

**TOWN OF TURNER VALLEY**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2013**

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**TOWN OF TURNER VALLEY**  
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**For the year ended December 31, 2013**

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# Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of  
the Town of Turner Valley

We have audited the accompanying consolidated financial statements of the Town of Turner Valley which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, change in net financial assets and cash flow 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 generally accepted 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 Turner Valley as at December 31, 2013 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

June 16, 2014

*Young Parkyn McNab LLP*

Chartered Accountants

## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Turner Valley.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

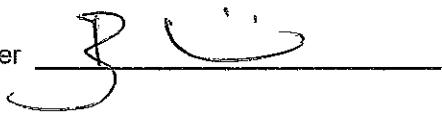
The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Turner Valley is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Young Parkyn McNab LLP has full and free access to the Council.

Chief Administrative Officer

A handwritten signature in black ink, appearing to read "B. J. S.", is placed over a horizontal line next to the title "Chief Administrative Officer".

**TOWN OF TURNER VALLEY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	2013	2012
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 11,813,253	\$ 4,269,780
Taxes and grants in place of taxes receivable (note 3)	568,400	625,219
Trade and other receivables	931,383	1,530,647
Land held for resale	48,414	48,414
	<u>13,361,450</u>	<u>6,474,060</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	760,474	415,636
Employee benefit obligations (note 4)	77,541	44,706
Deposits	604,439	591,340
Deferred revenue (note 5)	7,238,558	20,907
Long-term debt (note 6)	1,749,181	1,848,083
Obligation under capital lease (note 7)	37,182	58,096
	<u>10,467,375</u>	<u>2,978,768</u>
<b>Net financial assets</b>	<u>2,894,075</u>	<u>3,495,292</u>
<b>Non-financial assets</b>		
Prepaid expenses	31,303	43,315
Inventory for consumption	28,615	32,752
Tangible capital assets (schedule 1)	32,727,389	29,865,749
	<u>32,787,307</u>	<u>29,941,816</u>
<b>Accumulated surplus (note 8)</b>	<u>\$ 35,681,382</u>	<u>\$ 33,437,108</u>

*Commitments and contingencies (note 18)*

Approved on behalf of Council:

Councillor

Landra McNab

Councillor

Reeves

**TOWN OF TURNER VALLEY**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2013

	Budget (Unaudited)	2013	2012
<b>Revenue</b>			
Net municipal taxes (note 11)	\$ 2,333,934	\$ 2,324,086	\$ 2,242,753
User fees and sales of goods	1,164,891	1,508,623	1,276,474
Government transfers for operating (note 12)	732,997	112,606	265,636
Investment income	62,269	88,022	62,269
Penalties and costs of taxes	189,779	170,138	222,666
Licenses and permits	92,636	123,993	90,196
Gain on disposal of capital assets	365,000	-	396,515
Franchise and concession contracts	153,573	162,536	151,573
Other revenue	465,801	75,442	106,956
	<b>5,560,880</b>	<b>4,565,446</b>	<b>4,815,038</b>
<b>Expenses (note 13)</b>			
Legislative	174,421	193,075	182,723
Administration	992,384	904,806	925,214
Fire	140,270	158,700	130,445
Disaster services	544,765	332,996	21,510
Emergency medical	17,618	17,618	16,162
Bylaw enforcement	269,882	233,244	268,064
Transportation services	1,164,656	1,371,471	1,100,548
Water supply and distribution	955,733	829,664	878,660
Wastewater treatment and disposal	373,167	404,306	334,168
Waste management	255,989	259,741	245,355
Family and community support services	62,428	47,520	68,234
Cemeteries and crematoriums	55,060	55,127	38,850
Land use planning, zoning and development	219,298	120,133	139,743
Economic and agricultural development	105,642	95,288	82,709
Parks and recreation	476,334	524,795	483,864
Culture - libraries, museums, halls	106,753	169,093	140,321
	<b>5,914,400</b>	<b>5,717,577</b>	<b>5,056,570</b>
<b>Deficiency of revenue over expenses before other</b>	<b>(353,520)</b>	<b>(1,152,131)</b>	<b>(241,532)</b>
<b>Other</b>			
Government transfers for capital (note 12)	2,138,355	3,396,405	982,600
<b>Excess of revenue over expenses</b>	<b>1,784,835</b>	<b>2,244,274</b>	<b>741,068</b>
<b>Accumulated surplus, beginning of year</b>	<b>33,437,108</b>	<b>33,437,108</b>	<b>32,696,040</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 35,221,943</b>	<b>\$ 35,681,382</b>	<b>\$ 33,437,108</b>

