
AUDITORS' REPORT

To the Members of Council of the Village of Myrnam:

We have audited the statements of financial position of the Village of Myrnam as at December 31, 2009 and the statement of operations, the statement of changes in net financial assets, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2009 and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vegreville, Alberta
March 19, 2010

CHARTERED ACCOUNTANTS

VILLAGE OF MYRNAM
Statement of Financial Position
Year Ended December 31, 2009

	2009	2008
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 114,891	\$ 384,484
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	16,865	16,366
Trade and other receivables	34,447	45,794
Receivable from other governments	33,476	20,209
Inventory - land held for resale	23	23
	199,702	466,876
LIABILITIES		
Accounts payable and accrued liabilities	33,423	38,803
Deposit liabilities	7,978	8,158
Deferred income <i>(Note 4)</i>	207,188	377,670
Long term debt <i>(Note 5)</i>	70,282	31,900
	318,871	456,531
NET FINANCIAL ASSETS/(DEBT)	(119,169)	10,345
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	1,293,888	2,420,584
ACCUMULATED SURPLUS <i>(Note 7)</i>	\$ 1,174,719	\$ 2,430,929

Contingencies *(Note 10)*

ON BEHALF OF THE VILLAGE OF MYRNAM

_____ *Mayor*

_____ *Chief Administrative Officer*

VILLAGE OF MYRNAM
Statement of Operations
Year Ended December 31, 2009

	Budget 2009	2009	2008
REVENUES			
Net municipal taxes (<i>Schedule 1</i>)	\$ 182,111	\$ 181,713	\$ 173,341
Sales of goods and services	134,800	138,945	128,415
Government transfers for operating (<i>Schedule 2</i>)	170,958	55,230	-
Investment income	1,500	855	1,836
Penalties and costs of taxes	5,500	7,353	5,302
Other	60,594	25,132	154,223
	555,463	409,228	463,117
EXPENSES			
Legislative	15,900	15,521	15,452
Administration	240,080	197,609	127,339
Emergency services	33,960	47,958	153,537
Roads, streets, walks, lighting	845,166	472,567	236,079
Water supply and distribution	38,007	86,761	65,864
Wastewater treatment and disposal	6,547	17,457	16,429
Waste management	30,867	28,127	39,695
Family and community support	12,498	11,211	14,061
Parks and recreation	44,400	3,933	22,647
	1,267,425	881,144	691,103
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	(711,962)	(471,916)	(227,986)
OTHER INCOME			
Loss on disposal of assets	-	(2,539)	-
Government Transfers for Capital (<i>Schedule 3</i>)	737,160	368,803	139,248
	737,160	366,264	139,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	\$ 25,198	\$ (105,652)	\$ (88,738)

VILLAGE OF MYRNAM**Statement of Change in Net Financial Assets/(Debt)****Year Ended December 31, 2009**

	2009	2008
EXCESS OF REVENUES OVER EXPENSES	\$ (105,652)	\$ (88,738)
Amortization of tangible capital assets	72,041	-
Proceeds on disposal of tangible capital assets	10,151	-
Loss on sale of tangible capital assets	2,539	-
Acquisition of tangible capital assets	(108,593)	-
INCREASE IN NET FINANCIAL ASSETS	(129,514)	(88,738)
Net financial assets, beginning of year	10,345	99,083
NET FINANCIAL ASSETS, END OF YEAR	\$ (119,169)	\$ 10,345

