

**TOWN OF MUNDARE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2017**



**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, 2017, 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, 2017, 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 20, 2018

*JMD Group LLP*  
CHARTERED ACCOUNTANTS

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Financial assets</b>		
Cash	\$ 638,351	\$ 804,040
Taxes receivable (note 3)	256,196	184,758
Receivable from other governments	5,974	6,503
Trade and other receivables	61,427	61,554
Long-term investment (note 4)	10	10
Inventory of land held for resale	<u>9,164</u>	<u>9,164</u>
	<u>971,122</u>	<u>1,066,029</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	80,753	78,886
Deposit liabilities	19,727	17,627
Deferred revenue (note 6)	429,866	575,942
Long-term debt (note 7)	<u>1,414,764</u>	<u>1,515,859</u>
	<u>1,945,110</u>	<u>2,188,314</u>
<b>Net financial debt</b>	<u>(973,988)</u>	<u>(1,122,285)</u>
<b>Non-financial assets</b>		
Tangible capital assets	11,853,895	12,340,186
Prepaid expenses	<u>4,119</u>	<u>12,046</u>
	<u>11,858,014</u>	<u>12,352,232</u>
<b>Accumulated surplus (note 10)</b>	<b>\$ <u>10,884,026</u></b>	<b>\$ <u>11,229,947</u></b>

Approved by:

  
\_\_\_\_\_  
Mayor

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

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 877,000	\$ 878,322	\$ 872,514
Sales and user fees	536,300	526,422	530,139
Government transfers for operating (schedule 4)	662,000	556,760	78,325
Investment income	2,800	3,786	2,808
Penalties and costs of taxes	45,000	58,677	45,998
Licenses and permits	5,600	17,456	22,918
Police fines issued	7,000	9,906	9,127
Franchise and concession contracts	96,000	109,087	97,194
Rentals and leases	54,000	71,493	67,401
Fundraising/donations/insurance	200,000	--	1,696
Local improvement charges	<u>5,150</u>	<u>5,184</u>	<u>5,184</u>
	<u>2,490,850</u>	<u>2,237,093</u>	<u>1,733,304</u>
<b>Expenses</b>			
Legislative	49,590	44,771	38,385
Administration	395,963	409,873	345,300
Protective services	55,518	52,588	248,127
Roads, streets, walks, lighting	895,251	924,708	805,289
Water and wastewater	821,667	692,582	424,076
Waste management	144,000	143,529	137,519
Municipal planning, community and economic development	69,000	23,891	10,966
Recreation and culture	<u>306,340</u>	<u>306,102</u>	<u>274,730</u>
	<u>2,737,329</u>	<u>2,598,044</u>	<u>2,284,392</u>
<b>Shortfall of revenues over expenses before other</b>	<u>(246,479)</u>	<u>(360,951)</u>	<u>(551,088)</u>
<b>Other</b>			
Government transfers for capital (schedule 4)	--	--	120,142
Gain on disposal of tangible capital assets	--	--	2,130
Donations	<u>11,000</u>	<u>15,030</u>	<u>17,795</u>
	<u>11,000</u>	<u>15,030</u>	<u>140,067</u>
<b>Deficiency of revenues over expenses</b>	(235,479)	(345,921)	(411,021)
<b>Accumulated surplus, beginning of year</b>	<u>11,229,947</u>	<u>11,229,947</u>	<u>11,640,968</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 10,994,468</u>	<u>\$ 10,884,026</u>	<u>\$ 11,229,947</u>

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Deficiency of revenues over expenses</b>	\$ <u>(235,479)</u>	\$ <u>(345,921)</u>	\$ <u>(411,021)</u>
Acquisition of tangible capital assets	(354,000)	(66,736)	(338,804)
Amortization of tangible capital assets	553,039	553,027	537,774
Proceeds on tangible capital assets	--	--	196,414
Gain on disposal of tangible capital assets	<u>    --</u>	<u>    --</u>	<u>    (2,130)</u>
	<u>199,039</u>	<u>486,291</u>	<u>393,254</u>
Acquisition of prepaid assets	(5,000)	(4,119)	(12,046)
Use of prepaid assets	<u>12,000</u>	<u>12,046</u>	<u>16,027</u>
	<u>7,000</u>	<u>7,927</u>	<u>3,981</u>
<b>Decrease (increase) in net financial debt</b>	(29,440)	148,297	(13,786)
<b>Net financial debt, beginning of year</b>	<u>(1,122,285)</u>	<u>(1,122,285)</u>	<u>(1,108,499)</u>
<b>Net financial debt, end of year</b>	\$ <u>(1,151,725)</u>	\$ <u>(973,988)</u>	\$ <u>(1,122,285)</u>

