

TOWN OF TURNER VALLEY

Consolidated Financial Statements

For the year ended December 31, 2014

TOWN OF TURNER VALLEY
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For the year ended December 31, 2014

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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, 2014, 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, 2014 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.

Emphasis of matter

We draw attention to note 13 to the consolidated financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

Lethbridge, Alberta

April 20, 2015

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.

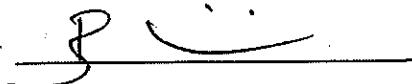
The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

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



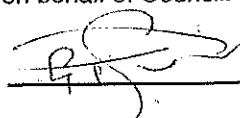
TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	2014	2013 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 14,556,022	\$ 11,813,253
Taxes and grants in place of taxes receivable (note 3)	341,279	568,400
Trade and other receivables	2,963,041	1,161,462
Land held for resale	48,414	48,414
	<u>17,908,756</u>	<u>13,591,529</u>
Liabilities		
Accounts payable and accrued liabilities	971,809	760,474
Employee benefit obligations (note 4)	76,620	77,540
Deposits	622,998	604,439
Deferred revenue (note 5)	11,823,567	7,447,863
Long-term debt (note 6)	1,646,312	1,749,181
Obligation under capital lease (note 7)	15,313	37,182
	<u>15,156,619</u>	<u>10,676,679</u>
Net financial assets	<u>2,752,137</u>	<u>2,914,850</u>
Non-financial assets		
Prepaid expenses	74,545	31,303
Inventory for consumption	6,363	28,615
Tangible capital assets (schedule 2)	41,554,617	32,727,388
	<u>41,635,525</u>	<u>32,787,306</u>
Accumulated surplus (note 8, schedule 1)	<u>\$ 44,387,662</u>	<u>\$ 35,702,156</u>

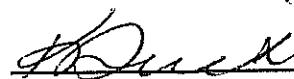
Commitments and contingencies (note 20)

Approved on behalf of Council:

Councilor



Councilor



TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Revenue			
Net municipal taxes (note 11)	\$ 2,536,580	\$ 2,538,663	\$ 2,307,362
User fees and sales of goods	1,651,078	1,621,961	1,508,623
Government transfers for operating (note 12)	214,441	214,453	112,606
Investment income	62,500	108,325	88,022
Penalties and costs of taxes	170,460	148,760	170,138
Licenses and permits	188,208	186,897	123,993
Gain on disposal of capital assets	-	140,328	-
Franchise and concession contracts	151,808	184,940	162,536
Other revenue	291,544	179,646	75,442
	5,266,619	5,323,973	4,548,722
Expenses (note 14)			
Legislative	239,621	242,537	193,076
Administration	861,559	950,791	904,806
Fire	206,490	185,637	158,700
Disaster services	65,611	58,194	332,996
Emergency medical	19,380	16,491	17,618
Bylaw enforcement	238,360	218,982	233,244
Transportation services	1,173,423	1,891,842	1,371,471
Water supply and distribution	847,868	943,037	829,664
Wastewater treatment and disposal	401,207	450,343	404,306
Waste management	281,000	272,611	259,741
Family and community support services	59,238	45,119	47,520
Cemeteries and crematoriums	30,519	30,519	55,127
Land use planning, zoning and development	340,135	246,320	120,133
Economic and agricultural development	169,565	120,039	95,288
Parks and recreation	549,585	449,729	524,795
Culture - libraries, museums, halls	260,559	274,909	169,093
	5,744,120	6,397,100	5,717,578
Deficiency of revenue over expenses before other	(477,501)	(1,073,127)	(1,168,856)
Other			
Government transfers for capital (note 12)	1,620,298	9,758,633	3,396,405
Excess of revenue over expenses	1,142,797	8,685,506	2,227,549
Accumulated surplus, beginning of year			
As previously stated	35,681,381	35,681,381	33,437,108
Prior period adjustment (note 13)	-	20,775	37,499
As restated	35,681,381	35,702,156	33,474,607
Accumulated surplus, end of year	\$ 36,824,178	\$ 44,387,662	\$ 35,702,156

