

**VILLAGE OF MYRNAM**  
**Amended Restated Consolidated Financial Statements**  
**Year Ended December 31, 2018**

**VILLAGE OF MYRNAM**  
**Index to Amended Restated Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
AMENDED RESTATED CONSOLIDATED FINANCIAL STATEMENTS	
Amended Restated Consolidated Statement of Financial Position	3
Amended Restated Consolidated Statement of Operations and Accumulated Surplus	4
Amended Restated Consolidated Statement of Changes in Net Financial Assets (Debt)	5
Amended Restated Consolidated Statement of Cash Flows	6
Consolidated Changes in Accumulated Surplus	7
Schedule of Tangible Capital Assets ( <i>Schedule 1</i> )	8
Schedule of Property and Other Taxes ( <i>Schedule 2</i> )	9
Schedule of Government Transfers ( <i>Schedule 3</i> )	10
Schedule of Consolidated Expenses by Object ( <i>Schedule 4</i> )	11
Schedule of Segmented Disclosure ( <i>Schedule 5</i> )	12
Notes to Amended Restated Consolidated Financial Statements	13 - 19



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## **INDEPENDENT AUDITOR'S REPORT**

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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, 2018 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, 2018 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 15 to the amended and restated consolidated financial statements, which explains that the amended and restated consolidated financial statements for the year ended December 31, 2018 have been restated from those which were originally reported on April 30, 2019.

**Two Hills, AB  
August 30, 2019**

**Chartered Professional Accountants**

**VILLAGE OF MYRNAM****Amended Restated Consolidated Statement of Financial Position****December 31, 2018**

	<i>December 31</i> 2018	<i>December 31</i> 2017
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ -	\$ 678,844
Accounts receivable	271,406	426,651
Receivables from other governments	39,006	25,495
Taxes and grants in place of taxes receivable (Note 4)	81,319	93,477
Land for resale inventory	23	23
	<u>391,754</u>	<u>1,224,490</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	28,342	-
Accounts payable and accrued liabilities	241,645	261,860
Short term debt (Note 5)	-	700,000
Deferred income (Note 6)	97,651	242,124
Long term debt (Note 7)	593,941	249,381
Obligations under capital lease (Note 8)	-	2,514
Funds held in trust	9,169	9,169
	<u>970,748</u>	<u>1,465,048</u>
<b>NET FINANCIAL DEBT</b>	<u>(578,994)</u>	<u>(240,558)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Net)	<u>3,559,356</u>	<u>2,450,644</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 2,980,361</u>	<u>\$ 2,210,085</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, 2018**

	<b>Budget</b>	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>			
Sales of goods and services	\$ 473,157	\$ 344,996	\$ 317,436
Net municipal taxes	247,500	245,962	246,471
Other	30,000	182,989	40,116
Government transfers for operating	119,208	126,596	291,013
Penalties and costs of taxes	9,000	8,833	9,176
Investment income	1,435	4,123	2,377
	<b>880,300</b>	<b>913,499</b>	<b>906,589</b>
<b>EXPENSES</b>			
Roads, street, walks, lighting	230,160	281,017	306,562
Water supply and distribution	189,335	212,578	287,466
Administration	178,105	192,625	220,994
Protective services	38,885	43,792	46,828
Waste management	32,500	31,692	30,140
Waste water treatment and disposal	18,500	18,604	18,472
Recreation and culture	21,147	17,460	18,376
Legislative	17,675	16,482	17,265
Family and community support	6,500	5,323	8,078
Land use planning, zoning and development	3,950	3,746	170,939
	<b>736,757</b>	<b>823,319</b>	<b>1,125,120</b>
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	<b>143,543</b>	<b>90,180</b>	<b>(218,531)</b>
Government transfers for capital	1,100,000	680,096	287,834
<b>ANNUAL SURPLUS</b>	<b>1,243,543</b>	<b>770,276</b>	<b>69,303</b>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	2,550,328	2,210,085	2,140,782
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 3,793,871</b>	<b>\$ 2,980,361</b>	<b>\$ 2,210,085</b>

