

VILLAGE OF MYRNAM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
	\$	\$
Financial Assets		
Cash and investments - Note 2	384,484	280,839
Taxes receivable - Note 3	16,366	12,205
Receivable from other governments	20,209	33,401
Trade and other receivables	45,794	84,063
Inventory - land held for resale	23	23
Total Financial Assets	466,876	410,531
Capital Assets - Note 4	2,420,584	2,255,742
TOTAL ASSETS	2,887,460	2,666,273
Liabilities		
Accounts payable and accrued liabilities	38,804	153,682
Deposit liabilities	8,158	7,798
Deferred revenue - Note 5	377,670	149,969
Long term debt - Note 6	31,900	-
TOTAL LIABILITIES	456,532	311,449
Municipal Equity		
Operating fund	979	1,017
Reserve fund - Note 8	9,365	98,065
	10,344	99,082
Equity in capital assets - Note 9	2,420,584	2,255,742
MUNICIPAL EQUITY	2,430,928	2,354,824
TOTAL LIABILITIES AND MUNICIPAL EQUITY	2,887,460	2,666,273

Contingency and Commitments - Note 10

See accompanying notes

Approved by:

Mayor

Chief Administrative Officer

VILLAGE OF MYRNAM
SCHEDULE OF PROPERTY TAXES LEVIED
For the year ended December 31, 2008

	2008 \$	Budget \$ (unaudited)	2007 \$
Taxation			
Real property	190,858		182,120
Linear property	9,443		19,219
Minimum tax	6,130		6,368
Total taxes and grants in place	206,431	200,000	207,707
Requisitions			
Alberta School Foundation Fund	29,627	32,000	31,314
Eagle Hill Foundation	3,463	3,463	3,837
Total requisitions	33,090	35,463	35,151
Net taxes available for general municipal operations	173,341	164,537	172,556

SCHEDULE OF GENERAL OPERATING EXPENDITURES BY OBJECT
For the year ended December 31, 2008

	2008 \$	Budget \$ (unaudited)	2007 \$
Expenditures			
Council fees and expenses	15,452	13,600	13,803
Salaries and benefits	126,573	119,350	101,038
Contracted and general services	102,214	90,539	77,475
Materials, goods, supplies and utilities	267,152	277,671	477,418
Provision for allowances	503	1,500	2,242
Transfers to local boards and agencies	9,739	3,800	3,758
Bank charges and short term interest	617	500	-
Other	4,011	-	4,160
Capital assets acquired	164,842	144,000	163,145
	691,103	650,960	843,039

See accompanying notes

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

For the year ended December 31, 2008

	2008 \$	2007 \$
Operations		
Excess of revenue over expenditures before financing activities	(72,770)	-22,938
Net changes in non-cash operating working capital balances		
Decrease (increase) in taxes and grants in place of taxes receivable	(4,161)	2,641
Decrease (increase) in receivable from other governments	13,192	(4,691)
Decrease (increase) in trade and other receivables	38,269	(66,777)
Increase (decrease) in land held for resale	-	3,750
Increase (decrease) in accounts payable and accrued liabilities	(114,878)	133,276
Increase in deposit liabilities	360	120
Increase (decrease) in deferred revenue	227,701	(160,947)
	160,483	(92,628)
<i>Net cash provided by (used in) operating activities</i>	87,713	(115,566)
Investing		
Increase in capital assets	(15,968)	(5,047)
Decrease (increase) in restricted cash and investments	(234,515)	160,945
<i>Net cash provided by (used in) investing activities</i>	(250,483)	155,898
Financing		
Increase in long term debt	31,900	-
<i>Net cash provided by (used in) financing activities</i>	31,900	-
Change in cash and cash equivalents during the year	(130,870)	40,332
Cash and cash equivalents, beginning of year	130,870	90,538
Cash and cash equivalents, end of year	-	130,870
Cash and cash equivalents are made up of:		
Cash - Note 2	384,484	280,839
Less: restricted portion of cash - Note 2	(384,484)	(149,969)
	-	130,870

