

TOWN OF TURNER VALLEY

Financial Statements

For the year ended December 31, 2008

TOWN OF TURNER VALLEY
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For the year ended December 31, 2008

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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, 2008, 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, 2008 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

April 11, 2009

Young Parkyn McNab LLP

Chartered Accountants

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 4,387,760	\$ 4,264,513
Taxes and grants in place of taxes receivables (note 3)	367,248	252,917
Trade and other receivables	275,212	330,083
Land held for resale	48,414	48,414
Prepaid expenses	38,960	12,811
	5,117,594	4,908,738
Physical assets		
Capital assets (note 4)	22,161,281	19,811,869
Inventory of materials and supplies	31,230	26,158
	22,192,511	19,838,027
	\$ 27,310,105	\$ 24,746,765

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 501,836	\$ 470,164
Employee benefit obligations (note 5)	26,620	14,540
Deposits	598,119	725,256
Deferred revenue (note 6)	87,102	29,091
Long-term debt (note 7)	764,256	797,190
	1,977,933	2,036,241
Municipal equity		
Fund balances		
Operating (schedule 1)	1,598,781	1,419,806
Capital (schedule 2) (note 8)	(1,531,314)	(994,527)
Reserves (schedule 3) (note 9)	3,867,680	3,270,566
	3,935,147	3,695,845
Equity in capital assets (note 10)	21,397,025	19,014,679
	25,332,172	22,710,524
	\$ 27,310,105	\$ 24,746,765

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 1,948,951	\$ 1,958,489	\$ 1,647,814
User fees and sale of goods	1,076,219	1,699,405	1,242,219
Penalties and cost of taxes	152,123	118,220	99,977
Franchise and concession contracts	51,250	74,098	58,694
Investment income	20,000	84,397	146,961
Licenses and permits	124,750	132,359	62,362
Government transfers (note 12)	1,570,780	1,298,082	3,612,253
Other revenue	226,939	21,203	32,094
	5,171,012	5,386,253	6,902,374
Expenditures (note 13)			
Legislative	206,570	245,096	217,929
Administration	487,660	477,490	322,676
Fire	124,100	90,313	100,292
Disaster services	19,410	21,121	468,303
Emergency medical	61,256	56,956	42,794
Bylaw enforcement	173,252	246,823	138,910
Building	2,500	1,237	2,340
Common services	844,580	216,354	163,208
Roads, streets, walks and lighting	531,620	400,450	157,600
Water supply and distribution	721,632	1,392,659	3,161,185
Wastewater treatment and disposal	1,765,165	1,282,957	321,256
Waste management	197,930	174,994	220,740
Family and community support	47,664	37,440	34,166
Cemetery	24,800	32,416	26,466
Planning	130,150	126,740	108,379
Economic development	6,150	4,758	4,637
Parks and recreation	301,984	247,942	238,981
Culture	58,275	58,272	53,744
	5,704,698	5,114,018	5,783,606
Excess (deficiency) of revenue over expenditures	(533,686)	272,235	1,118,768
Capital financing transactions			
Repayment of long-term debt	(32,930)	(32,933)	(30,749)
Change in fund balances	(566,616)	239,302	1,088,019
Fund balance, beginning of year	3,695,845	3,695,845	2,607,826
Fund balance, end of year	\$ 3,129,229	\$ 3,935,147	\$ 3,695,845

TOWN OF TURNER VALLEY
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2008

	2008	2007
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 272,235	\$ 1,118,768
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivables	(114,331)	(75,772)
Trade and other receivables	54,871	4,528
Prepaid expenses	(26,149)	(2,897)
Inventory of materials and supplies	(5,072)	5,231
Accounts payable and accrued liabilities	31,672	(139,300)
Employee benefit obligations	12,080	14,540
Deposits	(127,137)	540,856
Deferred revenue	58,011	19,374
	156,180	1,485,328
Cash flows from financing activities		
Repayment of long-term debt	(32,933)	(30,749)
Increase in cash and temporary investments	123,247	1,454,579
Cash and temporary investments, beginning of year	4,264,513	2,809,934
Cash and temporary investments, end of year	\$ 4,387,760	\$ 4,264,513

