

VILLAGE OF MYRNAM
Financial Statements
Year Ended December 31, 2014
(audited)

VILLAGE OF MYRNAM
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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Myrnam

We have audited the accompanying consolidated financial statements of Village of Myrnam, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, change in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

(continues)

Independent Auditor's Report to the Members of Village of Myrnam *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Village of Myrnam as at December 31, 2014 and the results of its operations, change in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

The accompanying consolidated financial statements have been prepared on the going concern assumption that the Village will be able to realize its assets and discharge its liabilities in the normal course of business. Uncertainty exists that may cast significant doubt on the ability to continue as a going concern. We draw attention to Note 2 to the consolidated financial statements.

Vegreville, Alberta
April 23, 2015

Synergy
Chartered Accountants

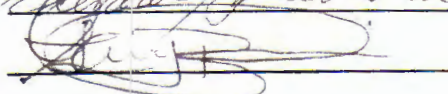
VILLAGE OF MYRNAM
 Consolidated Statement of Financial Position
 Year Ended December 31, 2014

| | 2014 | 2013 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | \$ 99,744 | \$ 535,997 |
| Taxes and grants in place of taxes receivable (Note 4) | 36,682 | 34,206 |
| Receivables from other governments | 32,614 | 10,321 |
| Trade and other receivables | 97,233 | 16,606 |
| Land for resale inventory | 23 | 23 |
| | <u>266,296</u> | <u>597,153</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 302,133 | 227,694 |
| Funds held in trust | 9,169 | 9,169 |
| Deferred revenue (Note 5) | 182,810 | 596,068 |
| Obligations under capital lease (Note 6) | 87,075 | 112,848 |
| | <u>581,187</u> | <u>945,779</u> |
| NET FINANCIAL DEBT | <u>(314,891)</u> | <u>(348,626)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 7) | 1,912,597 | 1,717,687 |
| ACCUMULATED SURPLUS (Note 8) | <u>\$ 1,597,706</u> | <u>\$ 1,369,061</u> |

Commitments (Note 11)

ON BEHALF OF THE VILLAGE OF MYRNAM

 Mayor

 Chief Administrative Officer

VILLAGE OF MYRNAM

Consolidated Statement of Change in Net Financial Debt

Year Ended December 31, 2014

| | Budget <i>(unaudited)</i> | 2014 | 2013 |
|--|------------------------------|--------------|--------------|
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 77,914 | \$ 228,645 | \$ (151,205) |
| Amortization of tangible capital assets | - | 122,388 | 104,064 |
| Proceeds on disposal of tangible capital assets | - | - | 28,000 |
| Loss on sale of tangible capital assets | - | - | 4,280 |
| Acquisition of tangible capital assets | - | (317,298) | (192,594) |
| Net financial debt, beginning of year | 77,914 | 33,735 | (207,455) |
| | - | (348,626) | (141,171) |
| NET FINANCIAL DEBT, END OF YEAR | \$ 77,914 | \$ (314,891) | \$ (348,626) |

VILLAGE OF MYRNAM
Consolidated Statement of Operations
Year Ended December 31, 2014

| | Budget (unaudited) | 2014 | 2013 |
|--|-----------------------|------------|--------------|
| REVENUES | | | |
| Sales of goods and services | \$ 235,756 | \$ 229,279 | \$ 222,150 |
| Net municipal taxes <i>(Schedule 1)</i> | 219,159 | 225,136 | 198,582 |
| Government transfers for operating <i>(Schedule 2)</i> | 176,616 | 169,251 | 84,692 |
| Investment income | 1,155 | 1,027 | 70 |
| Penalties and costs of taxes | 10,000 | 6,637 | 9,719 |
| | 642,686 | 631,330 | 515,213 |
| EXPENSES | | | |
| Legislative | 17,300 | 16,284 | 18,636 |
| Administration | 139,951 | 142,728 | 144,784 |
| Protective services | 36,990 | 33,382 | 36,841 |
| Roads, streets, walks, lighting | 130,075 | 194,477 | 219,105 |
| Water supply and distribution | 158,146 | 250,533 | 230,687 |
| Wastewater treatment and disposal | 5,910 | 17,145 | 14,251 |
| Waste management | 39,050 | 39,335 | 37,567 |
| Family and community support | 6,300 | 4,501 | 2,555 |
| Parks and recreation | 31,050 | 21,598 | 16,282 |
| | 564,772 | 719,983 | 720,708 |
| EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL | 77,914 | (88,653) | (205,495) |
| Government transfers for capital <i>(Schedule 3)</i> | - | 317,298 | 54,290 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 77,914 | \$ 228,645 | \$ (151,205) |