See accompanying notes

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

For the year ended December 31, 2008

	Capital	Reserves	Operating	2008	Budget	2007
	\$	\$	\$	\$	\$	\$
					(unaudited)	
Revenues						
Net municipal taxes - Page 5			173,341	173,341	164,537	172,556
User fees			128,020	128,020	137,540	99,473
Government transfers	26,765		112,483	139,248	251,913	343,049
Investment income			1,836	1,836	1,000	603
Penalties and costs of taxes			5,302	5,302	5,100	4,502
Other revenue own sources	122,109		32,509	154,618	90,870	194,871
	148,874	-	453,491	602,365	650,960	815,054
Expenditures						
Administration and Council	27,602		186,092	213,694	102,240	104,041
Protection services	115,697		27,704	143,401	158,700	138,454
Ambulance			10,136	10,136	9,070	8,688
Roads, streets, walks, lighting	7,428		171,929	179,357	230,206	486,803
Water supply and distribution			51,684	51,684	67,831	48,423
Wastewater treatment and disposal			16,429	16,429	18,845	2,698
Waste management			39,695	39,695	41,518	19,332
Land and development			-	-	-	3,750
Recreation	14,114		8,533	22,647	10,350	20,309
Community Services	1		14,059	14,060	12,200	10,541
	164,842	-	526,261	691,103	650,960	843,039
Excess of revenues over expenditures	(15,968)	-	(72,770)	(88,738)	-	(27,985)
Net interfund transfers						
From (to) reserves		(88,700)	88,700	-	-	-
From (to) capital	15,968		(15,968)	-	-	-
	15,968	(88,700)	72,732	-	-	-
Change in fund balances	-	(88,700)	(38)	(88,738)	-	(27,985)
Balance, beginning of year	-	98,065	1,017	99,082	-	127,067
Balance, end of year	-	9,365	979	10,344	-	99,082

See accompanying notes

VILLAGE OF MYRNAM
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2008

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, 2008

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 has adopted 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.

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.

During 2008, the Village of Myrnam has worked towards compliance with the new recommendations for accounting for tangible capital assets. A complete listing of assets and values for land, building, engineering structures, machinery and equipment, and vehicles is currently underway. Policies for the implementation and definitions of its tangible capital assets, life span, and amortization rates were adopted in 2008.

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, 2008

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.

2. Cash and Investments	2008	2007
	\$	\$
Cash	382,871	279,627
Investments	1,613	1,212
	384,484	280,839

Council has designated funds of \$6,814 (2007 - \$70,726) included in the above amounts for equipment replacement.

Included in cash are restricted amounts of \$377,670 (2007 - \$149,969) received from grants which are held exclusively for restrictive purposes - (Note 5).

3. Taxes Receivable	2008	2007
	\$	\$
Current taxes receivable	12,862	10,622
Arrears receivable	4,504	2,583
	17,366	13,205
Allowance for doubtful accounts	(1,000)	(1,000)
	16,366	12,205

4. Capital Assets	2008	2007
	\$	\$
Buildings	357,873	214,574
Engineering structures	1,693,375	1,679,261
Machinery and equipment	252,765	245,337
Land for government use	44,658	44,657
Vehicles	71,913	71,913
	2,420,584	2,255,742

5. Deferred Revenue	2008	2007
	\$	\$
Municipal Sustainability Initiative	37,950	29,425
Street Improvement Program	141,171	120,543
Municipal Infrastructure and New Deal	195,869	-
Municipal Sustainability Initiative	2,679	-
Myrnam Agricultural Society lease	1	1
	377,670	149,969

VILLAGE OF MYRNAM
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2008

6. Long Term Debt	2008	2007	
	\$	\$	
Tax supported debentures	31,900	-	
Principal and interest repayments are as follows:			
	Principal	Interest	Total
	\$	\$	\$
2009	7,267	875	8,142
2010	7,444	698	8,142
2011	7,674	469	8,143
2012	9,515	232	9,747
	31,900	2,274	34,174

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.05% per annum, before Provincial subsidy, and matures in 2012. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Village of Myrnam at large.

