

TOWN OF MUNDARE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008

TOWN OF MUNDARE

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AUDITORS' REPORT

To the Mayor and Council of the Town of Mundare

We have audited the consolidated statement of financial position of the Town of Mundare as at December 31, 2008 and the consolidated statement of financial activities and changes in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the town'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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Mundare as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

ST. PAUL, ALBERTA
January 27, 2009

Joly, M^cCarthy & Dion
CHARTERED ACCOUNTANTS

**TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

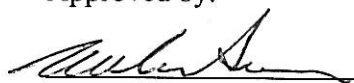
	<u>2008</u>	<u>2007</u>
ASSETS		
Financial assets		
Cash and temporary investments	\$ 653,235	\$ 724,286
Taxes and grants in place receivable (note 2)	55,256	45,833
Receivable from other governments	65,982	34,702
Trade and other receivables	230,624	387,296
Long-term investments (note 3)	20	20
Inventory of land held for resale	13,203	13,566
Prepaid expenses	<u>7,350</u>	<u>7,218</u>
Total financial assets	1,025,670	1,212,921
Capital assets (note 4)	<u>6,046,177</u>	<u>5,806,486</u>
Total assets	<u>\$ 7,071,847</u>	<u>\$ 7,019,407</u>

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 50,800	\$ 62,736
Deposit liabilities	1,406	11,406
Deferred revenue (note 6)	310,142	483,414
Long-term debt (note 7)	<u>130,629</u>	<u>139,976</u>
Total liabilities	<u>492,977</u>	<u>697,532</u>
Municipal equity		
Fund balances		
Reserve fund (note 8)	626,109	524,109
Operating fund	<u>37,213</u>	<u>131,256</u>
Total fund balances	663,322	655,365
Equity in capital assets (note 9)	<u>5,915,548</u>	<u>5,666,510</u>
Total municipal equity	<u>6,578,870</u>	<u>6,321,875</u>
Total liabilities and municipal equity	<u>\$ 7,071,847</u>	<u>\$ 7,019,407</u>

Contingency (note 11)

Approved by:



Mayor



Chief Administrative Officer

TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Capital</u>	<u>Reserves</u>	<u>Operating</u>	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Budget</u> <u>(unaudited)</u>	<u>2007</u> <u>Actual</u>
Revenues						
Net property taxes - Schedule 1	\$ --	\$ --	\$ 592,043	\$ 592,043	\$ 596,500	\$ 520,196
Penalties and costs on taxes	--	--	15,298	15,298	16,000	16,248
Sales and user fees	27,867	--	439,916	467,783	524,000	730,983
Fines issued	--	--	4,734	4,734	3,000	2,526
Government transfers - Schedule 2	156,105	--	562,605	718,710	1,690,303	146,313
Franchise and concession contracts	--	--	31,472	31,472	30,000	28,267
Investment income	--	--	36,223	36,223	15,500	26,242
Licenses and permits	--	--	35,128	35,128	37,900	42,618
Rentals and leases	--	--	29,748	29,748	23,000	23,744
Donations and other	<u>51,412</u>	--	<u>1,103</u>	<u>52,515</u>	<u>82,500</u>	<u>18,098</u>
	<u>235,384</u>	--	<u>1,748,270</u>	<u>1,983,654</u>	<u>3,018,703</u>	<u>1,555,235</u>
Expenditures - Schedule 3						
Council	--	--	46,983	46,983	39,700	46,726
Administration	--	--	264,917	264,917	302,400	279,072
Protective services	7,700	--	120,324	128,024	141,500	92,397
Roads, streets, walks, lighting	5,585	--	573,098	578,683	440,500	248,512
Water and wastewater	23,000	--	275,241	298,241	1,779,900	253,505
Waste management	--	--	81,106	81,106	82,200	68,607
Municipal planning, community and economic development	--	--	130,756	130,756	35,000	36,467
Recreation and culture	<u>228,332</u>	--	<u>209,308</u>	<u>437,640</u>	<u>450,900</u>	<u>160,055</u>
	<u>264,617</u>	--	<u>1,701,733</u>	<u>1,966,350</u>	<u>3,272,100</u>	<u>1,185,341</u>
Excess (deficiency) of revenues over expenditures	<u>(29,233)</u>	--	<u>46,537</u>	<u>17,304</u>	<u>(253,397)</u>	<u>369,894</u>
Net inter-fund transfers						
Appropriated from beginning of year balance	--	--	94,894	94,894	--	--
From (to) reserves	3,000	102,000	(105,000)	--	--	--
From (to) capital	26,233	--	(26,233)	--	--	--
Debt repayment	--	--	(9,347)	(9,347)	(9,500)	(8,893)
Change in fund balances	--	102,000	851	102,851	(262,897)	361,001
Balance, beginning of year	--	524,109	131,256	655,365	655,365	294,364
Appropriated to operating fund	--	--	(94,894)	(94,894)	--	--
Balance, end of year	<u>\$ --</u>	<u>\$ 626,109</u>	<u>\$ 37,213</u>	<u>\$ 663,322</u>	<u>\$ 392,468</u>	<u>\$ 655,365</u>

TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Cash provided by (used in):		
Operating activities		
Net operating revenue	\$ 46,537	\$ 67,494
Net changes in non-cash working capital balances		
Decrease (increase) in		
Taxes and grants in place receivable	(9,423)	3,282
Receivables from other governments	(31,280)	58,101
Trade and other receivables	156,672	(292,617)
Inventory of land held for resale	363	--
Prepaid expenses	(132)	(148)
Increase (decrease) in		
Accounts payable and accrued liabilities	(11,936)	31,841
Deposit liabilities	(10,000)	(106,166)
Deferred revenue	<u>(173,272)</u>	<u>229,676</u>
Net cash from operations	<u>(32,471)</u>	<u>(8,537)</u>
Investing activities		
Acquisition of capital assets	(264,617)	(32,600)
Donations and fundraising for capital assets	51,412	--
Proceeds on disposal of capital assets	867	--
Government transfers for capital assets	<u>156,105</u>	<u>--</u>
Net cash from investing activities	<u>(56,233)</u>	<u>(32,600)</u>
Financing activities		
Off-site levies collected	27,000	335,000
Long-term debt repaid	<u>(9,347)</u>	<u>(8,893)</u>
	<u>17,653</u>	<u>326,107</u>
Change in cash and cash equivalents during the year	(71,051)	284,970
Cash and cash equivalents, beginning of year	<u>724,286</u>	<u>439,316</u>
Cash and cash equivalents, end of year	\$ <u>653,235</u>	\$ <u>724,286</u>
 Cash and cash equivalents consist of:		
Cash	\$ 299,525	\$ 31,594
Temporary investments	<u>353,710</u>	<u>692,692</u>
	\$ <u>653,235</u>	\$ <u>724,286</u>

**TOWN OF MUNDARE
SCHEDULE 1 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budget</u> (unaudited)	<u>2008</u> Actual	<u>2007</u> Actual
Taxation			
Residential land and improvements	\$ 611,500	\$ 612,067	\$ 531,520
Commercial property	<u>114,000</u>	<u>108,336</u>	<u>109,832</u>
	<u>725,500</u>	<u>720,403</u>	<u>641,352</u>
Requisitions			
Alberta School Foundation	115,500	115,061	110,063
County of Lamont Foundation	<u>13,500</u>	<u>13,299</u>	<u>11,093</u>
	<u>129,000</u>	<u>128,360</u>	<u>121,156</u>
Net taxes for general municipal operations	<u>\$ 596,500</u>	<u>\$ 592,043</u>	<u>\$ 520,196</u>

SCHEDULE 2 - GOVERNMENT TRANSFERS

Provincial transfers			
Shared-cost agreements	\$ 1,627,400	\$ 651,063	\$ 89,849
Grants	<u>1,903</u>	<u>1,903</u>	<u>1,903</u>
	1,629,303	652,966	91,752
Local government transfers			
Shared-cost agreements	<u>61,000</u>	<u>65,744</u>	<u>54,561</u>
Total government transfers	<u>\$ 1,690,303</u>	<u>\$ 718,710</u>	<u>\$ 146,313</u>

