

TOWN OF TURNER VALLEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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**Town of Turner Valley
Combined Financial Position
December 31, 2003**

	2003	2002
ASSETS		
Cash and Temporary investments	\$2,373,004	\$2,234,530
Taxes and grants in lieu receivables	141,616	109,914
Trade and other receivables	454,852	320,835
Inventory of materials and supplies	19,192	22,150
Land Inventory	48,414	48,414
Debt charges recoverable	0	137
Prepaid Expenses	15,100	9,102
Physical assets	12,321,344	11,885,936
Long term investments		
TOTAL ASSETS	\$15,373,521	\$14,631,017
LIABILITIES		
Accounts payable and accrued liabilities	\$168,700	\$200,073
Deposit liabilities	39,282	31,125
Deferred revenue	396,733	255,770
Long Term debt	593,362	664,240
TOTAL LIABILITIES	\$1,198,076	\$1,151,209
MUNICIPAL EQUITY		
Operating Fund	\$443,229	\$443,229
Equity in Fixed Assets	11,869,342	11,363,056
Reserves	1,862,873	1,673,524
	\$14,175,444	\$13,479,809
TOTAL MUNICIPAL POSITION	\$15,373,521	\$14,631,017

Town of Turner Valley
Consolidated Statement of Financial Activities and Change in Fund Balances
For the Twelve Months Ending December 31, 2003

	Budget	2003	2002
Revenue			
Property Taxes	\$1,475,866	\$1,472,262	\$1,368,781
Less: Education Taxes	508,808	508,809	473,159
Other requisitions	12,316	12,316	11,954
Adjustments to Requisitions	0	0	(2,185)
	-----	-----	-----
Net municipal property taxes	954,742	951,138	885,853
Sales to Other Governments	48,756	42,416	50,729
User Fees	590,713	611,992	622,208
Penalties and Costs on Taxes	23,200	26,351	23,520
Franchise and Concessions	34,000	45,531	26,813
Fines & costs	6,562	6,015	6,044
Investment income	10,000	63,854	50,189
Rentals	21,020	17,787	22,470
Government Transfers	1,756,657	115,006	86,833
Licenses & Permits Fees	83,650	42,033	68,864
Development levies	117,600	211,305	50,048
Insurance Proceeds	0	20,000	20,133
Other	53,711	129,707	82,549
	-----	-----	-----
Total Revenues	\$3,700,612	\$2,283,135	\$1,996,254
	-----	-----	-----
Expenditures			
Legislative	\$88,388	\$81,653	\$94,448
General Administrative	215,560	197,782	178,432
Fire	70,797	77,894	80,074
Disaster Services	18,580	5,629	1,878
Ambulance	42,061	42,123	31,386
Bylaw Enforcement	61,730	61,003	53,461
Other Protective Services	23,425	14,451	21,613
Common Services	111,766	130,461	115,684
Roads, Streets, Walks, Lights	128,440	120,184	170,031
Storm Sewers	10,157	7,558	12,834
Water Supply & Distribution	229,256	211,773	245,990
Wastewater Treatment	179,320	156,930	116,825
Waste Management	84,315	75,160	84,849
FCSS	38,621	40,328	20,141
Cemetaries	6,934	6,934	6,165
Planning	50,557	37,313	50,806
Land Subdivision	30,000	7,468	18,307
Other Planning & Development	21,275	12,448	9,380
Parks & Recreation	234,225	197,656	143,781
Culture	36,294	81,366	32,992
	-----	-----	-----
Total Operating Expenditures	\$1,681,699	\$1,566,113	\$1,489,077

