

March 20, 2012

Deputy Mayor William Choy
Town of Stony Plain
4905-51 Ave
Stony Plain, AB T7Z 1Y1

Mayor Rod Shaigec
Parkland County
53109A SH 779
Parkland County, AB T7Z 1R1

Mayor Stuart Houston
City of Spruce Grove
315 Jespersen Ave
Spruce Grove, AB T7X 3E8

Dear Mayors:

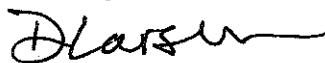
**Re: 2011 Audited Financial Statements of TransAlta Tri Leisure Centre
(Incorporated as Tri-Municipal Leisure Facility Corporation)**

Please be advised that the Board of Directors at the March 8 2011 Board Meeting unanimously passed the following resolution:

That the Board of Directors accepts the 2011 Audited Financial Statements as presented by Hawkings Epp Dumont, LLP Chartered Accountants and directs administration to forward a copy of the statements to the Town of Stony Plain, City of Spruce Grove and Parkland County.

On behalf of the Tri-Municipal Leisure Facility Corporation Board of Directors, please find enclosed our Audited Financial Statements for the year ending December 31, 2011.

Sincerely,



Deborah Larsen
General Manager

Encls.

cc: Mr. Darren Badry, Tri-Municipal Leisure Facility Corporation Board Chairman
Mr. Doug Lagore, City Manager, Spruce Grove
Mr. Pat Vincent, Chief Administration Officer, Parkland County
Mr. Tom Goulden, Town Manager, Stony Plain

**TRANSALTA TRI LEISURE CENTRE
INCORPORATED AS TRI-MUNICIPAL LEISURE
FACILITY CORPORATION**

SPRUCE GROVE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Hawkings Epp Dumont LLP

10476 Mayfield Road
Edmonton, Alberta
T5P 4P4
www.hawkings.com

Chartered Accountants

Telephone: 780-489-9606
Toll Free: 1-877-489-9606
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Email: hed@hedllp.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the TransAlta Tri Leisure Centre
Spruce Grove, Alberta

We have audited the accompanying financial statements of the TransAlta Tri Leisure Centre (the "Centre"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations and changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

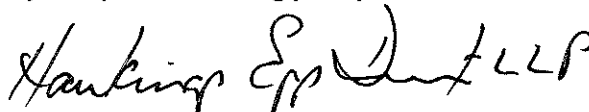
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the TransAlta Tri Leisure Centre as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta
March 8, 2012

HAWKINGS EPP DUMONT LLP
Chartered Accountants

Stony Plain Office

Suite 101, 5300 - 50 Street
PO Box 3188 Str Main
Stony Plain, Alberta T7Z 1T8
Telephone: 780-963-2727
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**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Board of Directors of the TransAlta Tri Leisure Centre
Spruce Grove, Alberta

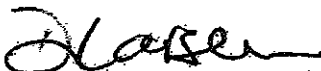
The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of the Centre's administration.

The financial statements are prepared by the Centre's administration, in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, the Centre's administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards.

Spruce Grove, Alberta
March 8, 2012



Deborah Larsen
General Manager




Kathy Sadek
Manager of Finance, Customer and Corporate Services

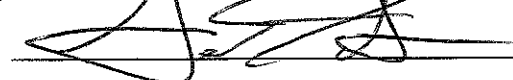
www.transalta.com

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 961,762	\$ 1,243,712
Accounts receivable	<u>203,535</u>	<u>232,662</u>
	<u>1,165,297</u>	<u>1,476,374</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	349,747	349,296
Deferred contributions (Note 5)	113,723	111,676
Deferred revenue (Note 6)	324,273	340,857
Lease deposits	9,129	9,129
Capital lease obligation (Note 7)	<u>9,714</u>	<u>40,322</u>
	<u>806,586</u>	<u>851,280</u>
NET FINANCIAL ASSETS	<u>358,711</u>	<u>625,094</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	22,402	9,897
Prepaid expenses and deposits (Note 8)	62,792	6,228
Tangible capital assets (Schedule I)	<u>1,217,059</u>	<u>1,172,688</u>
	<u>1,302,253</u>	<u>1,188,813</u>
ACCUMULATED SURPLUS (Schedule II)	<u>\$ 1,660,964</u>	<u>\$ 1,813,907</u>
CONTINGENT LIABILITY (Note 15)		

ON BEHALF OF THE BOARD:


