

**TOWN OF MUNDARE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2015**



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Town of Mundare, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Mundare as at December 31, 2015, the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA  
February 16, 2016

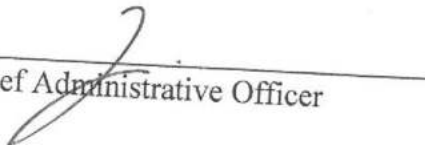
JMD Group LLP  
CHARTERED ACCOUNTANTS

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Financial assets</b>		
Cash		
Taxes receivable (note 3)	\$ 547,612	\$ 594,082
Receivable from other governments	170,448	168,238
Trade and other receivables	9,221	15,408
Long-term investment (note 4)	70,581	74,357
Inventory of land held for resale	10	10
	<u>9,164</u>	<u>9,164</u>
	<u>807,036</u>	<u>861,259</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	114,814	148,528
Deposit liabilities	21,000	16,000
Deferred revenue (note 6)	369,051	487,306
Long-term debt (note 7)	<u>1,410,670</u>	<u>1,460,150</u>
	<u>1,915,535</u>	<u>2,111,984</u>
<b>Net financial debt</b>	<u>(1,108,499)</u>	<u>(1,250,725)</u>
<b>Non-financial assets</b>		
Tangible capital assets	12,733,440	12,990,662
Prepaid expenses	<u>16,027</u>	<u>5,092</u>
	<u>12,749,467</u>	<u>12,995,754</u>
<b>Accumulated surplus (note 10)</b>	<u>\$ 11,640,968</u>	<u>\$ 11,745,029</u>
<b>Contingency (note 14)</b>		

Approved by:

  
\_\_\_\_\_  
Mayor

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

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 893,500	\$ 894,805	\$ 877,789
Sales and user fees	519,250	561,692	574,475
Government transfers for operating (schedule 4)	460,300	401,849	128,244
Investment income	2,700	2,953	3,060
Penalties and costs of taxes	40,500	40,676	40,819
Licenses and permits	6,000	11,826	5,266
Police fines issued	5,000	9,965	5,493
Franchise and concession contracts	85,000	85,281	82,179
Rentals and leases	28,100	26,795	20,230
Fundraising/donations	8,900	9,553	3,873
Local improvement charges	5,150	5,183	5,183
Insurance proceeds	--	--	2,026
	<u>2,054,400</u>	<u>2,050,578</u>	<u>1,748,637</u>
<b>Expenses</b>			
Legislative	50,200	42,627	42,509
Administration	359,727	353,811	352,263
Protective services	175,568	167,492	137,036
Roads, streets, walks, lighting	899,203	977,577	770,240
Water and wastewater	416,485	425,013	476,194
Waste management	134,400	128,247	116,922
Municipal planning, community and economic development	226,000	134,789	46,658
Recreation and culture	253,173	221,972	211,878
	<u>2,514,756</u>	<u>2,451,528</u>	<u>2,153,700</u>
<b>Shortfall of revenues over expenses before other</b>	<u>(460,356)</u>	<u>(400,950)</u>	<u>(405,063)</u>
<b>Other</b>			
Government transfers for capital (schedule 4)	224,000	173,803	256,637
Gain (loss) on disposal of tangible capital assets	8,300	12,999	(10,356)
Transfers from local boards/agencies	41,900	110,087	31,125
	<u>274,200</u>	<u>296,889</u>	<u>277,406</u>
<b>Deficiency of revenues over expenses</b>	<u>(186,156)</u>	<u>(104,061)</u>	<u>(127,657)</u>
<b>Accumulated surplus, beginning of year</b>	<u>11,733,183</u>	<u>11,745,029</u>	<u>11,872,686</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 11,547,027</u>	<u>\$ 11,640,968</u>	<u>\$ 11,745,029</u>

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
<b>Deficiency of revenues over expenses</b>	\$ <u>(186,156)</u>	\$ (104,061)	\$ (127,657)
Acquisition of tangible capital assets	(308,300)	(283,890)	(308,028)
Amortization of tangible capital assets	538,006	538,011	531,145
Proceeds on tangible capital assets	--	16,100	--
(Gain) loss on disposal of tangible capital assets	<u>(8,300)</u>	<u>(12,999)</u>	<u>10,356</u>
	<u>221,406</u>	<u>257,222</u>	<u>233,473</u>
Acquisition of prepaid assets	(5,092)	(16,027)	(5,092)
Use of prepaid assets	<u>5,092</u>	<u>5,092</u>	<u>8,263</u>
	<u>--</u>	<u>(10,935)</u>	<u>3,171</u>
<b>Decrease in net financial debt</b>	<b>35,250</b>	142,226	108,987
<b>Net financial debt, beginning of year</b>	<b>(1,238,062)</b>	(1,250,725)	(1,359,712)
<b>Net financial debt, end of year</b>	<b>\$ (1,202,812)</b>	\$ (1,108,499)	\$ (1,250,725)

