

VILLAGE OF BRETON

Financial Statements

For The Year Ended December 31, 2020

**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.



Terri Wiebe, Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

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, 2020, 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, 2020, 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 10, 2021

VILLAGE OF BRETON
Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,988,333	\$ 737,994
Receivables <i>(Note 3)</i>	594,559	1,426,394
Land held for resale	114,934	114,934
	<u>2,697,826</u>	<u>2,279,322</u>
LIABILITIES		
Accounts payable and accrued liabilities	532,796	271,437
Deposit liabilities	7,993	7,543
Deferred revenue <i>(Note 4)</i>	521,238	433,427
Long-term debt <i>(Note 5)</i>	-	3,018
	<u>1,062,027</u>	<u>715,425</u>
NET FINANCIAL ASSETS	<u>1,635,799</u>	<u>1,563,897</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	7,881,414	5,898,272
Prepaid expenses	-	5,687
	<u>7,881,414</u>	<u>5,903,959</u>
ACCUMULATED SURPLUS <i>(Note 7)</i>	<u>\$ 9,517,213</u>	<u>\$ 7,467,856</u>
Contingencies <i>(Note 10)</i>		

ON BEHALF OF VILLAGE COUNCIL:

Ivan Bohning Mayor

_____ Councillor

VILLAGE OF BRETON
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2020

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 574,757	\$ 602,706	\$ 585,310
Sales and user charges (Schedule 4)	450,850	483,112	473,712
Government transfers for operating (Schedule 3)	439,553	344,828	285,326
Franchise and concession contracts (Note 12)	125,000	129,431	130,173
Penalties and costs on taxes	10,000	24,833	18,475
Return on investments	10,000	16,126	32,633
Rentals	16,500	15,992	18,505
Other	2,500	5,067	6,552
Fines	2,000	2,841	1,591
Licenses and permits	460	880	820
	<u>1,631,620</u>	<u>1,625,816</u>	<u>1,553,097</u>
EXPENSES			
Roads, streets, walks and lighting	350,148	277,603	319,408
Parks and recreation	317,944	245,313	286,597
General and administration	239,409	199,482	257,237
Family and community support	117,319	110,608	120,775
Culture: libraries, museums and halls	141,174	93,704	134,816
Waste management	88,377	80,606	82,414
Water supply and distribution	69,105	80,138	147,687
Police	72,532	71,990	67,697
Council	50,060	26,065	40,572
Community and agricultural services	8,271	9,192	10,074
Bylaws enforcement	10,180	8,888	10,374
Wastewater treatment and disposal	15,300	5,875	5,694
Land use planning, zoning and development	1,710	2,318	1,705
Disaster and emergency services	900	880	759
Cemeteries	-	-	75
Amortization	331,750	270,294	331,634
	<u>1,814,179</u>	<u>1,482,956</u>	<u>1,817,518</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(182,559)</u>	<u>142,860</u>	<u>(264,421)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,000,000	1,467,675	1,051,000
Other capital revenue	-	438,822	68,131
Loss on disposal of tangible capital assets	-	-	(22,940)
	<u>1,000,000</u>	<u>1,906,497</u>	<u>1,096,191</u>
ANNUAL SURPLUS	817,441	2,049,357	831,770
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>7,467,856</u>	<u>7,467,856</u>	<u>6,636,086</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 7)	<u>\$ 8,285,297</u>	<u>\$ 9,517,213</u>	<u>\$ 7,467,856</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, 2020

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS	\$ 817,441	\$ 2,049,357	\$ 831,770
Acquisition of tangible capital assets	(1,000,000)	(2,253,436)	(1,295,074)
Amortization of tangible capital assets	331,750	270,294	331,634
Loss on disposal of tangible capital assets	-	-	22,940
	<u>(668,250)</u>	<u>(1,983,142)</u>	<u>(940,500)</u>
Use of prepaid expenses	-	5,687	7,873
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	149,191	71,902	(100,857)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,563,897</u>	<u>1,563,897</u>	<u>1,664,754</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,713,088</u>	<u>\$ 1,635,799</u>	<u>\$ 1,563,897</u>

VILLAGE OF BRETON
Statement of Cash Flows
For The Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 2,049,357	\$ 831,770
Non-cash items included in annual surplus		
Amortization	270,294	331,634
Loss on disposal of tangible capital assets	-	22,940
Change in non-cash working capital balances related to operations:		
Prepaid expenses	5,687	7,873
Receivables	831,835	(949,587)
Accounts payable and accrued liabilities	261,359	195,608
Deferred revenue	87,811	(8,391)
Land held for resale	-	(8,460)
Deposit liabilities	450	575
	<u>3,506,793</u>	<u>423,962</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(3,018)</u>	<u>(3,018)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(2,253,436)</u>	<u>(1,295,074)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	1,250,339	(874,130)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>737,994</u>	<u>1,612,124</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,988,333</u>	<u>\$ 737,994</u>

