

# **Improvement District No. 4**

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Financial Statements

December 31, 2021

**IMPROVEMENT DISTRICT NO. 4**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**IMPROVEMENT DISTRICT NO. 4**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	<b>744,317</b>	880,115
Taxes receivable (Note 5)	<b>45,570</b>	52,465
Grants receivable (Note 6)	-	182,443
	<b><u>789,887</u></b>	<u>1,115,023</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>25,221</b>	290,376
Deferred revenue (Note 7)	<b>321,633</b>	383,774
	<b><u>346,854</u></b>	<u>674,150</u>
<b>NET FINANCIAL ASSETS</b>	<b><u>443,033</u></b>	<u>440,873</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	-	-
Prepaid expenses	<b>3,482</b>	124
	<b><u>3,482</u></b>	<u>124</u>
<b>ACCUMULATED SURPLUS</b> (Note 10)	<b><u><u>446,515</u></u></b>	<u><u>440,997</u></u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 4**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2021

	Budget \$ (Note 15)	2021 \$ Actual	2020 \$ Actual
<b>REVENUE</b>			
Taxation:			
Real property	934,609	<b>934,609</b>	806,233
Power and pipeline	6,614	<b>6,614</b>	6,248
Federal grants in place of taxes	291,091	<b>290,985</b>	210,038
	<u>1,232,314</u>	<u><b>1,232,208</b></u>	<u>1,022,519</u>
Payment of requisitions:			
Alberta School Foundation Fund	(583,562)	<b>(583,562)</b>	(494,479)
Designated Industrial Property	(48)	-	-
	<u>648,704</u>	<u><b>648,646</b></u>	<u>528,040</u>
General municipal	648,704	<b>648,646</b>	528,040
Government transfers for operating	358,614	<b>475,890</b>	363,299
Penalties	8,000	<b>17,220</b>	3,394
Bank interest	6,000	<b>1,102</b>	4,307
Other	100	<b>103</b>	75
	<u>1,021,418</u>	<u><b>1,142,961</b></u>	<u>899,115</u>
<b>Total Revenue</b>	<b>1,021,418</b>	<b>1,142,961</b>	899,115
<b>EXPENSES</b>			
Administration	72,787	<b>77,360</b>	69,132
Contracted and general services	765	<b>2,676</b>	696
Recreation and cultural services	879,529	<b>992,804</b>	826,368
Assessment fees	27,500	<b>21,875</b>	11,875
Honoraria	15,300	<b>19,600</b>	10,250
Protective services	20,743	<b>19,140</b>	10,364
Insurance	4,182	<b>3,988</b>	3,699
Water, sewage and garbage	612	-	(75)
	<u>1,021,418</u>	<u><b>1,137,443</b></u>	<u>932,309</u>
<b>Total Expenses (Note 11)</b>	<b>1,021,418</b>	<b>1,137,443</b>	932,309
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>			
	-	<b>5,518</b>	(33,194)
<b>ACCUMULATED SURPLUS, BEGINNING OF</b>			
	<u>440,997</u>	<u><b>440,997</b></u>	<u>474,191</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>			
	<u>440,997</u>	<u><b>446,515</b></u>	<u>440,997</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, 2021**

	Budget \$ (Note 15)	2021 \$ <b>Actual</b>	2020 \$ Actual
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>-</u>	<u><b>5,518</b></u>	<u>(33,194)</u>
Acquisition of prepaid expenses		(3,482)	(124)
Use of prepaid expenses		<u>124</u>	<u>3,036</u>
		<u><b>(3,358)</b></u>	<u>2,912</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>		<b>2,160</b>	(30,282)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<u><b>440,873</b></u>	<u>471,155</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<u><u><b>443,033</b></u></u>	<u><u>440,873</u></u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 4**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	5,518	(33,194)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	6,895	(17,339)
Decrease (increase) in grants receivable	182,443	(82,308)
(Increase) decrease in prepaid expenses	(3,358)	2,912
(Decrease) increase in accounts payable and accrued liabilities	(265,155)	250,981
(Decrease) increase in deferred revenue	(62,141)	70,313
Cash (used in) provided by operating transactions	<u>(135,798)</u>	<u>191,365</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(135,798)</b>	<b>191,365</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>880,115</u>	<u>688,750</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>744,317</u></u>	<u><u>880,115</u></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, 2021**