 _____ Director


 _____ Director

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget <u>2011</u> (Note 14)	Actual <u>2011</u>	Actual <u>2010</u>
Revenue			
Pass fees	\$ 3,083,133	\$ 3,114,370	\$ 3,022,821
Program fees	1,085,274	972,156	1,055,505
Rental	921,300	983,110	855,455
Partnership contributions	835,000	835,000	700,000
Lease	222,460	246,952	231,219
Corporate sponsors and donations	305,055	138,552	159,035
Miscellaneous	128,000	98,677	95,994
Advertising	39,500	38,702	33,852
Commissions	43,700	37,100	44,528
Interest	42,000	20,833	47,856
Amortization of deferred contributions (Note 5)	<u>-</u>	<u>4,672</u>	<u>3,328</u>
	<u>6,705,422</u>	<u>6,490,124</u>	<u>6,249,593</u>
Expenses (Schedule III)			
Maintenance	2,435,267	2,451,856	2,366,880
Administration	1,967,065	1,894,124	1,904,917
Aquatics	968,809	1,100,139	1,049,313
Fitness and track	495,332	485,552	550,981
Children's programs	280,871	264,882	321,288
Field and arena	291,523	284,307	272,952
Amortization	<u>266,555</u>	<u>162,207</u>	<u>159,736</u>
	<u>6,705,422</u>	<u>6,643,067</u>	<u>6,626,067</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>-</u>	<u>(152,943)</u>	<u>(376,474)</u>
Accumulated Surplus, Beginning of Year		<u>1,813,907</u>	<u>2,190,381</u>
Accumulated Surplus, End of Year		<u>\$ 1,660,964</u>	<u>\$ 1,813,907</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Actual <u>2011</u>	Actual <u>2010</u>
Excess (Deficiency) of Revenue over Expenses	\$ <u>(152,943)</u>	\$ <u>(376,474)</u>
Effect of transactions related to tangible capital assets:		
Acquisition of tangible capital assets	(206,578)	(497,669)
Amortization of tangible capital assets	<u>162,207</u>	<u>159,736</u>
	<u>(44,371)</u>	<u>(337,933)</u>
Effect of transactions related to other non-financial assets:		
Acquisition of supplies inventories	(12,505)	(9,898)
Decrease (Increase) of prepaid assets	<u>(56,564)</u>	<u>3,764</u>
	<u>(69,069)</u>	<u>(6,134)</u>
Increase (Decrease) In Net Assets	(266,383)	(720,541)
Net Financial Assets, Beginning of Year	<u>625,094</u>	<u>1,345,635</u>
Net Financial Assets, End of Year	\$ <u><u>358,711</u></u>	\$ <u><u>625,094</u></u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
Operating Activities		
Cash from operations		
Excess (Deficiency) of revenue over expenditures	\$ (152,943)	\$ (376,474)
Amortization	<u>162,207</u>	<u>159,736</u>
	<u>9,264</u>	<u>(216,738)</u>
Non-cash charges to operations:		
Accounts receivable	29,127	(108,696)
Inventory of supplies	(12,505)	(9,897)
Prepaid expenses	(56,564)	3,765
Deferred contributions	2,047	111,676
Accounts payable and accrued liabilities	451	2,879
Deferred revenue	<u>(16,584)</u>	<u>(43,450)</u>
	<u>(54,028)</u>	<u>(43,723)</u>
Cash used by operating transactions	<u>(44,764)</u>	<u>(260,461)</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(206,578)</u>	<u>(497,669)</u>
Financing Activities		
Proceeds on capital lease obligation	-	40,322
Repayment of capital lease obligation	<u>(30,607)</u>	<u>-</u>
Cash provided (used) by Financing Activities	<u>(30,607)</u>	<u>40,322</u>
Investing Activities		
Decrease (increase) in long-term investments	<u>-</u>	<u>1,575,242</u>
Change in Cash and Temporary Investments for the Year	(281,949)	857,434
Cash and Temporary Investments, Beginning of Year	<u>1,243,711</u>	<u>386,277</u>
Cash and Temporary Investments, End of Year	\$ <u>961,762</u>	\$ <u>1,243,711</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE I

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Land Improvements	Engineered Structures	Machinery and Equipment	2011	2010
COST:					
Balance, Beginning of Year	\$ 250,000	\$ 578,162	\$ 1,003,578	\$ 1,831,740	\$ 1,334,071
Acquisition of tangible capital assets	-	148,225	58,353	206,578	497,669
Balance, End of Year	250,000	726,387	1,061,931	2,038,318	1,831,740
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	33,333	118,758	506,961	659,052	499,316
Annual amortization	8,333	24,909	128,965	162,207	159,736
Balance, End of Year	41,666	143,667	635,926	821,259	659,052
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 208,334	\$ 582,720	\$ 426,005	\$ 1,217,059	\$ 1,172,688