**TOWN OF TURNER VALLEY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2013

	Budget (Unaudited)	2013	2012
<b>Excess of revenue over expenses</b>	\$ 1,784,835	\$ 2,244,274	\$ 741,068
Acquisition of tangible capital assets	(3,951,098)	(4,034,134)	(1,661,840)
Amortization	840,699	1,009,033	1,039,511
Loss (gain) on disposal of tangible capital assets	-	163,461	(396,514)
Proceeds on disposal of tangible capital assets	-	-	850,000
	(3,110,399)	(2,861,640)	(168,843)
Net change in inventory for consumption	-	4,137	(7,533)
Net change in prepaid expense	-	12,012	(14,869)
	-	16,149	(22,402)
<b>Change in net financial assets</b>	(1,325,564)	(601,217)	549,823
<b>Net financial assets, beginning of year</b>	3,495,292	3,495,292	2,945,469
<b>Net financial assets, end of year</b>	\$ 2,169,728	\$ 2,894,075	\$ 3,495,292

**TOWN OF TURNER VALLEY**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2013

	2013	2012
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 2,244,274	\$ 741,068
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	163,461	(396,514)
Amortization	1,009,033	1,039,511
	3,416,768	1,384,065
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	56,819	239,307
Trade and other receivables	599,264	(778,046)
Inventory for consumption	4,137	(7,533)
Prepaid expenses	12,012	(14,869)
Accounts payable and accrued liabilities	344,838	(18,212)
Employee benefit obligations	32,835	12,807
Deposits	13,099	(183,556)
Deferred revenue	7,217,651	(179,677)
Cash provided by operating transactions	11,697,423	454,286
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	-	850,000
Acquisition of tangible capital assets	(4,034,134)	(1,661,840)
Cash applied to capital transactions	(4,034,134)	(811,840)
<b>Financing transactions</b>		
Repayment of capital lease	(20,914)	(19,998)
Repayment of long-term debt	(98,902)	(95,290)
<b>Increase (decrease) in cash and temporary investments</b>	<b>7,543,473</b>	<b>(472,842)</b>
<b>Cash and temporary investments, beginning of year</b>	<b>4,269,780</b>	<b>4,742,622</b>
<b>Cash and temporary investments, end of year</b>	<b>\$ 11,813,253</b>	<b>\$ 4,269,780</b>

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**1. Significant accounting policies**

The consolidated financial statements of the Town of Turner Valley are the representations of management prepared in accordance with generally accepted accounting principles for local government 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, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social 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) Inventories for resale**

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

**(d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

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**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**1. Significant accounting policies, continued**

**(e) Prepaid local improvements charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town.

Where a taxpayer has elected to prepay the outstanding local improvement charge, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

**(f) 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.

**(g) 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.

**(h) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense 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.

**(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 Assets for the year.

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Buildings	50
Engineered structures	30-65
Machinery and equipment	10-25
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. 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 incidental to ownership of property 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.

(iv) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

**2. Cash and temporary investments**

	2013	2012
Cash	\$ 5,260,259	\$ 1,730,141
Marketable securities	6,552,994	2,539,639
	<hr/> \$ 11,813,253	<hr/> \$ 4,269,780

Marketable securities consist of funds invested in the Servus Credit Union Savings account in the amount of \$272,049 (2012 - \$269,681) and Guaranteed Investment Certificates in the amount of \$6,280,945 (2012 - \$2,269,958) which bear interest between 0.50% and 2.15% and mature between January 2014 and May 2014.

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**3. Taxes and grants in place of taxes receivables**

	2013	2012
Current taxes and grants in place of taxes receivable	\$ 303,186	\$ 242,735
Arrears	265,214	382,484
	<b>\$ 568,400</b>	<b>\$ 625,219</b>

**4. Employee benefit obligations**

	2013	2012
Vacation and overtime payable	\$ 77,541	\$ 44,706

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

**Sick time**

Sick time can be accumulated up to 960 hours per employee however this amount is not paid out upon the termination of employment therefore no accrual is recorded. The current value of the sick time accrual is \$182,876 (2012 - \$214,819).