VILLAGE OF MYRNAM
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

| | 2014 | 2013 |
|---|--------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 228,645 | \$ (151,205) |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 122,388 | 104,064 |
| Loss on sale of tangible capital assets | - | 4,281 |
| | 351,033 | (42,860) |
| Changes in non-cash working capital: | | |
| Taxes and grants in place of taxes receivable | (2,476) | (7,575) |
| Trade and other receivables | (80,627) | 11,216 |
| Receivables from other governments | (22,293) | 8,026 |
| Accounts payable and accrued liabilities | 74,440 | 133,673 |
| Deferred revenue | (413,258) | 417,820 |
| | (444,214) | 563,160 |
| Cash flow from (used by) operating activities | (93,181) | 520,300 |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (317,298) | (192,594) |
| Proceeds on disposal of tangible capital assets | - | 28,000 |
| Cash flow used by capital activities | (317,298) | (164,594) |
| FINANCING ACTIVITIES | | |
| Repayment of long term debt | - | (22,648) |
| Repayment of obligations under capital lease | (25,774) | (23,143) |
| Additions to capital lease | - | 135,992 |
| Cash flow from (used by) financing activities | (25,774) | 90,201 |
| INVESTING ACTIVITY | | |
| Increase in restricted cash or cash equivalents | 413,258 | (417,820) |
| INCREASE (DECREASE) IN CASH FLOW | (22,995) | 28,087 |
| Deficiency - beginning of year | (69,240) | (97,327) |
| DEFICIENCY - END OF YEAR | \$ (92,235) | \$ (69,240) |
| CASH FLOWS SUPPLEMENTARY INFORMATION | | |
| Interest received | \$ 1,027 | \$ 70 |
| Interest paid | \$ 4,500 | \$ 5,449 |
| DEFICIENCY CONSISTS OF: | | |
| Cash and temporary investments | \$ 99,744 | \$ 535,997 |
| Deferred revenue | (182,810) | (596,068) |
| Funds held in trust | (9,169) | (9,169) |
| | \$ (92,235) | \$ (69,240) |

VILLAGE OF MYRNAM

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2014

| | Budget (unaudited) | 2014 | 2013 |
|---------------------------|-----------------------|------------|------------|
| TAXATION | | | |
| Residential | \$ 235,810 | \$ 240,831 | \$ 213,213 |
| Non-residential | 17,100 | 17,100 | 21,153 |
| Machinery and equipment | 645 | 645 | 551 |
| Linear property | 10,407 | 10,407 | 9,104 |
| Farmland | 758 | 758 | 679 |
| | 264,720 | 269,741 | 244,700 |
| REQUISITIONS | | | |
| Alberta School Foundation | 37,987 | 37,987 | 39,694 |
| Eagle Hill Foundation | 7,574 | 6,618 | 6,424 |
| | 45,561 | 44,605 | 46,118 |
| | \$ 219,159 | \$ 225,136 | \$ 198,582 |

VILLAGE OF MYRNAM

**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2014**

(Schedule 2)

| | Budget (unaudited) | 2014 | 2013 |
|--------------------------------|-----------------------|------------|-----------|
| TRANSFERS FOR OPERATING | | | |
| Federal grants-operating | \$ 2,700 | \$ 1,600 | \$ 2,700 |
| Provincial grants-operating | 173,916 | 167,651 | 81,992 |
| | \$ 176,616 | \$ 169,251 | \$ 84,692 |

Consolidated Schedule of Government Transfers for Capital

(Schedule 3)

| | Budget (unaudited) | 2014 | 2013 |
|------------------------------|-----------------------|------------|-----------|
| TRANSFERS FOR CAPITAL | | | |
| Provincial grants-capital | \$ - | \$ 317,298 | \$ 54,290 |

Consolidated Schedule of Consolidated Expenses by Object

(Schedule 4)

| | Budget (unaudited) | 2014 | 2013 |
|--|-----------------------|------------|------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | \$ 139,491 | \$ 137,532 | \$ 193,928 |
| Contracted and general services | 114,335 | 115,186 | 117,946 |
| Materials, goods, supplies and utilities | 310,001 | 338,201 | 295,138 |
| Bank charges and short term interest | 120 | 2,907 | 1,681 |
| Interest on long term debt | - | 4,500 | 5,449 |
| Provision/(recovery) of allowances | 825 | (731) | (1,778) |
| Loss on sale of tangible capital assets | - | - | 4,280 |
| Amortization of tangible capital assets | - | 122,388 | 104,064 |
| | \$ 564,772 | \$ 719,983 | \$ 720,708 |

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Myrnam are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the municipal Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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 expenditure 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.