**VILLAGE OF MYRNAM****Amended Restated Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2018**

	Budget 2018	2018	2017
<b>SURPLUS FOR THE YEAR</b>	\$ 1,243,543	\$ 770,276	\$ 147,600
Amortization of tangible capital assets	140,000	145,172	132,541
Purchase of tangible capital assets	(950,000)	(1,253,885)	(438,913)
Proceeds on disposal of tangible assets	-	-	162,544
(Gain) loss on sale of tangible assets	-	-	(31,116)
	(810,000)	(1,108,713)	(174,944)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	433,543	(338,437)	(27,344)
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	(240,559)	(240,557)	(213,213)
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ 192,984	\$ (578,994)	\$ (240,557)

**VILLAGE OF MYRNAM**  
**Amended Restated Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Surplus	\$ 770,276	\$ 69,303
Items not affecting cash:		
Amortization of tangible assets	145,172	132,541
Gain on disposal of assets	-	(31,116)
	<u>915,448</u>	<u>170,728</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	12,157	(28,080)
Trade and other receivable	155,245	(260,513)
Receivable from other governments	(13,511)	49,479
Accounts payable and accrued liabilities	(20,212)	231,045
Deferred income	(144,474)	27,150
	<u>(10,795)</u>	<u>19,081</u>
Cash flow from operating activities	<u>904,653</u>	<u>189,809</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,253,885)	(438,913)
Proceeds on disposal of capital assets	-	162,544
Cash flow used by investing activities	<u>(1,253,885)</u>	<u>(276,369)</u>
<b>FINANCING ACTIVITIES</b>		
Investing		
Cash provided by (applied to capital transactions)	-	211,662
Short term debt	(700,000)	700,000
Proceeds from long term financing	350,000	-
Repayment of long term debt	(5,440)	(5,655)
Repayment of obligations under capital lease	(2,514)	(29,448)
Cash flow from (used by) financing activities	<u>(357,954)</u>	<u>876,559</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(707,186)</b>	<b>789,999</b>
Cash (deficiency) - beginning of year	<u>666,363</u>	<u>(201,933)</u>
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<b><u>(40,823)</u></b>	<b><u>588,066</u></b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ -	\$ 678,844
Less: restricted cash or cash equivalents	(12,481)	(12,481)
Bank indebtedness	(28,342)	-
	<u>\$ (40,823)</u>	<u>\$ 666,363</u>



**VILLAGE OF MYRNAM****Amended Restated Consolidated Changes in Accumulated Surplus****Year Ended December 31, 2018**

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	Unrestricted Surplus	Equity in Tangible Capital Assets	<b>Total 2018</b>	Total 2017
<b>Balance, beginning of year, as previously stated</b>	\$ (243,699)	\$ 2,453,784	<b>\$ 2,210,085</b>	\$ 2,140,782
Excess of revenues over expenses	770,276	-	<b>770,276</b>	69,303
Current year funds used for tangible capital assets	(886,949)	886,949	-	-
Proceeds on sale of tangible capital assets	-	-	-	-
Capital lease repayment	(2,514)	2,514	-	-
Amortization of tangible capital assets	145,172	(145,172)	-	-
Long term debt repaid	(5,440)	5,440	-	-
<b>Balance, at year end</b>	<b>\$ (223,154)</b>	<b>\$ 3,203,515</b>	<b>\$ 2,980,361</b>	<b>\$ 2,210,085</b>

