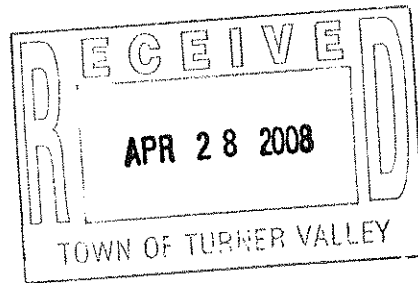


TOWN OF TURNER VALLEY

Financial Statements

For the year ended December 31, 2007



TOWN OF TURNER VALLEY
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For the year ended December 31, 2007

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Town of Turner Valley as at December 31, 2007, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the municipal administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Turner Valley as at December 31, 2007 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta

February 14, 2008

Young Parkyn M. Nels LLP

Chartered Accountants

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2007

	2007	2006 (restated)
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 4,264,513	\$ 2,809,934
Taxes and grants in place of taxes receivables (note 3)	252,917	177,145
Trade and other receivables	330,083	334,612
Land held for resale	48,414	48,414
Prepaid expenses	12,811	9,914
	4,908,738	3,380,019
Physical assets		
Capital assets (note 4)	19,811,869	16,746,819
Inventory of materials and supplies	26,158	31,389
	19,838,027	16,778,208
	\$ 24,746,765	\$ 20,158,227

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 484,704	\$ 609,465
Deposits	725,256	184,400
Deferred revenue (note 5)	29,091	9,717
Long-term debt (note 6)	797,190	827,939
	2,036,241	1,631,521
Municipal equity		
Fund balances		
Operating (schedule 1)	1,419,806	1,213,425
Capital (schedule 2) (note 7)	(994,527)	(1,064,005)
Reserves (schedule 3) (note 8)	3,270,566	2,458,406
	3,695,845	2,607,826
Equity in capital assets (note 9)	19,014,679	15,918,880
	22,710,524	18,526,706
	\$ 24,746,765	\$ 20,158,227

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006 (restated)
Revenue			
Net municipal property taxes (note 10)	\$ 1,676,291	\$ 1,647,814	\$ 1,338,665
User fees and sale of goods	886,432	1,242,219	778,508
Penalties and cost of taxes	110,950	99,977	94,841
Franchise and concession contracts	53,000	58,694	60,900
Investment income	18,700	146,961	146,381
Licenses and permits	133,776	62,362	95,766
Government transfers (note 11)	909,105	3,612,253	393,723
Other revenue	18,919	32,094	43,739
	<u>3,807,173</u>	<u>6,902,374</u>	<u>2,952,523</u>
Expenditures (note 12)			
Legislative	102,928	217,929	88,232
Administration	451,990	322,676	344,207
Fire	104,765	100,292	83,630
Disaster services	19,220	468,303	28,504
Emergency medical	42,794	42,794	33,904
Bylaw enforcement	161,004	138,910	130,890
Building	41,401	2,340	2,402
Common services	171,729	163,208	156,073
Roads, streets, walks and lighting	170,469	157,600	543,360
Water supply and distribution	332,361	3,161,185	1,713,596
Wastewater treatment and disposal	1,235,117	321,256	204,799
Waste management	161,408	220,740	329,827
Family and community support	46,846	34,166	41,280
Cemetery	26,466	26,466	21,330
Planning	142,131	108,379	61,321
Economic development	5,682	4,637	22,013
Parks and recreation	271,594	238,981	225,625
Culture	53,850	53,744	51,506
	<u>3,541,755</u>	<u>5,783,606</u>	<u>4,082,499</u>
Excess (deficiency) of revenue over expenditures	265,418	1,118,768	(1,129,976)
Capital financing transactions			
Repayment of long-term debt	(30,749)	(30,749)	(28,719)
Change in fund balances	234,669	1,088,019	(1,158,695)
Fund balance, beginning of year			
As previously stated	2,315,988	2,315,988	3,766,521
Prior period error correction (note 13)	-	291,838	-
As restated	<u>2,315,988</u>	<u>2,607,826</u>	<u>3,766,521</u>
Fund balance, end of year	<u>\$ 2,550,657</u>	<u>\$ 3,695,845</u>	<u>\$ 2,607,826</u>