VILLAGE OF BRETON
Schedule of Equity in Tangible Capital Assets
For The Year Ended December 31, 2020

Schedule 1

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 5,895,254	\$ 4,951,736
Purchase of Tangible Capital Assets	2,253,436	1,295,074
Amortization of Tangible Capital Assets	(270,294)	(331,634)
Net Book Value of Tangible Capital Assets Disposed of	-	(22,940)
Repayment of Capital Long-term Debt	3,018	3,018
BALANCE, END OF YEAR	\$ 7,881,414	\$ 5,895,254

EQUITY IN TANGIBLE CAPITAL ASSETS IS COMPRISED OF THE FOLLOWING:

Tangible Capital Assets (net book value)	\$ 7,881,414	\$ 5,898,272
Long-term Debt	-	(3,018)
	\$ 7,881,414	\$ 5,895,254

VILLAGE OF BRETON
Schedule of Property Taxes
For The Year Ended December 31, 2020

Schedule 2

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
TAXATION			
Real property taxes	\$ 725,510	\$ 749,446	\$ 732,060
Linear property taxes	18,422	14,606	17,023
Government grants in lieu	12,891	13,507	12,913
	<u>756,823</u>	<u>777,559</u>	<u>761,996</u>
REQUISITIONS			
Alberta School Foundation requisition	169,912	162,645	164,496
Brazeau Seniors requisition	12,054	12,107	12,233
Designated Industrial Requisition	100	101	(43)
	<u>182,066</u>	<u>174,853</u>	<u>176,686</u>
NET MUNICIPAL TAXES	<u>\$ 574,757</u>	<u>\$ 602,706</u>	<u>\$ 585,310</u>

VILLAGE OF BRETON
Schedule of Government Transfers
For The Year Ended December 31, 2020

Schedule 3

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 207,412	\$ 220,860	\$ 207,411
Provincial government	232,141	123,968	77,915
	<u>439,553</u>	<u>344,828</u>	<u>285,326</u>
TRANSFERS FOR CAPITAL			
Local governments	1,000,000	1,400,000	1,000,000
Provincial government	-	67,675	51,000
	<u>1,000,000</u>	<u>1,467,675</u>	<u>1,051,000</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,439,553</u>	<u>\$ 1,812,503</u>	<u>\$ 1,336,326</u>

VILLAGE OF BRETON
Schedule of Segmented Information
For The Year Ended December 31, 2020

Schedule 4

	General Administration	Family and Community Support	Parks and Recreation	Roads Streets, Walks and Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 231,953	\$ 1,354	\$ 20,315	\$ 335,253	\$ -	\$ 13,831	\$ 602,706
Sales and user charges	3,602	7,258	247,395	2,559	221,551	747	483,112
Government transfers	-	100,274	20,185	38,293	-	186,076	344,828
All other	1,942	1,205	-	-	-	176,031	179,178
Rentals	13,492	-	2,500	-	-	-	15,992
	250,989	110,091	290,395	376,105	221,551	376,685	1,625,816
EXPENSES							
Salaries, wages, and benefits	164,658	58,635	55,969	126,375	9,206	131,967	546,810
Materials, goods, and contracted and general services	19,649	50,289	135,434	18,394	93,370	49,555	366,691
Repairs and maintenance	7,752	-	25,349	63,112	44,543	6,496	147,252
Utilities	8,100	-	17,443	63,929	14,664	4,690	108,826
Insurance	9,518	-	10,245	4,378	4,730	2,449	31,320
Telephone	3,630	1,167	3,869	1,414	-	1,683	11,763
	213,307	110,091	248,309	277,602	166,513	196,840	1,212,662
NET REVENUE BEFORE AMORTIZATION	37,682	-	42,086	98,503	55,038	179,845	413,154
Amortization	37,682	-	42,086	120,925	68,869	732	270,294
NET REVENUE	\$ -	\$ -	\$ -	\$ (22,422)	\$ (13,831)	\$ 179,113	\$ 142,860

