

**VILLAGE OF MYRNAM**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**VILLAGE OF MYRNAM**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Village of Myrnam

### *Opinion*

We have audited the consolidated financial statements of Village of Myrnam (the organization), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at December 31, 2020, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

*(continues)*

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Neube & Landry LLP*

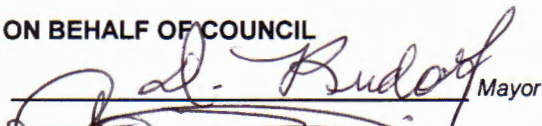
**Edmonton, AB  
April 29, 2021**

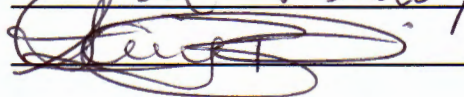
**Chartered Professional Accountants**

**VILLAGE OF MYRNAM**  
**Consolidated Statement of Financial Position**  
**December 31, 2020**

	December 31 2020	December 31 2019
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ -	\$ 129,940
Accounts receivable	128,782	246,982
Taxes and grants in place of taxes receivable (Note 5)	93,131	92,888
Land for resale inventory	23	23
Goods and services tax recoverable	9,037	17,298
	<u>230,973</u>	<u>487,131</u>
<b>LIABILITIES</b>		
Bank indebtedness (Notes 3, 4)	26,640	-
Accounts payable and accrued liabilities	59,784	178,620
Current portion of long term debt (Note 7)	76,976	76,315
Deferred income (Note 6)	11,440	111,164
Long term debt (Note 7)	371,198	448,174
Funds held in trust	9,169	9,169
	<u>555,207</u>	<u>823,442</u>
<b>NET FINANCIAL DEBT</b>	<u>(324,234)</u>	<u>(336,311)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Net)	3,924,301	3,968,586
Prepaid expenses	3,345	-
	<u>3,927,646</u>	<u>3,968,586</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 3,603,411</u>	<u>\$ 3,632,273</u>

**ON BEHALF OF COUNCIL**

 Mayor

 Chief Administrative Officer

**VILLAGE OF MYRNAM****Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2020**

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>			
Government transfers for operating	\$ 311,279	\$ 321,280	\$ 153,998
Net municipal taxes	265,000	264,357	253,935
Sales of goods and services	289,970	252,440	337,895
Penalties and costs of taxes	10,000	10,184	10,029
Investment income	791	1,327	346
Other	-	-	315,151
	<b>877,040</b>	<b>849,588</b>	<b>1,071,354</b>
<b>EXPENSES</b>			
Roads, street, walks, lighting	264,074	269,800	275,556
Water supply and distribution	270,562	257,732	191,328
Administration	183,276	181,410	207,088
Recreation and culture	151,073	145,737	69,386
Waste management	37,326	37,918	36,618
Waste water treatment and disposal	17,295	21,157	17,488
Protective services	29,814	19,671	33,599
Legislative	18,486	15,952	21,834
Family and community support	2,100	5,913	1,983
Land use planning, zoning and development	60	1,671	51
	<b>974,066</b>	<b>956,961</b>	<b>854,931</b>
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	<b>(97,026)</b>	<b>(107,373)</b>	<b>216,423</b>
Government transfers for capital			
Government transfers for capital	\$ 78,511	\$ 78,511	\$ 285,489
Contributed assets	-	-	150,000
	<b>78,511</b>	<b>78,511</b>	<b>435,489</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(18,515)</b>	<b>(28,862)</b>	<b>651,912</b>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<b>3,632,273</b>	<b>3,632,273</b>	<b>2,980,361</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 3,613,758</b>	<b>\$ 3,603,411</b>	<b>\$ 3,632,273</b>

**VILLAGE OF MYRNAM****Consolidated Statement of Changes in Net Financial Debt****Year Ended December 31, 2020**

	Budget 2020	2020	2019
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	\$ (18,936)	\$ (28,862)	\$ 651,912
Amortization of tangible capital assets	173,339	173,339	151,441
Purchase of tangible capital assets	(150,000)	(129,054)	(423,172)
Proceeds on disposal of tangible assets	-	-	24,077
(Gain) loss on sale of tangible assets	-	-	(11,575)
Contributed tangible capital assets	-	-	(150,000)
Decrease (increase) in prepaid expenses	-	(3,346)	-
	23,339	40,939	(409,229)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	4,403	12,077	242,683
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	(336,311)	(336,311)	(578,994)
<b>NET FINANCIAL DEBT - END OF YEAR</b>	\$ (331,908)	\$ (324,234)	\$ (336,311)