**TOWN OF MUNDARE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Deficiency of revenues over expenses	\$ (345,921)	\$ (411,021)
Non-cash items included		
Amortization of tangible capital assets	553,027	537,774
Gain on disposal of tangible capital assets	--	(2,130)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(71,438)	(14,310)
Receivables from other governments	529	2,717
Trade and other receivables	127	9,027
Prepaid expenses	7,927	3,981
Increase (decrease) in		
Accounts payable and accrued liabilities	1,867	(35,927)
Deposit liabilities	2,100	(3,373)
Deferred revenue	(146,076)	<u>206,891</u>
	<u>2,142</u>	<u>293,629</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(66,736)	(338,804)
Proceeds on disposition of tangible capital assets	<u>--</u>	<u>196,414</u>
	<u>(66,736)</u>	<u>(142,390)</u>
<b>Financing</b>		
Long-term debt issued	--	160,950
Long-term debt repaid	(101,095)	<u>(55,761)</u>
	<u>(101,095)</u>	<u>105,189</u>
<b>Change in cash during the year</b>	(165,689)	256,428
<b>Cash, beginning of year</b>	<u>804,040</u>	<u>547,612</u>
<b>Cash, end of year</b>	\$ <u>638,351</u>	\$ <u>804,040</u>

**TOWN OF MUNDARE**  
**SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>Balance, beginning of year</b>	\$ <u>7,837</u>	\$ <u>397,783</u>	\$ <u>10,824,327</u>	\$ <u>11,229,947</u>	\$ <u>11,640,968</u>
Deficiency of revenues over expenses	(345,921)	--	--	(345,921)	(411,021)
Restricted funds used for operations	105,626	(105,626)	--	--	--
Current year funds used for tangible capital assets	(66,736)	--	66,736	--	--
Annual amortization expense	553,027	--	(553,027)	--	--
Long-term debt repaid	(101,095)	--	101,095	--	--
<b>Change in accumulated surplus</b>	<u>144,901</u>	<u>(105,626)</u>	<u>(385,196)</u>	<u>(345,921)</u>	<u>(411,021)</u>
<b>Balance, end of year</b>	\$ <u>152,738</u>	\$ <u>292,157</u>	\$ <u>10,439,131</u>	\$ <u>10,884,026</u>	\$ <u>11,229,947</u>

**TOWN OF MUNDARE**  
**SCHEDULE 2 – TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery &amp; Equipment</u>	<u>Vehicles</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 52,577	\$ 501,626	\$ 1,254,417	\$ 15,229,287	\$ 711,670	\$ 103,333	\$ 17,852,910	\$ 17,935,013
Acquisition of tangible capital assets	--	61,508	--	--	5,228	--	66,736	338,804
Disposal of tangible capital assets	--	--	--	--	--	--	--	(420,907)
Balance, end of year	<u>52,577</u>	<u>563,134</u>	<u>1,254,417</u>	<u>15,229,287</u>	<u>716,898</u>	<u>103,333</u>	<u>17,919,646</u>	<u>17,852,910</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	--	167,172	587,351	4,570,469	130,412	57,320	5,512,724	5,201,573
Annual amortization	--	23,369	26,748	433,669	61,022	8,219	553,027	537,774
Accumulated amortization on disposals	--	--	--	--	--	--	--	(226,623)
Balance, end of year	--	<u>190,541</u>	<u>614,099</u>	<u>5,004,138</u>	<u>191,434</u>	<u>65,539</u>	<u>6,065,751</u>	<u>5,512,724</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 52,577</u>	<u>\$ 372,593</u>	<u>\$ 640,318</u>	<u>\$ 10,225,149</u>	<u>\$ 525,464</u>	<u>\$ 37,794</u>	<u>\$ 11,853,895</u>	<u>\$ 12,340,186</u>
2016 Net book value of tangible capital assets	<u>\$ 52,577</u>	<u>\$ 334,454</u>	<u>\$ 667,066</u>	<u>\$ 10,658,818</u>	<u>\$ 581,258</u>	<u>\$ 46,013</u>	<u>\$ 12,340,186</u>	