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Deficiency of revenues over expenses	\$ (104,061)	\$ (127,657)
Non-cash items included		
Amortization of tangible capital assets	538,011	531,145
(Gain) loss on disposal of tangible capital assets	(12,999)	10,356
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(2,210)	(12,557)
Receivables from other governments	6,187	102,303
Trade and other receivables	3,776	63,776
Prepaid expenses	(10,935)	3,171
Inventory of land held for resale	--	12,915
Increase (decrease) in		
Accounts payable and accrued liabilities	(33,714)	(89,638)
Deposit liabilities	5,000	7,000
Deferred revenue	<u>(118,255)</u>	<u>217,841</u>
	<u>270,800</u>	<u>718,655</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(283,890)	(308,028)
Proceeds on disposition of tangible capital assets	<u>16,100</u>	<u>--</u>
	<u>(267,790)</u>	<u>(308,028)</u>
<b>Financing</b>		
Long-term debt repaid	<u>(49,480)</u>	<u>(53,739)</u>
<b>Change in cash during the year</b>	<u>(46,470)</u>	<u>356,888</u>
<b>Cash, beginning of year</b>	<u>594,082</u>	<u>237,194</u>
<b>Cash, end of year</b>	<u>\$ 547,612</u>	<u>\$ 594,082</u>

**TOWN OF MUNDARE**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets		
<b>Balance, beginning of year</b>	\$ 908	\$ 213,609	\$ 11,530,512	\$ 11,745,029	\$ 11,872,686
Deficiency of revenues over expenses	(104,061)	--	--	(104,061)	(127,657)
Funds designated for future use	(100,000)	100,000	--	--	--
Current year funds used for tangible capital assets	(283,890)	--	283,890	--	--
Disposal of tangible capital assets	3,101	--	(3,101)	--	--
Annual amortization expense	538,011	--	(538,011)	--	--
Long-term debt repaid	(49,480)	--	49,480	--	--
<b>Change in accumulated surplus</b>	<u>3,681</u>	<u>100,000</u>	<u>(207,742)</u>	<u>(104,061)</u>	<u>(127,657)</u>
<b>Balance, end of year</b>	<u>\$ 4,589</u>	<u>\$ 313,609</u>	<u>\$ 11,322,770</u>	<u>\$ 11,640,968</u>	<u>\$ 11,745,029</u>
				2015	2014

**TOWN OF MUNDARE**  
**SCHEDULE 2 - TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Cost	Balance, beginning of year	Acquisition of tangible capital assets	Disposal of tangible capital assets	Balance, end of year	Accumulated amortization	Balance, beginning of year	Annual amortization	Accumulated amortization on disposals	Balance, end of year	Net book value of tangible capital assets	2014 Net book value of tangible capital assets
	\$ 52,577	\$ 491,376	--	491,376	52,577	122,018	22,577	--	144,595	\$ 346,781	\$ 369,358
	\$ 1,224,357	\$ 15,130,286	30,060	1,254,417	15,212,798	3,719,914	25,245	--	560,603	\$ 693,814	\$ 688,999
Buildings	\$ 548,063	\$ 155,263	98,567	671,476	15,212,798	3,719,914	431,474	(12,954)	4,138,434	\$ 11,074,364	\$ 11,410,372
Engineered Structures	\$ 253,769	--	155,263	(31,850)	671,476	192,552	43,303	(31,850)	204,005	\$ 467,471	\$ 355,511
Machinery & Equipment	\$ 17,700,428	283,890	--	(1,400)	252,369	139,924	15,412	(1,400)	153,936	\$ 98,433	\$ 113,845
Vehicles	\$ 17,422,657	308,028	(30,257)	17,935,013	17,700,428	4,709,766	538,011	(46,204)	5,201,573	\$ 12,733,440	\$ 12,990,662
						4,198,522	531,145	(19,901)	4,709,766	\$ 12,990,662	\$ 12,990,662