**VILLAGE OF MYRNAM**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Surplus (deficit)	\$ (28,862)	\$ 651,912
Items not affecting cash:		
Amortization of tangible assets	173,339	151,441
Gain on disposal of assets	-	(11,575)
Tangible capital assets received as contributions	-	(150,000)
	<u>144,477</u>	<u>641,778</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(243)	(11,568)
Trade and other receivable	118,200	24,424
Receivable from other governments	8,260	21,644
Accounts payable and accrued liabilities	(118,834)	(63,055)
Deferred income	(99,725)	13,576
Prepaid expenses	(3,346)	-
	<u>(95,688)</u>	<u>(14,979)</u>
Cash flow from operating activities	<u>48,789</u>	<u>626,799</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(129,054)	(423,172)
Proceeds on disposal of capital assets	-	24,077
Cash flow used by investing activities	<u>(129,054)</u>	<u>(399,095)</u>
<b>FINANCING ACTIVITIES</b>		
Investing		
Repayment of long term debt	(76,315)	(69,452)
Cash flow used by financing activities	<u>(76,315)</u>	<u>(69,452)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	(156,580)	158,252
Cash (deficiency) - beginning of year	<u>129,940</u>	<u>(28,342)</u>
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<u>\$ (26,640)</u>	<u>\$ 129,910</u>



**VILLAGE OF MYRNAM**  
**Consolidated Changes in Accumulated Surplus**  
**Year Ended December 31, 2020**

	Unrestricted Surplus	Equity in Tangible Capital Assets	<b>Total 2020</b>	Total 2019
<b>Balance, beginning of year, as previously stated</b>	\$ (22,681)	\$ 3,654,954	<b>\$ 3,632,273</b>	\$ 2,980,361
Excess of revenues over expenses	(28,862)	-	<b>(28,862)</b>	651,912
Current year funds used for tangible capital assets	(91,945)	91,945	-	-
Amortization of tangible capital assets	173,339	(173,339)	-	-
Long term debt repaid	(70,109)	70,109	-	-
Contributed tangible capital assets	-	-	-	-
Disposable of tangible capital assets	-	-	-	-
<b>Balance, at year end</b>	<b>\$ (40,258)</b>	<b>\$ 3,643,669</b>	<b>\$ 3,603,411</b>	<b>\$ 3,632,273</b>

**VILLAGE OF MYRNAM**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2020**

**(Schedule 1)**

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets under construction	2020	2019
<b>COST</b>								
BALANCE BEGINNING OF YEAR	\$ 101,098	\$ 709,305	\$ 3,417,054	\$ 203,321	\$ 408,521	\$ 1,767,187	\$ 6,606,486	\$ 6,045,814
Acquisition of tangible capital assets	-	1,804,296	78,511	13,434	-	-	1,896,241	573,172
Disposal of tangible capital assets	-	-	-	-	-	(1,767,187)	(1,767,187)	(12,500)
BALANCE, END OF YEAR	\$ 101,098	\$ 2,513,601	\$ 3,495,565	\$ 216,755	\$ 408,521	\$ -	\$ 6,735,540	\$ 6,606,486
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE BEGINNING OF YEAR	\$ -	\$ 193,851	\$ 2,043,369	\$ 147,250	\$ 253,430	\$ -	\$ 2,637,900	\$ 2,486,459
Annual amortization	-	50,168	68,388	16,723	38,060	-	173,339	151,441
<b>ACCUMULATED AMORTIZATION</b>	-	244,019	2,111,757	163,973	291,490	-	2,811,239	2,637,900
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 101,098	\$ 2,269,582	\$ 1,383,808	\$ 52,782	\$ 117,031	\$ -	\$ 3,924,301	\$ 3,968,586
<b>2019 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	\$ -

**VILLAGE OF MYRNAM****Schedule of Property and Other Taxes****(Schedule 2)****Year Ended December 31, 2020**

	Budget 2020	Total 2020	Total 2019
<b>TAXATION</b>			
Residential	\$ 299,006	\$ 298,659	\$ 289,158
Non-residential	21,464	21,348	21,340
T2 - Res Farm Tax	8,257	8,257	7,884
Farmland	724	724	671
Machinery and equipment	628	628	575
	<u>330,079</u>	<u>329,616</u>	<u>319,628</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	52,004	52,094	52,723
Eagle Hill Foundation	13,075	13,165	12,970
	<u>65,079</u>	<u>65,259</u>	<u>65,693</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 265,000</u>	<u>\$ 264,357</u>	<u>\$ 253,935</u>