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

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
REVENUE							
Taxation	\$ 259,959	\$ 2,672	\$ 87,504	\$ 281,559	\$ -	\$ (46,384)	\$ 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	321,797	319,407	233,431	301,265	1,553,097
EXPENSES							
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	146,117	34,987	89,174	78,392	504,431
Repairs and maintenance	10,193	-	50,666	70,597	114,244	6,675	252,375
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	321,797	319,407	235,796	231,687	1,485,884
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	(2,365)	69,578	67,213
Amortization	37,294	-	50,477	174,262	68,869	732	331,634
NET REVENUE	\$ (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 Golf Course Operations
For The Year Ended December 31, 2020

Schedule 5

	2020 (Budget) (Note 16)	2020 (Actual)	2019 (Actual)
REVENUE			
Membership and green fees	\$ 100,000	\$ 137,271	\$ 102,492
Cart rentals	25,000	42,236	25,087
Restaurant	31,000	19,417	35,257
Merchandise	4,500	4,358	3,817
Advertising	1,200	1,735	2,235
Tournament fees	9,000	-	13,638
	<u>170,700</u>	<u>205,017</u>	<u>182,526</u>
EXPENSES			
Contracted services	81,148	76,122	75,706
Salaries, wages, and benefits	77,776	52,869	61,424
All other	33,011	21,313	26,891
Repairs and maintenance	25,150	18,547	33,712
Utilities and telephone	15,260	13,261	13,559
Insurance	7,373	8,965	7,229
Fuel and oil	3,250	2,949	6,366
Advertising	2,200	1,015	467
	<u>245,168</u>	<u>195,041</u>	<u>225,354</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (74,468)</u>	<u>\$ 9,976</u>	<u>\$ (42,828)</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2020

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 readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(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, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2020

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 1,000	\$ 1,000
Deposit accounts with financial institutions	<u>1,987,333</u>	<u>736,994</u>
	<u>\$ 1,988,333</u>	<u>\$ 737,994</u>

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Government transfers, trade and other	\$ 470,705	\$ 1,324,769
Taxes	<u>75,727</u>	<u>106,363</u>
Goods and Services Tax	<u>57,479</u>	<u>47,213</u>
Utilities	<u>17,126</u>	<u>17,015</u>
	<u>621,037</u>	<u>1,495,360</u>
Less: Allowance for doubtful taxes	<u>(26,478)</u>	<u>(68,966)</u>
	<u>\$ 594,559</u>	<u>\$ 1,426,394</u>

4. DEFERRED REVENUE

Deferred revenue consists of conditional government grant funding and donations received which relate to expenses of future periods.

	<u>2019</u>	<u>Receipts</u>	<u>Revenue</u>	<u>2020</u>
Municipal Sustainability Initiative	\$ -	\$ 286,440	\$ -	\$ 286,440
Federal Gas Tax Funds	-	221,300	(74,157)	<u>147,143</u>
Other	-	87,015	(39,360)	<u>47,655</u>
Municipal Stimulus Program	-	40,000	-	<u>40,000</u>
Donations - Community Centre	<u>433,427</u>	-	<u>(433,427)</u>	<u>-</u>
	<u>\$ 433,427</u>	<u>\$ 634,755</u>	<u>\$ (546,944)</u>	<u>\$ 521,238</u>

5. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
John Deere finance loan repayable in annual payments of \$2,953 including interest at 0.59%.	<u>\$ -</u>	<u>\$ 3,018</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2020

6. TANGIBLE CAPITAL ASSETS

	2020 Net Book Value	2019 Net Book Value
Engineered structures		
Roadways	\$ 1,140,388	\$ 1,203,121
Water systems	1,439,934	1,478,992
Wastewater systems	545,876	568,664
	3,126,198	3,250,777
Buildings	4,318,112	2,167,262
Machinery, equipment, and furnishings	333,160	367,187
Land	61,531	61,531
Vehicles	42,413	51,515
	\$ 7,881,414	\$ 5,898,272

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 3,671,339	\$ 41,221	\$ -	-	\$ 3,712,560
Water systems	2,187,093	-	-	-	2,187,093
Wastewater systems	1,361,584	-	-	-	1,361,584
	7,220,016	41,221	-	-	7,261,237
Buildings	3,856,512	2,210,276	-	-	6,066,788
Machinery, equipment, and furnishings	929,866	1,939	(5,330)	-	926,475
Land	61,531	-	-	-	61,531
Vehicles	91,019	-	-	-	91,019
	\$ 12,158,944	\$ 2,253,436	\$ (5,330)	\$ -	\$ 14,407,050

