

TOWN OF TURNER VALLEY

Consolidated Financial Statements

For the year ended December 31, 2015

TOWN OF TURNER VALLEY
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For the year ended December 31, 2015

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2015, 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, 2015 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

April 28, 2016

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.

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

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TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

	2015	2014
Financial assets		
Cash and temporary investments (note 2)	\$ 9,623,170	\$ 14,556,022
Taxes and grants in place of taxes receivable (note 3)	295,794	341,279
Trade and other receivables	2,387,231	2,963,041
Land held for resale	48,414	48,414
	<hr/> 12,354,609	<hr/> 17,908,756
Liabilities		
Accounts payable and accrued liabilities	1,032,979	971,809
Employee benefit obligations (note 4)	92,872	76,621
Deposits	585,620	622,998
Deferred revenue (note 5)	6,812,764	11,823,567
Long-term debt (note 6)	2,173,746	1,646,312
Obligation under capital lease	-	15,313
	<hr/> 10,697,981	<hr/> 15,156,620
Net financial assets	<hr/> 1,656,628	<hr/> 2,752,136
Non-financial assets		
Prepaid expenses	82,244	74,545
Inventory for consumption	4,167	6,363
Tangible capital assets (schedule 2)	55,852,686	41,554,618
	<hr/> 55,939,097	<hr/> 41,635,526
Accumulated surplus (note 7, schedule 1)	<hr/> \$ 57,595,725	<hr/> \$ 44,387,662

Commitments and contingencies (note 16, note 18)

Approved on behalf of Council:

Councilor



Councilor



TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Revenue			
Net municipal taxes (note 10)	\$ 2,657,050	\$ 2,790,138	\$ 2,538,663
User fees and sales of goods	1,766,964	1,679,138	1,621,961
Government transfers for operating (note 11)	379,300	313,164	214,453
Investment income	96,000	44,458	108,325
Penalties and costs of taxes	150,000	143,306	148,760
Licenses and permits	130,250	114,119	186,897
Gain on disposal of capital assets	442,000	-	140,328
Franchise and concession contracts	181,735	213,411	184,940
Other revenue	133,291	135,556	179,646
	5,936,590	5,433,290	5,323,973
Expenses (note 12)			
Legislative	292,639	254,257	242,537
Administration	939,004	1,043,346	950,791
Fire	227,065	182,369	185,637
Disaster services	130,661	43,453	74,685
Bylaw enforcement	207,945	229,732	218,982
Transportation services	998,229	1,256,140	1,891,842
Water supply and distribution	639,095	1,167,724	943,037
Wastewater treatment and disposal	365,544	524,153	450,343
Waste management	302,347	320,218	272,611
Family and community support services	51,612	51,489	45,119
Cemeteries and crematoriums	50,920	50,920	30,519
Land use planning, zoning and development	532,895	363,960	246,320
Economic and agricultural development	247,029	152,978	120,039
Parks and recreation	513,792	680,462	449,729
Culture - libraries, museums, halls	212,872	261,379	274,909
	5,711,649	6,582,580	6,397,100
Deficiency of revenue over expenses before other	224,941	(1,149,290)	(1,073,127)
Other			
Government transfers for capital (note 11)	21,306,855	13,907,353	9,758,633
Contributed assets	-	450,000	-
	21,306,855	14,357,353	9,758,633
Excess of revenue over expenses	21,531,796	13,208,063	8,685,506
Accumulated surplus, beginning of year	44,387,662	44,387,662	35,702,156
Accumulated surplus, end of year	\$ 65,919,458	\$ 57,595,725	\$ 44,387,662

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Excess of revenue over expenses	\$ 21,531,796	\$ 13,208,063	\$ 8,685,506
Acquisition of tangible capital assets	(22,641,855)	(14,880,641)	(9,938,115)
Amortization of tangible capital assets	-	1,032,575	1,021,441
Contributed assets	-	(450,000)	-
Gain on disposal of tangible capital assets	-	-	(140,332)
Proceeds on disposal of tangible capital assets	442,000	-	229,775
	(22,199,855)	(14,298,066)	(8,827,231)
Net change in inventory for consumption	-	2,194	22,252
Net change in prepaid expense	-	(7,699)	(43,242)
	-	(5,505)	(20,990)
Change in net financial assets	(668,059)	(1,095,508)	(162,715)
Net financial assets, beginning of year	2,752,136	2,752,136	2,914,851
Net financial assets, end of year	\$ 2,084,077	\$ 1,656,628	\$ 2,752,136