Capital			
General Administrative	14,040	19,618	19,647
Fire	113,600	6,867	23,382
Bylaw Enforcement	4,500	2,435	4,605
Common Services	290,100	286,930	47,390
Roads, Streets, Walks, Lights	37,939	6,461	111,519
Water Supply & Distribution	2,796,725	57,192	42,227
Wastewater Treatment	168,000	7,442	69,258
FCSS	0	2,700	0
Other Planning & Development	4,619	5,322	4,129
Parks & Recreation	145,764	61,828	33,942
	-----	-----	-----
Total capital expenditures	\$3,575,287	\$456,794	\$356,100
	-----	-----	-----
Excess of revenues over expenditures	(\$1,556,374)	\$260,228	\$151,078
Add: New Debt Issued	934,400	0	0
Repayment of Capital Debt	(70,878)	(70,878)	(64,240)
Add: Prior Year overexpenditures funded			
	-----	-----	-----
Increase(decrease) in fund balances	(\$692,852)	\$189,350	\$86,838
	=====	=====	=====

Town of Turner Valley
Consolidated Statement of Changes in Financial Position
December 31, 2003

	2003	2002
Operations		
Net Operating Revenue	\$347,444	\$356,026
Add(deduct)		
Items not affecting working capital		
Increase (decrease) in deferred revenue	140,963	(10,890)
 Net changes in non-cash working capital balance		
Decrease (increase) in taxes and grants in lieu	(31,701)	(11,184)
Decrease (increase) in trade and other receivables	(134,017)	302,238
Decrease (increase) in other assets	(2,903)	10,542
Increase (decrease) in payables and accrued liabilities	(31,373)	(45,648)
Increase (decrease) in deposit liabilities & other liabilities	8,156	14,340
	-----	-----
	(\$191,838)	\$270,288
	-----	-----
Net cash provided from operating activities	\$296,568	\$615,423
 Investing		
Decrease (increase) in long term investments		
Capital investing	(\$87,216)	(\$204,948)
	-----	-----
Net cash provided from investing activities	(\$87,216)	(\$204,948)
 Financing		
Long term debt issued	\$0	\$0
Long term debt repaid	(70,878)	(64,240)
	-----	-----
	(\$70,878)	(\$64,240)
	-----	-----
Change in cash and cash equivalents during year	\$138,475	\$346,235
 Net cash and temporary investments at beginning of year	2,234,530	1,888,294
	-----	-----
Net cash and temporary investments at end of year	\$2,373,004	\$2,234,529
	=====	=====

**Town of Turner Valley
Schedule of Capital Fund Operations
For the Twelve Months Ending December 31, 2003**

Schedule 1	Budget	2003	2002
Revenues			
Sale of physical assets	\$5,000	\$21,386	\$2,000
Government Transfers	1,691,866	60,287	48,061
Interest income	0	31,781	25,944
Development levies	117,600	211,305	50,048
Debenture proceeds	934,400	0	0
Other	33,400	44,819	25,099
Total Revenue	\$2,782,266	\$369,578	\$151,152
Expenditures			
General Administrative	14,040	19,618	19,647
Fire	113,600	6,867	23,382
Bylaw Enforcement	4,500	2,435	4,605
Common Services	290,100	286,930	47,390
Roads, Streets, Walks, Lights	37,939	6,461	111,519
Water Supply & Distribution	2,796,725	57,192	42,227
Wastewater Treatment	168,000	7,442	69,258
FCSS	0	2,700	0
Other Planning & Development	4,619	5,322	4,129
Parks & Recreation	145,764	61,828	33,942
Total expenditures	\$3,575,287	\$456,794	\$356,100
Excess of revenues over expenditures	(\$793,021)	(\$87,216)	(\$204,948)
Net interfund transfers			
From reserves	529,431	(242,495)	(64,632)
From operating	263,590	329,710	269,580
	=====	=====	=====

