

Improvement District No. 349

Financial Statements

December 31, 2013

IMPROVEMENT DISTRICT NO. 349
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. 349, 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. 349 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. 349
STATEMENT OF FINANCIAL POSITION
As at December 31, 2013

	<u>2013</u>	<u>2012</u> (Restated - Note 3)
FINANCIAL ASSETS		
Cash (Note 4)	\$ 4,472,174	\$ 2,001,059
Accounts receivable (Note 5)	5	565,623
	<u>4,472,179</u>	<u>2,566,682</u>
LIABILITIES		
Accounts payable and accrued liabilities	147,439	183,029
Deferred revenue (Note 6)	1,178,230	607,796
	<u>1,325,669</u>	<u>790,825</u>
NET FINANCIAL ASSETS	3,146,510	1,775,857
NON-FINANCIAL ASSETS		
Prepaid expenses	825	254
	<u>825</u>	<u>254</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 3,147,335</u>	<u>\$ 1,776,111</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 349
STATEMENT OF OPERATIONS
For the year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
	(Unaudited)		
	(Note 12)		
Revenue			
Taxation:			
Federal grants in place of taxes	\$ 68,981	\$ 68,981	\$ 45,621
Real property	3,532,838	3,536,743	1,739,040
Power and pipeline	11,895,914	11,895,918	11,114,804
Machinery and equipment	8,917,777	8,967,180	7,900,642
	<u>24,415,510</u>	<u>24,468,822</u>	<u>20,800,107</u>
Payment of requisitions:			
Alberta School Foundation Fund	(3,065,560)	(3,065,560)	(2,753,385)
Seniors Foundation	(399,931)	(399,931)	(453,484)
General municipal	20,950,019	21,003,331	17,593,238
Provincial grants	1,266,124	124,398	-
Bank interest	70,000	73,451	73,918
Penalties and costs	500	-	394
Other	10,000	-	-
Total Revenue	<u>22,296,643</u>	<u>21,201,180</u>	<u>17,667,550</u>
Expenses			
Assessment fees	102,500	131,305	118,774
Administration	262,600	211,497	171,840
Insurance	900	935	825
Grants	19,762,000	19,486,219	15,600,000
Bad debt expense	10,000	-	-
Total Expenses (Note 9)	<u>20,138,000</u>	<u>19,829,956</u>	<u>15,891,439</u>
Excess of Revenue Over Expenses	<u>\$ 2,158,643</u>	1,371,224	1,776,111
Accumulated Surplus, Beginning of Year		1,776,111	-
Accumulated Surplus, End of Year		<u>\$ 3,147,335</u>	<u>\$ 1,776,111</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 349
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
	(Unaudited)		
	(Note 12)		
Excess of Revenue Over Expenses	\$ 2,158,643	\$ 1,371,224	\$ 1,776,111
Increase in prepaid expenses	-	(825)	(254)
Use of prepaid expenses	-	254	-
Increase in Net Financial Assets	2,158,643	1,370,653	1,775,857
Net Financial Assets, Beginning of Year	1,775,857	1,775,857	-
Net Financial Assets, End of Year	<u>\$ 3,934,500</u>	<u>\$ 3,146,510</u>	<u>\$ 1,775,857</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 349
STATEMENT OF CASH FLOW
For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Excess of revenue over expenses	\$ 1,371,224	\$ 1,776,111
Increase in prepaid expenses	(571)	(254)
Decrease in accounts receivable	565,618	-
(Decrease) increase in accounts payable and accrued liabil	(35,590)	183,029
Increase in deferred revenue	570,434	42,173
Cash provided by operating transactions	<u>2,471,115</u>	<u>2,001,059</u>
CHANGE IN CASH DURING THE YEAR	2,471,115	2,001,059
CASH, BEGINNING OF YEAR	<u>2,001,059</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 4,472,174</u>	<u>\$ 2,001,059</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 349
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2013

Note 1 Authority

Improvement District No. 349 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. 349 as at and for the year ended December 31, 2013 and have been prepared in accordance with Canadian Public Sector Accounting Standards.

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 of Municipal Affairs ("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 5 Accounts Receivable

	<u>2013</u>	<u>2012</u>
		(Restated-Note 3)
Grants receivable	\$ -	\$ 565,623
Other receivables	5	-
	<u>\$ 5</u>	<u>\$ 565,623</u>

Note 6 Deferred Revenue

	<u>2013</u>	<u>2012</u>
		(Restated-Note 3)
Municipal Sustainability Initiative - Operating Grant	\$ 48,493	\$ 42,173
Municipal Sustainability Initiative - Capital Grant	1,129,736	565,623
	<u>\$ 1,178,230</u>	<u>\$ 607,796</u>

All grants listed above were received from related parties - see Note 10.

Note 7 Accumulated Surplus

	<u>2013</u>	<u>2012</u>
Accumulated excess of revenue over expenses	\$ 1,335,360	\$ 907,945
Reserves (Note 8)	1,811,975	868,166
	<u>\$ 3,147,335</u>	<u>\$ 1,776,111</u>

Note 8 Reserves

	<u>2013</u>	<u>2012</u>
General operating reserve	<u>\$ 1,811,975</u>	<u>\$ 868,166</u>

Note 9 Total Expenses

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

	<u>2013</u>	<u>2012</u>
Supplies and services	\$ 343,737	\$ 291,439
Grants	<u>19,486,219</u>	<u>15,600,000</u>
	<u>\$ 19,829,956</u>	<u>\$ 15,891,439</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 10 Related Parties

(Restated - Note 3)

The Improvement District paid an administration fee of \$168,241 (2012 - \$162,301) and linear assessment costs of \$37,225 (2012 - \$35,149) to Alberta Municipal Affairs. The Improvement District has an accounts payable of \$0 (2012 - \$162,301) to Alberta Municipal Affairs. The Improvement District had amounts receivable of \$0 (2012 - \$565,623) from 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 \$1,178,230 (2012 - \$607,796) from Alberta Municipal Affairs as part of the Municipal Sustainability Initiative.

Note 11 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	\$ 31,801,770	\$ 26,501,325
Total debt	-	-
Debt limit in excess of actual debt	<u>\$ 31,801,770</u>	<u>\$ 26,501,325</u>
Service on debt limit	\$ 5,300,295	\$ 4,416,888
Service on debt	-	-
Service on debt limit in excess of	<u>\$ 5,300,295</u>	<u>\$ 4,416,888</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 12 Budget

The budget for the year ended December 31, 2013 was approved by the Minister of Municipal Affairs.

Note 13 Approval of Financial Statements

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