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

(continues)

VILLAGE OF MYRNAM

Notes to Financial Statements

Year Ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-financial assets

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

a) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | YEARS |
|-------------------------|-------|
| Buildings - permanent | 50 |
| Engineered structures | |
| Roads | 30 |
| Water system | 40-75 |
| Wastewater system | 40-75 |
| Machinery and equipment | 10 |
| Vehicles | 10 |

Assets under construction are not amortized until the asset is available for productive use.

b) **Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

c) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Budget figures

Budget figures are included for information purposes only and are not audited.

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

2. GOING CONCERN

The accompanying financial statements have been prepared on the going concern assumption that the municipality will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continued operating losses, a material uncertainty exists that may cause significant doubt on the ability to continue as a going concern. The Village's ability to continue as a going concern is dependent upon its ability to sustain operations, and increase amounts charged to ratepayers to a level sufficient to meet current and future obligations. The Village is in the process of increasing mill rates and utility rates in 2015. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Village were unable to continue its operations. Additional uncertainties exist that may cast doubt on this ability as disclosed in Note 11 to the financial statements.

3. CASH AND TEMPORARY INVESTMENTS

| | 2014 | 2013 |
|------|-----------|------------|
| Cash | \$ 99,744 | \$ 535,997 |

Included in cash is a restricted amount of \$191,979 (2013 - \$605,237) comprised of \$9,169 (2013 - \$9,169) of funds held in trust and \$182,810 (2013 - \$596,068) of deferred revenue received from various sources and held exclusively for approved projects (Note 5).

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

| | 2014 | 2013 |
|---------|-----------|-----------|
| Current | \$ 34,685 | \$ 22,429 |
| Arrears | 1,997 | 11,777 |
| | \$ 36,682 | \$ 34,206 |

5. DEFERRED REVENUE

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for in the purpose specified.

| | 2014 | 2013 |
|---|------------|------------|
| Basic Municipal Transportation Grant | \$ 10,361 | \$ 85,719 |
| Federal Gas Tax Fund | - | 66,174 |
| Heritage Canada | 964 | 558 |
| Municipal Sustainability Initiative (MSI) - capital | 26,176 | 193,616 |
| Myrnam Agricultural Society lease | 1 | 1 |
| Regional Collaboration Program | 131,056 | 250,000 |
| County of Two Hills - gravel prepayment | 14,252 | - |
| | \$ 182,810 | \$ 596,068 |

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

6. OBLIGATIONS UNDER CAPITAL LEASE

| | 2014 | 2013 |
|---|------------------|------------------|
| Finning lease bearing interest at 4.45% per annum, repayable in monthly blended payments of \$2,523. The lease matures on February 27, 2018 and is secured by Finning Backhoe 420F. | \$ 87,075 | \$ 112,848 |
| Amounts payable within one year | <u>(26,944)</u> | <u>(23,143)</u> |
| | \$ 60,131 | \$ 89,705 |

Future minimum capital lease payments are approximately:

| | |
|---|-------------------------|
| 2015 | \$ 30,274 |
| 2016 | 30,274 |
| 2017 | 30,274 |
| 2018 | <u>2,524</u> |
| Total minimum lease payments | 93,346 |
| Less: amount representing interest at 4.45% | <u>(6,271)</u> |
| Present value of minimum lease payments | 87,075 |
| Less: current portion | <u>(26,944)</u> |
| | <u>\$ 60,131</u> |