**Town of Turner Valley
Statement of Operating Fund
For the Twelve Months Ending December 31, 2003**

	Budget	2003	2002
Schedule 2			
Operating Revenues			
Net Taxes available for municipal purposes	\$954,742	\$951,138	\$885,853
Sales to Other Governments	48,756	42,416	50,729
Sales and User Charges			
Water and wastewater	431,084	468,720	421,472
Waste management	83,335	83,603	84,394
Subdivision land management	30,000	0	74,044
Administration	4,670	7,851	6,686
Fire and bylaw enforcement	15,824	16,120	9,430
Recreation	25,600	31,901	25,927
Other	200	3,796	257
Penalties and Costs on Taxes	23,200	26,351	23,520
Licenses & Permits Fees	83,650	42,033	68,864
Fines	6,562	6,015	6,044
Franchise and Concessions	34,000	45,531	26,813
Insurance Proceeds	0	20,000	20,133
Return on Investments	10,000	32,073	24,245
Rentals	21,020	17,787	22,470
Federal Conditional Grants	5,107	5,281	4,343
Prov Unconditional Grants	4,719	4,719	4,719
Prov Conditional Grants	54,965	44,719	29,711
Other Revenues	15,311	63,502	55,450
	-----	-----	-----
Total Operating Revenues	\$1,852,746	\$1,913,557	\$1,845,102
Operating Expenditures			
Legislative	\$88,388	\$81,653	\$94,448
General Administrative	215,560	197,782	178,432
Fire	70,797	77,894	80,074
Disaster Services	18,580	5,629	1,878
Ambulance	42,061	42,123	31,386
Bylaw Enforcement	61,730	61,003	53,461
Other Protective Services	23,425	14,451	21,613
Common Services	111,766	130,461	115,684
Roads, Streets, Walks, Lights	128,440	120,184	170,031
Storm Sewers	10,157	7,558	12,834
Water Supply & Distribution	229,256	211,773	245,990
Wastewater Treatment	179,320	156,930	116,825
Waste Management	84,315	75,160	84,849
FCSS	38,621	40,328	20,141
Cemetaries	6,934	6,934	6,165
Planning	50,557	37,313	50,806

Land Subdivision	30,000	7,468	18,307
Other Planning & Development	21,275	12,448	9,380
Parks & Recreation	234,225	197,656	143,781
Culture	36,294	81,366	32,992
	-----	-----	-----
Total Operating Expenditures	\$1,681,699	\$1,566,113	\$1,489,077
	-----	-----	-----
Excess of revenue over expenditures	\$171,047	\$347,444	\$356,026
	-----	-----	-----
Repayment of Capital Debt	(70,878)	(70,878)	(64,240)
Transfer from reserves	163,425	53,145	(22,206)
From Capital	(263,590)	(329,710)	(269,579)
	-----	-----	-----
TOTAL	\$4	\$0	\$0
	-----	-----	-----
Opening Balance	0	443,229	443,229
	-----	-----	-----
Closing Balance	\$4	\$443,229	\$443,229
	=====	=====	=====

Town of Turner Valley
Schedule of Change in Fund Balance - Reserves
December 31, 2003

Schedule 3	Budget	2003	2002
Balance at beginning of year	\$1,673,524	\$1,673,524	\$1,586,686
Add/(deduct):			
Transfer from Operating fund	27,037	89,993	105,267
Transfer (to) Operating Fund	(190,462)	(143,138)	(83,061)
Net Transfer to operating fund	(163,425)	(53,145)	\$22,206
Transfer from Capital	104,862	520,290	236,826
Transfer (to) Capital	(634,293)	(277,795)	(172,194)
Net transfer to capital fund	(529,431)	\$242,495	\$64,632
Change in fund balance	(692,856)	\$189,350	\$86,838
Balance at end of year	\$980,668	\$1,862,873	\$1,673,524

Town of Turner Valley
Schedule of Taxes Levied
For the Twelve Months Ending December 31, 2003

Schedule 4	Budget	2003	2002
Taxation			
Real Property Taxes	\$1,351,802	\$1,347,988	\$1,249,645
Linear Property Taxes	78,910	78,972	75,360
Business Taxes	500	433	521
Government Grants in Lieu	23,972	23,973	22,466
Special Assessments	20,682	20,897	20,790
Total Taxation	\$1,475,866	\$1,472,262	\$1,368,781
Requisitions			
School Supplementary Requisitions	477,921	482,642	444,480
Christ the Redeemer School Requisition	30,887	26,166	28,678
Foothills Senior Foundation	12,316	12,316	11,954
Adjustments to Requisitions	0	0	(2,185)
	\$521,124	\$521,125	\$482,928
Net municipal property taxes	\$954,742	\$951,138	\$885,853

