

**VILLAGE OF MYRNAM**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2019**

**VILLAGE OF MYRNAM**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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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 consolidated financial statements of Village of Myrnam, which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations and accumulated surplus, changes 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 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.

### 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, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*NCube & Landry LLP*

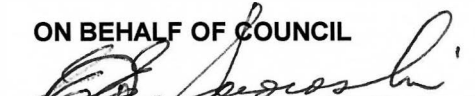
**Two Hills, AB  
July 24, 2020**

**Chartered Professional Accountants**

**VILLAGE OF MYRNAM**  
**Consolidated Statement of Financial Position**  
**December 31, 2019**

	<i>December 31</i> 2019	<i>December 31</i> 2018
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 129,940	\$ -
Accounts receivable	246,982	271,406
Taxes and grants in place of taxes receivable (Note 4)	92,888	81,319
Land for resale inventory	23	23
Goods and services tax recoverable	17,298	39,006
	<u>487,131</u>	<u>391,754</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	-	28,342
Accounts payable and accrued liabilities	178,620	241,645
Deferred income (Note 5)	111,164	97,651
Long term debt (Note 6)	524,489	593,941
Funds held in trust	9,169	9,169
	<u>823,442</u>	<u>970,748</u>
<b>NET FINANCIAL DEBT</b>	<u>(336,311)</u>	<u>(578,994)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Net)	<u>3,968,586</u>	<u>3,559,356</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 3,632,273</u>	<u>\$ 2,980,361</u>

ON BEHALF OF COUNCIL

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Chief Administrative Officer

**VILLAGE OF MYRNAM****Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2019**

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>			
Sales of goods and services	\$ 308,360	\$ 337,895	\$ 344,996
Net municipal taxes	247,500	253,935	245,962
Other	90,000	315,151	182,989
Government transfers for operating	52,596	153,998	126,596
Penalties and costs of taxes	10,165	10,029	8,833
Investment income	3,000	346	4,123
	<b>711,621</b>	<b>1,071,354</b>	<b>913,499</b>
<b>EXPENSES</b>			
Roads, street, walks, lighting	200,146	275,556	281,017
Administration	181,813	207,088	212,578
Water supply and distribution	156,885	191,328	192,625
Recreation and culture	107,811	69,386	17,460
Waste management	32,500	36,618	31,692
Protective services	40,795	33,599	43,792
Legislative	17,500	21,834	16,482
Waste water treatment and disposal	19,500	17,488	18,604
Family and community support	5,429	1,983	5,323
Land use planning, zoning and development	4,321	51	3,746
	<b>766,700</b>	<b>854,931</b>	<b>823,319</b>
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	<b>(55,079)</b>	<b>216,423</b>	<b>90,180</b>
Government transfers for capital			
Government transfers for capital	\$ 386,354	\$ 285,489	\$ 1,360,192
Contributed assets	150,000	150,000	-
	<b>536,354</b>	<b>435,489</b>	<b>1,360,192</b>
<b>ANNUAL SURPLUS</b>	<b>481,275</b>	<b>651,912</b>	<b>770,276</b>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<b>2,980,361</b>	<b>2,980,361</b>	<b>2,210,085</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 3,461,636</b>	<b>\$ 3,632,273</b>	<b>\$ 2,980,361</b>

**VILLAGE OF MYRNAM****Consolidated Statement of Changes in Net Financial Debt****Year Ended December 31, 2019**

	Budget 2019	2019	2018
<b>SURPLUS FOR THE YEAR</b>	<b>\$ 331,278</b>	<b>\$ 651,912</b>	<b>\$ 770,276</b>
Amortization of tangible capital assets	146,000	<b>151,441</b>	145,172
Purchase of tangible capital assets	(311,354)	<b>(423,172)</b>	(1,253,885)
Proceeds on disposal of tangible assets	-	<b>24,077</b>	-
(Gain) loss on sale of tangible assets	-	<b>(11,575)</b>	-
Contributed tangible capital assets	-	<b>(150,000)</b>	-
	<u>(165,354)</u>	<u><b>(409,229)</b></u>	<u>(1,108,713)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>165,924</b>	<b>242,683</b>	<b>(338,437)</b>
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	<u>(578,994)</u>	<u><b>(578,994)</b></u>	<u>(240,557)</u>
<b>NET FINANCIAL DEBT - END OF YEAR</b>	<u><b>\$ (413,070)</b></u>	<u><b>\$ (336,311)</b></u>	<u><b>\$ (578,994)</b></u>