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 2,468,218	\$ 103,954	\$ -	-	\$ 2,572,172
Wastewater systems	792,920	22,788	-	-	815,708
Water systems	708,101	39,058	-	-	747,159
	3,969,239	165,800	-	-	4,135,039
Buildings	1,689,250	59,426	-	-	1,748,676
Machinery, equipment, and furnishings	562,679	35,966	(5,330)	-	593,315
Land	-	-	-	-	-
Vehicles	39,504	9,102	-	-	48,606
	\$ 6,260,672	\$ 270,294	\$ (5,330)	\$ -	\$ 6,525,636

Buildings includes costs in the amount of \$3,383,074 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
For The Year Ended December 31, 2020

7. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 762,852	\$ 505,360
Restricted surplus		
Reserves (Note 8)	872,947	1,067,242
Equity in tangible capital assets (Schedule 1)	<u>7,881,414</u>	<u>5,895,254</u>
	<u>\$ 9,517,213</u>	<u>\$ 7,467,856</u>

8. RESERVES

	<u>2020</u>	<u>2019</u>
Land and subdivision development	\$ 286,338	\$ 286,338
Common services contingency	93,188	93,188
Community Hall	80,000	345,000
Recreation	59,025	49,820
Mill rate stabilization	55,042	55,042
Administration	50,000	-
Water	44,488	44,488
Facilities	43,515	43,515
Roads and Streets	43,424	43,424
Common services equipment	41,053	41,053
Water and wastewater contingency	24,128	24,128
Cemetery	21,245	21,245
Public Works	20,001	20,001
Economic development	10,000	-
Library	1,500	-
	<u>\$ 872,947</u>	<u>\$ 1,067,242</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>2020</u>	<u>2019</u>
Total debt limit	\$ 2,438,724	\$ 2,329,646
Total debt	-	3,018
Amount of total debt limit unused	<u>\$ 2,438,724</u>	<u>\$ 2,326,628</u>
Debt servicing limit	\$ 406,454	\$ 388,274
Debt servicing	-	3,018
Amount of debt servicing limit unused	<u>\$ 406,454</u>	<u>\$ 385,256</u>

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2020

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.

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, 2020 - September 30, 2025. 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 \$3,062,156. At December 31, 2020 costs remaining to be incurred on the contract amount to \$321,126.

12. UTILITY FRANCHISE AGREEMENTS

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

	<u>2020</u>	<u>2019</u>
Fortis Alberta Inc.	\$ 100,585	\$ 100,064
Atco Gas	28,846	30,109
	<u>\$ 129,431</u>	<u>\$ 130,173</u>

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.

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).

VILLAGE OF BRETON
Notes to Financial Statements
For The Year Ended December 31, 2020

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	
			2020	2019
Mayor				
Bohning	3,350	-	3,350	3,207
Power	-	-	-	250
Councillors				
Pritchard	4,500	60	4,560	3,570
Young	3,600	-	3,600	3,500
Simpson	3,250	-	3,250	2,300
Plaquin	2,500	-	2,500	3,007
	\$ 17,200	\$ 60	\$ 17,260	\$ 15,834
Chief Administrative Officer	\$ 80,900	\$ 5,706	\$ 86,606	\$ 72,001

- (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 Canada pension plan, employment insurance 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.
- (3) In 2019 the Chief Administrative Officer position was only filled for ten months of the year.

16. BUDGET

The 2020 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 8, 2020. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2020 (Budget)	2020 (Actual)
Annual surplus	\$ 817,441	\$ 2,049,357
Add back:		
Amortization expense	-	270,294
Net transfers to (from) reserves	(10,705)	254,295
Deduct:		
Purchase of tangible capital assets	(1,000,000)	(2,253,436)
Adjusted annual surplus (deficit)	\$ (193,264)	\$ 320,510

17. UNCERTAINTY DUE TO COVID

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the Village's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the Village's activities, operations and financial condition in the future.

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.

VILLAGE OF BRETON
New Breton Community Centre
Statement of Revenue and Capital Costs
For the Years Ended December 31

Schedule 6

	2016	2017	2018	2019	2020	Total
REVENUE						
Grants						
Brazeau County	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,400,000	\$ 2,400,000
Federal Gas Tax Fund grant	-	-	-	-	26,454	26,454
Community donations*	37,326	39,151	28,190	68,131	438,822	611,620
Village reserve	-	-	-	-	345,000	345,000
	<u>37,326</u>	<u>39,151</u>	<u>28,190</u>	<u>1,068,131</u>	<u>2,210,276</u>	<u>3,383,074</u>
CAPITAL COSTS						
Project costs	37,326	39,151	28,190	1,068,131	2,210,276	3,383,074
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS						

*Community donations are reported in the year the funds are spent / used - not necessarily in the year they are received.