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2007

	2007	2006 (restated)
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 1,118,768	\$ (1,129,976)
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivables	(75,772)	(28,311)
Trade and other receivables	4,529	(47,067)
Prepaid expenses	(2,897)	15,096
Inventory of materials and supplies	5,231	1,380
Accounts payable and accrued liabilities	(124,761)	529,624
Deposits	540,856	98,950
Deferred revenue	19,374	(297,802)
	1,485,328	(858,106)
Cash flows from financing activities		
Repayment of long-term debt	(30,749)	(28,719)
Increase (decrease) in cash and temporary investments	1,454,579	(886,825)
Cash and temporary investments, beginning of year	2,809,934	3,696,759
Cash and temporary investments, end of year	\$ 4,264,513	\$ 2,809,934

TOWN OF TURNER VALLEY
SCHEDULE 1
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2007

	Budget (Unaudited)	2007	2006 (restated)
Revenue			
Net municipal property taxes (note 10)	\$ 1,676,291	\$ 1,647,814	\$ 1,338,665
User fees and sale of goods	886,432	1,242,219	778,508
Penalties and cost of taxes	110,950	99,977	94,841
Franchise and concession contracts	53,000	58,694	60,900
Investment income	16,500	139,040	134,043
Licenses and permits	133,776	62,362	95,766
Government transfers	37,477	512,754	50,099
Other revenue	18,919	32,069	36,664
	<u>2,933,345</u>	<u>3,794,929</u>	<u>2,589,486</u>
Expenditures (note 12)			
Legislative	102,928	217,929	88,232
Administration	442,990	312,456	312,826
Fire	98,765	98,365	65,562
Disaster services	19,220	468,303	28,504
Emergency medical	42,794	42,794	33,904
Bylaw enforcement	155,504	131,308	127,655
Building	41,401	2,340	2,402
Common services	171,729	163,208	149,449
Roads, streets, walks and lighting	170,469	157,600	116,758
Water supply and distribution	270,483	256,095	222,538
Wastewater treatment and disposal	198,117	188,822	159,045
Waste management	152,908	220,740	131,516
Family and community support	46,846	34,166	41,280
Cemetery	26,466	26,466	21,330
Planning	142,131	108,379	61,321
Economic development	5,682	4,637	17,486
Parks and recreation	246,594	231,204	184,159
Culture	53,850	53,744	51,506
	<u>2,388,877</u>	<u>2,718,556</u>	<u>1,815,473</u>
Excess of revenue over expenditures	544,468	1,076,373	774,013
Net interfund transfers			
Transfer to capital - repayment of long-term debt (schedule 2)	(30,749)	(30,749)	(28,719)
Transfer to capital (schedule 2)	(178,000)	-	(141,293)
Transfer to reserves (schedule 3)	(358,186)	(839,243)	(203,760)
Change in fund balance	(22,467)	206,381	400,241
Fund balance, beginning of year			
As previously stated	1,316,138	1,316,138	813,184
Prior period error correction (note 13)	-	(102,713)	-
As restated	1,316,138	1,213,425	813,184
Fund balance, end of year	\$ 1,293,671	\$ 1,419,806	\$ 1,213,425

TOWN OF TURNER VALLEY
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006 (restated)
Revenue			
Investment income	\$ 2,200	\$ 7,921	\$ 12,338
Government transfers	871,628	3,099,499	343,624
Other revenue	-	25	7,075
	873,828	3,107,445	363,037
Expenditures (note 12)			
Administration	9,000	10,220	31,381
Fire	6,000	1,927	18,068
Bylaw enforcement	5,500	7,602	3,235
Common services	-	-	6,624
Roads, streets, walks and lighting	-	-	426,602
Water supply and distribution	61,878	2,905,090	1,491,058
Wastewater treatment and disposal	1,037,000	132,434	45,754
Waste management	8,500	-	198,311
Economic development	-	-	4,527
Parks and recreation	25,000	7,777	41,466
	1,152,878	3,065,050	2,267,026
Excess (deficiency) of revenue over expenditures	(279,050)	42,395	(1,903,989)
Capital financing transactions and net interfund transfers			
Repayment of long-term debt	(30,749)	(30,749)	(28,719)
Transfer from operating - repayment of long-term debt (schedule 1)	30,749	30,749	28,719
Transfer from operating (schedule 1)	178,000	-	141,293
Transfer from reserves (schedule 3)	-	27,083	203,760
Change in fund balance	(101,050)	69,478	(1,558,936)
Fund balance, beginning of year			
As previously stated	(1,458,556)	(1,458,556)	494,931
Prior period error correction (note 13)	-	394,551	-
As restated	-	(1,064,005)	494,931
Fund balance, end of year (note 7)	\$ (1,559,606)	\$ (994,527)	\$ (1,064,005)