**VILLAGE OF MYRNAM**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Surplus	\$ 651,912	\$ 770,276
Items not affecting cash:		
Amortization of tangible assets	151,441	145,172
Gain on disposal of assets	(11,575)	-
Tangible capital assets received as contributions	(150,000)	-
	<u>641,778</u>	<u>915,448</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(11,568)	12,157
Trade and other receivable	24,424	155,245
Receivable from other governments	21,644	(13,511)
Accounts payable and accrued liabilities	(63,055)	(20,212)
Deferred income	13,576	(144,474)
	<u>(14,979)</u>	<u>(10,795)</u>
Cash flow from operating activities	<u>626,799</u>	<u>904,653</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(423,142)	(1,253,885)
Proceeds on disposal of capital assets	24,077	-
Cash flow used by investing activities	<u>(399,065)</u>	<u>(1,253,885)</u>
<b>FINANCING ACTIVITIES</b>		
Investing		
Short term debt	-	(700,000)
Proceeds from long term financing	-	350,000
Repayment of long term debt	(69,452)	(5,440)
Repayment of obligations under capital lease	-	(2,514)
Cash flow used by financing activities	<u>(69,452)</u>	<u>(357,954)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>158,282</b>	<b>(707,186)</b>
Cash (deficiency) - beginning of year	<u>(28,342)</u>	<u>678,844</u>
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<b>\$ 129,940</b>	<b>\$ (28,342)</b>

**VILLAGE OF MYRNAM**  
**Consolidated Changes in Accumulated Surplus**  
**Year Ended December 31, 2019**

	Unrestricted Surplus	Equity in Tangible Capital Assets	<b>Total 2019</b>	Total 2018
<b>Balance, beginning of year, as previously stated</b>	\$ (223,154)	\$ 3,203,515	<b>\$ 2,980,361</b>	\$ 2,210,085
Excess of revenues over expenses	651,912	-	<b>651,912</b>	770,276
Current year funds used for tangible capital assets	(423,077)	423,077	-	-
Amortization of tangible capital assets	151,441	(151,441)	-	-
Long term debt repaid	(53,880)	53,880	-	-
Contributed tangible capital assets	(150,000)	150,000	-	-
Disposable of tangible capital assets	24,077	(24,077)	-	-
<b>Balance, at year end</b>	<b>\$ (22,681)</b>	<b>\$ 3,654,954</b>	<b>\$ 3,632,273</b>	<b>\$ 2,980,361</b>



**VILLAGE OF MYRNAM**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2019**

**(Schedule 1)**

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets under construction	2019	2018
<b>COST</b>								
BALANCE BEGINNING OF YEAR	\$ 113,598	\$ 559,305	\$ 3,281,471	\$ 203,321	\$ 408,521	\$ 1,479,598	\$ 6,045,814	\$ 4,791,929
Acquisition of tangible capital assets	-	150,000	135,583	-	-	287,589	573,172	1,343,566
Disposal of tangible capital assets	(12,500)	-	-	-	-	-	(12,500)	(106,617)
BALANCE, END OF YEAR	\$ 101,098	\$ 709,305	\$ 3,417,054	\$ 203,321	\$ 408,521	\$ 1,767,187	\$ 6,606,486	\$ 6,028,878
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE BEGINNING OF YEAR	\$ -	\$ 180,811	\$ 1,959,450	\$ 131,620	\$ 214,578	\$ -	\$ 2,486,459	\$ 2,341,287
Annual amortization	-	13,040	83,919	15,630	38,852	-	151,441	145,172
<b>ACCUMULATED AMORTIZATION</b>	-	193,851	2,043,369	147,250	253,430	-	2,637,900	2,486,459
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 101,098	\$ 515,454	\$ 1,373,685	\$ 56,071	\$ 155,091	\$ 1,767,187	\$ 3,968,586	\$ 3,542,419
<b>2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 113,598	\$ 378,493	\$ 1,322,021	\$ 71,702	\$ 193,943	\$ 1,462,662	\$ 3,542,419	\$ -

