

**TOWN OF MUNDARE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**

**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, 2014, 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, 2014, 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  
March 3, 2015

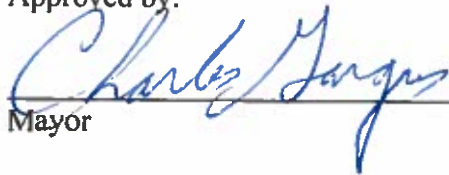
*Joly, M<sup>c</sup>Carthy & Dion*  
CHARTERED ACCOUNTANTS

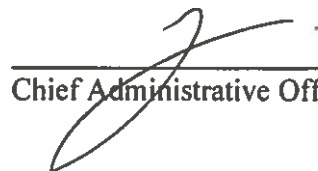
**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Financial assets</b>		
Cash	\$ 594,082	\$ 237,194
Taxes receivable (note 3)	168,238	155,681
Receivable from other governments	15,408	117,711
Trade and other receivables	74,357	138,133
Long-term investment (note 4)	10	10
Inventory of land held for resale	<u>9,164</u>	<u>22,079</u>
	<u>861,259</u>	<u>670,808</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	148,528	238,166
Deposit liabilities	16,000	9,000
Deferred revenue (note 6)	487,306	269,465
Long-term debt (note 7)	<u>1,460,150</u>	<u>1,513,889</u>
	<u>2,111,984</u>	<u>2,030,520</u>
<b>Net financial debt</b>	<u>(1,250,725)</u>	<u>(1,359,712)</u>
<b>Non-financial assets</b>		
Tangible capital assets	12,990,662	13,224,135
Prepaid expenses	<u>5,092</u>	<u>8,263</u>
	<u>12,995,754</u>	<u>13,232,398</u>
<b>Accumulated surplus (note 10)</b>	<b>\$ <u>11,745,029</u></b>	<b>\$ <u>11,872,686</u></b>

**Contingency (note 14)**

Approved by:

  
\_\_\_\_\_  
Mayor

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

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 877,600	\$ 877,789	\$ 885,109
Sales and user fees	486,800	574,475	483,323
Government transfers for operating (schedule 4)	360,500	128,244	155,644
Investment income	2,300	3,060	2,638
Penalties and costs of taxes	47,500	40,819	47,597
Licenses and permits	7,400	5,266	9,839
Police fines issued	5,000	5,493	4,977
Franchise and concession contracts	76,000	82,179	76,017
Rentals and leases	27,500	20,230	65,499
Fundraising/donations	2,500	3,873	3,696
Local improvement charges	5,150	5,183	5,183
Insurance proceeds	<u>2,000</u>	<u>2,026</u>	<u>24,760</u>
	<u>1,900,250</u>	<u>1,748,637</u>	<u>1,764,282</u>
<b>Expenses</b>			
Legislative	50,900	42,509	45,180
Administration	353,927	352,263	360,923
Protective services	152,656	137,036	163,811
Roads, streets, walks, lighting	800,409	770,240	811,079
Water and wastewater	378,238	476,194	466,157
Waste management	134,600	116,922	121,626
Municipal planning, community and economic development	255,000	46,658	17,871
Recreation and culture	<u>248,023</u>	<u>211,878</u>	<u>232,213</u>
	<u>2,373,753</u>	<u>2,153,700</u>	<u>2,218,860</u>
<b>Shortfall of revenues over expenses before other</b>	<u>(473,503)</u>	<u>(405,063)</u>	<u>(454,578)</u>
<b>Other</b>			
Government transfers for capital (schedule 4)	264,000	256,637	641,432
Loss on disposal of tangible capital assets	--	(10,356)	--
Transfers from local boards/agencies	<u>70,000</u>	<u>31,125</u>	<u>--</u>
	<u>334,000</u>	<u>277,406</u>	<u>641,432</u>
<b>Excess (deficiency) of revenues over expenses</b>	(139,503)	(127,657)	186,854
<b>Accumulated surplus, beginning of year</b>	<u>11,872,686</u>	<u>11,872,686</u>	<u>11,685,832</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 11,733,183</u>	<u>\$ 11,745,029</u>	<u>\$ 11,872,686</u>