**Town of Turner Valley
Government Transfers
For the Twelve Months Ending December 31, 2003**

	Budget	2003	2002
Schedule 5			
Federal Transfers			
Shared-cost agreements and grants	\$5,107	\$5,281	\$4,343
Provincial Transfers			
Share-cost agreements and grants	\$1,740,539	\$97,774	\$67,346
Debt interest rebates	2,511	2,518	3,349
	-----	-----	-----
	\$1,743,050	\$100,292	\$70,695
	-----	-----	-----
Local Government Transfers			
Shared-cost agreements and grants	\$63,036	\$59,117	\$69,532
	-----	-----	-----
Total government Transfers	\$1,811,193	\$164,690	\$144,570
	=====	=====	=====

**Town of Turner Valley
Consolidated Expenditures by Object
For the Twelve Months Ending December 31, 2003**

	Budget	2003	2002
Schedule 6			
Expenditures			
Salaries, Wages and benefits	\$605,365	\$609,771	\$498,061
Contracted and general services	472,584	376,002	412,816
Purchases from other governments	162,882	163,274	122,831
Materials, goods, supplies, utilities	322,246	294,248	324,121
Bank charges and short term interest	700	943	678
Interest on long term debt	51,081	51,081	57,935
Physical assets acquired	3,575,287	456,794	356,100
Cost of Land Sold	0	0	17,344
Other Expenditures	66,841	70,795	55,291
	-----	-----	-----
Total Expenditures	\$5,256,986	\$2,022,907	\$1,845,176
	=====	=====	=====

**Town of Turner Valley
Schedule of Accumulated Surplus
December 31, 2003**

	2003	2002
Schedule 7		
Balance at beginning of year	\$443,229	\$443,229
Change in operating fund during year	0	0
Balance at end of year	\$443,229	\$443,229

**Town of Turner Valley
Schedule of Capital Equity
For the Twelve Months Ending December 31, 2003**

	Budget	2003	2002
Schedule 8			
Balance at Beginning of Year	\$11,363,056	\$11,363,056	\$10,944,716
Debenture Proceeds	934,400	0	0
Donations	33,400	44,819	26,206
Return on Investment	0	31,781	25,944
Proceeds from Disposal of assets	5,000	21,386	2,000
Local Government Transfers	8,500	9,434	11,795
Provincial Government Transfers	1,683,366	50,853	36,266
Developers' Agreements and Levies	117,600	211,305	50,048
Net Drawn from Reserves	529,431	(242,495)	(64,632)
Net Transferred from Operating	263,590	329,710	269,580
Operating fund payments on LT debt	70,878	70,878	64,240
Cost reduction on disposition of capital	(5,000)	(21,386)	(2,000)
Prior Year Adjustments	0	0	(8,107)
Other Revenue	0	0	7,000
Total	\$15,004,221	\$11,869,342	\$11,363,056

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the Town of Turner Valley are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Turner Valley are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and changes in the fund balances and in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the municipality. They include the following

Town of Turner Valley Fire Department
Town of Turner Valley Waterworks System
Oilfields Recycling

The schedule of taxes levied also includes requisitions for education, health, 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 basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in Note 1(e).

c) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from sales of land are recorded as operating fund revenues.

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

d) Government Transfers

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, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

e) Pension Expenditure

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

f) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments.

g) Inventories

Inventories of materials and supplies are valued at the lower of cost or not realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services roads, sidewalks and street lighting are recorded as physical assets under their respective functions.

h) Physical Assets

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

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

Physical assets for government purposes are not depreciated.

i) Debt Charges recoverable

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

j) Prepaid Local Improvement Charges

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

Where a taxpayer has elected to prepay the outstanding local improvement charges, 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 borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

k) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increased in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the respective operating and capital fund.

l) Reserves for future expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

m) Equity in Physical Assets

Equity in physical assets represents the Town of Turner Valley's net investment in its total physical assets, after deducting work in progress, the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities.

