

IMPROVEMENT DISTRICT NO. 9
FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 and the Advisory Council for Improvement District No. 9

Report on the Financial Statements

I have audited the accompanying financial statements of Improvement District No. 9, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and 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. 9 as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Merwan N. Saher, CA

Auditor General

May 12, 2011

Edmonton, Alberta



IMPROVEMENT DISTRICT NO. 9
STATEMENT OF FINANCIAL POSITION
As at December 31, 2010

	<u>2010</u>	<u>2009</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 5,609,757	\$ 3,784,053
Taxes and grants in place of taxes receivable (Note 4)	93,642	58,149
Accounts receivable	101,546	467,091
Investment (Note 5)	10	10
	<u>5,804,955</u>	<u>4,309,303</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	142,156	112,419
Deferred revenue (Note 8)	2,112,873	1,464,931
	<u>2,255,029</u>	<u>1,577,350</u>
NET FINANCIAL ASSETS	<u>3,549,926</u>	<u>2,731,953</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	1,262,322	1,317,583
Prepaid expenses	6,273	6,369
	<u>1,268,595</u>	<u>1,323,952</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 4,818,521</u>	<u>\$ 4,055,905</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 9
STATEMENT OF OPERATIONS
For the year ended December 31, 2010

	<u>2010</u>		<u>2009</u>
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
Revenue			
Taxation (Note 11):			
Real property	\$ 2,525,964	\$ 2,505,641	\$ 2,648,534
Federal grants in place of taxes	671,975	671,798	648,028
Power and pipeline	69,435	69,435	74,663
Penalties and costs	-	16,100	7,613
	<u>3,267,374</u>	<u>3,262,974</u>	<u>3,378,838</u>
Payment of requisitions:			
Alberta School Foundation Fund	(1,613,111)	(1,613,111)	(1,760,187)
Seniors Foundation	(70,017)	(70,017)	(110,488)
General municipal	1,584,246	1,579,846	1,508,163
Bank interest	-	31,328	16,875
Housing rentals	55,004	75,508	81,205
Refund of Expenditures	-	38,629	92,548
Provincial grants	-	-	75,497
Other	-	1,007	305
Excess of revenue over amounts expended by transfers	<u>1,639,250</u>	<u>1,726,318</u>	<u>1,774,593</u>
Expenditure			
Protective services	557,621	411,068	640,580
Administration	187,000	162,368	154,115
Recreation and cultural services	271,138	252,342	96,754
Assessment fees	28,000	28,775	27,230
Legal fees	5,000	-	-
Water, sewage and garbage	10,000	15,198	9,689
Honoraria	43,500	27,350	43,375
Insurance	9,000	9,577	8,798
Building and land	1,500	1,763	1,475
Amortization	55,261	55,261	56,962
Bad debt expense	-	-	1,751
Total expenditure (Note 12)	<u>1,168,020</u>	<u>963,702</u>	<u>1,040,729</u>
Excess of revenue over expenditure	<u>\$ 471,230</u>	762,616	733,864
Accumulated surplus, beginning of year		<u>4,055,905</u>	<u>3,322,041</u>
Accumulated surplus, end of year		<u>\$ 4,818,521</u>	<u>\$ 4,055,905</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, 2010

	<u>2010</u>		<u>2009</u>
	<u>Budget</u> (Note 14)	<u>Actual</u>	<u>Actual</u>
Excess of revenue over expenditure	\$ 471,230	\$ 762,616	\$ 733,864
Acquisition of tangible capital assets	(444,739)	-	-
Amortization of tangible capital assets	55,261	55,261	56,962
	<u>(389,478)</u>	<u>55,261</u>	<u>56,962</u>
Acquisition of prepaid assets	-	(6,273)	(6,369)
Use of prepaid assets	-	6,369	4,346
	<u>-</u>	<u>96</u>	<u>(2,023)</u>
Increase in Net Financial Assets	81,752	817,973	788,803
Net Financial Assets, beginning of year	<u>2,731,953</u>	<u>2,731,953</u>	<u>1,943,150</u>
Net Financial Assets, end of year	<u>\$ 2,813,705</u>	<u>\$ 3,549,926</u>	<u>\$ 2,731,953</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 9
STATEMENT OF CASH FLOW
For the year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Operating transactions:		
Excess of revenue over expenditure	\$ 762,616	\$ 733,864
Non-cash items included in Excess of revenue over expenditure:		
Amortization	55,261	56,962
	817,877	790,826
Changes in non-cash working capital:		
(Increase) Decrease in taxes and grants in place of taxes receivable	(35,493)	828,979
Decrease (Increase) in accounts receivable	365,545	(419,251)
Decrease (Increase) in prepaid expenses	96	(2,023)
Increase (Decrease) in accounts payable and accrued liabilities	29,737	(204,886)
Increase in deferred revenue	647,942	277,848
Cash provided by operating transactions:	1,825,704	1,271,493
Increase in cash	1,825,704	1,271,493
Cash at beginning of year	3,784,053	2,512,560
Cash, End of year	\$ 5,609,757	\$ 3,784,053

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 9
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

Note 1 Authority

Improvement District No. 9 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. 9 as at and for the year ended December 31, 2010 and have been prepared in accordance with Canadian generally accepted accounting principles for municipalities.

Capital Assets

Capital Assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Capital assets having an original cost greater than \$2,500 are shown on the statement of financial position at net book value. Prior to 2010, capital asset acquisitions were included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure.