**5. Deferred revenue**

	2013	2012
Disaster recovery program - QUAD Regional Water Partnership		
Infrastructure	\$ 7,061,756	\$ -
Basic Municipal Transportation	104,237	13,548
Disaster recovery program - Decalta Bridge	48,281	-
Resident donations - pool	20,000	-
Resident donations - spray park	2,000	2,000
Deferred revenue	1,650	1,700
Resident donations - trees	450	450
Licenses	184	328
Resident donations - recycling	-	1,650
Rural Communities Adaptation Program	-	1,231
	<b>\$ 7,238,558</b>	<b>\$ 20,907</b>

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**6. Long-term debt**

	2013	2012
Self supported debentures	\$ 1,539,023	\$ 1,607,197
Self supported non-revolving term facility	210,158	240,886
	<hr/>	<hr/>
	\$ 1,749,181	\$ 1,848,083
	<hr/>	<hr/>
Current portion	\$ 102,788	\$ 98,917
	<hr/>	<hr/>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 139,970	\$ 70,760	\$ 210,730
2015	106,816	66,125	172,941
2016	111,006	62,026	173,032
2017	115,367	57,665	173,032
2018	119,904	53,128	173,032
Thereafter	1,156,118	546,315	1,702,433
	<hr/>	<hr/>	<hr/>
	\$ 1,749,181	\$ 856,019	\$ 2,605,200
	<hr/>	<hr/>	<hr/>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.875% to 5.096% per annum, before Provincial subsidy, and matures in periods 2020 through 2035. The non-revolving term facility is repayable to Royal Bank of Canada and bears interest at 4.11% per annum and matures in 2019. The average annual interest rate is 4.10% for 2013 (4.09% for 2012). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual credit of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt and the capital lease amounted to \$76,293 (2012 - \$80,835).

The Town's total cash payments for interest in 2013 were \$76,293 (2012 - \$80,929).

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**7. Capital lease obligation**

	2013	2012
Royal Bank of Canada	\$ 37,182	\$ 58,096
	<u>\$ 37,182</u>	<u>\$ 58,096</u>
Current portion	\$ 37,182	\$ 20,913

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 37,182	\$ 517	\$ 37,699
	<u>\$ 37,182</u>	<u>\$ 517</u>	<u>\$ 37,699</u>

This lease is repayable in monthly installments of \$1,924 including interest at 4.48%. Security pledged consists of equipment with a carrying value of \$84,894. The lease expires April 2014.

**8. Accumulated surplus**

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

	2013	2012
Unrestricted surplus	\$ 353,314	\$ -
Internally restricted surplus (reserves) (note 9)	4,387,043	5,477,539
Equity in tangible capital assets (note 10)	30,941,025	27,959,569
	<u>\$ 35,681,382</u>	<u>\$ 33,437,108</u>

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**9. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2013	2012
<b>Operating</b>		
General	\$ 32,453	\$ 32,453
Other	427,848	806,717
	<hr/> 460,301	<hr/> 839,170
<b>Capital</b>		
Administration	258,411	221,499
Common services	-	276,334
Roads, streets, walks and lighting	41,585	35,842
Water supply and distribution	941,769	894,160
Wastewater treatment and disposal	433,962	425,197
Other	2,184,239	2,718,561
Culture	66,776	66,776
	<hr/> 3,926,742	<hr/> 4,638,369
	<hr/> \$ 4,387,043	<hr/> \$ 5,477,539

**10. Equity in tangible capital assets**

	2013	2012
Tangible capital assets (schedule 1)	\$ 52,431,970	\$ 48,836,380
Accumulated amortization (schedule 1)	(19,704,581)	(18,970,631)
Long-term debt (note 6)	(1,749,181)	(1,848,083)
Capital lease obligation (note 7)	(37,183)	(58,097)
	<hr/> \$ 30,941,025	<hr/> \$ 27,959,569

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**11. Net municipal property taxes**

	Budget (Unaudited)	2013	2012
<b>Taxation</b>			
Real property taxes	\$ 3,096,388	\$ 3,094,252	\$ 3,035,515
Linear property taxes	81,379	81,379	79,171
Government grants in place of property taxes	20,968	13,256	13,041
Special assessments and local improvements	16,724	16,724	23,194
	<b>3,215,459</b>	<b>3,205,611</b>	<b>3,150,921</b>
<b>Requisitions</b>			
Alberta School Foundation Fund	782,908	782,908	808,695
Christ the Redeemer School Division	52,826	52,826	54,718
Seniors Foundation	45,791	45,791	44,755
	<b>881,525</b>	<b>881,525</b>	<b>908,168</b>
	<b>\$ 2,333,934</b>	<b>\$ 2,324,086</b>	<b>\$ 2,242,753</b>

