

**VILLAGE OF MYRNAM**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at December 31, 2007

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and investments - Note 2	280,839	401,452
Taxes and utilities receivable - Note 3	12,205	14,846
Receivable from other governments	33,401	28,710
Trade and other receivables	84,063	17,286
Inventory - land held for resale	23	3,773
<b>Total Financial Assets</b>	<b>410,531</b>	<b>466,067</b>
<b>Capital Assets - Note 4</b>	<b>2,255,742</b>	<b>2,148,792</b>
<b>TOTAL ASSETS</b>	<b>2,666,273</b>	<b>2,614,859</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	153,682	20,406
Deposit liabilities	7,798	7,678
Deferred revenue - Note 5	149,969	310,916
<b>TOTAL LIABILITIES</b>	<b>311,449</b>	<b>339,000</b>
<b>Municipal Equity</b>		
Operating fund	1,017	1,102
Reserve fund - Note 7	98,065	125,965
	99,082	127,067
Equity in capital assets - Note 8	2,255,742	2,148,792
<b>MUNICIPAL EQUITY</b>	<b>2,354,824</b>	<b>2,275,859</b>
<b>TOTAL LIABILITIES AND MUNICIPAL EQUITY</b>	<b>2,666,273</b>	<b>2,614,859</b>

Contingency and Commitments - Note 9

See accompanying notes

Approved by:

\_\_\_\_\_ Mayor

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

**VILLAGE OF MYRNAM**  
**SCHEDULE OF PROPERTY TAXES LEVIED**  
For the year ended December 31, 2007

	2007 \$	Budget \$ (unaudited)	2006 \$
<b>Taxation</b>			
Real property	182,120		175,168
Linear property	19,219		19,477
Minimum tax	6,368		5,737
<b>Total taxes and grants in place</b>	<b>207,707</b>	<b>200,000</b>	<b>200,382</b>
<b>Requisitions</b>			
Alberta School Foundation Fund	31,314	<b>32,000</b>	31,748
Eagle Hill Foundation	3,837	<b>3,837</b>	6,310
<b>Total requisitions</b>	<b>35,151</b>	<b>35,837</b>	<b>38,058</b>
Net taxes available for general municipal operations	172,556	<b>164,163</b>	162,324

**SCHEDULE OF GENERAL OPERATING EXPENDITURES BY OBJECT**  
For the year ended December 31, 2007

	2007 \$	Budget \$ (unaudited)	2006 \$
<b>Expenditures</b>			
Council fees and expenses	13,803	<b>10,250</b>	8,352
Salaries and benefits	101,038	<b>111,463</b>	86,260
Contracted and general services	77,475	<b>65,477</b>	66,031
Materials, goods, supplies and utilities	477,418	<b>638,967</b>	122,475
Provision for allowances	2,242	<b>7,700</b>	4,859
Transfers to local boards and agencies	3,758	<b>2,261</b>	2,164
Interest on capital long term debt	-	-	1,629
Other	4,160	<b>100</b>	491
Capital assets acquired	163,145	-	61,256
	<b>843,039</b>	<b>836,218</b>	<b>353,517</b>

See accompanying notes

**VILLAGE OF MYRNAM****CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the year ended December 31, 2007

	2007 \$	2006 \$
<b>Operations</b>		
Excess of revenue over expenditures before financing activities	(22,938)	76,707
Net changes in non-cash operating working capital balances		
Decrease in taxes and grants in place of taxes receivable	2,641	14,420
Increase in receivable from other governments	(4,691)	(15,598)
Increase in trade and other receivables	(66,777)	(8,086)
Decrease (increase) in land held for resale	3,750	(3,750)
Increase in accounts payable and accrued liabilities	133,276	891
Increase in deposit liabilities	120	1,640
Increase (decrease) in deferred revenue	(160,947)	111,629
	(92,628)	101,146
<i>Net cash provided by (used in) operating activities</i>	(115,566)	177,853
<b>Investing</b>		
Increase in capital assets	(5,047)	(30,298)
(Decrease) increase in restricted cash and investments	160,945	(111,630)
<i>Net cash provided by (used in) investing activities</i>	155,898	(141,928)
<b>Financing</b>		
Repayment of long term debt	-	(25,150)
<i>Net cash used in financing activities</i>	-	(25,150)
<b>Change in cash and cash equivalents during the year</b>	40,332	10,775
Cash and cash equivalents, beginning of year	90,538	79,763
<b>Cash and cash equivalents, end of year</b>	130,870	90,538
<b>Cash and cash equivalents are made up of:</b>		
Cash - Note 2	280,839	401,452
Less: restricted portion of cash - Note 2	(149,969)	(310,914)
	130,870	90,538

See accompanying notes



Assets purchased from insurance proceeds.  
(not budgeted for)



