

Improvement District No. 24

Financial Statements

December 31, 2011

IMPROVEMENT DISTRICT NO. 24
FINANCIAL STATEMENTS
DECEMBER 31, 2011

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Change in Net Financial Assets

Statement of Cash Flow

Notes to the Financial Statements



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. 24, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net assets and cash flow 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. 24 as at December 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Merwan N. Saher, FCA

Auditor General

May 31, 2012

Edmonton, Alberta

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

	<u>2011</u>	<u>2010</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 422,623	\$ 91,967
Taxes receivable (Note 4)	1,059	478
Investment (Note 5)	10	10
	<u>423,692</u>	<u>92,455</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	23,819
Deferred revenue (Note 6)	411,358	58,402
	<u>411,358</u>	<u>82,221</u>
NET FINANCIAL ASSETS	12,334	10,234
NON-FINANCIAL ASSETS	-	-
ACCUMULATED SURPLUS	<u>\$ 12,334</u>	<u>\$ 10,234</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF OPERATIONS
For the year ended December 31, 2011

	2011		2010
	Budget	Actual	Actual
	(Note 10)		
Revenue			
Taxation (Note 7):			
Federal grants in place of taxes	\$ 29,961	\$ 15,970	\$ 12,169
Real property	5,817	5,810	4,699
Power and pipeline	3,564	3,646	4,526
Penalties and costs	-	245	38
	<u>39,342</u>	<u>25,671</u>	<u>21,432</u>
Payment of requisitions:			
Alberta School Foundation Fund	(9,071)	(9,071)	(8,903)
General municipal	30,271	16,600	12,529
Provincial grants	567,156	340,879	235,841
Bank interest	25	464	48
Excess of revenue over amounts expended by transfers	<u>597,452</u>	<u>357,943</u>	<u>248,418</u>
Expenditure			
Assessment fees	15,550	12,044	12,027
Administration	1,934	2,920	1,758
Grants	567,156	340,879	235,931
Bad debt expense	12,812	-	-
Total expenditure (Note 8)	<u>597,452</u>	<u>355,843</u>	<u>249,716</u>
Excess (Deficiency) of revenue over expenditure	<u>\$ -</u>	2,100	(1,298)
Accumulated surplus, beginning of year		<u>10,234</u>	<u>11,532</u>
Accumulated surplus, end of year		<u>\$ 12,334</u>	<u>\$ 10,234</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2011

	<u>2011</u>		<u>2010</u>
	<u>Budget</u> (Note 10)	<u>Actual</u>	<u>Actual</u>
Excess (Deficiency) of revenue over expenditure	\$ -	\$ 2,100	\$ (1,298)
Net Financial Assets, beginning of year	<u>10,234</u>	<u>10,234</u>	<u>11,532</u>
Net Financial Assets, end of year	<u>\$ 10,234</u>	<u>\$ 12,334</u>	<u>\$ 10,234</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF CASH FLOW
For the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
Operating transactions:		
Excess (Deficiency) of revenue over expenditure	\$ 2,100	\$ (1,298)
 Changes in working capital:		
(Increase) in taxes receivable	(581)	(457)
Decrease in accounts receivable	-	19,355
(Decrease) Increase in accounts payable and accrued liabilities	(23,819)	23,796
Increase (Decrease) in deferred revenue	352,956	(151,303)
Cash provided by (applied to) operating transactions	<u>330,656</u>	<u>(109,907)</u>
 Increase (Decrease) in cash	330,656	(109,907)
Cash at beginning of year	<u>91,967</u>	<u>201,874</u>
 Cash at end of year	 <u>\$ 422,623</u>	 <u>\$ 91,967</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2011

Note 1 Authority

Improvement District No. 24 is administered by the Ministry of 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 financial assets and cash flow of Improvement District No. 24 as at and for the year ended December 31, 2011 and have been prepared in accordance with Canadian Public Sector Accounting Standards.

Revenue Recognition

Unspent grant proceeds and related interest revenue are deferred. Revenue is recognized when projects have been approved and the matching expenditures are incurred.

Note 3 Cash

Cash 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. Due to the short-term nature of investments, carrying value approximates fair value.

Note 4 Taxes Receivable

	2011		2010	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes receivable	15,050	(13,991)	1,059	478

Note 5 Investment

The investment consists of one Class B share at a par value of \$10 in the Alberta Capital Finance Authority ("ACFA"). The share entitles the Improvement District to vote in the selection of one director to the Corporation's Board.

ACFA is authorized to issue 1,000 Class B shares at a par value of \$10 only to municipalities (defined as including municipal districts, counties, improvement districts and special areas) and to approved hospitals, hospital districts and regional health authorities.

ACFA is a provincial corporation and acts only as an agent of the Alberta crown. It assists municipal jurisdictions within the province to obtain capital funds at the lowest possible cost through access to capital markets which would not be available to them on an independent basis.

Note 6 Deferred Revenue

	<u>2011</u>	<u>2010</u>
Alberta Municipal Infrastructure Program Grant	\$ 201,643	\$ 1
Municipal Sustainability Initiative - Operating Grant	-	392
Municipal Sustainability Initiative - Capital Grant	209,715	51,084
Municipal Sponsorship Program Grant	-	6,925
	<u>\$ 411,358</u>	<u>\$ 58,402</u>

All grants listed above were received from related parties - see note 9.

Note 7 Taxation Revenue

Taxation revenue includes requisitions for the Alberta School Foundation Fund in the amount of \$9,071 (2010 - \$5,307).

Note 8 Total Expenditure

Total expenditure for the year is summarized by object of expenditure as follows:

	<u>2011</u>	<u>2010</u>
Supplies and services	\$ 14,964	\$ 13,785
Grants	<u>340,879</u>	<u>235,931</u>
	<u>\$ 355,843</u>	<u>\$ 249,716</u>

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.

Note 9 Related Parties

The Improvement District paid an administration fee of \$2,543 (2010 - \$1,720) and linear assessment costs of \$44 (2010 - \$27) to Alberta Municipal Affairs. The Improvement District has an accounts payable of \$0 (2010 - \$1,747) to Alberta Municipal Affairs.

Requisitions paid to the Alberta School Foundation Fund and Seniors Foundation are shown separately in the statement of operations.

The Improvement District has deferred grant revenue of \$0 (2010 - \$6,925) from Alberta Municipal Affairs as part of the Municipal Sponsorship program.

The Improvement District has deferred grant revenue of \$209,715 (2010 - \$51,084) from Alberta Municipal Affairs as part of the Municipal Sustainability Initiative. The Improvement District recognized \$200,659 (2010 - \$60,567) in provincial grants revenue related to this grant.

The Improvement District has deferred grant revenue of \$201,643 (2010 - \$1) from Alberta Transportation as part of the Alberta Municipal Infrastructure Program. The Improvement District recognized \$140,220 (2010 - \$175,274) in provincial grants revenue related to this grant.

Note 10 Budget

The budget for the year ended December 31, 2011 was approved by the Minister of Municipal Affairs.

Note 11 Approval of Financial Statements

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