TOWN OF TURNER VALLEY
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
Fund balance, beginning of year	\$ 2,458,406	\$ 2,458,406	\$ 2,458,406
Net interfund transfers			
Transfer from operating	151,186	839,243	203,760
Transfer to capital	-	(27,083)	(203,760)
Fund balance, end of year (note 8)	\$ 2,609,592	\$ 3,270,566	\$ 2,458,406

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

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 governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, 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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Gains or losses from land sales are recorded as operating fund revenue or expenditures.

(d) 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.

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.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

1. Significant accounting policies, continued

(e) Investments

Investments are recorded at cost.

(f) Capital assets

Capital assets are reported as expenditures in the period that they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related asset costs.

Capital assets are not amortized.

(g) Tangible capital assets

Effective January 1, 2007, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, the Town has started compiling detailed listings of its land, buildings, engineering structures, machinery and equipment and vehicles but has not yet completed any of these listings. Complete listings are expected by December 31, 2009. The Town council has been in discussion with engineers and administration has approved the hiring of an additional employee to assist in compiling the listings.

Currently, these assets are recorded as "capital assets" at cost in the period they are acquired and additions are recorded as an expenditure within the capital fund. Amortization is not recorded as an expenditure. Upon implementation of Section 3150 - Tangible Capital Assets, these same assets will be recorded as "tangible capital assets" and additions will no longer be recorded as an expenditure of the capital fund. Rather, amortization of the assets will be recorded as an expense.

Amortization of buildings, engineering structures, machinery and equipment, and vehicles is expected to be presented in the 2009 financial statements on a retrospective basis (with comparative figures for the 2008 year restated to include amortization) in order to amortize the cost of the assets over their expected useful lives. The Town council has not yet approved its amortization policy for these assets.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

1. Significant accounting policies, continued

(h) 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.

(i) 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.

(j) Operating fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

(k) Capital fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

(l) Reserve fund

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

(m) Equity in capital assets

Equity in capital assets represents the Town's net investment in its total capital assets, after deducting work in progress, the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities which will be repaid by the municipality.

(n) 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 expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

2. Cash and temporary investments

	2007	2006
Cash	\$ 1,720,028	\$ 850,628
Marketable securities	2,544,485	1,959,306
	<u>\$ 4,264,513</u>	<u>\$ 2,809,934</u>

Marketable securities consist of funds invested in the RBC Premium Money Market Fund in the amount of \$2,044,129 and a Guaranteed Investment Certificate in the amount of \$500,356 which bears interest at 4% and matures on November 21, 2008.

3. Taxes and grants in place of taxes receivables

	2007	2006
Current year	\$ 233,515	\$ 145,059
Arrears	19,402	32,086
	<u>\$ 252,917</u>	<u>\$ 177,145</u>

4. Capital assets

	2007	2006
Land	\$ 970,267	\$ 970,267
Buildings	923,863	923,863
Engineering Structures - Water	8,408,784	5,503,844
Engineering Structures - Wastewater	1,241,519	1,115,541
Engineering Structures - Other	5,400,708	5,392,931
Machinery and equipment	2,075,396	2,049,041
Vehicles	791,332	791,332
	<u>\$ 19,811,869</u>	<u>\$ 16,746,819</u>

5. Deferred revenue

	2007	2006 (restated)
Municipal sponsorship program	\$ -	\$ 9,019
Prepaid license, fees and rental	648	698
Amalgamation grant	28,443	-
	<u>\$ 29,091</u>	<u>\$ 9,717</u>

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

6. Long-term debt

	2007	2006
Self supported debentures	\$ 797,190	\$ 827,939
Current portion	\$ 32,933	\$ 30,749

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2008	\$ 32,933	\$ 48,624	\$ 81,557
2009	35,285	46,272	81,557
2010	37,817	43,740	81,557
2011	40,545	41,012	81,557
2012	43,484	38,073	81,557
Thereafter	607,126	261,346	868,472
	\$ 797,190	\$ 479,067	\$ 1,276,257

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 5.096% to 9.625% per annum, before Provincial subsidy, and matures in periods 2014 through 2029. The average annual interest rate is 6.9% for 2007 (6.9% in 2006). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Turner Valley at large.

