

VILLAGE OF MYRNAM
Amended Restated Consolidated Financial Statements
Year Ended December 31, 2017

VILLAGE OF MYRNAM
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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Village of Myrnam

We have audited the accompanying amended restated consolidated financial statements of Village of Myrnam, which comprise the amended restated consolidated statement of financial position as at December 31, 2017 and the amended restated consolidated statements of operations and accumulated surplus, changes in net financial assets (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 Amended Restated Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these amended restated 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 amended restated 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 amended restated 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 amended restated consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the amended restated consolidated financial statements present fairly, in all material respects, the financial position of Village of Myrnam as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Restatement of consolidated financial statements

(continues)

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

Without modifying our opinion, we draw attention to Note 14 to the amended and restated consolidated financial statements, which explains that the amended and restated consolidated financial statements for the year ended December 31, 2017 have been restated from those which were originally reported on April 30, 2018.

The amended restated consolidated financial statements for the year ended December 31, 2016 were audited by another accounting firm and are presented for comparative purposes only.

Neube & Landry LLP

**Two Hills, AB
November 30, 2018**

Chartered Professional Accountants

VILLAGE OF MYRNAM
Amended Restated Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash (Note 3)	\$ 678,844	\$ 22,210
Accounts receivable	426,651	176,567
Receivables from other governments	25,495	64,544
Taxes and grants in place of taxes receivable (Note 4)	93,477	65,396
Land for resale inventory	23	23
	<u>1,224,490</u>	<u>328,740</u>
LIABILITIES		
Accounts payable and accrued liabilities	261,860	30,814
Short term debt (Note 5)	700,000	-
Funds held in trust	9,169	9,169
Deferred income (Note 6)	242,124	214,974
Long term debt (Note 7)	249,381	255,036
Obligations under capital lease (Note 8)	2,514	31,962
	<u>1,465,048</u>	<u>541,955</u>
NET FINANCIAL DEBT	<u>(240,558)</u>	<u>(213,215)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>2,450,644</u>	<u>2,353,997</u>
ACCUMULATED SURPLUS	<u>\$ 2,210,085</u>	<u>\$ 2,140,782</u>

ON BEHALF OF COUNCIL

_____ Mayor

_____ Chief Administrative Officer

VILLAGE OF MYRNAM**Amended Restated Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2017**

	Budget	2017	2016
REVENUES			
Sales of goods and services	\$ 360,500	\$ 317,436	\$ 331,047
Government transfers for operating	317,645	291,013	285,884
Net municipal taxes	244,324	246,471	233,372
Other	38,175	40,116	18,200
Penalties and costs of taxes	8,175	9,176	8,249
Investment income	1,350	2,377	1,305
	970,169	906,589	878,057
EXPENSES			
Roads, street, walks, lighting	229,963	306,562	337,717
Water supply and distribution	142,252	287,466	144,995
Administration	229,418	220,994	210,651
Land use planning, zoning and development	172,945	170,939	165,454
Protective services	42,325	46,828	38,614
Waste management	34,600	30,140	35,715
Waste water treatment and disposal	4,670	18,472	16,652
Recreation and culture	12,350	18,376	11,970
Legislative	18,472	17,265	19,968
Family and community support	2,200	8,078	2,792
	889,195	1,125,120	984,528
SURPLUS (DEFICIT) FROM OPERATIONS	80,974	(218,531)	(106,471)
Government transfers for capital	518,149	287,834	480,052
ANNUAL SURPLUS	599,123	69,303	373,581
ACCUMULATED SURPLUS - BEGINNING OF YEAR	2,402,728	2,140,782	1,767,201
ACCUMULATED SURPLUS - END OF YEAR	\$ 3,001,851	\$ 2,210,085	\$ 2,140,782

VILLAGE OF MYRNAM**Amended Restated Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2017**

