


Improvement District No. 4

Financial Statements

December 31, 2009

Approved August 27, 2010
by ID#4 Council


IMPROVEMENT DISTRICT NO. 4
FINANCIAL STATEMENTS
DECEMBER 31, 2009

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



IMPROVEMENT DISTRICT NO. 4
STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	<u>2009</u>	<u>2008</u> (Restated)
FINANCIAL ASSETS		
Cash (Note 3)	\$ 217,205	\$ 405,035
Taxes receivable (Note 4)	7,902	112,543
Accounts receivable	71,091	7,104
Investment (Note 5)	10	10
	<u>296,208</u>	<u>524,692</u>
LIABILITIES		
Accounts payable and accrued liabilities	80,756	19,806
Deferred revenue (Note 7)	164,000	397,439
	<u>244,756</u>	<u>417,245</u>
NET FINANCIAL ASSETS	<u>51,452</u>	<u>107,447</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	563,490	231,585
Prepaid expenses	47,683	-
	<u>611,173</u>	<u>231,585</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 662,625</u>	<u>\$ 339,032</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
STATEMENT OF OPERATIONS
For the year ended December 31, 2009

	<u>2009</u>		<u>2008</u>
	<u>Budget</u> (Note 13)	<u>Actual</u>	<u>Actual</u> (Restated)
Revenue			
Taxation (Note 10):			
Real property	\$351,073	\$ 338,655	\$ 351,272
Power and pipeline	3,788	3,319	3,787
Federal grants in place of taxes	100,162	101,583	100,162
Penalties and costs	-	3,896	2,630
	<u>455,023</u>	<u>447,453</u>	<u>457,851</u>
Payment of requisitions:			
Alberta School Foundation Fund	<u>(302,508)</u>	<u>(302,507)</u>	<u>(328,473)</u>
General municipal	152,515	144,946	129,378
Provincial grants	-	221,380	178,599
Federal grants	-	96,971	-
Bank interest	-	822	-
Other	-	57,900	54,271
Excess of revenue over amounts expended by transfers	<u>152,515</u>	<u>522,019</u>	<u>362,248</u>
Expenditure			
Administration	17,800	31,428	24,936
Contracted and general services	24,015	35,633	11,834
Recreation and cultural services	95,000	95,000	93,050
Assessment fees	6,900	6,816	6,819
Honoraria	9,000	6,850	4,350
Insurance	-	625	625
Bad debt expense	-	22,074	-
Total expenditure (Note 11)	<u>152,715</u>	<u>198,426</u>	<u>141,614</u>
Excess of revenue over expenditure	<u>\$ (200)</u>	323,593	220,634
Accumulated surplus, beginning of year		<u>339,032</u>	<u>118,398</u>
Accumulated surplus, end of year		<u>\$ 662,625</u>	<u>\$ 339,032</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2009

	2009		2008
	Budget (Note 13)	Actual	Actual (Restated)
Excess of revenue over expenditure	\$ (200)	\$ 323,593	\$ 220,634
Acquisition of tangible capital assets	-	(331,905)	(231,585)
Acquisition of prepaid assets	-	(47,683)	-
	<u>-</u>	<u>(379,588)</u>	<u>(231,585)</u>
(Decrease) in Net Financial Assets	(200)	(55,995)	(10,951)
Net Financial Assets, beginning of year	<u>107,447</u>	<u>107,447</u>	<u>118,398</u>
Net Financial Assets, end of year	<u><u>\$ 107,247</u></u>	<u><u>\$ 51,452</u></u>	<u><u>\$ 107,447</u></u>

The accompanying notes are part of these financial statements.



IMPROVEMENT DISTRICT NO. 4
STATEMENT OF CASH FLOW
For the year ended December 31, 2009

	<u>2009</u>	<u>2008</u> (Restated)
Operating transactions:		
Excess of revenue over expenditure	\$ 323,593	\$ 220,634
Changes in non-cash working capital:		
Decrease (Increase) in taxes receivable	104,641	(77,869)
(Increase) Decrease in accounts receivable	(63,987)	2,714
(Increase) in prepaid expenses	(47,683)	-
Increase in accounts payable and accrued liabilities	60,950	19,781
(Decrease) Increase in deferred revenue	(233,439)	212,887
	<u>(179,518)</u>	<u>157,513</u>
Capital transactions:		
Acquisition of tangible capital assets	(331,905)	(231,585)
	<u>(331,905)</u>	<u>(231,585)</u>
(Decrease) Increase in cash	(187,830)	146,562
Cash at beginning of year	405,035	258,473
	<u>405,035</u>	<u>258,473</u>
Cash at end of year	<u>\$ 217,205</u>	<u>\$ 405,035</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2009

Note 1 Authority

Improvement District No. 4 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. 4 as at and for the year ended December 31, 2009 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 2009, 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:

Land improvements	4.0%
Software	33.3%

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 expenditures. All general appropriations are approved by the Minister.