TOWN OF TURNER VALLEY
SCHEDULE 1
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Net municipal property taxes (note 11)	\$ 1,948,951	\$ 1,958,489	\$ 1,647,814
User fees and sale of goods	1,076,219	1,699,405	1,242,219
Penalties and cost of taxes	152,123	118,220	99,977
Franchise and concession contracts	51,250	74,098	58,694
Investment income	20,000	79,467	139,040
Licenses and permits	124,750	132,359	62,362
Government transfers	59,386	150,590	512,754
Other revenue	23,183	21,203	32,069
	3,455,862	4,233,831	3,794,929
Expenditures (note 13)			
Legislative	206,570	245,096	217,929
Administration	461,470	477,490	312,456
Fire	116,100	86,098	98,365
Disaster services	19,410	21,121	468,303
Emergency medical	61,256	56,956	42,794
Bylaw enforcement	173,252	187,151	131,308
Building	2,500	1,237	2,340
Common services	194,580	188,297	163,208
Roads, streets, walks and lighting	247,570	255,412	157,600
Water supply and distribution	329,232	369,036	256,095
Wastewater treatment and disposal	233,190	203,133	188,822
Waste management	184,080	174,994	220,740
Family and community support	47,664	37,440	34,166
Cemetery	24,800	32,416	26,466
Planning	130,150	126,740	108,379
Economic development	6,150	4,758	4,637
Parks and recreation	292,360	238,960	231,204
Culture	58,275	58,272	53,744
	2,788,609	2,764,607	2,718,556
Excess of revenue over expenditures	667,253	1,469,224	1,076,373
Net interfund transfers			
Transfer to capital - repayment of long-term debt (schedule 2)	(32,930)	(32,933)	(30,749)
Transfer to capital (schedule 2)	(628,231)	-	-
Transfer to reserves (schedule 3)	(631,280)	(1,257,316)	(839,243)
Change in fund balance	(625,188)	178,975	206,381
Fund balance, beginning of year	1,419,806	1,419,806	1,213,425
Fund balance, end of year	\$ 794,618	\$ 1,598,781	\$ 1,419,806

TOWN OF TURNER VALLEY
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenue			
Investment income	\$ -	\$ 4,930	\$ 7,921
Government transfers	1,511,394	1,147,492	3,099,499
Other revenue	203,756	-	25
	1,715,150	1,152,422	3,107,445
Expenditures (note 13)			
Administration	26,190	-	10,220
Fire	8,000	4,215	1,927
Bylaw enforcement	-	59,672	7,602
Common services	650,000	28,057	-
Roads, streets, walks and lighting	284,050	145,038	-
Water supply and distribution	392,400	1,023,623	2,905,090
Wastewater treatment and disposal	1,531,975	1,079,824	132,434
Waste management	13,850	-	-
Parks and recreation	9,624	8,982	7,777
	2,916,089	2,349,411	3,065,050
(Deficiency) excess of revenue over expenditures	(1,200,939)	(1,196,989)	42,395
Capital financing transactions and net interfund transfers			
Repayment of long-term debt	(32,930)	(32,933)	(30,749)
Transfer from operating - repayment of long-term debt (schedule 1)	32,930	32,933	30,749
Transfer from operating (schedule 1)	628,231	-	-
Transfer from reserves (schedule 3)	572,708	660,202	27,083
Change in fund balance	-	(536,787)	69,478
Fund balance, beginning of year	(994,527)	(994,527)	(1,064,005)
Fund balance, end of year (note 7)	\$ (994,527)	\$ (1,531,314)	\$ (994,527)

TOWN OF TURNER VALLEY
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Fund balance, beginning of year	\$ 3,867,680	\$ 3,270,566	\$ 2,458,406
Net interfund transfers			
Transfer from operating	631,280	1,257,316	839,243
Transfer to capital	(572,708)	(660,202)	(27,083)
Fund balance, end of year (note 9)	\$ 3,926,252	\$ 3,867,680	\$ 3,270,566

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

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) Future change in accounting policy

Effective January 1, 2009, the Town will be required to adopt new Public Sector Accounting Board (PSAB) Handbook sections PS1000 "Financial statement concepts", PS1100 "Financial statement objectives", and PS1200 "Financial statement presentation"

PSAB Section 1200 introduces a new financial statement format which replaces the fund accounting presentation currently used. Major changes under the new format include the recognition of amortization, the combination of equity in physical assets, reserves, and the operating fund balance into one surplus amount, and the adoption of a "net asset/debt" reporting format whereby financial liabilities are deducted from financial assets to present the Town net assets or net debt. These changes will be applied prospectively but the prior year will be restated to provide meaningful comparative balances.