Capital assets are amortized on a straight-line basis at the following annual rates:

Buildings	2.5%
Vehicles	20.0%
Housing	2.5%
Land Improvements	4.0%

Reserves

Capital Reserve

Capital reserves are established for the funding of any expenditure, as authorized by the Minister of Municipal Affairs ("Minister"). Transfers from capital reserves are made, as authorized by the Minister, to fund specific capital expenditures and/or specific operating expenditures of the current year. Operating expenditures financed from capital reserves are normally of a construction or development nature.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Operating Reserves

Operating reserves are established for:

- Revenue designated for specific purposes as required by legislation.
- Funding of operating expenditures as authorized by the Minister.

Unexpended revenue collected in the current year for a specific purpose is transferred from accumulated excess of revenue over expenditure to operating reserves. Also, general appropriations of accumulated excess of revenue over expenditure are made which are not necessarily identifiable with specific future operating expenditure. All general appropriations are approved by the Minister.

Funds are transferred from operating reserves to accumulated excess of revenue over expenditure to match expenditure incurred in the current year for a specific purpose for which the revenue was previously raised. Also, transfers from the general operating reserve are made, as authorized by the Minister, to fund specific operating expenditures of the current year.

Note 3 Cash

Cash consists of deposits in the Provincial Consolidated Cash Investment Trust Fund (the Fund). The Fund 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 and mid-term fixed income securities with a maximum term to maturity of three years.

Note 4 Taxes and Grants in Place of Taxes Receivable

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes receivable	\$ 93,610	\$ -	\$ 93,610	\$ 58,149
Federal grants in place of taxes receivable	32	-	32	-
	\$ 93,642	\$ -	\$ 93,642	\$ 58,149

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 Tangible Capital Assets

		2010		2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 910,244	\$ 519,013	\$ 391,231	\$ 413,987
Housing units	823,238	226,394	596,844	617,425
Land Improvements	298,095	23,848	274,247	286,171
Vehicles	595,248	595,248	-	-
	<u>\$ 2,626,825</u>	<u>\$ 1,364,503</u>	<u>\$ 1,262,322</u>	<u>\$ 1,317,583</u>

Note 7 Accounts Payable and Accrued Liabilities

This amount consists of trade accounts and other payables accrued at the year end.

Note 8 Deferred Revenue

	<u>2010</u>	<u>2009</u>
Alberta Municipal Infrastructure Grant	\$ 326,229	\$ 323,154
Municipal Sustainability Initiative - Operating Grant	198,581	142,101
Municipal Sustainability Initiative - Capital Grant	1,558,487	970,362
Municipal Sponsorship Program Grant	27,761	27,499
Prepaid rent	<u>1,815</u>	<u>1,815</u>
	<u>\$ 2,112,873</u>	<u>\$ 1,464,931</u>

The Alberta Municipal Infrastructure grant, Municipal Sustainability Initiative grants and the Municipal Sponsorship Program grant were received from related parties – see note 13.

Note 9 Accumulated Surplus

	<u>2010</u>	<u>2009</u>
Accumulated excess of revenue over expenditure	\$ 1,217,791	\$ 1,217,791
Equity in tangible capital assets	1,262,322	1,317,583
Reserves (Note 10)	<u>2,338,408</u>	<u>1,520,531</u>
	<u>\$ 4,818,521</u>	<u>\$ 4,055,905</u>

Note 10 Reserves

	<u>2010</u>	<u>2009</u>
Opening Reserves:		
Beginning of year	\$ 1,520,531	\$ 729,705
Transfer from accumulated excess of revenue over expenditure	762,616	733,864
Less: net change in tangible capital assets	<u>55,261</u>	<u>56,962</u>
End of year	<u>\$ 2,338,408</u>	<u>\$ 1,520,531</u>

Note 11 Taxation Revenue

Taxation revenue includes requisitions from Alberta Education and the Bow Valley Regional Housing – Bow River Lodge for the amounts of \$1,613,039 (2009 - \$1,760,160) and \$70,011 (2009 - \$110,428) respectively.

Note 12 Total Expenditure

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

	<u>2010</u>	<u>2009</u>
Supplies and services	\$ 460,979	\$ 615,677
Grants	447,462	368,090
Amortization	55,261	56,962
	<u>\$ 963,702</u>	<u>\$ 1,040,729</u>

The Ministry of Municipal Affairs manages the administrative operations of the Improvement District, on behalf of their 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 13 Related Parties

The Improvement District has a payable to Alberta Municipal Affairs for administration fees of \$120,755 (2009 - \$137,455).

The Improvement District has a payable to Alberta Municipal Affairs for linear assessment costs of \$515 (2009 - \$470).

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

Improvement District 9 has deferred grant revenue of \$27,761 (2009 - \$27,499) from Municipal Affairs as part of the Municipal Sponsorship Program. The grant and related interest revenue has been deferred until matching project expenditures are incurred.

Improvement District 9 has deferred grant revenue of \$1,757,068 (2009 - \$1,112,462) from Municipal Affairs as part of the part of the Municipal Sustainability Initiative. The grant and related interest revenue has been deferred until matching project expenditures are incurred.

Note 13 Related Parties (continued)

Improvement District 9 has deferred grant revenue of \$326,229 (2009 - \$323,154) from the Ministry of Transportation as part of the Alberta Municipal Infrastructure Program. The grant and related interest revenue has been deferred until matching project expenditures are incurred.

See note 8 for a listing of deferred revenue balances.

Note 14 Budget

The budget for the year ended December 31, 2010 was approved by the Minister.

Note 15 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 Municipal Affairs.