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2015

	2015	2014
Operating transactions		
Excess of revenue over expenses	\$ 13,208,063	\$ 8,685,506
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	-	(140,332)
Amortization of tangible capital assets	1,032,575	1,021,441
Contributed assets	(450,000)	-
	13,790,638	9,566,615
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	45,485	227,121
Trade and other receivables	575,810	(1,801,578)
Inventory for consumption	2,194	22,252
Prepaid expenses	(7,699)	(43,242)
Accounts payable and accrued liabilities	61,170	211,335
Employee benefit obligations	16,251	(919)
Deposits	(37,378)	18,559
Deferred revenue	(5,010,803)	4,375,704
Cash provided by operating transactions	9,435,668	12,575,847
Capital transactions		
Proceeds on disposal of tangible capital assets	-	229,775
Acquisition of tangible capital assets	(14,880,641)	(9,938,115)
Cash applied to capital transactions	(14,880,641)	(9,708,340)
Financing transactions		
Repayment of capital lease	(15,313)	(21,869)
Proceeds of long-term debt	635,000	-
Repayment of long-term debt	(107,566)	(102,869)
Cash provided by (applied to) financing transactions	512,121	(124,738)
(Decrease) increase in cash and temporary investments	(4,932,852)	2,742,769
Cash and temporary investments, beginning of year	14,556,022	11,813,253
Cash and temporary investments, end of year	\$ 9,623,170	\$ 14,556,022

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. Significant accounting policies

The consolidated financial statements of the Town of Turner Valley are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. 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, 2015

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, 2015

1. Significant accounting policies, continued

- (i) Non-financial assets, continued
 - (i) 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.
- (j) 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 TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

2. Cash and temporary investments

	2015	2014
Cash	\$ 9,537,675	\$ 14,472,855
Marketable securities	85,495	83,167
	\$ 9,623,170	\$ 14,556,022

Marketable securities consists of four Guaranteed Investment Certificates which bear interest at 0.65% and mature between July 2016 and December 2016.

3. Taxes and grants in place of taxes receivables

	2015	2014
Current taxes and grants in place of taxes receivable	\$ 226,183	\$ 233,950
Arrears	69,611	107,329
	\$ 295,794	\$ 341,279

4. Employee benefit obligations

	2015	2014
Vacation	\$ 74,354	\$ 53,924
Overtime	4,905	9,186
Other benefit obligations	13,613	13,511
	\$ 92,872	\$ 76,621

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 does not accumulate and is not paid out upon the termination of employment therefore no accrual is recorded.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

5. Deferred revenue

	2015	2014
Flood recovery erosion control	\$ 3,909,874	\$ 7,529,258
Disaster recovery program	1,531,646	2,897,334
Municipal Sustainability Initiative - capital and operating	916,488	688,209
Southern Alberta Flood Response Program	208,659	506,716
Basic Municipal Transportation	132,251	104,237
Pedestrian crossing project	50,064	-
Other restricted funding	20,506	-
Resident donations - pool	20,000	20,000
Resident donations - ball diamond	9,500	9,500
Prepaid property taxes	8,192	-
Resident donations - spray park	2,000	2,000
Resident donations - recycling	1,650	3,350
Disaster preparedness grant	1,374	34,300
Resident donations - trees	450	450
Licenses	110	200
Economic development grant	-	28,013
	\$ 6,812,764	\$ 11,823,567

6. Long-term debt

	2015	2014
Self supported debentures	\$ 2,029,825	\$ 1,468,267
Self supported non-revolving term facility	143,921	178,045
	\$ 2,173,746	\$ 1,646,312
Current portion	\$ 155,906	\$ 106,816

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 155,906	\$ 75,862	\$ 231,768
2017	161,169	70,599	231,768
2018	166,625	65,143	231,768
2019	168,139	59,481	227,620
2020	137,189	54,509	191,698
Thereafter	1,384,718	371,880	1,756,598
	\$ 2,173,746	\$ 697,474	\$ 2,871,220

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.593% to 5.096% per annum, before Provincial subsidy, and matures in periods 2020 through 2035.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

6. Long-term debt, continued

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 3.28% for 2015 (4.10% for 2014).

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 \$66,402 (2014 - \$67,687). The Town's total cash payments for interest in 2015 were \$76,399 (2014 - \$70,707).

7. Accumulated surplus

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

	2015	2014
Unrestricted surplus	\$ 685,875	\$ 700,610
Internally restricted surplus (reserves) (note 9)	3,230,910	3,794,060
<u>Equity in tangible capital assets (note 8)</u>	<u>53,678,940</u>	<u>39,892,992</u>
	<u>\$ 57,595,725</u>	<u>\$ 44,387,662</u>

8. Equity in tangible capital assets

	2015	2014
Tangible capital assets (schedule 2)	\$ 77,321,597	\$ 61,990,956
Accumulated amortization (schedule 2)	(21,468,911)	(20,436,338)
Long-term debt (note 6)	(2,173,746)	(1,646,312)
Capital lease obligation	(15,313)	
	<u>\$ 53,678,940</u>	<u>\$ 39,892,993</u>

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

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.