(b) 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.

(c) 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.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(d) 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.

(e) 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.

(f) Investments

Investments are recorded at cost.

(g) 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.

(h) Tangible capital assets

Effective January 1, 2008, 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 2008, the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, 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.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

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.

(i) 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.

(j) 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.

(k) 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).

(l) Capital fund

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

(m) 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.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Significant accounting policies, continued

(n) 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.

(o) 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.

2. Cash and temporary investments

	2008	2007
Cash	\$ 1,927,748	\$ 1,720,028
Marketable securities	2,460,012	2,544,485
	\$ 4,387,760	\$ 4,264,513

Marketable securities consist of funds invested in the RBC Premium Money Market Fund in the amount of \$2,115,493 and Guaranteed Investment Certificates in the amount of \$344,519 which bear interest between 1.75% and 2.3% and mature between September and November 2009.

3. Taxes and grants in place of taxes receivables

	2008	2007
Current year	\$ 297,304	\$ 233,515
Arrears	69,944	19,402
	\$ 367,248	\$ 252,917

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

4. Capital assets

	2008	2007
Land	\$ 970,267	\$ 970,267
Buildings	926,470	923,863
Engineering Structures - Water	9,432,407	8,408,784
Engineering Structures - Wastewater	2,321,343	1,241,519
Engineering Structures - Other	5,545,747	5,400,708
Machinery and equipment	2,088,593	2,075,396
Vehicles	876,454	791,332
	\$ 22,161,281	\$ 19,811,869

5. Employee benefit obligations

	2008	2007
Vacation and overtime payable	\$ 26,620	\$ 14,540

Vacation and overtime

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

Sick time

Sick time can be accumulated up to 960 hours per employee however this amount is not paid out upon termination of employment therefore no accrual is recorded. The current value of the sick time accrual is \$117,992 (2007 - \$110,465).

6. Deferred revenue

	2008	2007
Municipal sustainability initiative	\$ 60,069	\$ -
Municipal sponsorship program	25,203	-
Resident donations - recycling	1,650	-
Prepaid license, fees and rental	180	648
Amalgamation grant	-	28,443
	\$ 87,102	\$ 29,091

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

7. Long-term debt

	2008	2007
Self supported debentures	\$ 764,256	\$ 797,190
Current portion	\$ 35,285	\$ 32,933

Principal and interest repayments are due as follows:

	Principal	Interest	Total
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
2013	46,653	34,904	81,557
Thereafter	560,472	226,443	786,915
	\$ 764,256	\$ 430,444	\$ 1,194,700

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 2008 (6.9% in 2007). 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 \$47,627 (2007 - \$50,268).

The Town's total cash payments for interest in 2008 were \$48,623 (2007 - \$50,807).

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

8. Capital fund

	2008	2007
Financing available:		
Roads, streets, walks and lighting	\$ 297,405	\$ 442,443
Sewer	-	807,960
Infiltration gallery	-	212,524
Recreation	-	1,495
	297,405	1,464,422
Amounts to be financed:		
Water reservoir	(1,581,713)	(2,458,949)
Sewer	(247,006)	-
	(1,828,719)	(2,458,949)
	\$ (1,531,314)	\$ (994,527)

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

The shortfall for the sewer upgrades is expected to be funded through grants.

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

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 expenditures.

	2007	Increase	Decrease	2008
Operating				
General	\$ 32,453	\$ -	\$ -	\$ 32,453
Water supply and distribution	87,820	-	-	87,820
Wastewater treatment and disposal	55,469	-	-	55,469
Waste management	70,409	-	-	70,409
Other	537,493	180,374	-	717,867
	783,644	180,374	-	964,018
Capital				
Administration	6,677	33,383	-	40,060
Common services	346,381	25,450	28,057	343,774
Roads, streets, walks and lighting	13,042	5,279	-	18,321
Water supply and distribution	673,806	494,724	555,465	613,065
Wastewater treatment and disposal	317,285	163,917	19,928	461,274
Equipment	1,129,731	368,812	71,375	1,427,168
	2,486,922	1,091,565	674,825	2,903,662
	\$ 3,270,566	\$ 1,271,939	\$ 674,825	\$ 3,867,680