	Budget 2017	2017	2016
SURPLUS FOR THE YEAR	<u>\$ 581,365</u>	<u>\$ 69,303</u>	<u>\$ 373,581</u>
Amortization of tangible capital assets	111,400	132,541	124,388
Purchase of tangible capital assets	(450,000)	(360,615)	(480,206)
Proceeds on disposal of tangible assets	100,000	162,544	24,700
(Gain) loss on sale of tangible assets	(30,000)	(31,116)	(18,200)
	<u>(268,600)</u>	<u>(96,646)</u>	<u>(349,318)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	312,765	(27,343)	24,263
NET FINANCIAL DEBT - BEGINNING OF YEAR	<u>(213,215)</u>	<u>(213,215)</u>	<u>(237,478)</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	<u>\$ 99,550</u>	<u>\$ (240,558)</u>	<u>\$ (213,215)</u>

VILLAGE OF MYRNAM
Amended Restated Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Surplus	\$ 69,303	\$ 373,581
Items not affecting cash:		
Amortization of tangible assets	132,541	124,388
Gain on disposal of assets	(31,116)	(18,200)
	<u>170,728</u>	<u>479,769</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(28,080)	(16,962)
Trade and other receivable	49,479	(61,025)
Receivable from other governments	(260,513)	(42,323)
Accounts payable and accrued liabilities	231,045	(23,902)
Deferred income	27,150	(250,600)
	<u>19,081</u>	<u>(394,812)</u>
Cash flow from operating activities	<u>189,809</u>	<u>84,957</u>
CAPITAL		
Purchase of property, plant and equipment	(360,615)	(480,206)
Proceeds on disposal of capital assets	162,544	24,700
Cash flow used by capital	<u>(198,071)</u>	<u>(455,506)</u>
FINANCING ACTIVITIES		
Cash provided by (applied to capital transactions)	211,662	250,600
Short term debt	700,000	-
Repayment of long term debt	(5,655)	(5,482)
Repayment of obligations under capital lease	(29,448)	(28,168)
Cash flow from financing activities	<u>876,559</u>	<u>216,950</u>
INCREASE (DECREASE) IN CASH FLOW	<u>868,297</u>	<u>(153,599)</u>
Deficiency - beginning of year	<u>(201,933)</u>	<u>(48,334)</u>
CASH (DEFICIENCY) - END OF YEAR	<u>666,364</u>	<u>(201,933)</u>
CASH CONSISTS OF:		
Cash	\$ 678,844	\$ 22,210
Less: restricted cash or cash equivalents	(12,481)	(224,143)
	<u>\$ 666,363</u>	<u>\$ (201,933)</u>

VILLAGE OF MYRNAM**Amended Restated Consolidated Changes in Accumulated Surplus****Year Ended December 31, 2017**

	Unrestricted Surplus	Equity in Tangible Capital Assets	Total 2017	Total 2016
BALANCE, BEGINNING OF THE YEAR	\$ (181,253)	\$ 2,322,035	\$ 2,140,782	\$ 1,767,201
Excess of revenues over expenses	69,303	-	69,303	373,581
Current year funds used for tangible capital assets	(360,615)	360,615	-	-
Proceeds on sale of tangible capital assets	131,428	(131,428)	-	-
Capital lease repayment	(29,448)	29,448	-	-
Amortization of tangible capital assets	132,541	(132,541)	-	-
Long term debt repaid	(5,655)	5,655	-	-
BALANCE, END OF YEAR	<u>\$ (243,699)</u>	<u>\$ 2,453,784</u>	<u>\$ 2,210,085</u>	<u>\$ 2,140,782</u>

VILLAGE OF MYRNAM
Schedule of Tangible Capital Assets
Year Ended December 31, 2017