**VILLAGE OF MYRNAM**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2020**

**(Schedule 3)**

	Budget 2020	Total 2020	Total 2019
<b>TRANSFERS FOR OPERATING</b>			
Provincial grants	\$ 245,000	\$ 246,280	\$ 89,492
Local grants	75,000	75,000	86,157
	320,000	321,280	175,649
<b>TRANSFERS FOR CAPITAL</b>			
Provincial grants	80,000	38,562	205,925
Federal grants	60,000	39,949	60,855
Local grants	10,000	-	8,215
	150,000	78,511	274,995
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 470,000</b>	<b>\$ 399,791</b>	<b>\$ 450,644</b>

**VILLAGE OF MYRNAM****Schedule of Consolidated Expenses by Object****(Schedule 4)****Year Ended December 31, 2020**

	Budget 2020	Total 2020	Total 2019
<b>EXPENSES BY OBJECT</b>			
Materials, goods, supplies and utilities	\$ 375,000	\$ <b>382,263</b>	\$ 282,003
Salaries, wages and benefits	260,566	<b>238,806</b>	300,329
Contracted and general services	140,000	<b>144,584</b>	93,227
Amortization of tangible capital assets	178,000	<b>173,339</b>	151,441
Interest on long term debt	18,000	<b>16,270</b>	23,134
Bank charges and short term interest	1,500	<b>1,098</b>	3,888
Provisions for allowances	1,000	<b>601</b>	909
<b>TOTAL</b>	<b>\$ 974,066</b>	<b>\$ 956,961</b>	<b>\$ 854,931</b>

**VILLAGE OF MYRNAM**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2020**

**(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	\$ 264,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,357
User fees & sales of goods	17,432	9,368	2,200	200,378	350	-	1,463	231,191
Government transfers	124,218	9,500	22,528	149,525	-	5,912	88,107	399,790
Penalties and cost of taxes	10,184	-	-	-	-	-	-	10,184
Investment income	1,327	-	-	-	-	-	-	1,327
Other revenues	11,250	-	-	-	-	-	10,000	21,250
	<u>428,768</u>	<u>18,868</u>	<u>24,728</u>	<u>349,903</u>	<u>350</u>	<u>5,912</u>	<u>99,570</u>	<u>928,099</u>
<b>EXPENSES</b>								
Salaries & wages	108,085	-	113,709	14,060	-	-	2,952	238,806
Contract & general services	23,187	3,905	17,447	29,454	1,671	-	68,920	144,584
Good & supplies	50,102	15,766	74,596	206,999	-	5,912	28,888	382,263
Provision for allowances	601	-	-	-	-	-	-	601
Interest and bank charges	1,098	-	-	7,379	-	-	8,891	17,368
	<u>183,073</u>	<u>19,671</u>	<u>205,752</u>	<u>257,892</u>	<u>1,671</u>	<u>5,912</u>	<u>109,651</u>	<u>783,622</u>
NET REVENUE, BEFORE AMORTIZATION	<u>245,695</u>	<u>(803)</u>	<u>(181,024)</u>	<u>92,011</u>	<u>(1,321)</u>	<u>-</u>	<u>(10,081)</u>	<u>144,477</u>
Amortization expense	<u>14,290</u>	<u>-</u>	<u>64,049</u>	<u>58,914</u>	<u>-</u>	<u>-</u>	<u>36,086</u>	<u>173,339</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 231,405</u>	<u>\$ (803)</u>	<u>\$ (245,073)</u>	<u>\$ 33,097</u>	<u>\$ (1,321)</u>	<u>\$ -</u>	<u>\$ (46,167)</u>	<u>\$ (28,862)</u>

# VILLAGE OF MYRNAM

## Notes to Consolidated Financial Statements

Year Ended December 31, 2020

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Cash and short term investments**

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

#### **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.

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**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

**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.

**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.

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**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

**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, 2020

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### 2. GOING CONCERN

In the last couple of years, the Village has been experiencing deficits from its operations resulting in concerns about its going as a concern. The Village's ability to continue as a going concern relies on its ability to sustain its operations by increasing its revenues and being watchful of its spending.

To eliminate the accumulated deficit, the Village is in the process of implementing the following plans:

Revenues:

The Village has an ongoing financial assistance from the County of Two Hills that has been arranged via the unconditional grant of approximately \$75,000 a year. Utility rates have been increased by over 15%, however, due to COVID 19 related issues, the increase was delayed until later in 2020. Other Covid 19 adjustments in fees and services not covered by MOST funding had a positive influence in revenues.

With the construction of CTEC (Career Training Education Centre) completed, the Village will begin the construction of senior rental housing. Once completed, the housing units will increase the Village's revenues by \$50,000 to \$60,000. Also, Instructional workshops and facility rentals will provide additional revenues. The Village is also in a position to adjust the taxation mill rates to address the increasing municipal costs, especially utility expenses from the new carbon levies, policing, and other requisitions.

