

# **Improvement District No. 9**

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Financial Statements

December 31, 2019

**IMPROVEMENT DISTRICT NO. 9**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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## Independent Auditor's Report

To the Minister of Municipal Affairs and the Advisory Council for Improvement District No. 9

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of Improvement District No. 9 which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Improvement District No. 9 as at December 31, 2019, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Improvement District No. 9 in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Improvement District No. 9's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement District No. 9 financial reporting process.

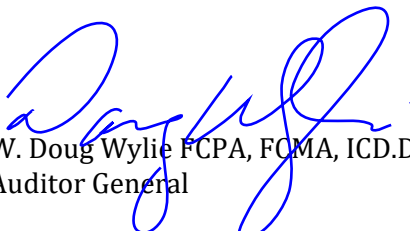
## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Improvement District No. 9's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Improvement District No. 9's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Improvement District No. 9 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



W. Doug Wylie FCPA, FCMA, ICD.D  
Auditor General

May 14, 2020  
Edmonton, Alberta

**IMPROVEMENT DISTRICT NO. 9**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	<b>10,751,004</b>	11,271,596
Taxes receivable (Note 5)	<b>385,086</b>	105,598
Accounts receivable (Note 6)	<b>522,923</b>	414,201
Investment (Note 7)	-	10
	<u><b>11,659,013</b></u>	<u>11,791,405</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>702,856</b>	745,939
Deferred revenue (Note 8)	<b>4,305,696</b>	4,674,207
	<u><b>5,008,552</b></u>	<u>5,420,146</u>
<b>NET FINANCIAL ASSETS</b>	<u><b>6,650,461</b></u>	<u>6,371,259</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	<b>3,839,174</b>	3,785,334
Prepaid expenses	<b>1,518</b>	32,500
	<u><b>3,840,692</b></u>	<u>3,817,834</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u><b>10,491,153</b></u>	<u>10,189,093</u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 9**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	Budget \$ (Note 17)	2019 \$ Actual	2018 \$ Actual
<b>REVENUES</b>			
Taxation:			
Real property	4,733,018	4,487,931	3,844,392
Federal grants in place of taxes	599,896	1,201,526	1,195,232
Power and pipeline	214,886	227,904	90,374
	<u>5,547,800</u>	<u>5,917,361</u>	<u>5,129,998</u>
Payment of requisitions:			
Alberta School Foundation Fund	(2,583,284)	(2,952,861)	(2,483,927)
Seniors Foundation	(114,639)	(114,639)	(98,625)
Designated Industrial Property	(2,929)	(2,929)	(1,248)
	<u>2,846,948</u>	<u>2,846,932</u>	<u>2,546,198</u>
Net municipal taxes	2,846,948	2,846,932	2,546,198
Penalties	20,000	15,257	26,682
Bank interest	100,000	123,054	110,550
Housing rentals	88,860	88,845	89,898
Refund of expenditures	-	4,500	-
Government transfers for operating	1,194,430	722,694	172,003
Other	350	945	474
	<u>4,250,588</u>	<u>3,802,227</u>	<u>2,945,805</u>
<b>Total Revenues</b>	<u>4,250,588</u>	<u>3,802,227</u>	<u>2,945,805</u>
<b>EXPENSES</b>			
Protective services	998,945	883,045	880,697
Administration	300,732	268,100	282,666
Recreation and cultural services	2,769,815	2,259,060	1,871,362
Assessment fees	30,000	30,000	30,000
Legal fees	25,000	9,900	22,973
Water, sewage and garbage	10,600	32,402	10,367
Honoraria	90,000	80,055	66,500
Insurance	25,000	25,304	28,848
Building and land lease	41,000	21,036	71,400
Bad debt	-	26,283	-
Amortization (Note 9)	-	131,861	160,113
	<u>4,291,092</u>	<u>3,767,046</u>	<u>3,424,926</u>
<b>Total Expenses (Note 11)</b>	<u>4,291,092</u>	<u>3,767,046</u>	<u>3,424,926</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES BEFORE GOVERNMENT TRANSFERS FOR CAPITAL</b>			
	(40,504)	35,181	(479,121)
Government transfers for capital	3,318,053	266,879	120,538
	<u>3,277,549</u>	<u>302,060</u>	<u>(358,583)</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>3,277,549</u>	<u>302,060</u>	<u>(358,583)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>10,189,093</u>	<u>10,189,093</u>	<u>10,547,676</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>13,466,642</u>	<u>10,491,153</u>	<u>10,189,093</u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 9**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2019**