**VILLAGE OF MYRNAM****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES WITH CHANGE IN FUND BALANCES**

For the year ended December 31, 2007

	<b>Capital</b>	<b>Reserves</b>	<b>Operating</b>	<b>2007</b>	<b>Budget</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
					<b>(unaudited)</b>	
<b>Revenues</b>						
Net municipal taxes - Page 5			172,556	172,556	<b>164,163</b>	162,324
User fees			99,473	99,473	<b>96,780</b>	92,209
Government transfers			343,049	343,049	<b>492,735</b>	105,797
Investment income			603	603	<b>3,500</b>	1,517
Penalties and costs of taxes			4,502	4,502	<b>5,800</b>	6,826
Other revenue own sources	158,098		36,773	194,871	<b>53,240</b>	31,613
	158,098	-	656,956	815,054	<b>816,218</b>	400,286
<b>Expenditures</b>						
Administration and Council			104,041	104,041	<b>129,733</b>	74,471
Protection services	120,820		17,634	138,454	<b>22,350</b>	33,675
Ambulance			8,688	8,688	<b>6,762</b>	6,762
Roads, streets, walks, lighting	22,800		464,003	486,803	<b>516,085</b>	162,701
Water supply and distribution			48,423	48,423	<b>66,518</b>	24,441
Wastewater treatment and disposal			2,698	2,698	<b>8,745</b>	1,484
Waste management			19,332	19,332	<b>49,465</b>	18,664
Land and development			3,750	3,750	-	-
Recreation	19,525		784	20,309	<b>25,300</b>	21,323
Community Services			10,541	10,541	<b>11,260</b>	9,996
	163,145	-	679,894	843,039	<b>836,218</b>	353,517
<b>Excess of revenues over expenditures</b>	<b>(5,047)</b>	<b>-</b>	<b>(22,938)</b>	<b>(27,985)</b>	<b>(20,000)</b>	<b>46,769</b>
Net interfund transfers						
From (to) reserves		(27,900)	27,900	-	<b>20,000</b>	-
From (to) capital	5,047		(5,047)	-	-	-
Debt repayment			-	-	-	(25,510)
	5,047	(27,900)	22,853	-	<b>20,000</b>	(25,510)
<b>Change in fund balances</b>						
Balance, beginning of year	-	(27,900)	(85)	(27,985)	-	21,259
Balance, end of year	-	98,065	1,017	99,082	-	105,808
Balance, end of year	-	98,065	1,017	99,082	-	127,067

See accompanying notes

**VILLAGE OF MYRNAM**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2007

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**1. Significant Accounting Policies**

The consolidated financial statements of the Village of Myrnam are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Village of Myrnam are as follows:

**a) Reporting Entity**

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

The schedule of taxes levied also includes operating 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.

**b) Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

**c) Fund Accounting**

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

**d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.



**VILLAGE OF MYRNAM**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2007

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**e) Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

**f) Capital Assets**

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not depreciated.

**g) Tangible Capital Assets**

Effective January 1, 2008, the Village of Myrnam will adopt Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Village of Myrnam will work towards compliance with the new recommendations for accounting for tangible capital assets.

As of January 1, 2008, capital assets including assets held under capital leases will be recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets related to waterworks and wastewater distribution and collection systems will be capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information is not available will be recorded at current fair market value discounted by a relevant inflation factor.

**h) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**VILLAGE OF MYRNAM**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

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**i) Reserve Fund**

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

**j) Operating Fund**

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

**k) Equity in Capital Assets**

Equity in capital assets represents the Village of Myrnam's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

**l) Requisition Over-levy and Under-levy**

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

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

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

**m) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

<b>2. Cash and Investments</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Cash	279,627	400,784
Investments	1,212	668
	<b>280,839</b>	<b>401,452</b>

Council has designated funds of \$70,726 (2006 - \$70,726) included in the above amounts for equipment replacement.

Included in cash are restricted amounts of \$149,969 (2006 - \$310,914) received from grants which are held exclusively for restrictive purposes - (Note 5).

<b>3. Taxes and Utilities Receivable</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Current taxes receivable	10,622	10,609
Arrears receivable	2,583	7,237
	13,205	17,846
Allowance for doubtful accounts	(1,000)	(3,000)
	<b>12,205</b>	<b>14,846</b>

<b>4. Capital Assets</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Buildings	214,574	103,754
Engineering structures	1,679,261	1,659,736
Machinery and equipment	245,337	245,337
Land for government use	44,657	44,657
Vehicles	71,913	95,308
	<b>2,255,742</b>	<b>2,148,792</b>

<b>5. Deferred Revenue</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Municipal Sponsorship	-	9,732
Municipal Sustainability Initiative	29,425	-
Street Improvement Program	120,543	103,257
Municipal Infrastructure and New Deal	-	186,755
Dove Statue	-	11,170
Myrnam Agricultural Society lease	1	2
	<b>149,969</b>	<b>310,916</b>

**VILLAGE OF MYRNAM**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended December 31, 2007

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**6. Long Term Debt**

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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:

	2007 \$	2006 \$
Total debt limit	1,222,581	553,452
Total debt	-	-
Amount of debt limit unused	1,222,581	553,452
Debt servicing limit	203,764	92,242
Debt servicing	-	-
Amount of debt servicing limit unused	203,764	92,242

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.