**TOWN OF MUNDARE  
SCHEDULE 3 – PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
<b>Taxation</b>			
Residential land and improvements	\$ 977,900	\$ 979,149	\$ 975,229
Commercial property	<u>200,100</u>	<u>200,050</u>	<u>188,041</u>
	<u>1,178,000</u>	<u>1,179,199</u>	<u>1,163,270</u>
<b>Requisitions</b>			
Alberta School Foundation	254,200	254,179	248,083
County of Lamont Foundation	<u>30,300</u>	<u>30,215</u>	<u>37,398</u>
	<u>284,500</u>	<u>284,394</u>	<u>285,481</u>
<b>Net taxes for general municipal operations</b>	<u>\$ 893,500</u>	<u>\$ 894,805</u>	<u>\$ 877,789</u>

**SCHEDULE 4 – GOVERNMENT TRANSFERS**

<b>Transfers for operations</b>			
Federal	\$ 1,000	\$ 1,000	\$ 5,025
Provincial	365,600	316,206	49,049
Other local governments	<u>93,700</u>	<u>84,643</u>	<u>74,170</u>
	460,300	401,849	128,244
<b>Transfers for capital</b>			
Provincial	<u>224,000</u>	<u>173,803</u>	<u>256,637</u>
<b>Total government transfers</b>	<u>\$ 684,300</u>	<u>\$ 575,652</u>	<u>\$ 384,881</u>

**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**

<b>Expenses</b>			
Salaries, wages and benefits	\$ 528,050	\$ 486,134	\$ 467,349
Contracted and general services	812,600	789,747	544,083
Purchases from other governments	154,000	169,024	152,803
Materials, goods, supplies and utilities	287,550	281,899	276,127
Provision for allowances and bad debts	--	--	3,325
Transfers to local boards and organizations	65,700	58,550	58,121
Bank charges and short-term interest	1,000	1,159	1,074
Interest on long-term debt	69,550	68,736	71,295
Shared cost agreement	42,000	41,203	36,273
Other expenses	16,300	17,065	12,105
Amortization of tangible capital assets	<u>538,006</u>	<u>538,011</u>	<u>531,145</u>
<b>Total expenses</b>	<u>\$ 2,514,756</u>	<u>\$ 2,451,528</u>	<u>\$ 2,153,700</u>

**TOWN OF MUNDARE**  
**SCHEDULE 6 - SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Revenue	General	Protective Services	Transportation Services	Environmental Services	Planning and Development	Recreation and Culture	Total
Net municipal taxes	\$ 894,805	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 894,805
Government transfers	1,000	60,851	178,768	151,145	130,200	53,687	575,651
User fees and sales of goods	12,817	24,785	875	477,808	1	45,406	561,692
Investment income	2,953	--	--	--	--	--	2,953
Other revenues	133,381	62,616	16,100	2,083	6,026	92,160	312,366
Expenses	1,044,956	148,252	195,743	631,036	136,227	191,253	2,347,467
Salaries, wages and benefits	218,114	31,163	126,395	67,952	--	42,510	486,134
Contracted and general services	118,239	81,746	259,852	127,533	134,789	67,588	789,747
Materials, goods, supplies and utilities	18,278	32,165	148,065	218,729	--	33,686	450,923
Transfers to others	4,734	--	--	41,204	--	53,815	99,753
Interest on long-term debt	--	--	61,611	7,126	--	--	68,737
Other expenses	17,246	--	--	977	--	--	18,223
Net revenue before amortization	376,611	145,074	595,923	463,521	134,789	197,599	1,913,517
Amortization expense	(19,827)	(22,418)	(381,654)	(89,739)	--	(24,373)	(538,011)
Net revenue	\$ 648,518	\$ (19,240)	\$ (781,834)	\$ 77,776	\$ 1,438	\$ (30,719)	\$ (104,061)

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. Significant Accounting Policies**

The consolidated financial statements of the Town of Mundare are the representations of management prepared 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 expenses, 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 town 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

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.

(c) Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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, 2015**

**1. Significant Accounting Policies - continued**

(d) Cash

Cash is defined as petty cash, and cash in chequing and savings accounts.

(e) 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.

(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) 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.

(h) 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.

(i) 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 debt for the year.

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. Significant Accounting Policies – continued**

(i) Non-Financial Assets (continued)

(i) 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	50
Engineered structures	
Roadway system	20-30
Wastewater system	45-75
Water system	25-75
Lighting	50
Machinery and equipment	10-30
Vehicles	5-15
Land improvements	20-30

No amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

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

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks of ownership 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.

**2. Temporary Loans Payable**

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, 2015.

**3. Taxes Receivable**

	<u>2015</u>	<u>2014</u>
Taxes receivable		
Current	\$ 120,922	\$ 106,576
Arrears	75,716	87,852
	196,638	194,428
Less: allowance for doubtful accounts	(26,190)	(26,190)
	<b>\$ 170,448</b>	<b>\$ 168,238</b>

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>4. Long-Term Investments</b>	<u>2015</u>	<u>2014</u>
AMFC share	\$ <u>10</u>	\$ <u>10</u>

**5. Employee Benefit Obligation**

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$9,508 (2014 - \$12,227). The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are entitled to within the next budgetary year.