	Budget \$ (Note 17)	2019 \$ <b>Actual</b>	2018 \$ Actual
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	3,277,549	<b>302,060</b>	(358,583)
Acquisition of tangible capital assets (Note 9)		(185,701)	(206,238)
Amortization of tangible capital assets (Note 9)		131,861	160,113
		<b>(53,840)</b>	(46,125)
Acquisition of prepaid expenses		(1,518)	(32,500)
Use of prepaid expenses		32,500	32,252
		<b>30,982</b>	(248)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>		<b>279,202</b>	(404,956)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<b>6,371,259</b>	6,776,215
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b>\$ 6,650,461</b>	\$ 6,371,259

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 9**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2019

	<b>2019</b>	<b>2018</b>
	<u>\$</u>	<u>\$</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	<b>302,060</b>	(358,583)
Non-cash items included in excess of revenues over expenses:		
Amortization	<b>131,861</b>	160,113
	<u><b>433,921</b></u>	<u>160,113</u>
Non-cash charges to operations (net change):		
Increase in taxes receivable	<b>(279,488)</b>	(83,927)
(Increase) decrease in accounts receivable	<b>(108,722)</b>	1,668,939
Decrease (increase) in prepaid expenses	<b>30,982</b>	(248)
(Decrease) increase in accounts payable and accrued liabilities	<b>(43,083)</b>	175,754
Decrease in holdbacks payable	-	(2,700)
(Decrease) increase in deferred revenue	<b>(368,511)</b>	678,230
Cash (used in) provided by operating transactions	<u><b>(334,901)</b></u>	<u>2,237,578</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<b>(185,701)</b>	(206,238)
Cash applied to capital transactions	<u><b>(185,701)</b></u>	<u>(206,238)</u>
<b>INVESTING</b>		
Decrease in investments	<b>10</b>	-
Cash provided by investing transactions	<u><b>10</b></u>	<u>-</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(520,592)</b>	2,031,340
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>11,271,596</b></u>	<u>9,240,256</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>10,751,004</b></u></u>	<u><u>11,271,596</u></u>

The accompanying notes are part of these financial statements.



**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 1 Authority**

Improvement District No. 9 (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 financial assets and cash flows of Improvement District No. 9 as at and for the year ended December 31, 2019 and have been prepared in accordance with Canadian Public Sector Accounting Standards.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. 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 revenues and expenses 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.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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

Tangible Capital Assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. The cost of tangible capital assets includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets having an original cost greater than \$2,500 are shown on the statement of financial position at net book value.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	40 years
Land Improvements	25 years
Computer Software	3 years
Vehicles	5 years

Work in progress is not amortized until the asset is complete (or substantially complete) and the asset is put into service.

Revenue Recognition

Taxation revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Taxation billings are subject to appeal. The taxes levied also include requisitions for education, assessment and health organizations that are not part of the reporting entity. Requisitions operate as a flow through and are excluded from municipal revenue.

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or as a result of a direct financial return.

Government transfers, including ones which result in capitalized assets, are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Prior to revenue recognition, any amounts received or receivable along with restricted interest earned are recorded as deferred revenue.

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, provided the Change in Net Financial Assets for the year.

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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

Valuation of Financial Assets and Liabilities

Cash and cash equivalents, taxes and accounts receivable, accounts payable and accrued liabilities, and deferred revenue are measured at cost which approximates fair value due to their short term nature.

**Note 3 Future Accounting Changes**

**PS 3280 Asset Retirement Obligations (effective April 1, 2021)**

This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

**PS 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

**PS 3450 Financial Instruments (effective April 1, 2021)**

Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of the financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

**Note 4 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, 2019, securities held by the fund had a rate of return of 1.88% per annum (December 31, 2018 - 1.65% per annum).

**Note 5 Taxes Receivable**

	<b>2019</b>			2018
	\$			\$
	Gross Amount	Allowance for Doubtful Accounts	<b>Net Realizable Value</b>	Net Realizable Value
Taxes receivable	385,086	-	<b>385,086</b>	105,598

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**Note 6 Accounts Receivable**

	2019			2018
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Grants receivable	520,407	-	<b>520,407</b>	413,604
Other receivables	2,516	-	<b>2,516</b>	597
	522,923	-	<b>522,923</b>	414,201

All grants listed above are receivable from related parties - see note 12.

**Note 7 Investment**

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

ACFA was 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.

Effective November 22, 2019, pursuant to amendments to the *Alberta Capital Finance Authority Act* made by way of the *Reform of Agencies, Boards and Commissions and Government Enterprises Act, 2019*, ACFA was dissolved, all outstanding shares were cancelled and are to be exchanged for the issued value of \$10 per share.

**Note 8 Deferred Revenue**

	2019	2018
	\$	\$
Municipal Sustainability Initiative - Capital Grant	<b>4,304,187</b>	4,008,453
Federal Gas Tax Fund	-	651,045
Prepaid rent	<b>1,509</b>	14,709
	<b>4,305,696</b>	4,674,207

All grants listed above were received from related parties - see note 12.