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Excess of revenue over expenses	\$ 1,142,797	\$ 8,685,506	\$ 2,227,549
Acquisition of tangible capital assets	(3,486,385)	(9,938,115)	(4,034,134)
Amortization	1,021,441	1,021,441	1,009,033
(Gain) loss on disposal of tangible capital assets	-	(140,328)	163,462
Proceeds on disposal of tangible capital assets	-	229,775	-
	(2,464,944)	(8,827,227)	(2,861,639)
Net change in inventory for consumption	-	22,250	4,137
Net change in prepaid expense	-	(43,242)	12,012
	-	(20,992)	16,149
Change in net financial assets	(1,322,147)	(162,713)	(617,941)
Net financial assets, beginning of year	2,914,850	2,914,850	3,532,791
Net financial assets, end of year	\$ 1,592,703	\$ 2,752,137	\$ 2,914,850

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2014

	2014	2013 (restated)
Operating transactions		
Excess of revenue over expenses	\$ 8,685,506	\$ 2,227,549
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(140,328)	163,462
Amortization	1,021,441	1,009,033
	9,566,619	3,400,044
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	227,121	56,819
Trade and other receivables	(1,801,579)	615,988
Inventory for consumption	22,250	4,137
Prepaid expenses	(43,242)	12,012
Accounts payable and accrued liabilities	211,335	344,838
Employee benefit obligations	(920)	32,834
Deposits	18,559	13,099
Deferred revenue	4,375,704	7,217,652
Cash provided by operating transactions	12,575,847	11,697,423
Capital transactions		
Proceeds on disposal of tangible capital assets	229,775	-
Acquisition of tangible capital assets	(9,938,115)	(4,034,134)
Cash applied to capital transactions	(9,708,340)	(4,034,134)
Financing transactions		
Repayment of capital lease	(21,869)	(20,914)
Repayment of long-term debt	(102,869)	(98,902)
Increase in cash and temporary investments	2,742,769	7,543,473
Cash and temporary investments, beginning of year	11,813,253	4,269,780
Cash and temporary investments, end of year	\$ 14,556,022	\$ 11,813,253

TOWN OF TURNER VALLEY
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 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.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

(e) 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.

(f) 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.

(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.

(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:

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

- (i) Non-financial assets, continued
- (ii) Tangible capital assets, continued

	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

	2014	2013
Cash	\$ 14,198,718	\$ 5,260,259
Marketable securities	357,304	6,552,994
	\$ 14,556,022	\$ 11,813,253

Marketable securities consist of funds invested in the Servus Credit Union Savings account in the amount of \$214,690 (2013 - \$272,049) and Guaranteed Investment Certificates in the amount of \$142,614 (2013 - \$6,280,945) which bear interest between 1.6% and 2.05% and mature between July 2015 and December 2015.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

3. Taxes and grants in place of taxes receivables

	2014	2013
Current taxes and grants in place of taxes receivable	\$ 233,950	\$ 303,186
Arrears	107,329	265,214
	<u>\$ 341,279</u>	<u>\$ 568,400</u>

4. Employee benefit obligations

	2014	2013
Vacation and overtime payable	\$ 76,620	\$ 77,540

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 \$200,075 (2013 - \$182,876).

5. Deferred revenue

	2014	2013 (restated)
Disaster recovery program - QUAD Regional Water Partnership		
Infrastructure	\$ 7,137,329	\$ 7,061,756
Disaster recovery program - Imperial drive	2,350,834	-
Westend forcemain relocation	917,452	-
Municipal Sustainability Initiative - capital and operating	688,209	-
Southern Alberta Flood Response Program	506,716	-
Infiltration grant	-	209,305
Basic Municipal Transportation	104,237	104,237
Disaster recovery program - Decalta Bridge	-	48,281
Disaster preparedness grant	34,300	-
Economic development grant	28,013	-
Debris removal	20,977	-
Resident donations - pool	20,000	20,000
Resident donations - ball diamond	9,500	-
Resident donations - recycling	3,350	1,650
Resident donations - spray park	2,000	2,000
Resident donations - trees	450	450
Licenses	200	184
	<u>\$ 11,823,567</u>	<u>\$ 7,447,863</u>