**TOWN OF MUNDARE  
SCHEDULE 3 – PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>Taxation</b>			
Residential land and improvements	\$ 971,000	\$ 971,263	\$ 960,798
Commercial property	<u>203,000</u>	<u>202,968</u>	<u>202,058</u>
	<u>1,174,000</u>	<u>1,174,231</u>	<u>1,162,856</u>
<b>Requisitions</b>			
Alberta School Foundation	264,000	263,143	258,968
County of Lamont Foundation	<u>33,000</u>	<u>32,766</u>	<u>31,374</u>
	<u>297,000</u>	<u>295,909</u>	<u>290,342</u>
<b>Net taxes for general municipal operations</b>	<b>\$ <u>877,000</u></b>	<b>\$ <u>878,322</u></b>	<b>\$ <u>872,514</u></b>

**SCHEDULE 4 – GOVERNMENT TRANSFERS**

<b>Transfers for operations</b>			
Federal	\$ --	\$ 1,200	\$ 1,000
Provincial	629,000	522,261	53,533
Other local governments	<u>33,000</u>	<u>33,299</u>	<u>23,792</u>
	662,000	556,760	78,325
<b>Transfers for capital</b>			
Provincial	<u>--</u>	<u>--</u>	<u>120,142</u>
<b>Total government transfers</b>	<b>\$ <u>662,000</u></b>	<b>\$ <u>556,760</u></b>	<b>\$ <u>198,467</u></b>

**SCHEDULE 5 – CONSOLIDATED EXPENSES BY OBJECT**

<b>Expenses</b>			
Salaries, wages and benefits	\$ 436,690	\$ 415,868	\$ 406,555
Contracted and general services	1,097,100	1,018,596	504,100
Purchases from other governments	175,000	137,566	167,604
Materials, goods, supplies and utilities	267,100	244,006	234,612
Provision for allowances and bad debts	500	17,116	23,477
Transfers to local boards and organizations	68,700	71,449	282,368
Bank charges and short-term interest	1,400	1,516	1,337
Interest on long-term debt	69,700	68,720	67,977
Shared cost agreement	44,000	43,298	39,142
Other expenses	24,100	26,882	19,446
Amortization of tangible capital assets	<u>553,039</u>	<u>553,027</u>	<u>537,774</u>
<b>Total expenses</b>	<b>\$ <u>2,737,329</u></b>	<b>\$ <u>2,598,044</u></b>	<b>\$ <u>2,284,392</u></b>

**TOWN OF MUNDARE**  
**SCHEDULE 6 – SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Revenue</b>	<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>
Net municipal taxes	\$ 878,322	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 878,322
Government transfers	37,163	--	170,069	254,815	20,887	73,826	556,760
User fees and sales of goods	7,736	11,466	--	486,924	--	20,296	526,422
Investment income	3,786	--	--	--	--	--	3,786
Other revenues	<u>177,997</u>	<u>13,696</u>	<u>--</u>	<u>5,183</u>	<u>13,666</u>	<u>76,291</u>	<u>286,833</u>
	<u>1,105,004</u>	<u>25,162</u>	<u>170,069</u>	<u>746,922</u>	<u>34,553</u>	<u>170,413</u>	<u>2,252,123</u>
<b>Expenses</b>							
Salaries, wages and benefits	211,477	--	108,891	33,863	--	61,637	415,868
Contracted and general services	148,446	40,117	232,054	471,967	23,891	102,121	1,018,596
Materials, goods, supplies and utilities	25,352	7,453	130,164	173,378	--	45,225	381,572
Transfers to others	10,768	--	--	43,298	--	60,681	114,747
Interest on long-term debt	--	--	57,257	11,463	--	--	68,720
Other expenses	<u>44,438</u>	<u>--</u>	<u>--</u>	<u>1,076</u>	<u>--</u>	<u>--</u>	<u>45,514</u>
	<u>440,481</u>	<u>47,570</u>	<u>528,366</u>	<u>735,045</u>	<u>23,891</u>	<u>269,664</u>	<u>2,045,017</u>
<b>Net revenue before amortization</b>	664,523	(22,408)	(358,297)	11,877	10,662	(99,251)	207,106
Amortization expense	<u>(14,163)</u>	<u>(5,018)</u>	<u>(396,342)</u>	<u>(101,066)</u>	<u>--</u>	<u>(36,438)</u>	<u>(553,027)</u>
<b>Net revenue</b>	<u>\$ 650,360</u>	<u>\$ (27,426)</u>	<u>\$ (754,639)</u>	<u>\$ (89,189)</u>	<u>\$ 10,662</u>	<u>\$ (135,689)</u>	<u>\$ (345,921)</u>

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017**

**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) 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.

**TOWN OF MUNDARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

(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.