Funds are transferred from operating reserves to accumulated excess of revenue over expenditure to match expenditures 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 receivable

	<u>2009</u>			<u>2008</u>
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes Receivable	<u>\$ 29,976</u>	<u>\$ 22,074</u>	<u>\$ 7,902</u>	<u>\$ 112,543</u>

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

	2009			2008
	Work-in-progress - Software	Work-in-progress - Land improvements	Total	Total
Estimated useful life	3 years	25 years		
<u>Historical cost</u>				
Beginning of year	\$ 15,000	\$ 216,585	\$ 231,585	\$ -
Additions	25,000	306,905	331,905	231,585
	40,000	523,490	563,490	231,585
<u>Accumulated Amortization</u>				
Beginning of year	-	-	-	-
Amortization expense	-	-	-	-
	-	-	-	-
Net book value at Decemebr 31, 2009	\$ 40,000	\$ 523,490	\$ 563,490	
Net book value at Decemebr 31, 2008	\$ 15,000	\$ 216,585		\$ 231,585

Land improvements relate to the construction of a water park; as at December 31, 2009 the water park remained entirely as a work-in-progress. It is estimated the water park will be completed in 2010. Software expenditures relate to the development of the Waterton Community Network project.

Note 7 Deferred Revenue

	<u>2009</u>	<u>2008</u> (Restated)
Municipal Sustainability Initiative - Capital Grant	\$ 139,750	\$ 138,046
Alberta Municipal Infrastructure Grant	-	150,556
Municipal Sustainability Initiative - Operating Grant	-	32,920
Municipal Sponsorship Program Grant	-	9,470
Chinnok Foundation - Water park funding	8,647	66,447
Government of Canada - Water park funding	15,603	-
	<u>\$ 164,000</u>	<u>\$ 397,439</u>

The Alberta Municipal Infrastructure grant, Municipal Sustainability Initiative grants and the Municipal Sponsorship Program grant were received or are receivable from related parties – see note 12.

Note 8 Accumulated Surplus

	<u>2009</u>	<u>2008</u> (Restated)
Accumulated excess of revenue over expenditure	\$ 75,744	\$ 84,056
Equity in tangible capital assets	563,490	231,585
Reserves (Note 9)	23,391	23,391
	<u>\$662,625</u>	<u>\$ 339,032</u>

Note 9 Reserves

	<u>2009</u>	<u>2008</u>
Capital Reserve	\$ 20,260	\$ 20,260
Operating Reserve:		
Non-municipal surplus	2,131	2,131
General operating reserve	1,000	1,000
	<u>\$ 23,391</u>	<u>\$ 23,391</u>

Note 10 Taxation Revenue

Taxation revenue includes education property taxes levied of \$296,317 (2008 - \$328,470)

Note 11 Total Expenditure

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

	<u>2009</u>	<u>2008</u> (Restated)
Supplies and services	\$ 103,426	\$ 48,564
Grants	95,000	93,050
	<u>\$ 198,426</u>	<u>\$ 141,614</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 12 Related Parties

The Improvement District paid an administration fee of \$29,765 (2008 - \$23,200) to Alberta Municipal Affairs.

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

Improvement District 4 received or is due grants of \$22,766 (2008 - \$98,573) from the Ministry of Municipal Affairs as part of the Municipal Sustainability Initiative. The unspent proceeds and related interest revenue of \$139,750 have been deferred until matching project expenditures are incurred.

See note 7 for a listing of deferred revenue balances.

Note 13 Budget

The budget for the year ended December 31, 2009 was approved by the Minister of Municipal Affairs.



Note 14 Prior period adjustments

The 2008 comparative figures have been restated to reflect transactions for the 2008 fiscal year which happened subsequent to the sign-off of the 2008 financial statements. The Improvement District has also made restatements as necessary in order to comply with the provisions of section 3150 of the Public Sector Accounting Board handbook. The effects of these transactions are shown below:

	<u>2008</u> <u>Previous</u>	<u>Adjustment</u>	<u>2008</u> <u>Restated</u>
<u>Liabilities</u>			
Deferred revenue (Note 7)	\$ 364,519	\$ 32,920	\$ 397,439
Accumulated Surplus	\$ 371,952	\$ (32,920)	\$ 339,032
<u>Revenue</u>			
Provincial grants	\$ 211,519	\$ (32,920)	\$ 178,599
<u>Expenses</u>			
Tangible capital assets	\$ 231,585	\$ (231,585)	\$ -
Excess of revenue over expenditure	\$ 21,969	\$ 198,665	\$ 220,634

Note 15 Approval of Financial Statements

These financial statements were approved by the Chairman of the Advisory Council for Improvement District No. 4 and the Senior Financial Officer of Alberta Municipal Affairs.