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

n) Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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 taxes.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

o) Interest on Long Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and there is an accrual for long-term debt interest payable at the end of the year.

p) Use of Estimates

The preparation of financial statements in conformity with 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 expenditure 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.

2. CASH AND INVESTMENTS

Cash and Investments	<u>2003</u>	<u>2002</u>
Current		
Current account	\$382,289	\$296,757
Petty Cash	200	200
Investments Royal Bank	1,930,448	1,879,680
Investments Royal Bank	33,203	32,544
Investments Royal Bank	112,677	110,184
Less current trust reserves		
Tax sale	-\$8,709	-\$8,538
Skateboarding Park Fund	-\$150	-\$150
Gablehouse	-\$36,010	-\$36,010
Bragg Creek	-\$7,489	-\$7,324

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

	Luisin Development	-\$33,203	-\$32,544
	Friends of the Pool	-\$252	-\$269
Net current cash and investments		\$2,373,004	\$2,234,530
Long Term			
	Investments Royal Bank	\$0	\$0
	Investments Royal Bank	0	0
	Less long term trust reserves		
	Gablehouse		
	Bragg Creek		
	Luisin Development		
	Friends of the Pool		
Net long term cash and investments		\$0	\$0
Net to report on financial statements		<u>\$2,373,004</u>	<u>\$2,234,530</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2003</u>	<u>2002</u>
Current:		
Current taxes and grants in lieu	\$99,840	\$88,267
Less: allowances for doubtful accounts		
	<u>\$99,840</u>	<u>\$88,267</u>
Non-current:		
Tax arrears and grants in lieu	\$41,776	\$21,648
Less: allowance for doubtful accounts		
	<u>\$41,776</u>	<u>\$21,648</u>
Total Taxes Receivable	<u>\$141,616</u>	<u>\$109,915</u>

4. PHYSICAL ASSETS

	<u>Cost</u>	<u>2003</u> Net Book Value	<u>2002</u> Net Book Value
Land	\$45,833	\$45,833	\$45,833
Buildings	\$873,916	\$873,916	\$857,990

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

Distribution Systems			
Water	\$3,321,573	\$3,321,573	\$3,288,333
Wastewater	\$1,113,032	\$1,113,032	\$1,105,590
Other engineering structures	\$4,794,221	\$4,794,221	\$4,779,017
Machinery & equipment & furnishings	\$1,610,044	\$1,610,044	\$1,400,596
Vehicles	\$562,725	\$562,725	\$408,576
TOTAL PHYSICAL ASSETS	\$12,321,344	\$12,321,344	\$11,885,935

5. DEFERRED REVENUE

	<u>2003</u>	<u>2002</u>
Prepaid local improvement charges	\$2,380	\$3,382
Prepaid licenses/fees/rental	\$703	\$2,060
Unearned income	393,650	250,328
	<u>\$396,733</u>	<u>\$255,770</u>
less: current portion	<u>-\$396,733</u>	<u>-\$253,339</u>
	<u>-\$0</u>	<u>\$2,431</u>

6. LONG-TERM DEBT

	<u>2003</u>	<u>2002</u>
Tax supported debentures	\$35,440	\$50,366
Self supported debentures	\$557,922	\$613,874
	<u>\$593,362</u>	<u>\$664,240</u>
Less: current portion	<u>-\$78,222</u>	<u>-\$70,878</u>
	<u>\$515,140</u>	<u>\$664,240</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$78,222	\$46,140	\$124,362
2005	\$47,054	\$38,013	\$85,067
2006	\$20,171	\$33,143	\$53,314
2007	\$21,759	\$31,554	\$53,313

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

	2008	\$23,480	\$29,834	\$53,314
Thereafter		\$402,676	\$212,816	\$615,492
		\$593,362	\$391,500	\$984,862

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 6.0% to 12% per annum, before Provincial subsidy, and matures in periods 2004 through to 2024. The average annual interest rate is 10.03% for 2003. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 9% and 11% to a maximum of annual rate of 12.5% on all debentures except the debentures issued in 1994. Debenture debt is issued on the credit and security of the Town of Turner Valley at large.

