	878,866	51,000	-	-	929,866
Land	61,531	-	-	-	61,531
Vehicles	91,019	-	-	-	91,019
	<b>\$ 10,894,870</b>	<b>\$ 1,295,074</b>	<b>\$ (31,000)</b>	<b>\$ -</b>	<b>\$ 12,158,944</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 2,310,927	\$ 157,291	\$ -	-	\$ 2,468,218
Wastewater systems	770,132	22,788	-	-	792,920
Water systems	669,043	39,058	-	-	708,101
	3,750,102	219,137	-	-	3,969,239
Buildings	1,638,902	58,408	(8,060)	-	1,689,250
Machinery, equipment, and furnishings	517,692	44,987	-	-	562,679
Land	-	-	-	-	-
Vehicles	30,402	9,102	-	-	39,504
	<b>\$ 5,937,098</b>	<b>\$ 331,634</b>	<b>\$ (8,060)</b>	<b>\$ -</b>	<b>\$ 6,260,672</b>

Buildings includes costs in the amount of \$1,107,537 (2018 - \$104,667) for the new Breton Community Centre which are not being amortized as the Centre has not been completed.

**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
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**7. ACCUMULATED SURPLUS**

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 505,360	\$ 629,538
Restricted surplus		
Reserves (Note 8)	1,067,242	1,054,812
Equity in tangible capital assets (Schedule 1)	<u>5,895,254</u>	<u>4,951,736</u>
	<u>\$ 7,467,856</u>	<u>\$ 6,636,086</u>

**8. RESERVES**

	<u>2019</u>	<u>2018</u>
Community Hall	\$ 345,000	\$ 315,000
Land and subdivision development	286,338	286,338
Common services contingency	93,188	93,188
Mill rate stabilization	55,042	55,042
Recreation	49,820	49,820
Water	44,488	44,488
Facilities	43,515	43,515
Roads and Streets	43,424	70,199
Common services equipment	41,053	31,848
Water and wastewater contingency	24,128	24,128
Cemetery	21,245	21,245
Public Works	<u>20,001</u>	<u>20,001</u>
	<u>\$ 1,067,242</u>	<u>\$ 1,054,812</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>2019</u>	<u>2018</u>
Total debt limit	\$ 2,329,646	\$ 2,483,996
Total debt	<u>3,018</u>	<u>6,036</u>
Amount of total debt limit unused	<u>\$ 2,326,628</u>	<u>\$ 2,477,960</u>
Debt servicing limit	\$ 388,274	\$ 413,999
Debt servicing	<u>3,018</u>	<u>3,018</u>
Amount of debt servicing limit unused	<u>\$ 385,256</u>	<u>\$ 410,981</u>

**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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**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.

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**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 the construction of the new Breton Community Center in the amount of \$3,048,742.

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**12. UTILITY FRANCHISE AGREEMENTS**

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

	<u>2019</u>	<u>2018</u>
Fortis Alberta Inc.	\$ 100,064	\$ 94,464
Atco Gas	<u>30,109</u>	<u>27,004</u>
	<u>\$ 130,173</u>	<u>\$ 121,468</u>

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**13. 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.

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**14. 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).

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**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

**15. 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:

	Salary (1)	Benefits (2)	Total	
			2019	2018
<b>Mayor</b>				
Bohning	3,200	7	<b>3,207</b>	2,450
Power	250	-	<b>250</b>	4,100
<b>Councillors</b>				
Pritchard	3,550	20	<b>3,570</b>	3,500
Young	3,500	-	<b>3,500</b>	3,200
Plaquin	3,000	7	<b>3,007</b>	3,050
Simpson	2,300	-	<b>2,300</b>	-
	\$ 15,800	\$ 34	\$ <b>15,834</b>	\$ 16,300
<b>Chief Administrative Officer</b>	\$ 66,715	\$ 5,286	\$ <b>72,001</b>	\$ 77,340

(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.

**16. BUDGET**

The 2019 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on May 8, 2019. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2019 (Budget)	2019 (Actual)
Annual surplus	\$ 49,504	\$ <b>831,770</b>
Add back:		
Amortization expense	-	<b>331,634</b>
Net transfers to (from) reserves	(3,503,054)	<b>(12,430)</b>
Deduct:		
Loss on disposal of tangible capital assets	-	<b>22,940</b>
Purchase of tangible capital assets	3,453,550	<b>(1,295,074)</b>
Adjusted annual surplus (deficit)	\$ -	\$ <b>(121,160)</b>

**VILLAGE OF BRETON**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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**17. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

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