(Schedule 1)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets under construction	2017	2016
COST								
BALANCE BEGINNING OF YEAR	\$ 89,598	\$ 705,336	\$ 2,647,162	\$ 203,321	\$ 362,693	\$ 569,237	\$ 4,577,347	\$ 4,156,938
Acquisition of tangible capital assets	24,000	-	392,858	-	-	(56,243)	360,615	480,206
Disposal of tangible capital assets	-	(146,032)	-	-	-	-	(146,032)	(59,800)
BALANCE, END OF YEAR	\$ 113,598	\$ 559,304	\$ 3,040,020	\$ 203,321	\$ 362,693	\$ 512,994	\$ 4,791,930	\$ 4,577,344
ACCUMULATED AMORTIZATION								
BALANCE BEGINNING OF YEAR	\$ -	\$ 172,834	\$ 1,808,699	\$ 100,359	\$ 141,456	\$ -	\$ 2,223,348	\$ 2,152,259
Annual amortization	-	11,290	71,351	15,630	34,270	-	132,541	124,388
Amortization on disposal	-	(14,603)	-	-	-	-	(14,603)	(53,300)
ACCUMULATED AMORTIZATION	-	169,521	1,880,050	115,989	175,726	-	2,341,286	2,223,347
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 113,598	\$ 389,783	\$ 1,159,970	\$ 87,332	\$ 186,967	\$ 512,994	\$ 2,450,644	\$ 2,353,997
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 89,598	\$ 532,502	\$ 838,459	\$ 102,962	\$ 221,238	\$ 569,238	\$ 2,353,997	\$ -

VILLAGE OF MYRNAM
Schedule of Property and Other Taxes
Year Ended December 31, 2017

(Schedule 2)

	Budget 2017	Total 2017	Total 2016
TAXATION			
Residential	\$ 269,169	\$ 271,276	\$ 260,065
Non-residential	20,884	20,860	15,818
Linear property taxes	9,245	9,245	9,427
Farmland	649	649	666
Machinery and equipment	553	553	568
	300,500	302,583	286,544
REQUISITIONS			
Alberta School Foundation	45,105	46,105	43,774
Eagle Hill Foundation	10,007	10,007	9,398
	55,112	56,112	53,172
NET MUNICIPAL TAXES	\$ 245,388	\$ 246,471	\$ 233,372

VILLAGE OF MYRNAM
Schedule of Government Transfers
Year Ended December 31, 2017

(Schedule 3)

	Budget 2017	Total 2017	Total 2016
TRANSFERS FOR OPERATING			
Federal grants	\$ 1,600	\$ 1,600	\$ -
Provincial grants	213,553	214,413	210,884
Local grants	75,000	75,000	75,000
	<u>290,153</u>	<u>291,013</u>	<u>285,884</u>
TRANSFERS FOR CAPITAL			
Federal grants	50,000	53,209	-
Provincial grants	210,000	234,625	480,052
	<u>260,000</u>	<u>287,834</u>	<u>480,052</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 550,153</u>	<u>\$ 578,847</u>	<u>\$ 765,936</u>

VILLAGE OF MYRNAM**Schedule of Consolidated Expenses by Object****(Schedule 4)****Year Ended December 31, 2017**

	Budget 2017	Total 2017	Total 2016
EXPENSES BY OBJECT			
Materials, goods, supplies and utilities	\$ 267,760	\$ 385,336	\$ 254,782
Salaries, wages and benefits	288,709	303,451	301,247
Contracted and general services	339,777	290,946	290,937
Amortization of tangible capital assets	111,400	132,541	124,388
Interest on long term debt	8,759	8,757	10,613
Bank charges and short term interest	1,960	3,877	2,111
Provisions for allowances	250	212	450
TOTAL	\$ 1,018,615	\$ 1,125,120	\$ 984,528

VILLAGE OF MYRNAM
Schedule of Segmented Disclosure
Year Ended December 31, 2017

(Schedule 5)