Cost Mitigation:

As a result of the ICF, IDP and other initiatives, the Village continues to develop stronger ties with the County of Two Hills No. 21. via shared service / cost arrangements. These have been implemented in water management, fire services, emergency services and subdivision development. The Village continues to examine public works opportunities wherever possible.

Overall, the Village is committed to continue examining all opportunities to address revenues and costs to ensure that the outstanding deficit is eliminated in the near future. This has been demonstrated by the fact that, despite the COVID -19, over the past two years the accumulated deficit has been reduced by over eighty percent.

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### 3. BANK INDEBTEDNESS

	<u>2020</u>	<u>2019</u>
Bank in overdraft position	<u>\$ 26,640</u>	<u>\$ -</u>

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### 4. CASH

Included in cash is a restricted amount of \$9,169 (2019 - \$50,332) comprises of \$9,169 (2019 - \$9,169) of funds held in trust.

	<u>2020</u>	<u>2019</u>
Cash	<u>\$ -</u>	<u>\$ 129,940</u>

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**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

	<u>2020</u>	<u>2019</u>
Current	\$ 34,146	\$ 34,744
Arrears	58,985	58,144
	<u>\$ 93,131</u>	<u>\$ 92,888</u>

**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.

	<u>2020</u>	<u>2019</u>
MSI Mini Sustainability Program	\$ 11,440	\$ -
Federal Gas Tax Funds	-	41,164
Energy Efficiency	-	70,000
	<u>\$ 11,440</u>	<u>\$ 111,164</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**

	<u>2020</u>	<u>2019</u>
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.	\$ 231,718	\$ 237,924
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>216,456</u>	<u>286,565</u>
	<b>448,174</b>	<b>524,489</b>
Amounts payable within one year	<u>(76,976)</u>	<u>(76,315)</u>
	<u>\$ 371,198</u>	<u>\$ 448,174</u>

Principal repayment terms are approximately:

2021	\$ 76,976
2022	80,221
2023	79,288
2024	7,026
2025	7,248
Thereafter	<u>197,415</u>

(continues)

**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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**7. LONG TERM DEBT (continued)**

\$ 448,174

Interest paid on long term debt was \$16,270 ( 2019 - \$23,134) equal to actual cash payments.

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**VILLAGE OF MYRNAM**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**8. 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>2020</u>	<u>2019</u>
Total debt Limit	\$ 1,274,382	\$ 1,607,031
Total debt	<u>(448,174)</u>	<u>(524,489)</u>
	<b>\$ 826,208</b>	<b>\$ 1,082,542</b>
Debt servicing limit	\$ 212,397	\$ 267,839
Debt servicing	<u>(76,976)</u>	<u>(74,773)</u>
Amount of debt servicing limit unused	<b>\$ 135,421</b>	<b>\$ 193,066</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.

**9. SALARY AND BENEFITS DISCLOSURE**

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

	Salary	Benefits & Allowance	<u>2020</u>	<u>2019</u>
<b>Mayor:</b> Sosnowski	\$ 3,300	\$ -	\$ 3,300	\$ 6,500
<b>Councillor:</b> Rudolf	6,450	-	6,450	7,390
<b>Councillor:</b> Yaremchuk	4,350	-	4,350	5,400
<b>Councillor:</b> Ewanec	900	-	900	-
<b>Administrator:</b> Dupuis	60,992	9,900	70,892	73,781
Total	<u>\$ 75,992</u>	<u>\$ 9,900</u>	<u>\$ 85,892</u>	<u>\$ 93,071</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.

## VILLAGE OF MYRNAM

### Notes to Consolidated Financial Statements

Year Ended December 31, 2020

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#### 10. 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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#### 11. COMMITMENTS AND SUBSEQUENT EVENTS

The village of Myrnam is working on restore its reservoir, which is anticipated to cost about \$1.9 million. As an alternative, the Village is seeking more efficient costs that will reduce the cost to about \$1 million by utilizing a steel reservoir or reduce by \$1.5M by relining the existing reservoir and adding the new roof. 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 reservoir. The village will have to raise about \$800,000 to complete the restoration of the reservoir. Additionally, the village is investigating other lower cost alternatives that will reduce the cost to below \$1 million in total by utilizing a steel reservoir. This could also be done by relining the existing reservoir and adding a new roof for the cost of upto \$1.5 million.

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

These financial statements were approved by Council and Management.

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# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Myrnam is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village's Council carries out its responsibilities for review of the consolidated financial statements principally through its council's meetings. The council meets with management and the auditor to discuss the results of audit examination and financial reporting matters.

The external auditors have full access to the council with and without the presence of management. The Village's Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Ncube & Landry LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



**Chief Administrative Officer**

April 29, 2021

Village of Myrnam, Alberta, Canada