<b>6. Deferred Revenue</b>	<u>2015</u>	<u>2014</u>
Offsite levies	\$ 263,000	\$ 260,000
Communities in bloom	6,589	6,506
MSI - Capital	7,612	--
Regional Collaboration Program	90,600	220,800
Other revenue	<u>1,250</u>	<u>--</u>
	\$ <u>369,051</u>	\$ <u>487,306</u>

Funding from offsite levies and various grant programs, organizations and individuals, in the amount of \$369,051 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.

<b>7. Long-Term Debt</b>	<u>2015</u>	<u>2014</u>
Tax supported debentures	\$ 1,346,130	\$ 1,393,554
Self-supported debentures	<u>64,540</u>	<u>66,596</u>
	\$ <u>1,410,670</u>	\$ <u>1,460,150</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>
2016	\$ 51,930	\$ 66,878	\$ 118,808
2017	54,503	64,305	118,808
2018	57,204	61,604	118,808
2017	60,040	58,768	118,808
2018	63,018	55,790	118,808
Thereafter	<u>1,123,975</u>	<u>420,888</u>	<u>1,544,863</u>
	\$ <u>1,410,670</u>	\$ <u>728,233</u>	\$ <u>2,138,903</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 4.2681% to 6.125% per annum and matures in periods 2022 through 2035. The average annual interest rate is 4.79% (4.79% for 2014).

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

Interest on long-term debt amounted to \$68,737 (2014 - \$71,295).

The town's cash payments for interest in 2015 were \$69,328 (2014 - \$71,871).

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 Town of Mundare be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 3,260,496	\$ 2,669,643
Total debt	(1,410,670)	(1,460,150)
Debt limit remaining	\$ <u>1,849,826</u>	\$ <u>1,209,493</u>
Debt servicing limit	\$ 543,416	\$ 444,940
Debt servicing	(118,808)	(118,808)
Debt servicing limit remaining	\$ <u>424,608</u>	\$ <u>326,132</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.

**9. Equity in Tangible Capital Assets**

	<u>2015</u>	<u>2014</u>
Tangible capital assets (schedule 2)	\$ 17,935,013	\$ 17,700,428
Accumulated amortization (schedule 2)	(5,201,573)	(4,709,766)
Long-term debt (note 7)	(1,410,670)	(1,460,150)
	\$ <u>11,322,770</u>	\$ <u>11,530,512</u>

**10. Accumulated Surplus**

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 4,589	\$ 908
Restricted surplus		
General capital	117,709	17,709
Fire	34,000	34,000
Common services	17,900	17,900
Streets	5,000	5,000
Water	38,000	38,000
Sewer	33,000	33,000
Garbage	19,500	19,500
Development	21,000	21,000
Parks and recreation	14,500	14,500
Ukraina Park	13,000	13,000
Equity in tangible capital assets (note 9)	<u>11,322,770</u>	<u>11,530,512</u>
	\$ <u>11,640,968</u>	\$ <u>11,745,029</u>

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**11. Segmented Disclosure**

The Town of Mundare provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts 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 the financial statements as disclosed in note 1.

Refer to Schedule 6 – Segmented Disclosure.

**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:

		2015			2014
		Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Mayor -	Gargus	\$ 8,088	\$ 228	\$ 8,316	\$ 9,382
Councillors -	Rosypal	7,503	--	7,503	7,975
	Greening	2,144	48	2,192	7,661
	Burghardt	6,688	172	6,860	7,137
	Talaga	7,615	218	7,833	6,407
	Couchman	3,917	107	4,024	--
Chief Administrative Officer	Colin Zyla	65,648	7,251	72,899	69,554

<sup>(1)</sup> Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

<sup>(2)</sup> Employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans.

**13. Commitments**

The town is committed to making quarterly payments of \$893 until March 2017 under a photocopier lease.

The town is committed to making annual rental payments of \$1,200 until 2020 for the Ukraina Park.



**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**14. Contingency**

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

**15. 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.

**16. Approval of Financial Statements**

Council and Management have approved these financial statements.

**17. Budget Amounts**

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

**18. Recent Accounting Pronouncements Published But Not Yet Adopted**

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2016 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3450, Financial Instruments

This standard is effective for the 2016 fiscal year and establishes recognition, measurement and disclosure requirements for derivative and non-derivative instruments.