	General Government	Protective Services	Transportation Services	Environmental Services	Planning Development	Family Community Support Services	Recreation Culture	2017 Total
REVENUE								
Net municipal taxes	\$ 246,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,471
User fees & sales of goods	12,628	24,680	9,467	161,066	155	2,027	1,463	211,486
Government transfers	97,508	-	53,209	131,137	177,705	3,200	222,037	684,796
Investment income	2,377	-	-	-	-	-	-	2,377
Contributed assets	9,000	-	-	-	-	-	-	9,000
Other revenues	40,292	-	-	-	-	-	-	40,292
	<u>408,276</u>	<u>24,680</u>	<u>62,676</u>	<u>292,203</u>	<u>177,860</u>	<u>5,227</u>	<u>223,500</u>	<u>1,194,422</u>
EXPENSES								
Salaries & wages	131,639	-	121,594	48,000	-	-	2,218	303,451
Contract & general services	41,041	36,246	4,639	37,621	171,368	-	32	290,947
Good & supplies	50,199	10,582	113,874	186,474	-	8,078	16,127	385,334
Provision for allowances	212	-	-	-	-	-	-	212
Interest and bank charges	3,877	-	8,757	-	-	-	-	12,634
	<u>226,968</u>	<u>46,828</u>	<u>248,864</u>	<u>272,095</u>	<u>171,368</u>	<u>8,078</u>	<u>18,377</u>	<u>992,578</u>
NET REVENUE, BEFORE AMORTIZATION	181,308	(22,148)	(186,188)	20,108	6,492	(2,851)	205,123	201,844
Amortization expense	11,290	-	57,268	63,983	-	-	-	132,541
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 170,018</u>	<u>\$ (22,148)</u>	<u>\$ (243,456)</u>	<u>\$ (43,875)</u>	<u>\$ 6,492</u>	<u>\$ (2,851)</u>	<u>\$ 205,123</u>	<u>\$ 69,303</u>

VILLAGE OF MYRNAM

Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, and changes in fund balances and in financial position of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the municipality and are, accountable to the town 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 financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay. 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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may be only used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period that the related expenses are incurred, services performed or the tangible capital assets are acquired.

Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Requisition overlevy and under-levy

Over-levies and under-levies arise from the difference between the actual 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-levy or underlevies of the prior year.

Inventory

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

(continues)

VILLAGE OF MYRNAM

Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Government transfers

Government transfers are the transfers of assets from senior levels of government that are not the result of exchange transactions, 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 the 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 indented for sale in the normal course of operations. The change in non-financial assets during the year, together with excess of revenues over expenses, provided the consolidated Change in Net Financial Assets (Debt) for the year.

Capital assets

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

Buildings	50 years	straight-line method
Portable Buildings	25 years	straight-line method
Vehicles	10 years	straight-line method
Machinery and equipment	10 years	straight-line method
Roads	30 years	straight-line method
Water system	40 - 75 years	straight-line method
Wastewater system	40 - 75 years	straight-line method

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

1. **Contribution of Tangible Capital Assets** - Tangible capital assets received as contributions are recorded at the date of receipt and also are recorded as revenue.
 2. **Leases** - Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risk incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and related lease payments are charged to expenses as incurred.
 3. **Inventories** - Inventories held for consumption are recorded at lower of cost and replacement cost.
 4. **Cultural and Historical Tangible Capital Assets** - Works of art for display are not recorded as tangible capital assets but are disclosed.
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VILLAGE OF MYRNAM

Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2017

2. GOING CONCERN

The 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. Over the last couple of years the Village has continued to have operating losses which causes 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 its operations and generate other revenue streams to sustain its operations.

The recurring operating losses are due to significant amount of waterline expenses that are paid to Alberta Central East Regional Water System.

During the year of 2018 the Village has received grants and other income totalling \$675,000 which is being used to build the new Construction Trades Education Centre. The completion of this project will turn the deficit into a surplus at the end of 2018. In the years to come, the Village is determined to explore different ways of generating revenue without putting a burden on its tax payers to ensure that their annual revenues are sufficient to cover their expenditures.

The Village also continues to receive an operational grant of \$75,000 from the County of Two Hills.

3. CASH

Included in cash is a restricted amount of \$12,481 (2016 - \$224,143) comprises of \$9,169 (2016 - \$9,169) of funds held in trust and \$3,312 (2016 - \$214,974) of deferred revenue received from various sources and held exclusively for approved projects.

	2017	2016
Cash	<u>\$ 678,844</u>	<u>\$ 22,210</u>

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2017	2016
Current	\$ 39,836	\$ 35,801
Arrears	<u>53,641</u>	<u>29,595</u>
	<u>\$ 93,477</u>	<u>\$ 65,396</u>

5. SHORT TERM DEBT

During the year, the County of Two Hills advanced \$700,000 to the Village of Myrnam as a short term loan interest free to be used in the construction of CTEC. The loan is to be repaid in 2018 when the Village has received the money intended for the construction of CTEC.