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u> (unaudited)	<u>2014</u>	<u>2013</u>
<b>Excess (deficiency) of revenues over expenses</b>	\$ <u>(139,503)</u>	\$ <u>(127,657)</u>	\$ <u>186,854</u>
Acquisition of tangible capital assets	(270,000)	(308,028)	(744,685)
Amortization of tangible capital assets	531,153	531,145	478,548
Loss on disposal of tangible capital assets	<u>    --</u>	<u>10,356</u>	<u>    --</u>
	<u>261,153</u>	<u>233,473</u>	<u>(266,137)</u>
Acquisition of prepaid assets	(8,263)	(5,092)	(8,263)
Use of prepaid assets	<u>8,263</u>	<u>8,263</u>	<u>8,060</u>
	<u>    --</u>	<u>3,171</u>	<u>(203)</u>
<b>(Increase) decrease in net financial debt</b>	121,650	108,987	(79,486)
<b>Net financial debt, beginning of year</b>	<u>(1,359,712)</u>	<u>(1,359,712)</u>	<u>(1,280,226)</u>
<b>Net financial debt, end of year</b>	\$ <u>(1,238,062)</u>	\$ <u>(1,250,725)</u>	\$ <u>(1,359,712)</u>

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses	\$ (127,657)	\$ 186,854
Non-cash items included		
Amortization of tangible capital assets	531,145	478,548
Loss on disposal of tangible capital assets	10,356	--
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(12,557)	51,250
Receivables from other governments	102,303	(112,263)
Trade and other receivables	63,776	(76,856)
Prepaid expenses	3,171	(203)
Inventory of land held for resale	12,915	(12,915)
Increase (decrease) in		
Accounts payable and accrued liabilities	(89,638)	128,819
Deposit liabilities	7,000	(406)
Deferred revenue	<u>217,841</u>	<u>(223,633)</u>
	718,655	419,195
<b>Capital</b>		
Acquisition of tangible capital assets	(308,028)	(744,685)
<b>Financing</b>		
Long-term debt repaid	<u>(53,739)</u>	<u>(51,246)</u>
<b>Change in cash during the year</b>	356,888	(376,736)
<b>Cash, beginning of year</b>	<u>237,194</u>	<u>613,930</u>
<b>Cash, end of year</b>	\$ <u>594,082</u>	\$ <u>237,194</u>

**TOWN OF MUNDARE**  
**SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	<u>2014</u>	<u>2013</u>
<b>Balance, beginning of year</b>	\$ <u>831</u>	\$ <u>161,609</u>	\$ <u>11,710,246</u>	\$ <u>11,872,686</u>	\$ <u>11,685,832</u>
Excess (deficiency) of revenues over expenses	(127,657)	--	--	(127,657)	186,854
Funds designated for future use	(52,000)	52,000	--	--	--
Current year funds used for tangible capital assets	(308,028)	--	308,028	--	--
Disposal of tangible capital assets	10,356	--	(10,356)	--	--
Annual amortization expense	531,145	--	(531,145)	--	--
Long-term debt repaid	<u>(53,739)</u>	<u>--</u>	<u>53,739</u>	<u>--</u>	<u>--</u>
<b>Change in accumulated surplus</b>	<u>77</u>	<u>52,000</u>	<u>(179,734)</u>	<u>(127,657)</u>	<u>186,854</u>
<b>Balance, end of year</b>	\$ <u>908</u>	\$ <u>213,609</u>	\$ <u>11,530,512</u>	\$ <u>11,745,029</u>	\$ <u>11,872,686</u>

**TOWN OF MUNDARE**  
**SCHEDULE 2 – TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery &amp; Equipment</u>	<u>Vehicles</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 52,577	\$ 491,376	\$ 1,224,357	\$ 14,969,495	\$ 439,988	\$ 244,864	\$ 17,422,657	\$ 16,677,972
Acquisition of tangible capital assets	--	--	--	176,048	123,075	8,905	308,028	744,685
Disposal of tangible capital assets	--	--	--	(15,257)	(15,000)	--	(30,257)	--
Balance, end of year	<u>52,577</u>	<u>491,376</u>	<u>1,224,357</u>	<u>15,130,286</u>	<u>548,063</u>	<u>253,769</u>	<u>17,700,428</u>	<u>17,422,657</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	--	99,440	510,114	3,304,090	160,785	124,093	4,198,522	3,719,974
Annual amortization	--	22,578	25,244	427,925	39,567	15,831	531,145	478,548
Accumulated amortization on disposals	--	--	--	(12,101)	(7,800)	--	(19,901)	--
Balance, end of year	--	<u>122,018</u>	<u>535,358</u>	<u>3,719,914</u>	<u>192,552</u>	<u>139,924</u>	<u>4,709,766</u>	<u>4,198,522</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 52,577</u>	<u>\$ 369,358</u>	<u>\$ 688,999</u>	<u>\$ 11,410,372</u>	<u>\$ 355,511</u>	<u>\$ 113,845</u>	<u>\$ 12,990,662</u>	<u>\$ 13,224,135</u>
2013 Net book value of tangible capital assets	<u>\$ 52,577</u>	<u>\$ 391,936</u>	<u>\$ 714,243</u>	<u>\$ 11,665,405</u>	<u>\$ 279,203</u>	<u>\$ 120,771</u>	<u>\$ 13,224,135</u>	



