

Improvement District No. 4

Financial Statements

December 31, 2022

IMPROVEMENT DISTRICT NO. 4
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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IMPROVEMENT DISTRICT NO. 4
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	535,982	744,317
Taxes receivable (Note 5)	8,950	45,570
	544,932	789,887
LIABILITIES		
Accounts payable and accrued liabilities	21,949	25,221
Deferred revenue (Note 6)	6,255	321,633
	28,204	346,854
NET FINANCIAL ASSETS	516,728	443,033
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	-	-
Prepaid expenses	4,196	3,482
	4,196	3,482
ACCUMULATED SURPLUS (Note 9)	520,924	446,515

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget \$ (Note 14)	2022 \$ Actual	2021 \$ Actual
REVENUE			
Taxation:			
Real property	1,018,400	1,018,430	934,609
Power and pipeline	7,200	7,206	6,614
Federal grants in place of taxes	323,977	324,040	290,985
	<u>1,349,577</u>	<u>1,349,676</u>	<u>1,232,208</u>
Payment of requisitions:			
Alberta School Foundation Fund	(653,019)	(653,019)	(583,562)
General municipal	696,558	696,657	648,646
Government transfers for operating	508,128	511,271	475,890
Penalties	8,000	12,193	17,220
Bank interest	1,200	15,655	1,102
Other	100	125	103
Total Revenue	<u>1,213,986</u>	<u>1,235,901</u>	<u>1,142,961</u>
EXPENSES			
Administration	98,011	87,310	77,360
Contracted and general services	15,000	3,741	2,676
Recreation and cultural services	989,043	992,186	992,804
Assessment fees	30,500	26,210	21,875
Honoraria	22,000	20,450	19,600
Protective services	21,000	26,309	19,140
Insurance	4,200	5,286	3,988
Total Expenses (Note 10)	<u>1,179,754</u>	<u>1,161,492</u>	<u>1,137,443</u>
EXCESS OF REVENUES OVER EXPENSES	34,232	74,409	5,518
ACCUMULATED SURPLUS, BEGINNING OF	<u>446,515</u>	<u>446,515</u>	<u>440,997</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>480,747</u>	<u>520,924</u>	<u>446,515</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, 2022

	Budget \$ (Note 14)	2022 \$ Actual	2021 \$ Actual
EXCESS OF REVENUES OVER EXPENSES	<u>34,232</u>	<u>74,409</u>	<u>5,518</u>
Acquisition of prepaid expenses		(4,196)	(3,482)
Use of prepaid expenses		3,482	124
		<u>(714)</u>	<u>(3,358)</u>
INCREASE IN NET FINANCIAL ASSETS		73,695	2,160
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>443,033</u>	<u>440,873</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>516,728</u>	<u>443,033</u>

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	74,409	5,518
Non-cash charges to operations (net change):		
Decrease in taxes receivable	36,620	6,895
Decrease in grants receivable	-	182,443
Increase in prepaid expenses	(714)	(3,358)
Decrease in accounts payable and accrued liabilities	(3,272)	(265,155)
Decrease in deferred revenue	(315,378)	(62,141)
Cash used in operating transactions	(208,335)	(135,798)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(208,335)	(135,798)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	744,317	880,115
CASH AND CASH EQUIVALENTS, END OF YEAR	535,982	744,317

The accompanying notes are part of these financial statements.

IMPROVEMENT DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

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, 2022 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, 2022

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, 2022

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, 2022

Note 4 Cash and Cash Equivalents

Cash and cash equivalents consists of deposits in the Canadian Imperial Bank of Commerce (CIBC). These funds were moved from Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta in May 2022 to CIBC.

Note 5 Taxes Receivable

	2022			2021
	\$			\$
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Taxes receivable	8,950	-	8,950	45,570

Note 6 Deferred Revenue

	2022	2021
	\$	\$
Municipal Sustainability Initiative - Capital Grant	2,621	238,316
Canada Community-Building Fund	3,634	83,317
	6,255	321,633

All grants listed above were received from related parties - see Note 11.

IMPROVEMENT DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Note 7 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:

	2022	2021
	\$	\$
Total debt limit	1,853,852	1,714,442
Total debt	-	-
Amount of debt limit unused	1,853,852	1,714,442
Debt servicing limit	308,975	285,740
Debt servicing	-	-
Amount of debt servicing limit unused	308,975	285,740

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 8 Tangible Capital Assets

	2022		2021
	\$		\$
	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, 2022	-		
Net book value at December 31, 2021	-		-

IMPROVEMENT DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Note 9 Accumulated Surplus

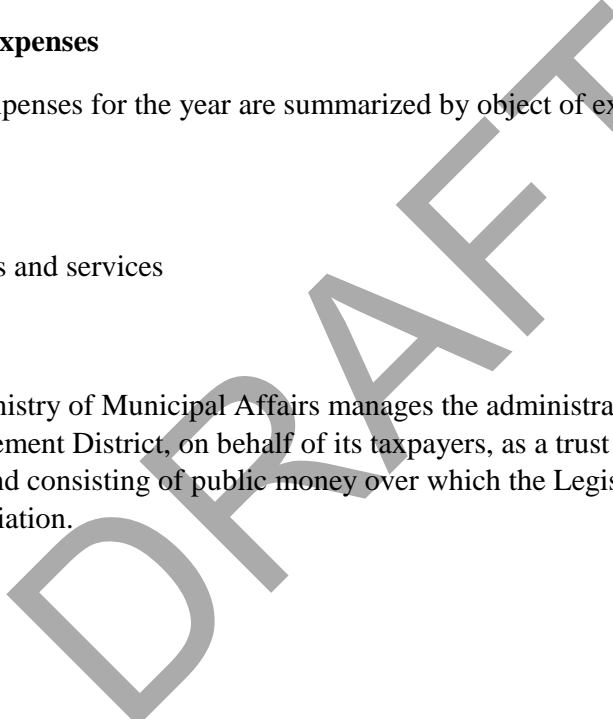
	2022	2021
	\$	\$
Unrestricted surplus	520,924	446,515
Equity in tangible capital assets (Note 8)	-	-
	520,924	446,515

Note 10 Total Expenses

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

	2022	2021
	\$	\$
Supplies and services	169,306	144,639
Grants	992,186	992,804
	1,161,492	1,137,443

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, 2022

Note 11 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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenues				
Government transfers for operating	511,271	475,890	-	-
Expenses				
Administration	39,577	31,694	-	-
Protective services	-	-	26,309	19,140
	39,577	31,694	26,309	19,140
Payable to	-	-	20,933	15,557
Deferred Revenue (Note 6)	6,255	321,633	-	-

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

Note 12 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, 2022

Note 12 Financial Instruments (continued)

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

Note 13 Comparative Figures

Certain 2021 figures have been reclassified to conform to the 2022 presentation.

Note 14 Budget

The budget for the year ended December 31, 2022 was approved by the Minister of Municipal Affairs.

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.

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