**VILLAGE OF MYRNAM****NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2007

**7. Reserve Fund**

Reserves for operating and capital activities changed as follows:

	Balance, beginning of year \$	Transfer to Reserves \$	Transfer from Reserves \$	Balance, end of year \$
<b>Operating</b>	55,239	-	-27,900	27,339
<b>Capital</b>	70,726	-	-	70,726
	125,965	-	-27,900	98,065

**8. Equity in Capital Assets**

	2007 \$	2006 \$
Acquisition of capital assets		
Buildings	120,820	-
Equipment	-	10,326
Vehicles	22,800	29,930
Recreation and culture	19,525	21,000
	163,145	61,256
Disposal of capital assets		
Buildings	(10,000)	-
Vehicles	(46,195)	-
	106,950	61,256
Capital Financing		
Capital debt repaid from operating fund	-	25,150
Change in equity balance	106,950	86,406
Equity balance at beginning of year	2,148,792	2,062,386
Equity balance at end of year	2,255,742	2,148,792
Equity in capital assets is represented by:		
Capital assets - Note 4	2,255,742	2,148,792





**VILLAGE OF MYRNAM****STATEMENT OF OPERATING REVENUE AND EXPENDITURES**

For the year ended December 31, 2007

	2007			Budget \$ (unaudited)	2006
	Revenues \$	Expenditures (recoveries) \$	Net revenue (expenditure) \$		Net revenue (expenditure) \$
<b>General Municipal Revenues to fund Municipal Operations</b>					
Municipal taxes - Page 5	172,556		172,556	<b>164,163</b>	162,324
Unconditional government transfers	22,167		22,167	<b>51,092</b>	51,592
Penalties and costs of taxes	4,502		4,502	<b>5,800</b>	6,826
Fines	-		-	-	83
Return on investments	603		603	<b>3,500</b>	1,517
	199,828	-	199,828	<b>224,555</b>	222,342
<b>Municipal Operations</b>					
Administration and Council	37,203	(104,041)	(66,838)	<b>(112,003)</b>	(65,386)
Fire fighting	3,250	(17,634)	(14,384)	<b>(16,750)</b>	(7,762)
Ambulance	5,349	(8,688)	(3,339)	<b>(1,413)</b>	(6,762)
Roads, streets, walks, lighting	302,201	(464,003)	(161,802)	<b>(66,832)</b>	(102,673)
Water supply and distribution	59,750	(48,423)	11,327	<b>(18,668)</b>	23,990
Wastewater treatment and disposal	22,736	(2,698)	20,038	<b>13,005</b>	20,530
Waste management	18,189	(19,332)	(1,143)	<b>(32,065)</b>	(1,053)
Land sales	4,850	(3,750)	1,100	<b>7,400</b>	-
Recreation	-	(10,541)	(10,541)	<b>(6,960)</b>	(323)
Community Services	3,600	(784)	2,816	-	(6,196)
	457,128	(679,894)	(222,766)	<b>(234,286)</b>	(145,635)
<b>Excess of revenues over expenditures</b>	656,956	(679,894)	(22,938)	<b>(9,731)</b>	76,707
Net transfer from reserves			27,900	<b>20,000</b>	(45,369)
Net transfer to capital fund			(5,047)	<b>(10,269)</b>	(5,929)
Repayment of capital fund long term debt			-	-	(25,150)
<b>Changes in operating fund during the year</b>			(85)	-	259



**VILLAGE OF MYRNAM****NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2007

**9. Contingency and Commitments**

- i) The Village of Myrnam is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village of Myrnam could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii) The Village has entered into a road construction contract with Black Track Paving that will continue into 2008. The project tender price is \$523,789. The Village will make project payments as grant funds become available, without interest. The Village paid \$200,000 in 2007 and has recorded an accrued liability totaling \$113,348 for the balance of work completed in 2007.

<b>10. Taxation</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Mill rates - residential	26.20	28.25
- non-residential	29.44	31.12
Taxable assessment - residential	6,345,510	5,560,750
- non-residential	1,184,930	1,206,710
	<b>7,530,440</b>	<b>6,767,460</b>

**11. Salary and Benefits Disclosure**

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

	<b>2007</b>			<b>2006</b>
	Salary	Benefits & Allowances	Total	Total
	\$	\$	\$	\$
	(i)	(ii)		
Mayor - Sosnowski	4,080	-	4,080	2,685
Yaremchuk	3,780	-	3,780	2,655
Dubelt	760	-	760	-
Rudolf	3,060	-	3,060	2,250
	<b>11,680</b>	<b>-</b>	<b>11,680</b>	<b>7,590</b>
Chief Administrative Officer	24,220	-	24,220	20,351
	<b>35,900</b>	<b>-</b>	<b>35,900</b>	<b>27,941</b>

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

**VILLAGE OF MYRNAM**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2007

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**12. Financial Instruments**

The Village's financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable, accrued liabilities and long term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

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

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

**13. Comparative Figures**

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

**14. Approval of Financial Statements**

Council and management have approved these financial statements.

**15. Budget Figures**

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