**TOWN OF MUNDARE  
SCHEDULE 3 – PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u> (unaudited)	<u>2014</u> Actual	<u>2013</u> Actual
<b>Taxation</b>			
Residential land and improvements	\$ 978,900	\$ 975,229	\$ 975,349
Commercial property	<u>186,200</u>	<u>188,041</u>	<u>163,233</u>
	<u>1,165,100</u>	<u>1,163,270</u>	<u>1,138,582</u>
<b>Requisitions</b>			
Alberta School Foundation	250,000	248,083	218,546
County of Lamont Foundation	<u>37,500</u>	<u>37,398</u>	<u>34,927</u>
	<u>287,500</u>	<u>285,481</u>	<u>253,473</u>
<b>Net taxes for general municipal operations</b>	<u>\$ 877,600</u>	<u>\$ 877,789</u>	<u>\$ 885,109</u>

**SCHEDULE 4 – GOVERNMENT TRANSFERS**

<b>Transfers for operations</b>			
Federal	\$ 5,000	\$ 5,025	\$ --
Provincial	261,800	49,049	67,997
Other local governments	<u>93,700</u>	<u>74,170</u>	<u>87,647</u>
	360,500	128,244	155,644
<b>Transfers for capital</b>			
Provincial	<u>264,000</u>	<u>256,637</u>	<u>641,432</u>
<b>Total government transfers</b>	<u>\$ 624,500</u>	<u>\$ 384,881</u>	<u>\$ 797,076</u>

**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**

<b>Expenses</b>			
Salaries, wages and benefits	\$ 515,050	\$ 467,349	\$ 456,037
Contracted and general services	743,800	544,083	684,060
Purchases from other governments	136,000	152,803	131,329
Materials, goods, supplies and utilities	265,100	276,127	278,600
Provision for allowances and bad debts	--	3,325	2,834
Transfers to local boards and organizations	60,000	58,121	62,185
Bank charges & short-term interest	1,500	1,074	1,507
Interest on long-term debt	72,150	71,295	73,814
Shared cost agreement	36,300	36,273	32,308
Other expenses	12,700	12,105	17,638
Amortization of tangible capital assets	<u>531,153</u>	<u>531,145</u>	<u>478,548</u>
<b>Total expenses</b>	<u>\$ 2,373,753</u>	<u>\$ 2,153,700</u>	<u>\$ 2,218,860</u>

**TOWN OF MUNDARE**  
**SCHEDULE 6 – SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Total</u>
<b>Revenue</b>							
Net municipal taxes	\$ 877,789	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 877,789
Government transfers	5,025	50,378	115,524	156,595	29,200	28,159	384,881
User fees and sales of goods	27,690	16,197	1,528	484,370	7	44,683	574,475
Investment income	3,060	--	--	--	--	--	3,060
Other revenues	<u>129,166</u>	<u>38,783</u>	<u>--</u>	<u>5,183</u>	<u>3,101</u>	<u>19,961</u>	<u>196,194</u>
	<u>1,042,730</u>	<u>105,358</u>	<u>117,052</u>	<u>646,148</u>	<u>32,308</u>	<u>92,803</u>	<u>2,036,399</u>
<b>Expenses</b>							
Salaries, wages and benefits	226,265	22,261	111,906	73,727	--	33,190	467,349
Contracted and general services	106,588	74,452	91,282	165,056	33,743	72,962	544,083
Materials, goods, supplies and utilities	21,301	20,417	131,862	213,352	12,915	29,083	428,930
Transfers to others	5,851	--	--	36,273	--	52,270	94,394
Interest on long-term debt	--	--	57,782	13,513	--	--	71,295
Other expenses	<u>14,940</u>	<u>7,200</u>	<u>--</u>	<u>4,720</u>	<u>--</u>	<u>--</u>	<u>26,860</u>
	<u>374,945</u>	<u>124,330</u>	<u>392,832</u>	<u>506,641</u>	<u>46,658</u>	<u>187,505</u>	<u>1,632,911</u>
<b>Net revenue before amortization</b>	667,785	(18,972)	(275,780)	139,507	(14,350)	(94,702)	403,488
Amortization expense	<u>(19,827)</u>	<u>(19,906)</u>	<u>(377,408)</u>	<u>(89,631)</u>	<u>--</u>	<u>(24,373)</u>	<u>(531,145)</u>
<b>Net revenue</b>	<u>\$ 647,958</u>	<u>\$ (38,878)</u>	<u>\$ (653,188)</u>	<u>\$ 49,876</u>	<u>\$ (14,350)</u>	<u>\$ (119,075)</u>	<u>\$ (127,657)</u>