	2015	2014
Operating		
Other	\$ 759,086	\$ 768,575
Utility stabilization	330,279	365,279
Tax stabilization	91,635	91,635
General	-	32,453
	1,181,000	1,257,942
Capital		
Water supply and distribution	929,693	941,769
Other	507,988	782,351
Administration	258,411	258,411
Wastewater treatment and disposal	234,193	433,962
Culture	66,776	66,776
Roads, streets, walks and lighting	41,585	41,585
Parks and recreation - hall	7,264	7,264
Parks and recreation - pool	4,000	4,000
	2,049,910	2,536,118
	\$ 3,230,910	\$ 3,794,060

10. Net municipal property taxes

	Budget (Unaudited)	2015	2014
Taxation			
Real property taxes	\$ 3,398,930	\$ 3,527,228	\$ 3,279,280
Linear property taxes	80,028	80,028	81,243
Government grants in place of property taxes	23,729	23,729	23,777
	3,502,687	3,630,985	3,384,300
Requisitions			
Alberta School Foundation Fund	753,837	749,047	750,902
Christ the Redeemer School Division	50,514	50,514	50,572
Seniors Foundation	41,286	41,286	44,163
	845,637	840,847	845,637
	\$ 2,657,050	\$ 2,790,138	\$ 2,538,663

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

11. Government transfers

	Budget (Unaudited)	2015	2014
Transfers for operating:			
Provincial conditional grants	\$ 379,300	\$ 313,164	\$ 214,453
	379,300	313,164	214,453
Transfers for capital			
Provincial conditional grants	20,856,111	13,567,586	9,758,633
Federal government	450,744	339,767	-
	21,306,855	13,907,353	9,758,633
	\$ 21,686,155	\$ 14,220,517	\$ 9,973,086

12. Expenditures by object

	Budget (Unaudited)	2015	2014
Salaries, wages and benefits	\$ 2,661,614	\$ 2,662,481	\$ 2,310,945
Contracted and general services	1,731,992	1,626,187	1,600,384
Materials, goods, supplies and utilities	988,460	640,105	953,847
Interest on long term debt	64,394	76,399	68,910
Other expenditures	-	33,305	30,786
Transfers to organizations and others	265,189	511,528	410,787
Amortization of tangible capital assets	-	1,032,575	1,021,441
	\$ 5,711,649	\$ 6,582,580	\$ 6,397,100

13. 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:

	2015	2014
Total debt limit	\$ 8,149,935	\$ 7,985,960
Total debt	2,173,746	1,661,625
	\$ 5,976,189	\$ 6,324,335
Debt servicing limit	\$ 1,358,323	\$ 1,330,993
Debt servicing	231,768	192,275
	\$ 1,126,555	\$ 1,138,718

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

13. Debt limits, continued

The debt limit is calculated at 1.5 times municipal revenue (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 alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

14. 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).

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	2015	2014
Council				
Mayor Tuck	\$ 26,354	\$ 143	\$ 26,497	\$ 35,807
Councilor Fluter	21,449	1,290	22,739	21,495
Councilor Pfeil	20,972	3,829	24,801	22,444
Councilor Crane	18,222	2,230	20,452	21,309
Councilor Rishaug	16,222	143	16,365	19,970
Councilor Waring	15,322	-	15,322	5,920
Councilor Park	14,872	143	15,015	14,465
Councilor Williamson	-	-	-	8,882
Administrator	127,251	5,798	133,049	78,621
Designated officers (4 positions)	\$ 218,590	\$ 24,073	\$ 242,663	\$ -

(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.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

16. 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 and the raw water reservoir, which is a facility that will distribute water to the involved municipalities. Once complete, it is anticipated that the Quad and the raw water reservoir will be transferred to the Corporation in 2016.

17. Comparative figures

Where necessary the comparative figures for the 2014 year have been reclassified to conform with 2015 financial statement presentation.

18. 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.

19. 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.

20. Contaminated sites liability

On January 1, 2015, the town adopted PS3260 liability for contaminated sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the town.

