

**REPORT OF THE INDEPENDENT AUDITOR ON THE
SUMMARY FINANCIAL STATEMENTS**

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

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2011, and the summary statements of operations, change in net financial assets and cash flow for the year then ended, are derived from the audited financial statements of the Town of Turner Valley for the year ended December 31, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated April 23, 2012.

The summary financial statements do not contain all the disclosures required by Canadian public sector accounting standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Town of Turner Valley.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian public sector accounting standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Town of Turner Valley for the year ended December 31, 2011 are a fair summary of those financial statements, in accordance with Canadian public sector accounting standards.

Our auditor's report on the audited financial statements contains an "emphasis of matter" paragraph which describes the amendment made to the 2010 figures to include \$255,970 of offsite levies which had not previously been recorded. Our opinion is not qualified in respect of this matter.

Lethbridge, Alberta

April 23, 2012

Young Rankin M.Nat L.P.

Chartered Accountants

TOWN OF TURNER VALLEY
SUMMARY STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

	2011	2010
	(Restated)	
Financial assets		
Cash and temporary investments	\$ 4,742,622	\$ 6,116,211
Taxes and grants in place of taxes receivable	864,526	666,305
Trade and other receivables	752,601	1,373,307
Land held for resale	48,414	48,414
	<u>6,408,163</u>	<u>8,204,237</u>
Liabilities		
Accounts payable and accrued liabilities	433,848	416,071
Employee benefit obligations	31,900	16,925
Deposits	774,896	739,600
Deferred revenue	112,774	762,361
Long-term debt	1,943,373	2,034,899
Obligation under capital lease	78,094	97,218
	<u>3,374,885</u>	<u>4,067,074</u>
Net financial assets	<u>3,033,278</u>	<u>4,137,163</u>
Non-financial assets		
Prepaid expenses	28,446	13,218
Inventory for consumption	25,219	52,827
Tangible capital assets	29,696,906	27,136,534
	<u>29,750,571</u>	<u>27,202,579</u>
Accumulated surplus	<u>\$ 32,783,849</u>	<u>\$ 31,339,742</u>

TOWN OF TURNER VALLEY
SUMMARY STATEMENT OF OPERATIONS
For the year ended December 31, 2011

	Budget (Unaudited)	2011	2010 (Restated)
Revenue			
Net municipal taxes	\$ 2,248,448	\$ 2,237,902	\$ 2,266,973
User fees and sales of goods	1,491,739	1,293,992	1,462,334
Government transfers for operating	94,540	269,268	97,071
Investment income	30,000	70,859	17,707
Penalties and costs of taxes	164,000	190,112	211,004
Licenses and permits	51,318	55,664	37,946
Franchise and concession contracts	109,500	130,580	185,614
Other revenue	6,600	12,398	35,485
	4,196,145	4,260,775	4,314,134
Expenses			
Legislative	213,646	216,946	275,288
Administration	674,715	680,924	620,594
Fire	198,713	155,423	137,942
Disaster services	34,500	19,592	11,868
Emergency medical	12,239	12,239	11,938
Bylaw enforcement	234,360	245,398	212,638
Transportation services	971,066	957,115	875,333
Water supply and distribution	903,720	1,056,001	1,033,150
Wastewater treatment and disposal	375,724	361,080	349,251
Waste management	211,424	209,448	219,225
Family and community support services	72,843	44,757	49,222
Cemeteries and crematoriums	41,775	41,775	79,899
Land use planning, zoning and development	176,726	235,074	205,159
Economic and agricultural development	83,556	80,225	65,386
Parks and recreation	463,767	380,480	315,669
Culture - libraries, museums, halls	166,645	97,842	68,696
	4,835,419	4,794,319	4,531,258
Deficiency of revenue over expenses before other	(639,274)	(533,544)	(217,124)
Other			
Government transfers for capital	1,530,189	1,977,651	2,382,685
Excess of revenue over expenses	890,915	1,444,107	2,165,561
Accumulated surplus, beginning of year			
As previously stated	31,083,772	31,083,772	29,174,181
Prior period adjustment	-	255,970	-
As restated	31,083,772	31,339,742	29,174,181
Accumulated surplus, end of year	\$ 31,974,687	\$ 32,783,849	\$ 31,339,742

TOWN OF TURNER VALLEY
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2011

	Budget (Unaudited)	2011	2010 (Restated)
Excess of revenue over expenses	\$ 890,915	\$ 1,444,107	\$ 2,165,561
Acquisition of tangible capital assets	(2,058,486)	(3,666,803)	(3,680,729)
Amortization	1,010,000	973,179	944,789
Loss on disposal of tangible capital assets	-	7,707	189,441
Proceeds on disposal of tangible capital assets	-	125,547	-
	(1,048,486)	(2,560,370)	(2,546,499)
Net change in inventory for consumption	-	27,606	(34,972)
Net change in prepaid expense	-	(15,228)	(1,741)
	-	12,378	(36,713)
Decrease in net financial assets	(157,571)	(1,103,885)	(417,651)
Net financial assets, beginning of year	4,137,163	4,137,163	4,554,814
Net financial assets, end of year	\$ 3,979,592	\$ 3,033,278	\$ 4,137,163

TOWN OF TURNER VALLEY
SUMMARY STATEMENT OF CASH FLOW
For the year ended December 31, 2011

	2011	2010
	(Restated)	
Operating transactions		
Excess of revenue over expenses	\$ 1,444,107	\$ 2,165,561
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	7,707	189,441
Amortization	973,178	944,789
	2,424,992	3,299,791
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(198,221)	125,344
Trade and other receivables	620,706	(904,994)
Inventory for consumption	27,606	(34,972)
Prepaid expenses	(15,228)	(1,741)
Accounts payable and accrued liabilities	17,777	23,372
Employee benefit obligations	14,975	10,532
Deposits	35,296	251,462
Deferred revenue	(649,587)	494,282
Cash provided by operating transactions	2,278,316	3,263,076
Capital transactions		
Proceeds on disposal of tangible capital assets	125,547	-
Acquisition of tangible capital assets	(3,666,803)	(3,680,729)
Cash applied to capital transactions	(3,541,256)	(3,680,729)
Financing transactions		
Repayment of capital lease	(19,123)	(18,286)
Proceeds of long-term debt	-	1,395,000
Repayment of long-term debt	(91,526)	(37,638)
Cash applied to financing transactions	(110,649)	1,339,076
(Decrease) increase in cash and temporary investments	(1,373,589)	921,423
Cash and temporary investments, beginning of year	6,116,211	5,194,788
Cash and temporary investments, end of year	\$ 4,742,622	\$ 6,116,211