**VILLAGE OF MYRNAM**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2019**

**(Schedule 2)**

	Budget 2019	Total 2019	Total 2018
<b>TAXATION</b>			
Residential	\$ 285,000	\$ <b>289,158</b>	\$ 277,772
Non-residential	22,000	<b>21,340</b>	20,262
Linear Property Tax	9,000	<b>7,884</b>	9,229
Farmland	650	<b>671</b>	648
Machinery and equipment	550	<b>575</b>	552
	<u>317,200</u>	<u><b>319,628</b></u>	<u>308,463</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	51,500	<b>52,723</b>	51,388
Requisition - Eagle Hill Foundation	11,500	<b>12,970</b>	11,113
	<u>63,000</u>	<u><b>65,693</b></u>	<u>62,501</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 254,200</u>	<u>\$ <b>253,935</b></u>	<u>\$ 245,962</u>

**VILLAGE OF MYRNAM**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2019**

**(Schedule 3)**

	Budget 2019	Total 2019	Total 2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial grants	\$ 105,000	\$ 89,492	\$ 51,596
Local grants	75,000	86,157	75,000
	180,000	175,649	126,596
<b>TRANSFERS FOR CAPITAL</b>			
Provincial grants	150,000	205,925	357,357
Federal grants	100,000	60,855	50,000
Local grants	75,000	8,215	272,739
	325,000	274,995	680,096
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 505,000</b>	<b>\$ 450,644</b>	<b>\$ 806,692</b>

**VILLAGE OF MYRNAM****Schedule of Consolidated Expenses by Object****(Schedule 4)****Year Ended December 31, 2019**

	Budget 2019	Total 2019	Total 2018
<b>EXPENSES BY OBJECT</b>			
Materials, goods, supplies and utilities	\$ 265,500	\$ <b>282,003</b>	\$ 278,098
Salaries, wages and benefits	239,500	<b>300,329</b>	282,474
Contracted and general services	104,100	<b>93,227</b>	106,103
Amortization of tangible capital assets	145,700	<b>151,441</b>	145,172
Interest on long term debt	7,900	<b>23,134</b>	8,146
Bank charges and short term interest	3,500	<b>3,888</b>	2,624
Provisions for allowances	500	<b>909</b>	702
<b>TOTAL</b>	<b>\$ 766,700</b>	<b>\$ 854,931</b>	<b>\$ 823,319</b>

**VILLAGE OF MYRNAM**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2019**

**(Schedule 5)**

	General Government	Protective Services	Transportation Services	Environmental Services	Planning Development	Family Community Support Services	Recreation Culture	2019 Total
<b>REVENUE</b>								
Net municipal taxes	\$ 253,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,935
User fees & sales of goods	84,963	22,210	1,625	217,273	50	360	3,285	329,766
Government transfers	10,000	18,500	40,238	124,919	-	2,500	254,487	450,644
Investment income	347	-	-	-	-	-	-	347
Contributed assets	150,000	-	-	-	-	-	-	150,000
Other revenues	15,151	-	-	-	-	-	307,000	322,151
	514,396	40,710	41,863	342,192	50	2,860	564,772	1,506,843
<b>EXPENSES</b>								
Salaries & wages	139,711	-	103,541	36,611	-	-	20,466	300,329
Contract & general services	26,545	7,136	11,822	27,142	50	-	20,532	93,227
Good & supplies	45,038	26,465	96,940	98,754	-	1,983	12,823	282,003
Provision for allowances	909	-	-	-	-	-	-	909
Interest and bank charges	3,888	-	-	7,569	-	-	15,565	27,022
	216,091	33,601	212,303	170,076	50	1,983	69,386	703,490
NET REVENUE, BEFORE AMORTIZATION	298,305	7,109	(170,440)	172,116	-	877	495,386	803,353
Amortization expense	12,832	-	63,252	75,357	-	-	-	151,441
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 285,473</b>	<b>\$ 7,109</b>	<b>\$ (233,692)</b>	<b>\$ 96,759</b>	<b>\$ -</b>	<b>\$ 877</b>	<b>\$ 495,386</b>	<b>\$ 651,912</b>

**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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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 Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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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 Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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**2. GOING CONCERN**

In most recent years the Village has been experiencing operating losses resulting in going concern issues. The Village's ability to continue as a going concern depends on its ability to sustain operations by increasing revenue streams and reducing unnecessary expenses. This can also be achieved by increasing the mill rate to increase tax income.