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**Note 9 Tangible Capital Assets**

	<b>2019</b>						<b>2018</b>
	<b>\$</b>						<b>\$</b>
	Buildings	Computer Software	Land Improvements	Vehicles	Work in Progress	<b>Total</b>	Total
Estimated Useful Life	40 years	3 years	25 years	5 years			
<u>Historical Cost</u>							
Beginning of Year	4,653,124	11,873	383,795	783,047	328,042	<b>6,159,881</b>	5,953,643
Additions	-	-	4,521	-	181,180	<b>185,701</b>	206,238
Disposals	-	-	-	(783,047)	-	<b>(783,047)</b>	-
	4,653,124	11,873	388,316	-	509,222	<b>5,562,535</b>	6,159,881
<u>Accumulated Amortization</u>							
Beginning of Year	1,456,961	11,873	122,666	783,047	-	<b>2,374,547</b>	2,214,434
Amortization expense	116,328	-	15,533	-	-	<b>131,861</b>	160,113
Effect of disposal	-	-	-	(783,047)	-	<b>(783,047)</b>	-
	1,573,289	11,873	138,199	-	-	<b>1,723,361</b>	2,374,547
Net book value at							
December 31, 2019	3,079,835	-	250,117	-	509,222	<b>3,839,174</b>	
Net book value at							
December 31, 2018	3,196,163	-	261,129	-	328,042		3,785,334

**Note 10 Accumulated Surplus**

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Unrestricted accumulated surplus	<b>6,651,979</b>	6,403,759
Equity in tangible capital assets	<b>3,839,174</b>	3,785,334
	<b>10,491,153</b>	10,189,093

**Note 11 Total Expenses**

Total expenses for the year are summarized by object of expense as follows:

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Supplies and services	<b>1,376,125</b>	1,393,451
Grants	<b>2,259,060</b>	1,871,362
Amortization	<b>131,861</b>	160,113
	<b>3,767,046</b>	3,424,926

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.

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**Note 12 Related Parties**

Related parties include all entities in the Government of Alberta's financial statements.

The Improvement District had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties during the normal course of business.

	Municipal Affairs		Other Entities	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Revenues</b>				
Housing rentals	-	-	17,400	17,985
Government transfers for operating	722,694	172,003	-	-
Government transfers for capital	266,879	120,538	-	-
	<u>989,573</u>	<u>292,541</u>	<u>17,400</u>	<u>17,985</u>
<b>Expenses</b>				
Administration	142,559	159,589	-	-
Protective services	-	-	25,000	18,634
	<u>142,559</u>	<u>159,589</u>	<u>25,000</u>	<u>18,634</u>
<b>Receivable from (Note 6)</b>	<u>520,407</u>	<u>413,604</u>	<u>10</u>	<u>-</u>
<b>Tangible Capital Assets</b>				
Alberta Infrastructure	-	-	181,179	117,738
<b>Payable to</b>				
Alberta Justice and Solicitor General	-	-	25,000	18,634
Alberta Infrastructure	-	-	-	117,738
	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>136,372</u>
<b>Deferred Revenue (Note 9)</b>	<u>4,304,187</u>	<u>4,659,498</u>	<u>-</u>	<u>-</u>

Requisitions paid to the Alberta School Foundation Fund, Seniors Foundation and Designated Industrial Property Assessment are shown separately in the statement of operations.

**Note 13 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:

	2019	2018
	\$	\$
Total debt limit	5,703,341	4,418,708
Total debt	-	-
Debt limit in excess of actual debt	<u>5,703,341</u>	<u>4,418,708</u>
Service on debt limit	950,557	736,451
Service on debt	-	-
Service on debt limit in excess of actual debt service costs	<u>950,557</u>	<u>736,451</u>

**IMPROVEMENT DISTRICT NO. 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 13 Debt and Debt Service Limits (continued)**

The debt limit, as defined by the Regulation, is 1.5 times revenue of the Improvement District (as defined in *Alberta Regulation 255/00*). The debt service limit is 0.25 times this same revenue amount. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Improvement District. Rather, the financial statements must be interpreted as a whole.

**Note 14 Financial Instruments**

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

The Improvement District is subject to credit risk with respect to taxes and grants in place of taxes receivables and accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the Improvement District provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

**Note 15 Subsequent Event**

Subsequent to the year end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the financial and operational impact these developments will have on the Improvement District.

**Note 16 Comparative Figures**

Certain 2018 figures have been reclassified to conform to the 2019 presentation.

**Note 17 Budget**

The budget for the year ended December 31, 2019 was approved by the Minister of Municipal Affairs.

**Note 18 Approval of Financial Statements**

These financial statements were approved by the Chairman of the Advisory Council for Improvement District No. 9 and the Senior Financial Officer of Alberta Municipal Affairs.