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

6. Long-term debt

	2014	2013
Self supported debentures	\$ 1,468,267	\$ 1,539,023
Self supported non-revolving term facility	178,045	210,158
	<u>\$ 1,646,312</u>	<u>\$ 1,749,181</u>
Current portion	\$ 106,816	\$ 102,788

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2015	\$ 106,816	\$ 66,216	\$ 173,032
2016	111,006	62,026	173,032
2017	115,368	57,665	173,033
2018	119,904	53,129	173,033
2019	121,309	48,405	169,714
Thereafter	1,071,909	630,870	1,702,779
	<u>\$ 1,646,312</u>	<u>\$ 918,311</u>	<u>\$ 2,564,623</u>

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 2014 (4.10% for 2013). 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 \$67,687 (2013 - \$76,293).

The Town's total cash payments for interest in 2014 were \$70,707 (2013 - \$76,293).

7. Capital lease obligation

	2014	2013
Royal Bank of Canada	\$ 15,313	\$ 37,182
Current portion	\$ 15,313	\$ 37,182

This lease is repayable in monthly installments of \$1,924 including interest at 4.48%, with total payments including interest due in 2015 of \$15,592. Security pledged consists of equipment with a carrying value of \$76,423. The lease expires October 2015.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

8. Accumulated surplus

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

	2014	2013 (restated)
Unrestricted surplus	\$ 700,610	\$ 374,088
Internally restricted surplus (reserves) (note 9)	3,794,060	4,387,043
Equity in tangible capital assets (note 10)	<u>39,892,992</u>	<u>30,941,025</u>
	<u>\$ 44,387,662</u>	<u>\$ 35,702,156</u>

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.

	2014	2013
Operating		
Other	\$ 768,575	\$ 427,848
General	<u>32,453</u>	<u>32,453</u>
	<u>801,028</u>	<u>460,301</u>
Capital		
Other	1,239,265	2,184,239
Water supply and distribution	941,769	941,769
Wastewater treatment and disposal	433,962	433,962
Administration	258,411	258,411
Culture	66,776	66,776
Roads, streets, walks and lighting	41,585	41,585
Parks and recreation - hall	7,264	-
Parks and recreation - pool	4,000	-
	<u>2,993,032</u>	<u>3,926,742</u>
	<u>\$ 3,794,060</u>	<u>\$ 4,387,043</u>

10. Equity in tangible capital assets

	2014	2013
Tangible capital assets (schedule 2)	\$ 61,990,955	\$ 52,431,970
Accumulated amortization (schedule 2)	(20,436,338)	(19,704,582)
Long-term debt (note 6)	(1,646,312)	(1,749,181)
Capital lease obligation (note 7)	(15,313)	(37,182)
	<u>\$ 39,892,992</u>	<u>\$ 30,941,025</u>

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

11. Net municipal property taxes

	Budget (Unaudited)	2014	2013 (Restated)
Taxation			
Real property taxes	\$ 3,277,197	\$ 3,279,280	\$ 3,094,252
Linear property taxes	81,243	81,243	81,379
Government grants in place of property taxes	23,777	23,777	13,256
	3,382,217	3,384,300	3,188,887
Requisitions			
Alberta School Foundation Fund	750,902	750,902	782,908
Christ the Redeemer School Division	50,572	50,572	52,826
Seniors Foundation	44,163	44,163	45,791
	845,637	845,637	881,525
	\$ 2,536,580	\$ 2,538,663	\$ 2,307,362

12. Government transfers

	Budget (Unaudited)	2014	2013
Transfers for operating:			
Provincial conditional grants	\$ 214,441	\$ 214,453	\$ 111,044
Federal conditional grants	-	-	1,562
	214,441	214,453	112,606
Transfers for capital			
Provincial conditional grants	1,620,298	9,758,633	3,315,356
Local government	-	-	81,049
	1,620,298	9,758,633	3,396,405
	\$ 1,834,739	\$ 9,973,086	\$ 3,509,011