VILLAGE OF MYRNAM**Notes to Amended Restated Consolidated Financial Statements****Year Ended December 31, 2017****6. DEFERRED REVENUE**

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

	2017	2016
Government of Alberta	\$ 238,812	\$ -
Federal Gas Tax Funds	1,848	-
County of Two Hills - Library grant support	1,463	1,463
Myrnam Agricultural Society Lease	1	1
Regional Collaboration Program (ACP - Rapid)	-	169,705
Municipal Sustainability Initiative	-	38,245
Basic Municipal Transportation Grant	-	5,560
	<u>\$ 242,124</u>	<u>\$ 214,974</u>

Funding from various grant programs, organizations and individuals, remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated by the donors.

7. LONG TERM DEBT

	2017	2016
Alberta Capital Finance Authority loan bearing interest at 3.127% per annum, repayable in semi-annual blended payments of \$6,793. The loan matured on June 15, 2045.	<u>\$ 249,381</u>	<u>\$ 255,036</u>
Amounts payable within one year	-	-
	<u>\$ 249,381</u>	<u>\$ 255,036</u>

Principal repayment terms are approximately:

2018	\$ 5,833
2019	6,017
2020	6,207
2021	6,402
2022	6,652
Thereafter	<u>218,270</u>
	<u>\$ 249,381</u>

8. OBLIGATION UNDER CAPITAL LEASE

Finning lease bearing interest at 4.45% per annum, repayable in monthly blended payments of \$2,523. The lease matured on February 27, 2018 and has been fully paid.

	2017	2016
Obligations under capital lease	<u>\$ 2,514</u>	<u>\$ 31,962</u>

VILLAGE OF MYRNAM**Notes to Amended Restated Consolidated Financial Statements****Year Ended December 31, 2017**

9. DEBTS 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:

	<u>2017</u>	<u>2016</u>
Total debt Limit	\$ 1,791,633	\$ 2,037,164
Total debt	<u>(951,895)</u>	<u>(286,998)</u>
	<u>\$ 839,738</u>	<u>\$ 1,750,166</u>
Debt servicing limit	\$ 298,605	\$ 339,527
Debt servicing	<u>(716,100)</u>	<u>(43,860)</u>
Amount of debt servicing limit unused	<u>\$ (417,495)</u>	<u>\$ 295,667</u>

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.

At the end of the year, the debt servicing limit was surpassed by \$417,495. This is due to the short-term loan that was advanced to the Village by the County of Two Hills. At year-end, the \$700,000 that was advanced had not been used. Per management there is a possibility that the County will accept a partial payment of \$350,00 to be made before the end of the year, and the other half to be paid when the village gets a long-term loan to cover the other \$350,000.

VILLAGE OF MYRNAM

Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2017

10. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits & Allowance	2017	2016
Mayor: Sosnowski	\$ 5,537	\$ 783	\$ 6,320	\$ 9,143
Councillor: Rudolf	5,350	564	5,914	5,937
Councillor: Yaremchuk	4,350	476	4,826	4,838
Administrator: Dupuis	66,272	9,079	75,351	79,659
Total	\$ 81,509	\$ 10,902	\$ 92,411	\$ 99,577

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

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.

If an automobile is provided, no amount is included in the benefits and allowances figure

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.

11. SEGMENTED DISCLOSURE

The Village of Myrnam provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amount 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 financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 5)

12. COMMITMENTS AND SUBSEQUENT EVENTS

The village of Myrnam is in the process of building a Construction Trades Education Centre (CTEC). The construction was started in 2017, and should be completed in 2019. The construction will be funded by loans and grants.

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, accounts receivables, accounts payable, accrued liabilities, funds held in trust, obligations under capital lease and long term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments.

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

Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

VILLAGE OF MYRNAM

Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2017

14. RESTATEMENT OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been restated. The original financial statements had capitalized current and prior year costs associated with the construction to the ACE pipeline. The amended financial statements have changed the unrestricted accumulated surplus of \$18,245 to a deficit of \$243,699. The amendment has also changed the total capital assets from \$2,786,328 to \$2,450,644. This is due to the amounts that had been initially recorded as capital which have since been expensed.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.