SCHEDULE 3 - CONSOLIDATED EXPENDITURES BY OBJECT

Expenditures			
Salaries, wages and benefits	\$ 351,150	\$ 351,809	\$ 285,163
Contracted and general services	617,650	785,382	490,806
Purchases from other governments	97,000	95,616	89,923
Materials, goods, supplies and utilities	219,700	192,565	200,735
Provision for allowances and bad debts	--	94,894	--
Transfers to individuals and organizations	97,700	96,979	20,988
Bank charges & short-term interest	1,200	1,427	783
Interest on long-term debt	7,800	7,725	8,180
Shared cost agreement	44,000	43,075	31,200
Other expenditures	58,900	32,261	24,963
Capital assets acquired	<u>1,777,000</u>	<u>264,617</u>	<u>32,600</u>
Total expenditures	<u>\$ 3,272,100</u>	<u>\$ 1,966,350</u>	<u>\$ 1,185,341</u>

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies

The consolidated financial statements of the Town of Mundare are prepared by management in accordance with Canadian 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 town 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 town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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) 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 expenditures 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.

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies - continued

(d) Fund Accounting

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

(e) Investments

Investments are recorded at cost.

(f) Inventory of Land Held for Resale

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 physical assets under their respective function.

(g) 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 amortized.

(h) Tangible Capital Assets

Effective January 1, 2007, the Town of Mundare 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.

During 2008, the Town of Mundare continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008 they have established a policy on asset classifications, capitalization thresholds, and amortization methods and have completed listings of tangible capital assets owned and/or controlled by the town. They are in the process of determining historical values and calculating accumulated amortization in order to comply with Section 3150 for the 2009 fiscal year.

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies – continued

(i) 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.

(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) Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

(l) 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.

(m) Equity in Capital Assets

Equity in capital assets represents the town'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.

2. Taxes and Grants in Place Receivable

	<u>2008</u>	<u>2007</u>
Taxes receivable		
Current	\$ 31,932	\$ 34,421
Arrears	<u>41,855</u>	<u>29,943</u>
	73,787	64,364
Less: allowance for doubtful accounts	<u>(18,531)</u>	<u>(18,531)</u>
	<u>\$ 55,256</u>	<u>\$ 45,833</u>

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. Long-Term Investments	<u>2008</u>	<u>2007</u>
Investment in Mundare Housing Development Corp.	\$ 10	\$ 10
AMFC share	<u>10</u>	<u>10</u>
	<u>\$ 20</u>	<u>\$ 20</u>

The audited financial statements of the Mundare Housing Development Corporation have been reflected in the town of Mundare's financial statements based on the modified equity method as required by the Public Sector Accounting and Auditing Board. The Corporation incurred an income of \$4,339 for the year ended December 31, 2008. Condensed supplementary information of the corporation's financial position and operating results are as follows:

	<u>2008</u>	<u>2007</u>
Assets	\$ 2,645	\$ 2,598
Liabilities	2,125	6,417
Retained earnings (deficit)	510	(3,829)
Revenues	94,941	76
Expenditures	90,477	3,617

The town had a receivable of \$Nil (2007 - \$4,092) from the housing corporation. The retained earnings as noted above is \$510.

4. Capital Assets	<u>2008</u>	<u>2007</u>
Engineering structures	\$ 4,524,428	\$ 4,273,096
Buildings	1,041,274	1,041,274
Machinery and equipment	342,872	362,213
Land	22,328	22,328
Vehicles	<u>115,275</u>	<u>107,575</u>
	<u>\$ 6,046,177</u>	<u>\$ 5,806,486</u>

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$9,015 (2007 - \$10,055). The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are deferring to future years.

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

6. Deferred Revenue	<u>2008</u>	<u>2007</u>
Alberta municipal infrastructure program	\$ 142,800	\$ 259,932
Municipal sustainability initiative	127,761	71,828
New deal for cities and communities	26,400	6,570
Communities in bloom	7,806	7,278
MSI strategic	3,328	--
Provincial ambulance grant	2,047	2,969
Street improvement program	--	107,349
Community initiatives program	--	1,921
Water spray park	--	17,067
PDD grant	--	3,500
Disaster services grant	--	5,000
	<u>\$ 310,142</u>	<u>\$ 483,414</u>

Funding from various grant programs, organizations and individuals, in the amount of \$310,142 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. Most of the projects are scheduled for completion in 2009. The funding received under the Alberta Municipal Infrastructure program can be utilized up to 2015.