**12. Government transfers**

	Budget (Unaudited)	2013	2012
<b>Transfers for operating:</b>			
Provincial unconditional grants	\$ -	\$ -	\$ 3,493
Provincial conditional grants	731,497	111,044	256,894
Federal conditional grants	1,500	1,562	5,249
	<b>732,997</b>	<b>112,606</b>	<b>265,636</b>
<b>Transfers for capital</b>			
Provincial conditional grants	2,138,355	3,315,356	954,038
Federal government	-	-	4,937
Local government	-	81,049	23,625
	<b>2,138,355</b>	<b>3,396,405</b>	<b>982,600</b>
	<b>\$ 2,871,352</b>	<b>\$ 3,509,011</b>	<b>\$ 1,248,236</b>

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**13. Expenditures by object**

	Budget (Unaudited)	2013	2012
Salaries, wages and benefits	\$ 2,001,252	\$ 1,983,901	\$ 1,650,942
Contracted and general services	1,452,242	1,153,246	1,322,006
Materials, goods, supplies and utilities	1,124,694	835,565	559,549
Interest on long term debt	74,115	76,293	80,835
Other expenditures	2,500	74,683	2,372
Transfers to organizations and others	418,898	421,395	401,355
Loss on disposal of tangible capital assets	-	163,461	-
Amortization of tangible capital assets	840,699	1,009,033	1,039,511
	<b>\$ 5,914,400</b>	<b>\$ 5,717,577</b>	<b>\$ 5,056,570</b>

**14. 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 be disclosed as follows:

	2013	2012
Total debt limit	\$ 6,848,171	\$ 7,222,557
Total debt	1,786,363	1,906,179
	<b>\$ 5,061,808</b>	<b>\$ 5,316,378</b>
Debt servicing limit	\$ 1,141,362	\$ 1,203,760
Debt servicing	210,729	196,124
	<b>\$ 930,633</b>	<b>\$ 1,007,636</b>

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 which 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 TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**15. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances		2013	2012
Council					
Mayor Tuck	\$ 36,296	\$ 1,138	\$ 37,434	\$ 21,789	
Councillor Fluter	20,328	1,306	21,634	13,370	
Councillor Williamson	22,943	708	23,651	12,039	
Councillor Park	14,777	451	15,228	9,496	
Councillor Moore	11,268	107	11,375	8,459	
Councillor Pfeil	18,564	2,337	20,901	13,919	
Councillor Rishaug	17,821	544	18,365	9,638	
Councillor Crane	4,155	129	4,284	-	
Administrator - M.D. of Foothills	\$ 115,200	\$ -	\$ 115,200	\$ 78,400	

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

**16. Segmented disclosure**

The Town 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 disclosed in note 1.

Refer to the schedule of segmented disclosure (schedule 3).

**17. Comparative figures**

Where necessary the comparative figures for the 2012 year have been reclassified to conform with 2013 financial statement presentation.

**TOWN OF TURNER VALLEY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**18. Contingency**

The Town of Turner Valley is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements.

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.

**19. Financial instruments**

The Town of Turner Valley's financial instruments consist of cash and temporary investments, trade and other receivables, taxes and grants in place of taxes receivable, accounts payable and accrued liabilities, deposit liabilities, capital lease obligations and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town of Turner Valley is subject to credit risk with respect to taxes and grants in place of taxes receivables 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**20. Approval of financial statements**

These financial statements were approved by Council and Management.

**21. Budget amounts**

The 2013 budget for the Town was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified. The budget as originally approved contained expenses for capital additions, debt repayments and fund transfers. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget presented in these financial statements.

Budgeted surplus per financial statements	\$ 1,784,835
Less: Capital expenses	(3,951,098)
Long-term debt repayments	(119,829)
Add: Amortization	840,699
Transfers to reserves (net)	1,445,393
<hr/> Equals: Balanced budget	<hr/> \$ -

**TOWN OF TURNER VALLEY**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

Schedule of changes in accumulated surplus						Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2013		2012	
Balance, beginning of year	\$ -	\$ 5,477,539	\$ 27,959,569	\$ 33,437,108		\$ 32,696,040	
Excess of revenue over expenses	2,244,274	-	-	2,244,274		741,068	
Unrestricted funds designated for future use	(111,944)	111,944	-	-		-	
Restricted funds used for operations	640,994	(640,994)	-	-		-	
Restricted funds used for tangible capital assets	-	(561,446)	561,446	-		-	
Current year funds used for tangible capital assets	(3,528,212)	-	3,528,212	-		-	
Disposal of tangible capital assets	218,985	-	(218,985)	-		-	
Annual amortization expense	1,009,033	-	(1,009,033)	-		-	
Long term debt repaid	(98,902)	-	98,902	-		-	
Capital lease repaid	(20,914)	-	20,914	-		-	
Change in accumulated surplus	353,314	(1,090,496)	2,981,456	2,244,274		741,068	
<b>Balance, end of year</b>	<b>\$ 353,314</b>	<b>\$ 4,387,043</b>	<b>\$ 30,941,025</b>	<b>\$ 35,681,382</b>		<b>\$ 33,437,108</b>	