Interest on long-term debt amounted to \$50,268 (2006 - \$52,217).

The Town's total cash payments for interest in 2007 were \$50,807 (2006 - \$52,837).

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

7. Capital fund

	2007	2006 (restated)
Financing available:		
Signage	\$ -	\$ 959
Soccer field and other	-	1,562
Slope stability	-	162,210
Infiltration gallery	212,523	212,523
Sewer	807,960	317,740
Roads, streets, walks and lighting	442,443	-
Recreation	1,495	-
	1,464,421	694,994
Amounts to be financed:		
Water reservoir	(2,458,948)	(1,725,907)
Roads, streets, walks and lighting	-	(33,092)
	(2,458,948)	(1,758,999)
	\$ (994,527)	\$ (1,064,005)

The shortfall in the water reservoir is expected to be funded through a combination of government grants, payments from developers and a \$500,000 contribution from the Town.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

8. 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 expenditures.

	2006	Increase	Decrease	2007
Operating				
Legislative	\$ 500	\$ -	\$ 500	\$ -
General	35,535	-	3,082	32,453
Administration	72,139	-	72,139	-
Fire	1,430	-	1,430	-
Disaster services	7,372	500	7,872	-
Bylaw enforcement	17,936	5,000	22,936	-
Common services	10,857	-	10,857	-
Roads, streets, walks and lighting	76,925	-	76,925	-
Water supply and distribution	82,140	5,680	-	87,820
Wastewater treatment and disposal	82,532	-	27,063	55,469
Waste management	77,879	10,650	18,120	70,409
Family and community support	2,631	-	2,631	-
Planning	11,387	-	11,387	-
Economic development	10,402	-	10,402	-
Parks and recreation	30,757	-	30,757	-
Other	62,002	537,548	62,057	537,493
	582,424	559,378	358,158	783,644
Capital				
Administration	41,471	6,677	41,471	6,677
Fire	8,561	36,000	44,561	-
Disaster services	1,232	2,000	3,232	-
Bylaw enforcement	22,089	5,500	27,589	-
Common services	241,249	110,000	4,868	346,381
Roads, streets, walks and lighting	195,354	25,033	207,345	13,042
Water supply and distribution	587,542	211,583	125,319	673,806
Wastewater treatment and disposal	497,883	121,378	301,976	317,285
Waste management	9,546	6,300	15,846	-
Family and community support	8,770	-	8,770	-
Economic development	4,300	-	4,300	-
Parks and recreation	247,709	30,000	277,709	-
Culture	10,276	-	10,276	-
Equipment	-	1,182,731	53,000	1,129,731
	1,875,982	1,737,202	1,126,262	2,486,922
	\$ 2,458,406	\$ 2,296,580	\$ 1,484,420	\$ 3,270,566

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

9. Equity in capital assets

	Budget (Unaudited)	2007	2006
Acquisition of capital assets			
Administration	\$ 9,000	\$ 10,220	\$ 31,381
Fire	6,000	1,927	18,068
Bylaw enforcement	5,500	7,602	3,235
Common services	-	-	6,624
Roads, streets, walks and lighting	-	-	426,602
Water supply and distribution	61,878	2,905,090	1,491,058
Wastewater treatment and disposal	1,037,000	132,434	45,754
Waste management	8,500	-	198,311
Economic development	-	-	4,527
Parks and recreation	25,000	7,777	41,466
	<u>1,152,878</u>	<u>3,065,050</u>	<u>2,267,026</u>
Capital financing			
Repayment of long-term debt	30,749	30,749	28,719
Change in equity balance	1,183,627	3,095,799	2,295,745
Equity balance, beginning of year	15,918,880	15,918,880	13,623,135
Equity balance, end of year	\$ 17,102,507	\$ 19,014,679	\$ 15,918,880
Balance consists of:			
Capital assets (note 4)		\$ 19,811,869	\$ 16,746,819
Long-term debt (note 6)		(797,190)	(827,939)
		<u>\$ 19,014,679</u>	<u>\$ 15,918,880</u>