VILLAGE OF MYRNAM
Statement of Cash Flows
Year Ended December 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (105,652)	\$ (88,738)
Items not affecting cash:		
Amortization	72,041	-
Loss on sale of tangible capital assets	2,539	-
	(31,072)	(88,738)
Changes in non-cash working capital balances		
Taxes and grants in place of taxes receivable	(499)	(4,161)
Trade and other receivables	11,347	38,269
Receivable from other governments	(13,267)	13,192
Accounts payable and accrued liabilities	(5,379)	(114,880)
Deferred income	(170,482)	227,703
Deposit liabilities	(180)	360
	(178,460)	160,483
Cash flow from (used by) operating activities	(209,532)	71,745
CAPITAL ACTIVITY		
Purchase of property, plant and equipment	(108,593)	-
Proceeds on disposal of property, plant and equipment	10,150	-
Cash flow used by capital activity	(98,443)	-
FINANCING ACTIVITIES		
Repayment of long term debt	(10,618)	-
Increase in long term debt	49,000	31,900
Cash flow from financing activities	38,382	31,900
INVESTING ACTIVITY		
Decrease in restricted cash or cash equivalents	177,296	(234,515)
DECREASE IN CASH FLOW	(92,297)	(130,870)
Cash - beginning of year	-	130,870
DEFICIENCY - END OF YEAR	\$ (92,297)	\$ -
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 180	\$ (360)
DEFICIENCY CONSISTS OF:		
Cash and temporary investments (Note 2)	\$ 114,891	\$ 384,484
Less: restricted cash or cash equivalents (Note 2)	(207,188)	(384,484)
	\$ (92,297)	\$ -

VILLAGE OF MYRNAM
Schedule of Property and Other Taxes
Year Ended December 31, 2009

(Schedule 1)

	Budget 2009	2009	2008
TAXATION			
Real property	\$ 194,989	\$ 194,920	\$ 190,858
Linear property	8,111	8,113	9,443
Minimum tax	11,900	11,900	6,130
	215,000	214,933	206,431
REQUISITIONS			
Alberta School Foundation	29,426	29,246	29,627
Eagle Hill Foundation	3,463	3,974	3,463
	32,889	33,220	33,090
	\$ 182,111	\$ 181,713	\$ 173,341

VILLAGE OF MYRNAM**Schedule of Government Transfers for Operating
Year Ended December 31, 2009****(Schedule 2)**

	Budget 2009	2009	2008
TRANSFERS FOR OPERATING			
Federal grants-operating	\$ -	\$ 1,833	\$ -
Provincial grants-operating	170,958	53,397	-
	\$ 170,958	\$ 55,230	\$ -

Schedule of Government Transfers for Capital**(Schedule 3)**

	Budget 2009	2009	2008
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 737,160	\$ 368,803	\$ 139,248

Schedule of Consolidated Expenses by Object**(Schedule 4)**

	Budget 2009	2009	2008
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 224,000	\$ 214,936	\$ 177,404
Contracted and general services	59,459	55,695	64,676
Materials, goods, supplies and utilities	981,540	497,267	331,127
Provision for allowances	-	34,493	503
Transfers to other governments	1,926	2,994	116,777
Bank charges and short term interest	500	2,154	617
Amortization of tangible capital assets	-	72,041	-
Interest on capital long term debt	-	1,564	-
	\$ 1,267,425	\$ 881,144	\$ 691,104

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

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 municipality 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 revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the 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 only be 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 when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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.

Investments

Investments are recorded at amortized cost. 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.

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VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Inventory

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

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, 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 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.

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VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

a) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings - permanent	50
Engineered structures	
Roads	30
Water system	40-75
Wastewater system	40-75
Machinery and equipment	10
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

b) **Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

c) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Budget figures

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

2. CASH AND TEMPORARY INVESTMENTS

	2009	2008
Cash	\$ 113,201	\$ 382,871
Temporary investments	1,690	1,613
	\$ 114,891	\$ 384,484

Council has designated funds of NIL (2008 - \$6,814) included in the above amounts for reserves.

Included in cash is a restricted amount of \$207,188 (2008 - \$377,670) for deferred income - *(Note 4)*.

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

3. TAXES RECEIVABLE

	2009		2008
Current	\$ 13,005	\$	12,862
Arrears	28,662		4,504
Subtotal	41,667		17,366
Less: allowance for uncollectable accounts	(24,802)		(1,000)
	\$ 16,865	\$	16,366

4. DEFERRED INCOME

Deferred income is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for in the purpose specified.