(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.

(k) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017.

<b>3. Taxes Receivable</b>	<u>2017</u>	<u>2016</u>
Taxes receivable		
Current	\$ 160,098	\$ 139,972
Arrears	<u>162,533</u>	<u>94,221</u>
	322,631	234,193
Less: allowance for doubtful accounts	<u>(66,435)</u>	<u>(49,435)</u>
	<u>\$ 256,196</u>	<u>\$ 184,758</u>

<b>4. Long-Term Investments</b>	<u>2017</u>	<u>2016</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 \$6,199 (2016 - \$6,323). 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>2017</u>	<u>2016</u>
Offsite levies	\$ 263,000	\$ 263,000
MSI - Capital	114,542	223,132
Regional Collaboration Program	44,732	82,025
Communities in bloom	6,570	7,035
Other revenue	<u>1,022</u>	<u>750</u>
	<u>\$ 429,866</u>	<u>\$ 575,942</u>

Funding from offsite levies and various grant programs, organizations and individuals, in the amount of \$429,866 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>2017</u>	<u>2016</u>
Tax supported debentures	\$ 1,244,112	\$ 1,296,356
Self-supported debentures	60,125	62,384
Tax supported Credit Union loans	<u>110,527</u>	<u>157,119</u>
	<u>\$ 1,414,764</u>	<u>\$ 1,515,859</u>

**TOWN OF MUNDARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**7. Long-Term Debt (continued)**

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>
2018	\$ 72,748	\$ 65,380	\$ 138,128
2019	76,160	61,968	138,128
2020	79,735	58,393	138,128
2021	83,481	54,647	138,128
2022	87,407	50,721	138,128
Thereafter	<u>1,015,233</u>	<u>319,605</u>	<u>1,334,838</u>
	<u>\$ 1,414,764</u>	<u>\$ 610,714</u>	<u>\$ 2,025,478</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 4.69% (4.78% for 2016).

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 \$68,720 (2016 - \$67,977).

The town's cash payments for interest in 2017 were \$69,034 (2016 - \$68,597).

**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>2017</u>	<u>2016</u>
Total debt limit	\$ 3,378,184	\$ 2,629,844
Total debt	<u>(1,414,764)</u>	<u>(1,515,859)</u>
Debt limit remaining	\$ <u>1,963,420</u>	\$ <u>1,113,985</u>
Debt servicing limit	\$ 563,031	\$ 438,308
Debt servicing	<u>(138,128)</u>	<u>(138,128)</u>
Debt servicing limit remaining	\$ <u>424,903</u>	\$ <u>300,180</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.

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>9. Equity in Tangible Capital Assets</b>	<u>2017</u>	<u>2016</u>
Tangible capital assets (schedule 2)	\$ 17,919,646	\$ 17,852,910
Accumulated amortization (schedule 2)	(6,065,751)	(5,512,724)
Long-term debt (note 7)	<u>(1,414,764)</u>	<u>(1,515,859)</u>
	<u>\$ 10,439,131</u>	<u>\$ 10,824,327</u>

**10. Accumulated Surplus**

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

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 152,738	\$ 7,837
Restricted surplus		
General capital	165,083	237,709
Fire	34,000	34,000
Common services	174	174
Streets	5,000	5,000
Water	38,000	38,000
Sewer	--	33,000
Garbage	1,400	1,400
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>10,439,131</u>	<u>10,824,327</u>
	<u>\$ 10,884,026</u>	<u>\$ 11,229,947</u>

**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.



**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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:

	2017			2016
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
<b>Council</b>				
Saric	\$ 1,471	\$ 39	\$ 1,510	\$ --
Burghardt	6,564	152	6,716	6,730
Talaga	7,278	187	7,465	7,196
Kowal	6,826	165	6,991	2,111
Caliniou	1,554	43	1,597	--
Gargus	6,458	175	6,633	7,772
Rosypal	5,682	--	5,682	6,405
Couchman	--	--	--	3,989
<b>Chief Administrative Officer</b>				
Colin Zyla	70,592	7,329	77,921	72,522

<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 \$2,204 until March 2022 under a photocopier lease.

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

**14. Contaminated Sites Liability**

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2017 (2016 – nil) as a result of this standard.

**TOWN OF MUNDARE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 2019 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

PSAB Section 3450, Financial Instruments

This standard is effective for the 2019 fiscal year and establishes recognition, measurement and disclosure requirements for derivative and non-derivative instruments.