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VILLAGE OF MYRNAM

Schedule of Tangible Capital Assets

Year Ended December 31, 2018

(Schedule 1)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets under construction	2018	2017
<b>COST</b>								
BALANCE BEGINNING OF YEAR	\$ 113,598	\$ 559,304	\$ 3,040,017	\$ 203,321	\$ 362,693	\$ 512,996	\$ 4,791,929	\$ 4,577,347
Acquisition of tangible capital assets	-	-	241,454	-	45,828	1,073,220	1,360,502	360,615
Disposal of tangible capital assets	-	-	-	-	-	(106,617)	(106,617)	(146,032)
BALANCE, END OF YEAR	\$ 113,598	\$ 559,304	\$ 3,281,471	\$ 203,321	\$ 408,521	\$ 1,479,599	\$ 6,045,814	\$ 4,791,930
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE BEGINNING OF YEAR	\$ -	\$ 169,521	\$ 1,880,050	\$ 115,989	\$ 175,726	\$ -	\$ 2,341,286	\$ 2,223,348
Annual amortization	-	11,290	79,400	15,630	38,852	-	145,172	132,541
Amortization on disposal	-	-	-	-	-	-	-	(14,603)
ACCUMULATED AMORTIZATION	-	180,811	1,959,450	131,619	214,578	-	2,486,458	2,341,286
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 113,598	\$ 378,493	\$ 1,322,021	\$ 71,702	\$ 193,943	\$ 1,479,599	\$ 3,559,356	\$ 2,450,644
<b>2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 113,598	\$ 389,783	\$ 1,159,970	\$ 87,332	\$ 186,967	\$ 512,994	\$ 2,450,644	\$ -

**VILLAGE OF MYRNAM**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2018**

**(Schedule 2)**

	Budget 2018	Total 2018	Total 2017
<b>TAXATION</b>			
Residential	\$ 280,000	\$ 277,772	\$ 271,277
Non-residential	20,300	20,262	20,859
Linear Property Tax	9,500	9,229	9,245
Farmland	650	648	649
Machinery and equipment	550	552	553
	<u>311,000</u>	<u>308,463</u>	<u>302,583</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	51,500	51,388	46,105
Eagle Hill Foundation	12,000	11,113	10,007
	<u>63,500</u>	<u>62,501</u>	<u>56,112</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 247,500</u>	<u>\$ 245,962</u>	<u>\$ 246,471</u>

**VILLAGE OF MYRNAM**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2018**

**(Schedule 3)**

	Budget 2018	Total 2018	Total 2017
<b>TRANSFERS FOR OPERATING</b>			
Federal grants	\$ -	\$ -	\$ 1,600
Provincial grants	120,000	<b>51,596</b>	214,413
Local grants	75,000	<b>75,000</b>	75,000
	195,000	<b>126,596</b>	291,013
<b>TRANSFERS FOR CAPITAL</b>			
Federal grants	250,000	<b>50,000</b>	53,209
Provincial grants	200,000	<b>357,357</b>	234,625
Local grants	300,000	<b>272,739</b>	-
	750,000	<b>680,096</b>	287,834
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 945,000</b>	<b>\$ 806,692</b>	<b>\$ 578,847</b>

**VILLAGE OF MYRNAM****Schedule of Consolidated Expenses by Object****(Schedule 4)****Year Ended December 31, 2018**

	Budget 2018	Total 2018	Total 2017
<b>EXPENSES BY OBJECT</b>			
Materials, goods, supplies and utilities	\$ 255,000	\$ 278,098	\$ 307,037
Salaries, wages and benefits	230,200	282,474	303,451
Contracted and general services	100,000	106,103	290,946
Amortization of tangible capital assets	140,000	145,172	137,100
Interest on long term debt	7,557	8,146	8,757
Bank charges and short term interest	3,500	2,624	3,877
Provisions for allowances	500	702	212
<b>TOTAL</b>	<b>\$ 736,757</b>	<b>\$ 823,319</b>	<b>\$ 1,051,380</b>