TOWN OF TURNER VALLEY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

21. Budget amounts

The 2015 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	\$ 21,531,796
Less: Capital expenses	(22,641,855)
Long-term debt repayments	(171,959)
Add: Long-term debt proceeds	376,000
Transfers from reserves	389,018
Transfers from reserves - capital	517,000
Equals: Balanced budget	\$ -

22. 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, 2015

Schedule of changes in accumulated surplus				Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 700,610	\$ 3,794,060	\$ 39,892,992	\$ 44,387,662	\$ 35,702,156
Excess of revenue over expenses	13,208,063	-	-	13,208,063	8,685,506
Unrestricted funds designated for future use	(278,505)	278,505	-	-	-
Restricted funds used for operations	349,018	(349,018)	-	-	-
Restricted funds used for tangible capital assets	-	(492,637)	492,637	-	-
Current year funds used for tangible capital assets	(14,388,004)	-	14,388,004	-	-
Contributed tangible capital assets	(450,000)	-	450,000	-	-
Amortization of tangible capital assets	1,032,575	-	(1,032,575)	-	-
Long term debt repaid	(107,566)	-	107,566	-	-
Long-term debt proceeds	635,000	-	(635,000)	-	-
Capital lease repaid	(15,316)	-	15,316	-	-
Change in accumulated surplus	(14,735)	(563,150)	13,785,948	13,208,063	8,685,506
Balance, end of year	\$ 685,875	\$ 3,230,910	\$ 53,678,940	\$ 57,595,725	\$ 44,387,662

TOWN OF TURNER VALLEY
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of tangible capital assets

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2015	2014
Cost:								
Balance, beginning of year	\$ 1,339,394	\$ 12,237,458	\$ 32,836,126	\$ 1,795,681	\$ 863,633	\$ 12,918,664	\$ 61,990,956	\$ 52,431,970
Acquisitions	-	-	2,542,856	1,371,492	493,488	10,922,805	15,330,641	9,938,116
Construction-in-progress	-	-	-	125,000	-	(125,000)	-	(379,130)
Disposals	-	-	-	-	-	-	-	-
Balance, end of year	1,339,394	12,237,458	35,378,982	3,292,173	1,357,121	23,716,469	77,321,597	61,990,956
Accumulated amortization:								
Balance, beginning of year	-	3,667,078	15,453,326	833,007	482,927	-	20,436,338	19,704,582
Annual amortization	-	235,029	549,410	180,516	67,618	-	1,032,573	1,021,441
Disposals	-	-	-	-	-	-	-	(289,685)
Balance, end of year	-	3,902,107	16,002,736	1,013,523	550,545	-	21,468,911	20,436,338
Net book value	\$ 1,339,394	\$ 8,335,351	\$ 19,376,246	\$ 2,278,650	\$ 806,576	\$ 23,716,469	\$ 55,852,686	\$ 41,554,618
2014 net book value	\$ 1,339,394	\$ 8,570,380	\$ 17,382,800	\$ 962,674	\$ 380,706	\$ 12,918,664	\$ 41,554,618	

Schedule 2

TOWN OF TURNER VALLEY
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of segmented disclosure

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 2,790,138	\$ 56,268	\$ 14,510	\$ 1,490,710	\$ -	\$ 4,725	\$ 105,483	\$ 2,790,138
User fees and sales of goods	7,442	-	9,750	84,500	47,935	29,828	52,000	1,679,138
Government transfers for operating	89,151	-	-	-	-	-	-	313,164
Investment income	44,458	-	-	-	-	-	-	44,458
Penalties and costs of taxes	67,692	67,537	-	8,077	-	-	-	143,306
Licenses and permits	18,135	11,503	61,660	-	-	22,821	-	114,119
Franchise and concession contracts	201,842	-	-	-	-	-	-	213,411
Other revenue	11,536	20,455	762	598	793	47,804	53,608	135,556
	3,230,394	155,763	86,682	1,583,885	48,728	105,178	222,660	5,433,290
Expenses								
Salaries, wages and benefits	836,153	264,283	355,285	531,124	-	322,335	353,301	2,662,481
Contracted and general services	346,381	87,403	230,712	586,189	3,569	157,326	214,607	1,626,187
Materials, goods, supplies and utilities	64,512	54,726	258,888	150,022	1,088	7,346	103,523	640,105
Interest on long term debt	-	-	35,673	19,017	-	-	21,709	76,399
Other expenditures	2,512	-	-	-	-	29,931	33	33,305
Transfers to organizations and others	-	16,491	43,223	255,731	97,752	-	98,331	511,528
Amortization of tangible capital assets	48,047	32,651	332,359	469,182	-	-	150,336	1,032,575
	1,297,605	455,554	1,256,140	2,012,094	102,409	516,938	941,840	6,582,580
Deficiency of revenue over expenses before other	1,932,789	(299,791)	(1,169,458)	(428,209)	(53,681)	(411,760)	(719,180)	(1,149,290)
Other								
Government transfers for capital	-	-	4,197,033	9,699,996	-	-	10,324	13,907,353
Contributed assets	-	-	-	-	-	-	450,000	450,000
			4,197,033	9,699,996	-	-	460,324	14,357,353
Excess of revenue over expenses	\$ 1,932,789	\$ (299,791)	\$ 3,027,575	\$ 9,271,787	\$ (53,681)	\$ (411,760)	\$ (258,856)	\$ 13,208,063