7. RESERVES

Reserves for operating and capital activities changed as follows:

	Beg Bal	Decreases	Additions	End Bal
Operating				
Computer Training Reserve	\$ 18,827	\$ 5,974	\$ 439	\$ 13,292
Unexpended Staff Incentives			500	500
ALARIE	29,976		759	30,735
ADM - General Operating	8,920		4,657	13,577
Utilities Reserve	45,629		1,156	46,785
FIR - Unexpended Hydrant Ser	-			-
Fire Bldg Repairs	1,888	1,765	36	159
Disaster Services	-		682	682
EMG - Oper Reserves	1,128	1,128		-
Com Serv Equipm Rep	11,312	11,312		-
Safety Equipment			175	175
Senior's Transportation	18,755		5,256	24,011
Street Lighting	24,180		613	24,793
RSL - Oiling	877		10,788	11,665
Unexpended Storm	3,232		83	3,315
Water Bill Rate Stab	38,088	6,797	18,359	49,651
Unexpended water projects				4,300
Sewer Bill Rate Stab	50,065	6,217	14,352	58,200
Garbage Bill Rate Stab	48,346		6,345	54,691
Recycle Bill Rate Stab	33,020		1,551	34,571
FCSS - Fun in Sun	555			555
Planning Reserve	4,519		(1,113)	3,406
Planning - Alternate Parking	2,334		599	2,933
Planning - Land Use Bylaw	506		1,026	1,532
EDC Reserves	4,306		4,734	9,040
EDC - Regional Initiative	5,059		128	5,187
Discovery Days	4,521	2,597	323	2,248
Tourism - Brochure	1,856		48	1,904

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

F & D Repairs	15,458	9,980	138	5,616
Pool Utilities	9,299		2,435	11,734
Campground Repairs	4,959		2,126	7,085
Rink Repairs	701	712	11	(0)
Ball Diamond Repairs	2,161		55	2,216
Weed Control	-			-
Joint Facility	601		15	616
Friendship Trail Unexpended	3,608		91	3,699
Unallocated	108,080	87,331		20,748
Total Operating Reserves	\$ 502,766	\$ 133,813	\$ 76,367	\$ 449,620

Capital

Adm Equipment	6,652		3,801	10,453
Adm Bldg Upgrade	16,940	1,050	5,532	21,422
Adm Computer Upgrade	2,757		5,136	7,893
Fire Equipment	27,238		26,193	53,431
Fire Donations	1,559		15,020	16,579
Fire - Unexpended Capital	1,500		38	1,538
DIS - Disaster EOC	5,059		16,035	21,094
BEO - Vehicle	10,023		15,467	25,490
BEO - Radar	1,012		20	1,032
C S Bldg Replacement	73,576	73,576	34,863	34,863
C S Equipment	12,965	12,965	15,431	15,431
Roads Unexpended	56,988	45,101	1,679	13,566
Slope Stability			33,744	33,744
Roads - Capital Paving	-		4,200	4,200
Storm Sewer	71,018		1,800	72,818
Water Upgrade	18,531	21,453	3,057	134
Water unexpended projects			1,878	1,878
Water Offsite	135,159		234,823	369,982
Water Well Unexpended	35,664		904	36,568
Water Future Unexpended	116,593	88,012	2,412	30,994
Water Lightening	10,000	8,648	199	1,551
Sewer Offsite	108,705		82,935	191,640
Sewer Upgrade	152,820	11,681	32,042	173,181
Royalite Lift Stn	0			0
Garbage Truck Reserve	51,107		6,360	57,467
Recycle Depot	2,322		59	2,381
Dunham Area	116,927		2,962	119,889
Tourism - Downtown	4,619	4,619		-
Recreation	4,501	4,586	85	(0)
F & D Capital	7,862		13,504	21,366
Pool Equipment	22,528		12,758	35,286
Campground Upgrade	2,030		7,143	9,173
Rink Upgrade Capital	4,966	5,060	94	(0)
Memorial Tree	392		90	482
Unexpended Parking Lot	327		8	335
Public Reserve	24,829		630	25,459