VILLAGE OF MYRNAM**NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2008

8. 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 \$
Operating	27,339	-	-27,339	-
Capital	70,726	-	-61,361	9,365
	98,065	-	(88,700)	9,365

9. Equity in Capital Assets

	2008 \$	2007 \$
Acquisition of capital assets		
Buildings	143,299	120,820
Equipment	7,428	-
Vehicles	-	22,800
Recreation and culture	14,115	19,525
	164,842	163,145
Disposal of capital assets		
Buildings	-	(10,000)
Vehicles	-	(46,195)
Change in equity balance	164,842	106,950
Equity balance at beginning of year	2,255,742	2,148,792
Equity balance at end of year	2,420,584	2,255,742
Equity in capital assets is represented by:		
Capital assets - Note 4	2,420,584	2,255,742

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

For the year ended December 31, 2008

	2008			2007	
	Revenues \$	Expenditures (recoveries) \$	Net revenue (expenditure) \$	Budget \$ (unaudited)	Net revenue (expenditure) \$
General Municipal Revenues to fund Municipal Operations					
Municipal taxes - Page 5	173,341		173,341	164,537	172,556
Unconditional government transfers	1,592		1,592	-	22,167
Penalties and costs of taxes	5,302		5,302	5,100	4,502
Return on investments	1,836		1,836	1,000	603
	182,071	-	182,071	170,637	199,828
Municipal Operations					
Administration and Council	85,781	(186,092)	(100,311)	4,917	(66,838)
Fire fighting	9,102	(27,704)	(18,602)	(20,700)	(14,384)
Ambulance	5,349	(10,136)	(4,787)	(3,721)	(3,339)
Roads, streets, walks, lighting	24,900	(171,929)	(147,029)	(81,229)	(161,802)
Water supply and distribution	89,573	(51,684)	37,889	4,471	11,327
Wastewater treatment and disposal	29,828	(16,429)	13,399	13,965	20,038
Waste management	23,862	(39,695)	(15,833)	(15,590)	(1,143)
Land sales	-		-	-	1,100
Recreation	-	(8,533)	(8,533)	(350)	(10,541)
Community Services	3,025	(14,059)	(11,034)	(8,400)	2,816
	271,420	(526,261)	(254,841)	(106,637)	(222,766)
Excess of revenues over expenditures	453,491	(526,261)	(72,770)	64,000	(22,938)
Net transfer from reserves			88,700	-	27,900
Net transfer to capital fund			(15,968)	(64,000)	(5,047)
Changes in operating fund during the year			(38)	-	(85)

VILLAGE OF MYRNAM**NOTES TO FINANCIAL STATEMENTS**

For the year ended December 31, 2008

10. 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. The project tender price is \$523,789. The Village paid \$200,000 in 2007 and has recorded an accrued liability totaling \$113,348 for the balance of work completed in 2007. In 2008, due to disputes with the contractor, the project contract costs were reduced. The adjustment to accounts payable and grant revenue was treated prospectively, \$103,773.
- iii) The Village has purchased 6.38 acres of the former CPR land with the intention to sell in the future. The date of acquisition for the land is January 1, 2009. The commitment for the land is funded by a operating debenture from Alberta Capital Finance Authority in the amount of \$31,900.

11. Taxation	2008	2007
	\$	\$
Mill rates - residential	17.81	26.20
- non-residential	17.81	29.44
Taxable assessment - residential	9,944,710	6,345,510
- non-residential	1,303,600	1,184,930
	11,248,310	7,530,440

12. 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:

	2008			2007
	Salary \$	Benefits & Allowances \$	Total \$	Total \$
	(i)	(ii)		
Mayor - Sosnowski	5,140	-	5,140	4,080
Yaremchuk	4,180	-	4,180	3,780
Dubelt	4,560	-	4,560	760
Rudolf	-	-	-	3,060
	13,880	-	13,880	11,680
Chief Administrative Officer	28,511	-	28,511	24,220
	42,391	-	42,391	35,900

- 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, 2008

13. 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.

14. Comparative Figures

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

15. Approval of Financial Statements

Council and management have approved these financial statements.

16. Budget Figures

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