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

7. TANGIBLE CAPITAL ASSETS

| | 2013 | | | 2014 |
|--|--------------|--------------|--------------|--------------|
| | Opening | Additions / | Transfers / | Closing |
| | Balance | Amortization | Disposals | Balance |
| <u>COST</u> | | | | |
| Land | \$ 89,058 | \$ - | \$ - | \$ 89,058 |
| Buildings | 556,848 | 121,780 | - | 678,628 |
| Machinery and equipment | 119,002 | 83,747 | - | 202,749 |
| Vehicles | 255,004 | 72,409 | - | 327,413 |
| Engineered structures | | | | |
| Roads | 585,742 | - | - | 585,742 |
| Water system | 1,272,178 | 75,320 | - | 1,347,498 |
| Wastewater system | 462,706 | - | - | 462,706 |
| Assets under construction | 284,673 | 161,141 | (197,100) | 248,714 |
| | 3,625,211 | 514,397 | (197,100) | 3,942,508 |
| <u>ACCUMULATED AMORTIZATION</u> | | | | |
| Buildings | 130,944 | 13,573 | - | 144,517 |
| Machinery and equipment | 66,480 | 19,798 | - | 86,278 |
| Vehicles | 74,604 | 32,741 | - | 107,345 |
| Engineered structures | | | | |
| Roads | 452,789 | 19,525 | - | 472,314 |
| Water system | 776,037 | 26,225 | - | 802,262 |
| Wastewater system | 406,670 | 10,525 | - | 417,195 |
| | 1,907,524 | 122,387 | - | 2,029,911 |
| | \$ 1,717,687 | \$ 392,010 | \$ (197,100) | \$ 1,912,597 |

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

8. ACCUMULATED SURPLUS

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Unrestricted surplus | | |
| Unrestricted surplus, beginning of year | \$ (235,778) | \$ (118,523) |
| Excess of revenue over expenses | 228,645 | (151,205) |
| Current funds used for tangible capital assets | (317,298) | (192,594) |
| Proceeds on sale of tangible capital assets | - | 28,000 |
| Loss on disposal of tangible capital assets | - | 4,280 |
| Amortization of tangible capital assets | 122,388 | 104,064 |
| Capital lease repayment | (25,773) | (45,792) |
| Long term debt financing | - | 135,992 |
| Unrestricted surplus, end of year | (227,816) | (235,778) |
| Equity in tangible capital assets | | |
| Equity in tangible capital assets, beginning of year | 1,604,839 | 1,638,789 |
| Current funds used for tangible capital assets | 317,298 | 192,594 |
| Proceeds on disposal of tangible capital assets | - | (28,000) |
| Loss on sale of tangible capital assets | - | (4,280) |
| Amortization of tangible capital assets | (122,388) | (104,064) |
| Capital lease repayment | 25,773 | 45,792 |
| Capital lease financing | - | (135,992) |
| Equity in tangible capital assets, end of year | 1,825,522 | 1,604,839 |
| | \$ 1,597,706 | \$ 1,369,061 |

Equity in tangible capital assets consists of the following:

| | | |
|--|---------------------|---------------------|
| Tangible capital assets (Note 7) | \$ 1,912,597 | \$ 1,717,687 |
| Obligations under capital lease (Note 6) | (87,075) | (112,848) |
| | \$ 1,825,522 | \$ 1,604,839 |

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

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 of Myrnam be disclosed as follows:

| | 2014 | 2013 |
|---------------------------------------|--------------|------------|
| Total debt limit | \$ 1,422,942 | \$ 854,255 |
| Total debt | (87,074) | (112,848) |
| Amount of debt limit unused | \$ 1,335,868 | \$ 741,407 |
| Debt servicing limit | \$ 237,157 | \$ 142,376 |
| Debt servicing | (26,944) | (27,751) |
| Amount of debt servicing limit unused | \$ 210,213 | \$ 114,625 |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

| | Salary | Benefits & Allowances | 2014 | 2013 |
|---------------|----------|-----------------------|----------|----------|
| Mayor | \$ 5,450 | \$ 457 | \$ 5,907 | \$ 5,364 |
| Councillors | - | - | - | 6,037 |
| | 5,150 | 348 | 5,498 | 836 |
| | 4,300 | 414 | 4,714 | 5,071 |
| Administrator | 51,653 | 8,138 | 59,791 | 51,815 |

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2014

11. COMMITMENTS

The municipality is a member of the Alberta Central East (ACE) Regional Water System. Phase One through Three have been completed. The Village has accrued \$263,703, as their prorated ownership share of the costs incurred to December 31, 2014. To date, the Village has not made any payments. At the December Board meeting, the council agreed to take out a debenture to pay off this accrued balance.

12. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.