Cash and temporary investments support unexpended funds related to the advances.

7. Long-Term Debt	<u>2008</u>	<u>2007</u>
Tax supported debentures	\$ <u>130,629</u>	\$ <u>139,976</u>

Principal and interest repayments for each of the next five years and to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 9,824	\$ 7,269	\$ 17,093
2010	10,327	6,766	17,093
2011	10,857	6,236	17,093
2012	11,414	5,679	17,093
2013	12,001	5,092	17,093
Thereafter	<u>76,206</u>	<u>23,210</u>	<u>99,416</u>
	<u>\$ 130,629</u>	<u>\$ 54,252</u>	<u>\$ 184,881</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at 4.23% to 6.125% per annum, before provincial subsidy, and matures in periods up to the year 2022. Debenture debt is issued on the credit and security of the Town of Mundare at large.

Interest Paid

The Town of Mundare paid interest on long-term obligations of \$7,746 (2007 -\$8,200).

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

7. Long-Term Debt (continued)

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 Town of Mundare be disclosed as follows:

	<u>2008</u>	<u>2007</u>
Total debt limit	\$ 2,741,234	\$ 2,332,853
Total debt	<u>130,629</u>	<u>139,976</u>
Debt limit remaining	\$ <u>2,610,605</u>	\$ <u>2,192,877</u>
Debt servicing limit	\$ 456,887	\$ 388,809
Debt servicing	<u>17,093</u>	<u>17,093</u>
Debt servicing limit remaining	\$ <u>439,794</u>	\$ <u>371,716</u>

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.

8. Reserve Fund

Reserves for operating and capital activities changed as follows:

	<u>2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>2008</u>
Operating reserve				
General operations	\$ <u>68,209</u>	\$ --	\$ <u>30,000</u>	\$ <u>38,209</u>
Capital reserves				
General capital	13,000	5,000	--	18,000
Fire	16,000	5,000	--	21,000
Common services	12,400	5,000	--	17,400
Streets	4,500	65,000	--	69,500
Water	23,000	5,000	--	28,000
Sewer	18,000	5,000	--	23,000
Garbage	15,500	5,000	--	20,500
Off-site levies	335,000	27,000	--	362,000
Development	11,000	--	--	11,000
Parks and recreation	4,500	5,000	--	9,500
Ukraina Park	<u>3,000</u>	<u>5,000</u>	--	<u>8,000</u>
	<u>455,900</u>	<u>132,000</u>	--	<u>587,900</u>
	\$ <u>524,109</u>	\$ <u>132,000</u>	\$ <u>30,000</u>	\$ <u>626,109</u>

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

9. Equity in Capital Assets	<u>2008</u>	<u>2007</u>
Capital assets (note 4)	\$ 6,046,177	\$ 5,806,486
Long-term debt (note 7)	<u>(130,629)</u>	<u>(139,976)</u>
	<u>\$ 5,915,548</u>	<u>\$ 5,666,510</u>

10. 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:

		<u>2008</u>			<u>2007</u>
		Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor -	Saric	\$ 6,555	\$ 166	\$ 6,721	\$ 6,935
Councillors -	Yaremko	6,420	145	6,565	5,845
	Rosypal	7,725	196	7,921	1,460
	Sprague	5,820	187	6,007	1,210
	Greening	5,935	121	6,056	1,135
	Talaga	--	--	--	5,375
	Zackarkiw	--	--	--	3,665
	Walinski	--	--	--	3,275
Chief Administrative Officer					
	Colin Zyla	53,551	3,772	57,322	54,650

⁽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, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, tuition and conference fees.

11. Contingency

The Town of Mundare is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town of Mundare 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.

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

12. Financial Instruments

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

The town 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 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 instruments approximates fair value.

13. Operating Loan

The town has a prime plus 1% authorized revolving loan limit of \$100,000 with the Servus Credit Union. No balance was outstanding as at December 31, 2008.

14. Commitment

The Town of Mundare is committed to making quarterly payments of \$1,220 for the next four years under a photocopier lease.

15. Approval of Financial Statements

Council and management have approved these financial statements.