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

Soccer Field	1,625		41	1,666
Millenium Derrick Donations	8,561	8,690	400	271
Capital Reserve	53,407	53,407		-
Total Capital Reserves	\$ 1,170,758	\$ 338,848	\$ 581,343	\$ 1,413,253
TOTAL RESERVES	<u><u>\$ 1,673,524</u></u>			<u><u>\$ 1,862,873</u></u>

8. TRUST FUNDS

A summary of trust fund activities by the Town of Turner Valley is as follows:

	<u>2003</u>	<u>2002</u>
Tax Sale Surplus		
Balance, beginning of year	\$8,538	\$8,371
Interest and Additions	\$171	\$167
Less: Claims		
Balance, end of year	<u>\$8,709</u>	<u>\$8,538</u>
Luisin Trust		
Balance, beginning of year	\$32,544	\$32,016
Interest and Additions	\$659	\$528
Less: Claims		
Balance, end of year	<u>\$33,203</u>	<u>\$32,544</u>
Gablehouse Trust		
Balance, beginning of year	\$36,010	\$36,010
Interest and Additions		
Less: Claims		
Balance, end of year	<u>\$36,010</u>	<u>\$36,010</u>
Save the Pool Society		
Balance, beginning of year	269	259
Interest and Additions	\$13,548	\$10
Less: Claims	\$ (13,565)	
Balance, end of year	<u>\$252</u>	<u>\$269</u>
Bragg Creek Security		

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

Balance, beginning of year	\$7,324	\$27,233
Interest and Additions	\$165	\$144
Less: Claims	\$0	-\$20,053
Balance, end of year	\$7,489	\$7,324

Skateboarding Club

Balance, beginning of year	\$ 150	\$ -
Interest and Additions	\$ -	\$ 150
Less: Claims		
Balance, end of year	\$ 150	\$ 150

Total Trusts	\$ 85,812	\$ 84,835
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9. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 is as follows:

	<u>2003</u> # of <u>Persons</u>	Salary (1)	Benefits & <u>Allowances (2)</u>	<u>Total</u>	<u>2002</u> # of <u>Persons</u>	<u>Total</u>
Mayor	1	\$9,300	\$137	\$9,437	1	9,363
Councillors						
Councillor Holmes	1	\$ 6,960	\$ 1,839	\$8,799		8229
Councillor Goble	1	\$ 6,960	\$ 658	\$7,618		7275
Councillor Dujay	1	\$ 6,960	\$ 137	\$7,097		6427
Councillor McArthur	1	\$ 6,960	\$ 988	\$7,948		7829
Councilor Pool	1	\$ 6,960	\$ 58	\$7,018		6048
Councillor Kiiskinen	1	\$ 6,960	\$ 137	\$7,097		5977
Chief Administrative Officer	1	\$ 48,944	\$ 5,820	\$54,764	1	32,963
Designated Officers	3	\$ 104,103	\$ 8,679	\$112,782	1	47,848

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life coverage, vision coverage, accidental disability and dismemberment insurance, and long term disability plans.

Town of Turner Valley
Notes to Financial Statements
For the Year ended December 31, 2003

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Turner Valley be disclosed as follows:

	<u>2003</u>	<u>2002</u>
Total Debt Limit	\$ 3,515,133	\$2,892,090
Total Debt	\$593,362	\$664,240
Amount total debt limit exceeded	-\$2,921,771	-\$2,227,850
<hr/>		
Service on debt limit	\$ 585,856	\$482,015
Service on debt	\$124,362	\$124,362
Amount service on debt limited exceeded	-\$461,494	-\$357,653
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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.

11. CONTINGENCIES

The Town of Turner Valley is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the Town of Turner Valley 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.

12. APPROVAL OF FINANCIAL STATEMENTS

Council and Management approved these financial statements.

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Town of Turner Valley.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimated and judgements. 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 are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management 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. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase and Lively, Professional Accountants, the external auditors, in accordance with generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Scase and Lively Professional Accountants has full and free access to Council.