13. Prior period adjustment

The prior year's figures were adjusted to defer \$209,304 of the infiltration grant that was repaid to Alberta Transportation in 2014. In addition, the figures were adjusted to record accounts receivable for the outstanding levies of \$230,079. The net effect of these adjustments is an increase in deferred revenue of \$209,304, an increase in accounts receivable of \$230,079, and a decrease in accumulated surplus of \$20,775 as at December 31, 2013.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

14. Expenditures by object

	Budget (Unaudited)	2014	2013
Salaries, wages and benefits	\$ 2,214,968	\$ 2,149,920	\$ 1,983,902
Contracted and general services	1,371,091	1,912,366	1,153,246
Materials, goods, supplies and utilities	880,359	804,113	835,565
Interest on long term debt	70,244	67,687	76,293
Other expenditures	-	30,786	74,683
Transfers to organizations and others	186,017	410,787	421,395
Loss on disposal of tangible capital assets	-	-	163,461
Amortization of tangible capital assets	1,021,441	1,021,441	1,009,033
	\$ 5,744,120	\$ 6,397,100	\$ 5,717,578

15. 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:

	2014	2013
Total debt limit	\$ 7,985,960	\$ 6,848,171
Total debt	1,661,625	1,786,363
	\$ 6,324,335	\$ 5,061,808
Debt servicing limit	\$ 1,330,993	\$ 1,141,362
Debt servicing	188,624	210,729
	\$ 1,142,369	\$ 930,633

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.

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).

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

17. 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	2014	2013
Council				
Mayor Tuck	\$ 35,669	\$ 138	\$ 35,807	\$ 37,434
Councilor Crane	19,680	1,629	21,309	4,284
Councilor Fluter	20,238	1,257	21,495	21,634
Councilor Moore	-	-	-	11,375
Councilor Park	14,327	138	14,465	15,228
Councilor Pfeil	19,356	3,088	22,444	20,901
Councilor Rishaug	19,832	138	19,970	18,365
Councilor Waring	5,751	169	5,920	-
Councilor Williamson	8,827	55	8,882	23,651
Administrator	70,067	8,554	78,621	-
Administrator - Contracted	\$ 30,817	\$ -	\$ 30,817	\$ 115,200

(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 and car allowances and club memberships.

18. Commitment

The Town is a member of the Sheep River Utility Corporation ("The Corporation") which is controlled by Towns of Black Diamond and Turner Valley, the Village of Longview, and the Municipal District of Foothills. The Town currently has ownership of the Quad, which is a facility that will distribute water to the involved municipalities. Once complete, it is anticipated that the Quad will be transferred to the Corporation.

19. Comparative figures

Where necessary the comparative figures for the 2013 year have been reclassified to conform with 2014 financial statement presentation.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

20. Contingency

The Town 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.

21. Financial instruments

The Town'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, deposits, 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 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.

22. Budget amounts

The 2014 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	\$ 1,142,797
Less: Capital expenses	(3,486,385)
Long-term debt repayments	(102,788)
Transfers from reserves	(716,668)
Add: Amortization	1,021,441
Transfers to reserves	1,246,157
Long-term debt proceeds	895,446
Equals: Balanced budget	\$ -

23. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF TURNER VALLEY
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of changes in accumulated surplus				Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2014	2013 (Revised)
Balance, beginning of year					
As previously stated	\$ 353,313	\$ 4,387,043	\$ 30,941,025	\$ 35,681,381	\$ 33,437,108
Prior period adjustment (note 13)	20,775	-	-	20,775	37,499
As restated	374,088	4,387,043	30,941,025	35,702,156	33,474,607
Excess of revenue over expenses	8,685,506	-	-	8,685,506	2,227,549
Unrestricted funds designated for future use	(263,276)	263,276	-	-	-
Restricted funds used for operations	625,822	(625,822)	-	-	-
Restricted funds used for tangible capital assets	-	(230,437)	230,437	-	-
Current year funds used for tangible capital assets	(9,707,678)	-	9,707,678	-	-
Disposal of tangible capital assets	89,445	-	(89,445)	-	-
Annual amortization expense	1,021,441	-	(1,021,441)	-	-
Long-term debt repaid	(102,869)	-	102,869	-	-
Capital lease repaid	(21,869)	-	21,869	-	-
Change in accumulated surplus	326,522	(592,983)	8,951,967	8,685,506	2,227,549
Balance, end of year	\$ 700,610	\$ 3,794,060	\$ 39,892,992	\$ 44,387,662	\$ 35,702,156

