

TOWN OF MUNDARE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016



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, 2016, 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, 2016, 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 21, 2017

JMD Group LLP
CHARTERED ACCOUNTANTS

**TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash	\$ 804,040	\$ 547,612
Taxes receivable (note 3)	184,758	170,448
Receivable from other governments	6,503	9,221
Trade and other receivables	61,554	70,581
Long-term investment (note 4)	10	10
Inventory of land held for resale	<u>9,164</u>	<u>9,164</u>
	<u>1,066,029</u>	<u>807,036</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	78,886	114,814
Deposit liabilities	17,627	21,000
Deferred revenue (note 6)	575,942	369,051
Long-term debt (note 7)	<u>1,515,859</u>	<u>1,410,670</u>
	<u>2,188,314</u>	<u>1,915,535</u>
Net financial debt	<u>(1,122,285)</u>	<u>(1,108,499)</u>
Non-financial assets		
Tangible capital assets	12,340,186	12,733,440
Prepaid expenses	<u>12,046</u>	<u>16,027</u>
	<u>12,352,232</u>	<u>12,749,467</u>
Accumulated surplus (note 10)	\$ <u>11,229,947</u>	\$ <u>11,640,968</u>

Contingency (note 14)

Approved by:

Mayor

Chief Administrative Officer

**TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u> (unaudited)	<u>2016</u>	<u>2015</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 877,000	\$ 872,514	\$ 894,805
Sales and user fees	517,300	530,139	527,865
Government transfers for operating (schedule 4)	206,200	78,325	401,849
Investment income	2,800	2,808	2,953
Penalties and costs of taxes	40,500	45,998	40,676
Licenses and permits	4,600	22,918	11,826
Police fines issued	6,000	9,127	9,965
Franchise and concession contracts	94,000	97,194	85,281
Rentals and leases	57,400	67,401	60,622
Fundraising/donations	4,500	1,696	9,553
Local improvement charges	<u>5,150</u>	<u>5,184</u>	<u>5,183</u>
	<u>1,815,450</u>	<u>1,733,304</u>	<u>2,050,578</u>
Expenses			
Legislative	45,890	38,385	42,627
Administration	352,628	345,300	353,811
Protective services	252,413	248,127	167,492
Roads, streets, walks, lighting	831,842	805,289	977,577
Water and wastewater	437,688	424,076	425,013
Waste management	126,100	137,519	128,247
Municipal planning, community and economic development	96,000	10,966	134,789
Recreation and culture	<u>279,040</u>	<u>274,730</u>	<u>221,972</u>
	<u>2,421,601</u>	<u>2,284,392</u>	<u>2,451,528</u>
Shortfall of revenues over expenses before other	<u>(606,151)</u>	<u>(551,088)</u>	<u>(400,950)</u>
Other			
Government transfers for capital (schedule 4)	336,600	120,142	173,803
Gain on disposal of tangible capital assets	9,120	2,130	12,999
Donations	<u>--</u>	<u>17,795</u>	<u>110,087</u>
	<u>345,720</u>	<u>140,067</u>	<u>296,889</u>
Deficiency of revenues over expenses	<u>(260,431)</u>	<u>(411,021)</u>	<u>(104,061)</u>
Accumulated surplus, beginning of year	<u>11,640,968</u>	<u>11,640,968</u>	<u>11,745,029</u>
Accumulated surplus, end of year	<u>\$ 11,380,537</u>	<u>\$ 11,229,947</u>	<u>\$ 11,640,968</u>

TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u> (unaudited)	<u>2016</u>	<u>2015</u>
Deficiency of revenues over expenses	\$ <u>(260,431)</u>	\$ <u>(411,021)</u>	\$ <u>(104,061)</u>
Acquisition of tangible capital assets	(749,600)	(338,804)	(283,890)
Amortization of tangible capital assets	537,776	537,774	538,011
Proceeds on tangible capital assets	--	196,414	16,100
Gain on disposal of tangible capital assets	<u>(9,120)</u>	<u>(2,130)</u>	<u>(12,999)</u>
	<u>(220,944)</u>	<u>393,254</u>	<u>257,222</u>
Acquisition of prepaid assets	(1,807)	(12,046)	(16,027)
Use of prepaid assets	<u>16,027</u>	<u>16,027</u>	<u>5,092</u>
	<u>14,220</u>	<u>3,981</u>	<u>(10,935)</u>
Decrease (increase) in net financial debt	(467,155)	(13,786)	142,226
Net financial debt, beginning of year	(1,108,499)	(1,108,499)	(1,250,725)
Net financial debt, end of year	\$ <u>(1,575,654)</u>	\$ <u>(1,122,285)</u>	\$ <u>(1,108,499)</u>

**TOWN OF MUNDARE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Deficiency of revenues over expenses	\$ (411,021)	\$ (104,061)
Non-cash items included		
Amortization of tangible capital assets	537,774	538,011
Gain on disposal of tangible capital assets	(2,130)	(12,999)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(14,310)	(2,210)
Receivables from other governments	2,717	6,187
Trade and other receivables	9,027	3,776
Prepaid expenses	3,981	(10,935)
Inventory of land held for resale	--	--
Increase (decrease) in		
Accounts payable and accrued liabilities	(35,927)	(33,714)
Deposit liabilities	(3,373)	5,000
Deferred revenue	<u>206,891</u>	<u>(118,255)</u>
	<u>293,629</u>	<u>270,800</u>
Capital		
Acquisition of tangible capital assets	(338,804)	(283,890)
Proceeds on disposition of tangible capital assets	<u>196,414</u>	<u>16,100</u>
	<u>(142,390)</u>	<u>(267,790)</u>
Financing		
Long-term debt issued	160,950	--
Long-term debt repaid	<u>(55,761)</u>	<u>(49,480)</u>
	<u>105,189</u>	<u>(49,480)</u>
Change in cash during the year	256,428	(46,470)
Cash, beginning of year	<u>547,612</u>	<u>594,082</u>
Cash, end of year	\$ <u>804,040</u>	\$ <u>547,612</u>

**TOWN OF MUNDARE
 SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
Unrestricted Surplus	\$ 4,589	\$ 313,609
Restricted Surplus	\$ 11,322,770	\$ 11,640,968
Equity in Tangible Capital Assets	\$ 11,229,947	\$ 11,640,968
	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 4,589	\$ 313,609
Deficiency of revenues over expenses	(411,021)	--
Restricted funds used for operations	35,826	(35,826)
Funds designated for future use	(120,000)	120,000
Current year funds used for tangible capital assets	(177,854)	177,854
Disposal of tangible capital assets	194,284	--
Annual amortization expense	537,774	--
Long-term debt repaid	(55,761)	--
Change in accumulated surplus	<u>3,248</u>	<u>84,174</u>
Balance, end of year	\$ 7,837	\$ 397,783

TOWN OF MUNDARE
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cost	2016		2015	
	2016	2015	2016	2015
Balance, beginning of year	\$ 52,577	\$ 491,376	\$ 1,254,417	\$ 15,212,798
Acquisition of tangible capital assets	--	10,250	--	18,054
Disposal of tangible capital assets	--	--	--	(1,565)
Balance, end of year	52,577	501,626	1,254,417	15,229,287
Accumulated amortization				
Balance, beginning of year	--	144,595	560,603	4,138,434
Annual amortization	--	22,577	26,748	433,224
Accumulated amortization on disposals	--	--	--	(1,189)
Balance, end of year	--	167,172	587,351	4,570,469
Net book value of tangible capital assets	\$ 52,577	\$ 334,454	\$ 667,066	\$ 10,658,818
2015 Net book value of tangible capital assets	\$ 52,577	\$ 346,781	\$ 693,814	\$ 11,074,364
				\$ 467,471
				\$ 98,433
				\$ 12,733,440