TRANSALTA TRI LEISURE CENTRE

SCHEDULE II

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Equity in Tangible Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, Beginning of Year	\$ 1,172,688	\$ 706,723	\$ (65,504)	\$ 1,813,907
Tangible Capital Asset Purchases	206,578	-	(206,578)	-
Amortization of Tangible Capital Assets	(162,207)	-	162,207	-
Contribution Restricted for the Purchase of Tangible Capital Assets	(121,723)	121,723	-	-
Deferred Contributions Related to Tangible Capital Assets	8,000	(8,000)	-	-
Capital Lease Obligation	(9,714)	9,714	-	-
Transfers to (from) Surplus related to purchase of Tangible Capital Assets	-	(65,504)	65,504	-
Transfers to (from) Surplus	-	(206,578)	206,578	-
Excess (Deficiency) of Revenue over Expenses	<u>-</u>	<u>-</u>	<u>(152,943)</u>	<u>(152,943)</u>
Balance, End of Year	<u>\$ 1,093,622</u>	<u>\$ 558,078</u>	<u>\$ 9,264</u>	<u>\$ 1,660,964</u>

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Equity in Tangible Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, Beginning of Year	\$ 834,755	\$ 1,044,657	\$ 310,969	\$ 2,190,381
Tangible Capital Assets Purchases	497,669	-	(497,669)	-
Amortization of Tangible Capital Assets	(159,736)	-	159,736	-
Transfers to (from) Surplus	-	(337,934)	337,934	-
Excess (Deficiency) of Revenue over Expenses	<u>-</u>	<u>-</u>	<u>(376,474)</u>	<u>(376,474)</u>
Balance, End of Year	<u>\$ 1,172,688</u>	<u>\$ 706,723</u>	<u>\$ (65,504)</u>	<u>\$ 1,813,907</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE III

SCHEDULE OF OPERATING EXPENDITURES BY OBJECT

	Budget <u>2011</u> (Note 14)	Actual <u>2011</u>	Actual <u>2010</u>
Expenditures			
Salaries, wages and benefits	\$ 4,166,674	\$ 4,278,666	\$ 4,308,920
Utilities	970,000	1,109,590	1,082,394
Repairs and maintenance	340,515	270,638	242,079
Materials, goods and services	260,895	229,666	239,110
Administration	225,643	163,476	167,165
Contracted services	195,151	199,586	148,820
Amortization	266,555	162,207	159,736
Insurance	76,000	79,094	95,970
Marketing and publications	94,665	71,870	104,042
Professional fees	29,715	38,272	31,646
Travel, meals and accommodations	29,045	17,470	25,726
Training and recruitment	<u>50,564</u>	<u>22,532</u>	<u>20,459</u>
	<u>\$ 6,705,422</u>	<u>\$ 6,643,067</u>	<u>\$ 6,626,067</u>

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. PURPOSE

The TransAlta Tri Leisure Centre is a recreational leisure facility owned by the Town of Stony Plain, Parkland County and the City of Spruce Grove (the "co-venturers"). The Centre was incorporated on December 19, 2001 under the *Companies Act* (Alberta) as a not-for-profit Part IX corporation to operate and manage the facility and is exempt from taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of the financial statements for a period involves the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates and approximations. The financial statements have, in the Centre administration's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue recognition

Revenues are accounted for in the period in which transactions or events occurred that gave rise to the revenues. Expenditures are accounted for in the period the goods or services are acquired or a liability is incurred.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Funds from external parties restricted by agreement of legislation are accounted for as deferred revenue until used for the purpose specified.

Program pre-registration revenue for programs to run in the subsequent year are deferred until that program has commenced.

(b) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

(c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	30 years
Engineered structures	10 to 30 years
Machinery and equipment	5 to 25 years

(CONT'D)

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Accumulated Surplus

Accumulated surpluses are established at the discretion of the Board 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.