**TOWN OF MUNDARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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, 2014**

**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, 2014**

**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 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, 2014.

**3. Taxes Receivable**

	<u>2014</u>	<u>2013</u>
Taxes receivable		
Current	\$ 106,576	\$ 111,601
Arrears	87,852	66,945
	194,428	178,546
Less: allowance for doubtful accounts	(26,190)	(22,865)
	<b>\$ 168,238</b>	<b>\$ 155,681</b>

**TOWN OF MUNDARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>4. Long-Term Investments</b>	<u>2014</u>	<u>2013</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 \$12,227 (2013 - \$18,577). 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>2014</u>	<u>2013</u>
Offsite levies	\$ 260,000	\$ 260,000
Communities in bloom	6,506	9,465
Regional Collaboration Program	<u>220,800</u>	<u>---</u>
	<u>\$ 487,306</u>	<u>\$ 269,465</u>

Funding from offsite levies and various grant programs, organizations and individuals, in the amount of \$487,306 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>2014</u>	<u>2013</u>
Tax supported debentures	\$ 1,393,554	\$ 1,445,330
Self-supported debentures	<u>66,596</u>	<u>68,559</u>
	<u>\$ 1,460,150</u>	<u>\$ 1,513,889</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>
2015	\$ 49,480	\$ 69,328	\$ 118,808
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
Thereafter	<u>1,186,993</u>	<u>476,678</u>	<u>1,663,671</u>
	<u>\$ 1,460,150</u>	<u>\$ 797,561</u>	<u>\$ 2,257,711</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 2013).

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

Interest on long-term debt amounted to \$71,295 (2013 - \$73,814).

The town's cash payments for interest in 2014 were \$71,871 (2013 - \$74,364).

**TOWN OF MUNDARE**  
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**FOR THE YEAR ENDED DECEMBER 31, 2014**

**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>2014</u>	<u>2013</u>
Total debt limit	\$ 2,669,643	\$ 2,646,423
Total debt	<u>(1,460,150)</u>	<u>(1,513,889)</u>
Debt limit remaining	\$ <u>1,209,493</u>	\$ <u>1,132,534</u>
Debt servicing limit	\$ 444,940	\$ 441,070
Debt servicing	<u>(118,808)</u>	<u>(125,610)</u>
Debt servicing limit remaining	\$ <u>326,132</u>	\$ <u>315,460</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>2014</u>	<u>2013</u>
Tangible capital assets (schedule 2)	\$ 17,700,428	\$ 17,422,657
Accumulated amortization (schedule 2)	<u>(4,709,766)</u>	<u>(4,198,522)</u>
Long-term debt (note 7)	<u>(1,460,150)</u>	<u>(1,513,889)</u>
	\$ <u>11,530,512</u>	\$ <u>11,710,246</u>

**10. Accumulated Surplus**

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

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ 908	\$ 831
Restricted surplus		
General capital	17,709	10,709
Fire	34,000	29,000
Common services	17,900	12,900
Streets	5,000	--
Water	38,000	33,000
Sewer	33,000	28,000
Garbage	19,500	14,500
Development	21,000	16,000
Parks and recreation	14,500	9,500
Ukraina Park	13,000	8,000
Equity in tangible capital assets (note 9)	<u>11,530,512</u>	<u>11,710,246</u>
	\$ <u>11,745,029</u>	\$ <u>11,872,686</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:

		2014			2013
		Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Mayor -	Gargus	\$ 9,105	\$ 277	\$ 9,382	\$ 6,845
	Saric	--	--	--	7,274
Councillors -	Rosypal	7,975	--	7,975	8,430
	Greening	7,465	196	7,661	7,215
	Burghardt	6,965	172	7,137	7,289
	Talaga	6,270	137	6,407	1,126
Chief Administrative Officer					
	Colin Zyla	62,422	7,132	69,554	67,468

<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 pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**13. Commitment**

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



**TOWN OF MUNDARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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.