TOWN OF TURNER VALLEY
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of tangible capital assets

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2014	2013
Cost:								
Balance, beginning 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
Acquisitions	-	169,459	-	89,528	155,800	9,523,328	9,938,115	4,034,134
Construction-in-progress	-	48,152	1,252,661	192,769	-	(1,493,582)	-	-
Disposals	-	(15,100)	(358,304)	(5,726)	-	-	(379,130)	(438,544)
Balance, end of year	1,339,394	12,237,458	32,836,126	1,795,681	863,633	12,918,664	61,990,955	52,431,970
Accumulated amortization:								
Balance, beginning of year	-	3,447,005	15,109,506	712,845	435,226	-	19,704,582	18,970,631
Annual amortization	-	230,453	621,660	121,627	47,701	-	1,021,441	1,009,033
Disposals	-	(10,380)	(277,840)	(1,465)	-	-	(289,685)	(275,082)
Balance, end of year	-	3,667,078	15,453,326	833,007	482,927	-	20,436,338	19,704,582
Net book value	\$ 1,339,394	\$ 8,570,380	\$ 17,382,800	\$ 962,674	\$ 380,706	\$ 12,918,664	\$ 41,554,617	\$ 32,727,388
2013 net book value	\$ 1,339,394	\$ 8,587,942	\$ 16,832,263	\$ 806,265	\$ 272,607	\$ 4,888,918	\$ 32,727,388	

TOWN OF TURNER VALLEY
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of segmented disclosure							Schedule 3		
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total	
Revenue									
Net municipal taxes	\$ 2,538,663	\$ 7,137	\$ 60,695	\$ 11,642	\$ 1,463,861	\$ 44,591	\$ 4,725	\$ 73,901	
User fees and sales of goods							21,987	26,000	
Government transfers for operating	46,875	-		75,000	-	-	-	214,453	
Investment income	108,325	-		-		-	-	108,325	
Penalties and costs of taxes	98,839	44,692	-	5,229	-	-	-	148,760	
Licenses and permits	15,434	7,785	126,367	-	-	37,311	-	186,987	
Gain on disposal of capital assets	-	214,112	(73,784)	-	-	-	-	140,328	
Franchise and concession contracts	170,965	-	-	-	-	-	13,975	184,940	
Other revenue	11,233	3,362	4,768	4,628	-	57,240	98,415	179,646	
	2,997,471	330,646	143,993	1,473,718	44,591	121,263	212,291	5,323,973	
Expenses									
Salaries, wages and benefits	719,434	236,732	395,720	332,095	-	220,689	245,250	2,149,920	
Contracted and general services	407,442	78,333	610,042	477,863	5,125	145,170	188,391	1,912,566	
Materials, goods, supplies and utilities	43,436	68,207	490,795	139,856	339	500	60,980	804,113	
Interest on long term debt	-	-	14,182	23,217	-	-	30,288	67,587	
Other expenditures	4,786	26,000	-	-	-	-	-	30,786	
Transfers to organizations and others	-	16,490	-	231,808	70,174	-	92,315	410,787	
Amortization of tangible capital assets	18,232	53,541	381,101	461,153	-	-	107,414	1,021,441	
	1,193,330	479,303	1,891,840	1,665,992	75,638	366,359	724,638	6,397,100	
Deficiency of revenue over expenses before other	1,804,141	(148,657)	(1,747,847)	(192,274)	(31,047)	(245,096)	(512,347)	(1,073,127)	
Other									
Government transfers for capital	-	-	4,835,226	4,659,929	-	-	-	260,478	
Excess of revenue over expenses	\$ 1,804,141	\$ (148,657)	\$ 3,090,379	\$ 4,467,655	\$ (31,047)	\$ (245,096)	\$ (251,869)	\$ 8,685,506	