**TOWN OF TURNER VALLEY**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**Schedule of tangible capital assets**

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2013	2012
<b>Cost:</b>								
Balance, beginning of year								
Acquisitions	\$ 999,394	\$ 12,179,515	\$ 31,635,919	\$ 1,402,663	\$ 642,759	\$ 1,976,131	\$ 48,836,380	\$ 47,815,898
Construction-in-progress	340,000	8,400	367,338	39,054	65,074	3,214,268	4,034,134	1,661,839
Disposals	-	-	158,520	142,961	-	(301,481)	-	-
Transfers	-	(152,968)	(164,484)	(121,092)	-	-	(438,544)	(641,357)
Balance, end of year	1,339,394	12,034,947	31,941,769	1,519,110	707,833	4,888,918	52,431,970	48,836,380
<b>Accumulated amortization:</b>								
Balance, beginning of year								
Annual amortization	-	3,328,679	14,569,462	678,424	394,067	-	18,970,631	18,118,992
Disposals	-	240,700	620,066	107,108	41,159	-	1,009,033	1,039,512
Balance, end of year	-	(122,374)	(80,022)	(72,687)	-	-	(275,083)	(187,873)
<b>Net book value</b>	<b>\$ 999,394</b>	<b>\$ 8,587,942</b>	<b>\$ 16,832,263</b>	<b>\$ 806,265</b>	<b>\$ 272,607</b>	<b>\$ 4,888,918</b>	<b>\$ 32,727,389</b>	<b>\$ 29,865,749</b>
<b>2012 net book value</b>	<b>\$ 999,394</b>	<b>\$ 8,850,836</b>	<b>\$ 17,066,458</b>	<b>\$ 724,239</b>	<b>\$ 248,692</b>	<b>\$ 1,976,131</b>	<b>\$ 29,865,749</b>	

**Schedule 2**

**TOWN OF TURNER VALLEY**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**Schedule of segmented disclosure**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal taxes	\$ 2,307,362	\$ 5,261	\$ 23,764	\$ 5,138	\$ 11,586	\$ -	\$ -	\$ 2,324,086
User fees and sales of goods	-	-	-	11,265	1,403,108	44,591	4,125	61,100
Government transfers for operating	88,022	-	-	47,463	-	19,000	1,562	1,508,623
Investment income	81,572	82,802	-	-	-	-	-	112,606
Penalties and costs of taxes	20,740	9,765	76,026	5,764	-	-	-	88,022
Licenses and permits	142,890	-	-	-	-	-	-	170,138
Franchise and concession contracts	(11,401)	14,629	1,441	225	-	17,462	-	123,993
Other revenue	2,634,446	130,960	93,870	1,468,136	44,591	8,166	62,382	162,536
								75,442
<b>Expenses</b>								
Salaries, wages and benefits	636,768	241,064	340,353	347,547	-	148,831	269,338	1,983,901
Contracted and general services	373,605	67,957	179,428	361,721	10,050	63,956	96,529	1,153,246
Materials, goods, supplies and utilities	58,181	294,369	250,455	142,928	285	2,633	86,714	835,565
Interest on long term debt	-	-	15,083	25,410	-	-	35,800	76,293
Other expenditures	8,410	68,967	-	(2,906)	201,434	92,312	-	212
Transfers to organizations and others	-	18,794	26,296	-	-	-	82,559	74,683
Loss on disposal of tangible capital assets	-	-	163,461	-	-	-	-	421,395
Amortization of tangible capital assets	20,916	51,408	396,396	417,578	-	-	-	163,461
	1,097,880	742,559	1,371,472	1,493,712	102,647	215,420	693,887	1,009,033
<b>Deficiency of revenue over expenses before other</b>	<b>1,536,566</b>	<b>(611,599)</b>	<b>(1,277,602)</b>	<b>(25,576)</b>	<b>(58,056)</b>	<b>(166,667)</b>	<b>(549,197)</b>	<b>5,717,577</b>
<b>Other</b>								
Government transfers for capital	-	-	1,638,615	1,757,790	-	-	-	3,396,405
<b>Excess of revenue over expenses</b>	<b>\$ 1,536,566</b>	<b>\$ (611,599)</b>	<b>\$ 361,013</b>	<b>\$ 1,732,214</b>	<b>\$ (58,056)</b>	<b>\$ (166,667)</b>	<b>\$ (549,197)</b>	<b>\$ 2,244,274</b>