

# **Improvement District No. 25**

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**Financial Statements**

**December 31, 2015**

**IMPROVEMENT DISTRICT NO. 25**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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## Independent Auditor's Report

To the Minister of Municipal Affairs

### Report on the Financial Statements

I have audited the accompanying financial statements of Improvement District No. 25, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net debt 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 public sector accounting standards, 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Improvement District No. 25 as at December 31, 2015, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Merwan N. Saher FCPA, FCA*

Auditor General

April 18, 2016

Edmonton, Alberta

**IMPROVEMENT DISTRICT NO. 25**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 65,782	\$ 129,578
Accounts receivable (Note 4)	117,838	8,000
	183,620	137,578
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	111,650	124,555
Deferred revenue (Note 5)	72,071	13,023
	183,721	137,578
<b>NET DEBT</b>	(101)	-
<b>NON-FINANCIAL ASSETS</b>	-	-
<b>ACCUMULATED DEFICIT</b>	<b>\$ (101)</b>	<b>\$ -</b>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 25**  
**STATEMENT OF OPERATIONS**  
**For the year ended December 31, 2015**

	<u>2015</u>		<u>2014</u>
	<u>Budget</u> (Unaudited) (Note 9)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Government transfers for operating	\$ 178,000	\$ 119,443	\$ 236,205
<b>Total Revenue</b>	<u>178,000</u>	<u>119,443</u>	<u>236,205</u>
<b>EXPENSES</b>			
Grants	178,000	119,544	236,205
<b>Total Expenses</b>	<u>178,000</u>	<u>119,544</u>	<u>236,205</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	-	(101)	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	-	-
<b>ACCUMULATED DEFICIT, END OF YEAR</b>	<u>\$ -</u>	<u>\$ (101)</u>	<u>\$ -</u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 25**  
**STATEMENT OF CHANGE IN NET DEBT**  
**For the year ended December 31, 2015**

	<u>2015</u>		<u>2014</u>
	<u>Budget</u> (Unaudited) (Note 9)	<u>Actual</u>	<u>Actual</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	\$ -	\$ (101)	\$ -
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET DEBT, END OF YEAR</b>	<u>\$ -</u>	<u>\$ (101)</u>	<u>\$ -</u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 25**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Shortfall of revenue over expenses	\$ (101)	\$ -
Increase in accounts receivable	(109,838)	(8,000)
(Decrease) increase in accounts payable and accrued liabilities	(12,905)	124,555
Increase (decrease) in deferred revenue	59,048	(107,180)
Cash (used in) provided by operating transactions	(63,796)	9,375
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	(63,796)	9,375
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	129,578	120,203
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 65,782	\$ 129,578

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 25**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Note 1      Authority**

Improvement District No. 25 (the Improvement District) is administered by the Ministry of Municipal Affairs (Alberta Municipal Affairs) and operates under the authority of the *Municipal Government Act*, Chapter M-26, Revised Statutes of Alberta 2000.

**Note 2      Significant Accounting Policies**

These financial statements reflect the financial position, results of operations, net debt and cash flows of Improvement District No. 25 as at and for the year ended December 31, 2015 and have been prepared in accordance with Canadian Public Sector Accounting Standards.

The Ministry of Municipal Affairs manages the administrative operations of the Improvement District, on behalf of its taxpayers, as a trust fund. This is a regulated trust fund consisting of public money over which the Legislature has no power of appropriation.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measureable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

**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 at the date of the financial statements, and reported amounts of revenue and expense 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.



**IMPROVEMENT DISTRICT NO. 25**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Note 2      Significant Accounting Policies (continued)**

**Revenue Recognition**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future or as a result of a direct financial return. These transfers are recognized in the financial statements as revenue when the transfer is authorized, and any eligibility criteria or stipulations have been met. Prior to revenue recognition, any amounts received or receivable along with restricted interest earned are recorded as deferred revenue.

**Valuation of Financial Assets and Liabilities**

Cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are measured at cost.

**Note 3      Cash and Cash Equivalents**

Cash and cash equivalents consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term securities with a maximum term to maturity of three years. As at December 31, 2015, securities held by the fund had a rate of return of 0.93% per annum (December 31, 2014 - 1.18% per annum).

**Note 4      Accounts Receivable**

	<u>2015</u>	<u>2014</u>
Grants receivable	\$ 117,838	\$ 8,000

All grants listed above are receivable from related parties - see note 6.

**IMPROVEMENT DISTRICT NO. 25**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Note 5      Deferred Revenue**

	<u>2015</u>	<u>2014</u>
Municipal Sustainability Initiative - Operating Grant	\$ -	\$ 118
Federal Gas Tax Fund	50,000	-
Municipal Sustainability Initiative - Capital Grant	22,071	12,905
	<u>\$ 72,071</u>	<u>\$ 13,023</u>

All grants listed above were received from related parties - see note 6.

**Note 6      Related Parties**

The Improvement District has amounts receivable of \$117,838 (2014 - \$8,000) from Alberta Municipal Affairs.

The Improvement District has deferred grant revenue of \$22,071 (2014 - \$13,023) from Alberta Municipal Affairs as part of the Municipal Sustainability Initiative. The Improvement District recognized \$119,443 (2014 - \$236,205) in government transfers for operating revenue related to this grant.

The Improvement District has deferred grant revenue of \$50,000 (2014 - \$0) from Alberta Municipal Affairs as part of the Federal Gas Tax Fund.

**Note 7      Debt and Debt Service Limits**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by *Alberta Regulation 255/2000* be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$179,165	\$354,308
Total debt	-	-
Debt limit in excess of actual debt	<u>\$179,165</u>	<u>\$354,308</u>
Service on debt limit	\$29,861	\$59,051
Service on debt	-	-
Service on debt limit in excess of actual debt service costs	<u>\$29,861</u>	<u>\$59,051</u>

**IMPROVEMENT DISTRICT NO. 25**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Note 7      Debt and Debt Service Limits (Continued)**

The debt limit, as defined by the Regulation, is 1.5 times revenue of the Improvement District net of capital government transfers. The debt service limit is 0.25 times this same revenue amount.

**Note 8      Financial Instruments**

The Improvement District's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Improvement District is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Improvement District does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

**Note 9      Budget**

The budget for the year ended December 31, 2015 was approved by the Minister of Municipal Affairs.

**Note 10     Approval of Financial Statements**

These financial statements were approved by the Senior Financial Officer of Alberta Municipal Affairs.