**VILLAGE OF MYRNAM**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2018**

**(Schedule 5)**

	General Government	Protective Services	Transportation Services	Environmental Services	Planning Development	Family Community Support Services	Recreation Culture	2018 Total
<b>REVENUE</b>								
Net municipal taxes	\$ 245,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,962
User fees & sales of goods	74,763	32,480	1,000	236,123	-	-	9,463	353,829
Government transfers	86,580	2,000	62,388	179,578	3,420	3,208	469,518	806,692
Investment income	4,123	-	-	-	-	-	-	4,123
Contributed assets	-	-	-	-	-	-	-	-
Other revenues	-	-	-	182,989	-	-	-	182,989
	411,428	34,480	63,388	598,690	3,420	3,208	478,981	1,593,595
<b>EXPENSES</b>								
Salaries & wages	121,633	-	105,862	50,111	-	-	4,868	282,474
Contract & general services	39,522	8,623	24,109	19,258	3,746	5,323	5,522	106,103
Good & supplies	33,345	35,169	87,785	114,730	-	-	7,069	278,098
Provision for allowances	702	-	-	-	-	-	-	702
Interest and bank charges	2,624	-	8,146	-	-	-	-	10,770
	197,826	43,792	225,902	184,099	3,746	5,323	17,459	678,147
NET REVENUE, BEFORE AMORTIZATION	213,602	(9,312)	(162,514)	414,591	(326)	(2,115)	461,522	915,448
Amortization expense	11,290	-	63,252	70,630	-	-	-	145,172
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 202,312</b>	<b>\$ (9,312)</b>	<b>\$ (225,766)</b>	<b>\$ 343,961</b>	<b>\$ (326)</b>	<b>\$ (2,115)</b>	<b>\$ 461,522</b>	<b>\$ 770,276</b>

# VILLAGE OF MYRNAM

## Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2018

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### 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.

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# VILLAGE OF MYRNAM

## Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2018

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### 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, 2018**

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**2. GOING CONCERN**

These 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. The Village has continued to experience losses which may cause doubt on the ability to continue as a going concern. The Village's ability to continue as a going concern depends on its ability to sustain operations, and increase amounts charged to ratepayers to a level sufficient to meet the current and future obligations.

To mitigate the risk associated with going concern issues, the Village has constructed a new Tech School which is anticipated to bring some extra operational revenues. Also, the village continue to receive \$75,000 grant from the County of Two Hills for operational assistance.

These financial statements do not reflect the adjustments or classifications of assets and liabilities, which would be necessary if the municipality was unable to continue its operations.

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**3. CASH**

Included in cash is a restricted amount of \$12,481 (2017 - \$12,481) comprises of \$9,169 (2017 - \$9,169) of funds held in trust and \$3,312 (2017 - \$214,974) of deferred revenue received from various sources and held exclusively for approved projects.

	<u>2018</u>	<u>2017</u>
Cash	<u>\$ (28,342)</u>	<u>\$ 678,844</u>

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**4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Current	<u>\$ 27,057</u>	<u>\$ 39,836</u>
Arrears	<u>54,262</u>	<u>53,641</u>
	<u>\$ 81,319</u>	<u>\$ 93,477</u>

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**5. SHORT TERM DEBT**

In 2017 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 was paid back in 2018.

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**VILLAGE OF MYRNAM****Notes to Amended Restated Consolidated Financial Statements****Year Ended December 31, 2018****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.

	<b>2018</b>	2017
Government of Alberta	\$ 64,303	\$ 238,812
County of Two Hills	30,036	-
Federal Gas Tax Funds	1,848	1,848
County of Two Hills - Library grant support	1,463	1,463
Myrnam Agricultural Society Lease	1	1
	<u>1</u>	<u>1</u>
	<b>\$ 97,651</b>	<b>\$ 242,124</b>