(e) Pension expenditure

The Centre participates in a multi-employer defined benefit plan. This plan is accounted for as a defined contribution plan.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2011</u>	<u>2010</u>
Operating accounts	\$ 582,486	\$ 23,884
Restricted cash	379,276	-
Temporary investments	<u>-</u>	<u>1,219,828</u>
	<u>\$ 961,762</u>	<u>\$ 1,243,712</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2011</u>	<u>2010</u>
Trade and other accounts payable	\$ 175,149	\$ 180,411
Salaries and vacation payable	163,574	154,829
GST payable	<u>11,024</u>	<u>14,056</u>
	<u>\$ 349,747</u>	<u>\$ 349,296</u>

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted contributions with which property and equipment were purchased.

The changes in the deferred contributions balance for the year are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 111,676	\$ -
Add: Restricted contributions received		
Spruce Grove Kinsmen	-	33,281
Community Facility Enhancement Grant	-	81,723
Spin Bike Expansion Grant	6,719	-
Less: Amounts amortized into revenue	<u>(4,672)</u>	<u>(3,328)</u>
Balance, end of year	<u>\$ 113,723</u>	<u>\$ 111,676</u>

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

6. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Program pre-registration	\$ 307,864	\$ 206,504
Memberships	5,000	116,158
Gift certificates	11,409	11,476
Grants	<u>-</u>	<u>6,719</u>
	<u>\$ 324,273</u>	<u>\$ 340,857</u>

7. CAPITAL LEASE OBLIGATION

	<u>2011</u>	<u>2010</u>
Capital lease	<u>\$ 9,714</u>	<u>\$ 40,322</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	<u>\$ 9,714</u>	<u>\$ 182</u>	<u>\$ 9,896</u>

Capital lease is repayable to National Leasing and bears interest at 8.17% per annum and was incurred for the purchase of the Zamboni.

Interest on the capital lease obligation amounted to \$1,319 (2010 - \$2,769).

8. PREPAID EXPENSES AND DEPOSITS

	<u>2011</u>	<u>2010</u>
Fundraising Contract	\$ 56,381	\$ -
Other	<u>6,411</u>	<u>6,228</u>
	<u>\$ 62,792</u>	<u>\$ 6,228</u>

During 2011 the Centre entered into a fundraising agreement with Performance Sponsorship Group for the purpose of obtaining sponsorships. The cost of this contract is being amortized over 5 years from the commencement of the contract as the average benefit of the sponsorship contracts are expected to last this length of time.

Amortization Schedule:

2012	\$ 29,950
2013	29,950
2014	29,950
2015	<u>29,950</u>
Total Remaining Expenses	<u>\$ 119,800</u>

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

9. ACCUMULATED SURPLUS MANAGEMENT

The Centre's primary objective to managing capital is to ensure that it can continue to meet the needs of its members and the surrounding population. The Centre manages capital through an annual budgeting process and continuous monitoring of revenues and expenses against the budget.

The Centre sets the amount of accumulated surplus in proportion to risk. The Centre manages accumulated surplus and makes adjustments in light of economic conditions for funding and service requirements. In order to maintain or adjust net assets, the Centre may adjust, defer, or cancel the timing of expenditures or request additional funds from the partners in order to meet obligations as they come due.

Restricted Surplus consists of funds restricted by the Board that have been restricted for the purpose of acquisition and major unexpected maintenance of capital items.

10. LOCAL AUTHORITIES PENSION PLAN

Employees of the Centre participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Centre is required to make current service contributions to the Plan of 9.49% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.13% for the excess. Employees of the Centre are required to make current service contributions of 8.49% of pensionable earnings up to the year's maximum pensionable earnings and 12.13% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to the LAPP in 2011 were \$179,270 (2010 - \$175,390). Total current and past service contributions made by the employees of the Centre to the LAPP in 2011 were \$161,936 (2010 - \$157,220).

At December 31, 2010, the LAPP disclosed an actuarial deficit of \$4.9 billion (2009 - \$4.0 billion).

11. RELATED PARTY TRANSACTIONS

Operating revenue received from partners are as follows:

	<u>2011</u>	<u>2010</u>
City of Spruce Grove	\$ 354,875	\$ 297,500
Parkland County	250,500	210,000
Town of Stony Plain	<u>229,625</u>	<u>192,500</u>
	<u>\$ 835,000</u>	<u>\$ 700,000</u>

The Centre's financial instruments consist of cash, accounts receivables, long-term investments, and accounts payable and accrued liabilities. It is the Centre's administration's opinion that the Centre 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 value.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2011

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and the Centre's administration.

14. BUDGET

The budget figures are provided for information purposes only, and have not been audited.

15. CONTINGENT LIABILITY

The Centre was served in 2009 with a statement of claim by a patron for personal damages. The extent of the liability and probability of the success of the statement of claim is undetermined.