	2009		2008
Alberta Municipal Infrastructure Program (AMIP)	\$ 153,870	\$	195,869
Municipal Sustainability Initiative (MSI) - capital	48,769		37,950
Municipal Sustainability Initiative (MSI) - operating	4,006		2,679
Heritage Canada	542		-
Myrnam Agricultural Society lease	1		1
Street Improvements Program (SIP)	-		141,171
	\$ 207,188	\$	377,670

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

5. LONG TERM DEBT

	2009	2008
Debenture debt	\$ 25,900	\$ 31,900
Bank loan	44,382	-
	\$ 70,282	\$ 31,900

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2010	15,258	2,180	17,438
2011	15,778	1,660	17,438
2012	16,315	1,124	17,439
2013	16,870	568	17,438
2014	6,061	72	6,133
	70,282	5,604	75,886

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.05% per annum, before Provincial subsidy and matures in periods 2013. 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 day borrowed.

Debenture debt is issued on the credit and security of the Village at large.

Bank loan is repayable in monthly instalments of \$876 including principal and interest at 3.6%. The bank loans are secured by a general assignment of property taxes receivable.

Interest on long-term debt amounted to \$1,564 (2008 - NIL).

The Village's total cash payments for interest in 2009 were \$3,717 (2008 - NIL).

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

6. TANGIBLE CAPITAL ASSETS

	2008 Opening Balance (restated)	Additions / Amortization	Disposals	2009 Closing Balance
<u>COST</u>				
Land	\$ 44,658	\$ 44,400	\$ -	\$ 89,058
Buildings	378,351	-	-	378,351
Machinery and equipment	114,361	56,143	58,224	112,280
Vehicles	68,806	-	-	68,806
Engineered structures				
Roads and bridges	518,005	-	-	518,005
Water system	1,241,311	-	-	1,241,311
Wastewater system	462,706	-	-	462,706
Software	-	8,050	-	8,050
	2,828,198	108,593	58,224	2,878,567
<u>ACCUMULATED AMORTIZATION</u>				
Buildings	85,373	7,331	-	92,704
Machinery and equipment	63,203	10,678	45,534	28,347
Vehicles	35,306	5,600	-	40,906
Engineered structures				
Roads and bridges	362,092	14,857	-	376,949
Water system	658,152	21,440	-	679,592
Wastewater system	354,046	10,525	-	364,571
Software	-	1,610	-	1,610
	1,558,172	72,041	45,534	1,584,679
	\$ 1,270,026	\$ 36,552	\$ 12,690	\$ 1,293,888

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

7. ACCUMULATED SURPLUS

The municipality has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2009	2008
Adjustments to accumulated surplus		
As previously reported	\$ 2,430,928	\$ 2,354,824
Adjustment to net book value of tangible capital assets	(1,150,558)	-
As restated	\$ 1,280,370	\$ 2,354,824

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2009	2008
Accumulated surplus		
Unrestricted surplus/(deficit)	\$ (48,887)	\$ 979
Equity in tangible capital assets	1,223,606	2,420,584
Reserves	-	9,365
	\$ 1,174,719	\$ 2,430,928
Equity in tangible assets		
Net book value of capital assets (Note 6)	\$ 1,293,888	\$ 2,420,584
Long term debt	(70,282)	-
	\$ 1,223,606	\$ 2,420,584

VILLAGE OF MYRNAM
Notes to Financial Statements
Year Ended December 31, 2009

8. DEBT 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:

	2009	2008
Total debt limit	\$ 584,019	\$ 694,679
Long term debt	(70,282)	(31,900)
Amount of debt limit unused	\$ 513,737	\$ 662,779
Debt servicing limit	\$ 97,337	\$ 115,780
Debt servicing	(12,182)	-
Amount of debt servicing limit unused	\$ 85,155	\$ 115,780

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 & Allowances	2009	2008
Mayor	Sosnowski	\$ 4,680	\$ -	\$ 4,680	\$ 5,140
Councilors	Dubelt	5,200	-	5,200	4,560
	Yaremchuk	3,160	-	3,160	4,180
Administrator	Dupuis	14,304	-	14,304	-
	Howanyk	14,823	-	14,823	28,511

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. 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.
3. 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 Financial Statements
Year Ended December 31, 2009

10. CONTINGENCIES

The Village of Myrnam is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the village 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.

11. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality 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 municipality provides services may experience financial difficulty and be unable to fulfil 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.

12. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

13. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.