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

10. Net municipal property taxes

	Budget (Unaudited)	2007	2006
Taxation			
Real property taxes	\$ 2,136,129	\$ 2,117,889	\$ 1,787,814
Linear property taxes	95,924	95,925	97,646
Government grants in place of property taxes	27,579	27,579	26,174
Special assessments and local improvement taxes	11,647	11,647	11,877
	<u>2,271,279</u>	<u>2,253,040</u>	<u>1,923,511</u>
Requisitions			
Alberta School Foundation Fund	548,053	558,291	537,162
Christ the Redeemer School	29,657	29,657	32,299
Seniors Foundation	17,278	17,278	15,385
	<u>594,988</u>	<u>605,226</u>	<u>584,846</u>
	<u>\$ 1,676,291</u>	<u>\$ 1,647,814</u>	<u>\$ 1,338,665</u>

11. Government transfers

	Budget (Unaudited)	2007	2006
Provincial transfers			
Shared cost agreements and grants	\$ 909,105	\$ 3,612,253	\$ 393,723

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For the year ended December 31, 2007

12. Expenditures by object

	Budget (Unaudited)	2007	2006
Operating			
Salaries, wages and benefits	\$ 1,015,744	\$ 862,840	\$ 792,226
Contracted and general services	623,761	591,964	402,702
Materials, goods, supplies and utilities	363,831	885,927	282,493
Transfers to organizations and others	330,715	324,376	284,567
Interest on long-term debt	50,266	50,268	52,217
Other expenditures	4,560	3,181	1,268
	<u>2,388,877</u>	<u>2,718,556</u>	<u>1,815,473</u>
Capital			
Purchases of capital assets	1,152,878	3,065,050	2,267,026
	<u>\$ 3,541,755</u>	<u>\$ 5,783,606</u>	<u>\$ 4,082,499</u>

13. Prior period error correction

The prior year's figures have been corrected to reflect a decrease in deferred revenue of \$291,838, an increase in the capital fund of \$394,551, and a decrease in the operating fund of \$102,713 as an amount previously recorded as deferred revenue should have been included as revenue of the capital fund.

14. 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	2007	2006
Council				
Mayor Straub	\$ 8,123	\$ 77	\$ 8,200	\$ 11,062
Mayor / Councillor Fluter	8,217	3,376	11,593	7,679
Councillor Dujay	6,079	172	6,251	7,679
Councillor Blakeman	6,079	470	6,549	7,679
Councillor Williamson	7,679	1,927	9,606	7,679
Councillor Schaffer	679	105	784	7,679
Councillor Cress	-	-	-	7,679
Councillor Jones	1,600	223	1,823	-
Councillor Pollock	1,600	424	2,024	-
Councillor Roberts	1,600	22	1,622	-
Councillor Wallace	1,600	51	1,651	-
Administrator Ogrodniczuk	\$ 77,346	\$ 5,999	\$ 83,345	\$ 72,100

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2007

14. Salary and benefits disclosure, continued

(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.

(3) 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, and club memberships.

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:

	2007	2006 (restated)
Total debt limit	\$ 5,704,313	\$ 3,913,349
Total debt	797,190	827,939
	\$ 4,907,123	\$ 3,085,410
Debt servicing limit	\$ 950,719	\$ 652,225
Debt servicing	81,557	81,557
	\$ 869,162	\$ 570,668

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. 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.

TOWN OF TURNER VALLEY
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17. Commitment

As at December 31, 2007 the Town had spent approximately \$4.4 million on the water reservoir project. The total expected costs for the project are approximately \$6 million. The project is expected to be funded through a combination of capital grants, payments from developers and a \$500,000 contribution from the Town.

18. Financial instruments

The Town's financial instruments consist of cash and temporary investments, receivables, bank overdraft, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

19. Approval of financial statements

These financial statements were approved by Council and Management.

20. Comparative figures

Where necessary the comparative figures for the 2006 year have been reclassified to conform with 2007 financial statement presentation.