TOWN OF MUNDARE
SCHEDULE 3 – PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget (unaudited)	2016 Actual	2015 Actual
Taxation			
Residential land and improvements	\$ 954,000	\$ 960,798	\$ 979,149
Commercial property	<u>213,500</u>	<u>202,058</u>	<u>200,050</u>
	<u>1,167,500</u>	<u>1,162,856</u>	<u>1,179,199</u>
Requisitions			
Alberta School Foundation	259,000	258,968	254,179
County of Lamont Foundation	<u>31,500</u>	<u>31,374</u>	<u>30,215</u>
	<u>290,500</u>	<u>290,342</u>	<u>284,394</u>
Net taxes for general municipal operations	\$ <u>877,000</u>	\$ <u>872,514</u>	\$ <u>894,805</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 1,000	\$ 1,000	\$ 1,000
Provincial	181,500	53,533	316,206
Other local governments	<u>23,700</u>	<u>23,792</u>	<u>84,643</u>
	206,200	78,325	401,849
Transfers for capital			
Provincial	<u>336,600</u>	<u>120,142</u>	<u>173,803</u>
Total government transfers	\$ <u>542,800</u>	\$ <u>198,467</u>	\$ <u>575,652</u>

SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 447,990	\$ 406,555	\$ 486,134
Contracted and general services	580,800	504,100	789,747
Purchases from other governments	173,000	167,604	169,024
Materials, goods, supplies and utilities	261,310	234,612	281,899
Provision for allowances and bad debts	--	23,477	--
Transfers to local boards and organizations	284,715	282,368	58,550
Bank charges and short-term interest	1,200	1,337	1,159
Interest on long-term debt	69,200	67,977	68,736
Shared cost agreement	39,800	39,142	41,203
Other expenses	25,810	19,446	17,065
Amortization of tangible capital assets	<u>537,776</u>	<u>537,774</u>	<u>538,011</u>
Total expenses	\$ <u>2,421,601</u>	\$ <u>2,284,392</u>	\$ <u>2,451,528</u>

TOWN OF MUNDARE
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2016

Revenue	General	Protective Services	Transportation Services	Environmental Services	Planning and Development	Recreation and Culture	Total
Net municipal taxes	\$ 872,514	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 872,514
Government transfers	1,000	--	37,192	37,317	8,575	114,383	198,467
User fees and sales of goods	9,310	13,680	250	489,032	1	17,866	530,139
Investment income	2,808	--	--	--	--	--	2,808
Other revenues	151,978	15,065	982	5,834	17,478	78,106	269,443
Expenses	1,037,610	28,745	38,424	532,183	26,054	210,355	1,873,371
Salaries, wages and benefits	191,137	--	122,709	37,940	--	54,769	406,555
Contracted and general services	107,385	46,323	110,408	170,687	10,966	58,331	504,100
Materials, goods, supplies and utilities	21,959	6,497	126,438	203,974	--	43,348	402,216
Transfers to others	6,786	190,289	--	39,142	--	85,293	321,510
Interest on long-term debt	--	--	55,793	12,184	--	--	67,977
Other expenses	43,281	--	--	979	--	--	44,260
Net revenue before amortization	370,548	243,109	415,348	464,906	10,966	241,741	1,746,618
Amortization expense	(13,137)	(5,018)	(389,941)	(96,689)	--	(32,989)	(537,774)
Net revenue	\$ 653,925	\$ (219,382)	\$ (766,865)	\$ (29,412)	\$ 15,088	\$ (64,375)	\$ (411,021)

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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.

(d) Cash

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

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Significant Accounting Policies - continued

(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) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(j) 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, 2016

1. Significant Accounting Policies – continued

(j) 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 recorded 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, 2016.

3. Taxes Receivable

	<u>2016</u>	<u>2015</u>
Taxes receivable		
Current	\$ 139,972	\$ 120,922
Arrears	<u>94,221</u>	<u>75,716</u>
	234,193	196,638
Less: allowance for doubtful accounts	<u>(49,435)</u>	<u>(26,190)</u>
	<u>\$ 184,758</u>	<u>\$ 170,448</u>

4. Long-Term Investments

	<u>2016</u>	<u>2015</u>
AMFC share	\$ <u>10</u>	\$ <u>10</u>

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$6,323 (2015 - \$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.

