

Improvement District No. 24

Financial Statements

December 31, 2013

IMPROVEMENT DISTRICT NO. 24
FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013, and the statements of operations, change in net financial 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, 2013, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Merwan N. Saher, FCA

Auditor General

July 22, 2014

Edmonton, Alberta

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF FINANCIAL POSITION
As at December 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 334,915	\$ 166,336
Taxes receivable (Note 4)	1,039	326
Investment (Note 5)	10	10
	335,964	166,672
LIABILITIES		
Accounts payable and accrued liabilities	-	2,139
Deferred revenue (Note 6)	314,257	148,558
	314,257	150,697
NET FINANCIAL ASSETS	21,707	15,975
NON-FINANCIAL ASSETS	-	-
ACCUMULATED SURPLUS	\$ 21,707	\$ 15,975

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF OPERATIONS
For the year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
	(Unaudited)		
	(Note 10)		
Revenue			
Taxation:			
Federal grants in place of taxes	\$ 33,555	\$ 18,082	\$ 17,130
Real property	6,622	6,622	6,217
Power and pipeline	4,609	3,787	3,715
	<u>44,786</u>	<u>28,491</u>	<u>27,062</u>
Payment of requisitions:			
Alberta School Foundation Fund	(12,536)	(12,536)	(9,628)
General municipal	32,250	15,955	17,434
Provincial grants	334,384	23,073	434,080
Penalties and costs	250	224	468
Bank interest	200	262	166
	<u>367,084</u>	<u>39,514</u>	<u>452,148</u>
Total Revenue			
Expenses			
Assessment fees	15,500	8,641	12,041
Administration	2,200	2,068	2,386
Grants	334,384	23,073	434,080
Bad debt expense	15,000	-	-
Total Expenses (Note 7)	<u>367,084</u>	<u>33,782</u>	<u>448,507</u>
Excess of revenue over expenses	<u>\$ -</u>	5,732	3,641
Accumulated surplus, beginning of year		<u>15,975</u>	<u>12,334</u>
Accumulated surplus, end of year		<u>\$ 21,707</u>	<u>\$ 15,975</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, 2013

	<u>2013</u>		<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		
	(Note 10)		
Excess of revenue over expenses	\$ -	\$ 5,732	\$ 3,641
Net Financial Assets, beginning of year	<u>15,975</u>	<u>15,975</u>	<u>12,334</u>
Net Financial Assets, end of year	<u><u>\$ 15,975</u></u>	<u><u>\$ 21,707</u></u>	<u><u>\$ 15,975</u></u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 24
STATEMENT OF CASH FLOW
For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating		
Excess of revenue over expenses	\$ 5,732	\$ 3,641
Changes in working capital:		
(Increase) decrease in taxes receivable	(713)	733
(Decrease) increase in accounts payable and accrued liabilities	(2,139)	2,139
Increase (decrease) in deferred revenue	165,699	(262,800)
Cash provided by (applied to) operating transactions	<u>168,579</u>	<u>(256,287)</u>
Change in Cash During the Year	168,579	(256,287)
Cash, Beginning of Year	<u>166,336</u>	<u>422,623</u>
Cash, End of Year	<u>\$ 334,915</u>	<u>\$ 166,336</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, 2013

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, 2013 and have been prepared in accordance with Canadian Public Sector Accounting Standards.

Revenue Recognition

Taxation revenue is recorded at the time the tax billings are issued. Taxation billings are subject to appeal.

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 have been met and the related expenditure is incurred. 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

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, taxes receivable, and accounts payable and accrued liabilities, are estimated to approximate their carrying values because of the short-term nature of these instruments.

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

	2013			2012
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes receivable	\$ 1,039	\$ -	\$ 1,039	\$ 326

Note 5 Investments

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>2013</u>	<u>2012</u>
Alberta Municipal Infrastructure Program Grant	\$ 542	\$ 535
Municipal Sustainability Initiative - Operating Grant	1	111
Municipal Sustainability Initiative - Capital Grant	313,714	147,912
	<u>\$ 314,257</u>	<u>\$ 148,558</u>

All grants listed above were received from related parties - see note 8.

Note 7 Total Expenditure

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

	<u>2013</u>	<u>2012</u>
Supplies and services	\$ 10,709	\$ 14,427
Grants	23,073	434,080
	<u>\$ 33,782</u>	<u>\$ 448,507</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 8 Related Parties

The Improvement District paid an administration fee of \$1,297 (2012 - \$2,139) and linear assessment costs of \$41 (2012 - \$42) to Alberta Municipal Affairs. The Improvement District has an accounts payable of \$0 (2012 - \$2,139) to Alberta Municipal Affairs.

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

The Improvement District has deferred grant revenue of \$313,715 (2012 - \$148,023) from Alberta Municipal Affairs as part of the Municipal Sustainability Initiative. The Improvement District recognized \$23,073 (2012 - \$232,032) in provincial grants revenue related to this grant.

Note 8 Related Parties (continued)

The Improvement District has deferred grant revenue of \$542 (2012 - \$535) from Alberta Transportation as part of the Alberta Municipal Infrastructure Program. The Improvement District recognized \$0 (2012 - \$202,048) in provincial grants revenue related to this grant.

Note 9 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>2013</u>	<u>2012</u>
Total debt limit	\$ 59,271	\$ 678,222
Total debt	-	-
Debt limit in excess of actual debt	<u>\$ 59,271</u>	<u>\$ 678,222</u>
Service on debt limit	\$ 9,879	\$ 113,037
Service on debt	-	-
Service on debt limit in excess of actual debt service costs	<u>\$ 9,879</u>	<u>\$ 113,037</u>

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 10 Budget

The budget for the year ended December 31, 2013 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.