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**Note 1      Authority**

Improvement District No. 4 (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. 4 as at and for the year ended December 31, 2021 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 revenue as it is 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 the reported amounts of revenue and expenditure 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. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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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. 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:

Software	3 years
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Revenue Recognition

Taxation revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. 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. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board or a change is generated by authorized assessment staff.

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 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. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**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, 2022)**

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, 2023)**

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, 2022)**

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.

**IMPROVEMENT DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**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, 2021, securities held by the fund had a rate of return of 0.18% per annum (December 31, 2020 - 0.92% per annum).

**Note 5 Taxes Receivable**

	<b>2021</b>			2020
	\$			\$
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes receivable	45,570	-	<b>45,570</b>	52,465

**Note 6 Grants Receivable**

	<b>2021</b>			2020
	\$			\$
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Grants receivable	-	-	-	182,443

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

**Note 7 Deferred Revenue**

	<b>2021</b>	2020
	\$	\$
Municipal Sustainability Initiative - Capital Grant	<b>238,316</b>	333,263
Canada Community-Building Fund (formerly Federal Gas Tax Fund)	<b>83,317</b>	50,511
	<b>321,633</b>	383,774

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

**IMPROVEMENT DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**Note 8 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:

	2021	2020
	\$	\$
Total debt limit	1,714,442	1,348,673
Total debt	-	-
Amount of debt limit unused	1,714,442	1,348,673
Debt servicing limit	285,740	224,779
Debt servicing	-	-
Amount of debt servicing limit unused	285,740	224,779

The debt limit is calculated at 1.5 times revenue of the Improvement District (as defined in *Alberta Regulation 255/00*) and the debt service limit is 0.25 times such revenue. 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 9 Tangible Capital Assets**

	2021		2020
	\$		\$
	Software	Total	Total
Estimated Useful Life	3 years		
<u>Historical Cost</u>			
Beginning of Year	105,000	105,000	105,000
Additions	-	-	-
	105,000	105,000	105,000
<u>Accumulated Amortization</u>			
Beginning of Year	105,000	105,000	105,000
Amortization expense	-	-	-
	105,000	105,000	105,000
Net book value at December 31, 2021	-	-	
Net book value at December 31, 2020	-	-	-

**IMPROVEMENT DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**Note 10      Accumulated Surplus**

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Unrestricted surplus	<b>446,515</b>	440,997
Equity in tangible capital assets (Note 9)	-	-
	<b>446,515</b>	440,997

**Note 11      Total Expenses**

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

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Supplies and services	<b>144,639</b>	105,941
Grants	<b>992,804</b>	826,368
	<b>1,137,443</b>	932,309

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. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**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	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Revenues</b>				
Government transfers for operating	475,890	363,299	-	-
<b>Expenses</b>				
Administration	31,694	27,764	-	-
Protective services	-	-	19,140	10,364
	31,694	27,764	19,140	10,364
<b>Receivable from (Note 6)</b>	-	182,443	-	-
<b>Payable to</b>	-	-	15,557	10,364
<b>Deferred Revenue (Note 7)</b>	321,633	383,774	-	-

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

**Note 13 Financial Instruments**

The Improvement District's financial instruments consist of cash and cash equivalents, taxes and grants 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.

**IMPROVEMENT DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**Note 13    Financial Instruments (continued)**

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**Note 14    Comparative Figures**

Certain 2020 figures have been reclassified to conform to the 2021 presentation.

**Note 15    Budget**

The budget for the year ended December 31, 2021 was approved by the Minister of Municipal Affairs.

**Note 16    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.

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