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

10. Equity in capital assets

	Budget (Unaudited)	2008	2007
Acquisition of capital assets			
Administration	\$ 26,190	\$ -	\$ 10,220
Fire	8,000	4,215	1,927
Bylaw enforcement	-	59,672	7,602
Common services	650,000	28,057	-
Roads, streets, walks and lighting	284,050	145,038	-
Water supply and distribution	392,400	1,023,623	2,905,090
Wastewater treatment and disposal	1,531,975	1,079,824	132,434
Waste management	13,850	-	-
Parks and recreation	9,624	8,984	7,777
	2,916,089	2,349,413	3,065,050
Capital financing			
Repayment of long-term debt	32,930	32,933	30,749
Change in equity balance	2,949,019	2,382,346	3,095,799
Equity balance, beginning of year	19,014,679	19,014,679	15,918,880
Equity balance, end of year	\$ 21,963,698	\$ 21,397,025	\$ 19,014,679
Balance consists of:			
Capital assets (note 4)		\$ 22,161,281	\$ 19,811,869
Long-term debt (note 7)		(764,256)	(797,190)
		\$ 21,397,025	\$ 19,014,679

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

11. Net municipal property taxes

	Budget (Unaudited)	2008	2007
Taxation			
Real property taxes	\$ 2,464,970	\$ 2,463,985	\$ 2,117,889
Linear property taxes	77,040	77,036	95,925
Government grants in place of property taxes	26,630	26,635	27,579
Special assessments and local improvement taxes	11,650	19,508	11,647
	<u>2,580,290</u>	<u>2,587,164</u>	<u>2,253,040</u>
Requisitions			
Alberta School Foundation Fund	580,934	575,019	558,291
Christ the Redeemer School	31,692	34,943	29,657
Seniors Foundation	18,713	18,713	17,278
	<u>631,339</u>	<u>628,675</u>	<u>605,226</u>
	<u>\$ 1,948,951</u>	<u>\$ 1,958,489</u>	<u>\$ 1,647,814</u>

12. Government transfers

	Budget (Unaudited)	2008	2007
Provincial transfers			
Shared cost agreements and grants	\$ 970,780	\$ 1,298,082	\$ 3,612,253

TOWN OF TURNER VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

13. Expenditures by object

	Budget (Unaudited)	2008	2007
Operating			
Salaries, wages and benefits	\$ 1,227,452	\$ 1,195,980	\$ 862,840
Contracted and general services	694,634	745,942	591,964
Materials, goods, supplies and utilities	463,668	415,337	885,927
Transfers to organizations and others	350,235	355,512	324,376
Interest on long-term debt	48,620	47,627	50,268
Other expenditures	4,000	4,209	3,181
	2,788,609	2,764,607	2,718,556
Capital			
Purchases of capital assets	2,916,089	2,349,411	3,065,050
	\$ 5,704,698	\$ 5,114,018	\$ 5,783,606

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	2008	2007
Council				
Mayor Fluter	\$ 10,879	\$ 13,321	\$ 24,200	\$ 11,593
Councillor Jones	8,140	5,933	14,073	1,823
Councillor Pollock	8,140	12,418	20,558	2,024
Councillor Roberts	8,140	1,569	9,709	1,622
Councillor Rowntree	7,122	1,865	8,987	-
Councillor Wallace	8,140	6,436	14,576	1,651
Councillor Williamson	8,140	6,436	14,576	9,606
Mayor Straub	-	-	-	8,200
Councillor Dujay	-	-	-	6,251
Councillor Blakeman	-	-	-	6,549
Councillor Schaffer	-	-	-	784
Administrator Ogrodniczuk	\$ 84,096	\$ 17,961	\$ 102,057	\$ 83,345

(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.

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14. Salary and benefits disclosure, continued

(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:

	2008	2007
Total debt limit	\$ 6,358,141	\$ 5,704,313
Total debt	764,256	797,190
	\$ 5,593,885	\$ 4,907,123
Debt servicing limit	\$ 1,059,690	\$ 950,719
Debt servicing	81,557	81,557
	\$ 978,133	\$ 869,162

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.

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17. 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.

18. Approval of financial statements

These financial statements were approved by Council and Management.

19. Comparative figures

Where necessary the comparative figures for the 2007 year have been reclassified to conform with 2008 financial statement presentation.