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**

	<b>2018</b>	2017
Alberta Capital Finance Authority loan bearing interest at 3.127% per annum, repayable in semi-annual blended payments of \$6,793. The loan matures on June 15, 2045.	\$ 243,941	\$ 249,381
Servus Credit Union loan bearing interest at 4.2% per annum, repayable in semi-annual blended payments of \$39,500. The loan matures on December 30, 2023.	350,000	-
	<u>593,941</u>	249,381
Amounts payable within one year	<u>(70,236)</u>	(5,440)
	<b>\$ 523,705</b>	<b>\$ 243,941</b>

Principal repayment terms are approximately:

2019	\$ 70,236
2020	73,908
2021	76,976
2022	80,221
2023	80,912
Thereafter	<u>211,688</u>
	<b>\$ 593,941</b>

Interest paid on long term debt was \$8,146 (2017 - \$8,757) equal to actual cash payments.

## VILLAGE OF MYRNAM

### Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2018

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#### 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.

	<u>2018</u>	<u>2017</u>
Obligations under capital lease	<u>\$ -</u>	<u>\$ 2,514</u>

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#### 9. PORTFOLIO INVESTMENTS

The Village has 3% ownership of the Alberta Central East Water Corporation which as at December 31, 2016 the entity has net assets worth about \$90,096,273. Since its inception, the Village has contributed \$358,936 towards the construction of the water pipeline. The amount contributed by the Village is based on the share ownership of 3%. The ACE corporation has been a profitable entity which when agreed by the board members, the profits will be distributed amongst the shareholders. While no profits have been distributed, there have been major benefits to the Village provided by the waterline.

Based on the assessments of 2017 Audited financial statements for the ACE corporation, nothing suggests that there has been an impairment in this investment.

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#### 10. 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>2018</u>	<u>2017</u>
Total debt Limit	<u>\$ 2,390,393</u>	<u>\$ 1,791,633</u>
Total debt	<u>(622,283)</u>	<u>(951,895)</u>
	<u>\$ 1,768,110</u>	<u>\$ 839,738</u>
Debt servicing limit	<u>\$ 398,399</u>	<u>\$ 298,605</u>
Debt servicing	<u>(70,236)</u>	<u>(16,100)</u>
Amount of debt servicing limit unused	<u>\$ 328,163</u>	<u>\$ 282,505</u>

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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.

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## VILLAGE OF MYRNAM

### Notes to Amended Restated Consolidated Financial Statements

Year Ended December 31, 2018

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#### 11. 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	2018	2017
<b>Mayor:</b> Sosnowski	\$ 5,200	\$ 458	\$ 5,658	\$ 6,320
<b>Councillor:</b> Rudolf	5,602	480	6,082	5,914
<b>Councillor:</b> Yaremchuk	4,550	296	4,846	4,826
<b>Administrator:</b> Dupuis	65,072	9,217	74,289	75,351
Total	\$ 80,424	\$ 10,451	\$ 90,875	\$ 92,411

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.

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#### 12. 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)

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#### 13. 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.

The Village of Myrnam has been approved for a matching grant of up to \$800,000 from the Federal CWWF (Canadian Water Wastewater Fund) for the construction of a new reservoir. Additional grant funding of \$264,000 has been received from Alberta AWWP to aid in the design and construction of this facility. Final tender documents and follow-up material is currently underway. As of December 31st 2018 the Village has used \$199,697 of these funds.

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## **VILLAGE OF MYRNAM**

### **Notes to Amended Restated Consolidated Financial Statements**

**Year Ended December 31, 2018**

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#### **14. 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.

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#### **15. RESTATEMENT OF THE FINANCIAL STATEMENTS**

These consolidated financial statements have been restated. The original financial statements had capitalized prior year costs related to the construction to the ACE pipeline. The amended financial statements have changed the unrestricted accumulated surplus of \$118,846 to a deficit of \$223,154. The amendment has also changed the balance on portfolio investments from \$358,936 to \$Nil. This is due to the amounts that had been initially recorded as capital which have been expensed.

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#### **16. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.

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