Compared to prior year(s), there has been an improvement in the accumulated deficit indicating that the village maybe in the right direction to fully eliminate the deficit and going concern issues.

The Administration will continue to manage the situation and ensure that the Village will not be caught up in a similar set up in the near future. The Village will have a new revenue stream in 2020 from the CTEC which is anticipating enrolling its first students in the fall of 2020.

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 \$50,332 (2018 - \$12,481) comprises of \$9,169 (2018 - \$9,169) of funds held in trust and \$41,163 (2018 - \$3,312) of deferred revenue received from various sources and held exclusively for approved projects.

	<u>2019</u>	<u>2018</u>
Cash	<u>\$ 129,940</u>	<u>\$ (28,342)</u>

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

	<u>2019</u>	<u>2018</u>
Current	<u>\$ 34,744</u>	<u>\$ 27,057</u>
Arrears	<u>58,144</u>	<u>54,262</u>
	<u>\$ 92,888</u>	<u>\$ 81,319</u>

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**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

**5. 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>2019</b>	2018
Energy Efficiency	\$ 70,000	\$ -
Federal Gas Tax Funds	41,163	1,848
Myrnam Agricultural Society Lease	1	1
Government of Alberta	-	64,303
County of Two Hills	-	30,036
County of Two Hills - Library grant support	-	1,463
	<u>\$ 111,164</u>	<u>\$ 97,651</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.

**6. LONG TERM DEBT**

	<b>2019</b>	2018
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.	\$ 237,924	\$ 243,941
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.	<u>286,565</u>	350,000
	<b>524,489</b>	593,941
Amounts payable within one year	<u>(74,773)</u>	(70,236)
	<u>\$ 449,716</u>	<u>\$ 523,705</u>

Principal repayment terms are approximately:

2020	\$ 74,773
2021	76,976
2022	80,221
2023	80,831
2024	7,210
Thereafter	<u>204,478</u>
	<u>\$ 524,489</u>

Interest paid on long term debt was \$23,134( 2018 - \$8,146) equal to actual cash payments.

**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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**7. 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>2019</u>	<u>2018</u>
Total debt Limit	\$ 1,607,031	\$ 1,370,249
Total debt	<u>(524,489)</u>	<u>(622,283)</u>
	<b>\$ 1,082,542</b>	<b>\$ 747,966</b>
Debt servicing limit	\$ 267,839	\$ 228,374
Debt servicing	<u>(74,773)</u>	<u>(70,236)</u>
Amount of debt servicing limit unused	<b>\$ 193,066</b>	<b>\$ 158,138</b>

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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**8. SALARY AND BENEFITS DISCLOSURE**

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

	Salary	Benefits & Allowance	<u>2019</u>	<u>2018</u>
<b>Mayor:</b> Sosnowski	\$ 6,500	\$ -	<b>\$ 6,500</b>	\$ 5,658
<b>Councillor:</b> Rudolf	7,390	-	<b>7,390</b>	6,082
<b>Councillor:</b> Yaremchuk	5,400	-	<b>5,400</b>	4,846
<b>Administrator:</b> Dupuis	64,178	9,603	<b>73,781</b>	74,289
Total	<u>\$ 83,468</u>	<u>\$ 9,603</u>	<b>\$ 93,071</b>	<u>\$ 90,875</u>

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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## VILLAGE OF MYRNAM

### Notes to Consolidated Financial Statements

Year Ended December 31, 2019

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#### 9. 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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#### 10. COMMITMENTS AND SUBSEQUENT EVENTS

The village of Myrnam is working on restore its reservoir, which is anticipated to cost about \$1.9 million. To fund this project, in the prior year the village was approved a matching grant of up to \$800,000 from the federal CWWF (Canadian Water Wastewater Fund) for the construction of the new resevoir. The village will have to raise about \$800,000 to complete the restoration of the reservoir.

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#### 11. 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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#### 12. 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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#### 13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

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