6. Deferred Revenue

	<u>2016</u>	<u>2015</u>
Offsite levies	\$ 263,000	\$ 263,000
MSI - Capital	223,132	7,612
Regional Collaboration Program	82,025	90,600
Communities in bloom	7,035	6,589
Other revenue	<u>750</u>	<u>1,250</u>
	<u>\$ 575,942</u>	<u>\$ 369,051</u>

Funding from offsite levies and various grant programs, organizations and individuals, in the amount of \$575,942 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.

7. Long-Term Debt

	<u>2016</u>	<u>2015</u>
Tax supported debentures	\$ 1,296,356	\$ 1,346,130
Self-supported debentures	62,384	64,540
Tax supported Credit Union loans	<u>157,119</u>	<u>--</u>
	<u>\$ 1,515,859</u>	<u>\$ 1,410,670</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>
2017	\$ 68,344	\$ 69,784	\$ 138,128
2018	71,484	66,644	138,128
2017	74,854	63,274	138,128
2018	78,385	59,743	138,128
2019	82,087	56,041	138,128
Thereafter	<u>1,140,705</u>	<u>375,745</u>	<u>1,516,450</u>
	<u>\$ 1,515,859</u>	<u>\$ 691,231</u>	<u>\$ 2,207,090</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 mature in periods 2022 through 2035. The average annual interest rate is 4.78% (4.79% for 2015).

The Credit Union loans bear interest at rates ranging from 3.65% to 4.1% per annum and come up for renewal in December 2021.

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

Interest on long-term debt amounted to \$67,977 (2015 - \$68,737).

The town's cash payments for interest in 2016 were \$68,597 (2015 - \$69,328).

TOWN OF MUNDARE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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>2016</u>	<u>2015</u>
Total debt limit	\$ 2,629,844	\$ 3,260,496
Total debt	(1,515,859)	(1,410,670)
Debt limit remaining	\$ <u>1,113,985</u>	\$ <u>1,849,826</u>
Debt servicing limit	\$ 438,308	\$ 543,416
Debt servicing	(138,128)	(118,808)
Debt servicing limit remaining	\$ <u>300,180</u>	\$ <u>424,608</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>2016</u>	<u>2015</u>
Tangible capital assets (schedule 2)	\$ 17,852,910	\$ 17,935,013
Accumulated amortization (schedule 2)	(5,512,724)	(5,201,573)
Long-term debt (note 7)	(1,515,859)	(1,410,670)
	\$ <u>10,824,327</u>	\$ <u>11,322,770</u>

10. Accumulated Surplus

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 7,837	\$ 4,589
Restricted surplus		
General capital	237,709	117,709
Fire	34,000	34,000
Common services	174	17,900
Streets	5,000	5,000
Water	38,000	38,000
Sewer	33,000	33,000
Garbage	1,400	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>10,824,327</u>	<u>11,322,770</u>
	\$ <u>11,229,947</u>	\$ <u>11,640,968</u>

TOWN OF MUNDARE
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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:

		2016			2015
		Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor -	Gargus	\$ 7,557	\$ 215	\$ 7,772	\$ 8,316
Councillors -	Rosypal	6,405	--	6,405	7,503
	Burghardt	6,564	166	6,730	6,860
	Talaga	7,022	174	7,196	7,833
	Couchman	3,891	98	3,989	4,024
	Kowal	2,053	58	2,111	7,833
	Greening	--	--	--	2,192
Chief Administrative Officer	Colin Zyla	65,137	7,385	72,522	72,899

⁽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 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.

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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 1201, Financial Statement Presentation

Revised standard is effective in 2019, when Sections PS2601 and PS3450 are adopted.

PSAB Section 2601, Foreign Currency Transaction

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statement and is effective in 2019.

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.