

# **Improvement District No. 24**

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Financial Statements

December 31, 2019

**IMPROVEMENT DISTRICT NO. 24**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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## Independent Auditor's Report

To the Minister of Municipal Affairs

### **Report on the Financial Statements**

#### **Opinion**

I have audited the financial statements of Improvement District No. 24 which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Improvement District No. 24 as at December 31, 2019, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Improvement District No. 24 in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Improvement District No. 24's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement District No. 24 financial reporting process.

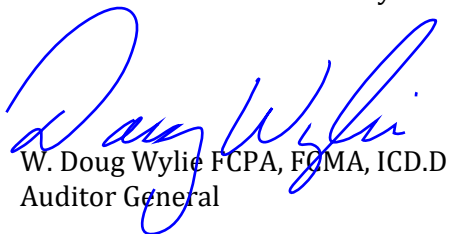
## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Improvement District No. 24's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Improvement District No. 24's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Improvement District No. 24 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



W. Doug Wylie FCPA, FCMA, ICD.D  
Auditor General

April 15, 2020  
Edmonton, Alberta

**IMPROVEMENT DISTRICT NO. 24**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	<b>256,210</b>	302,788
Taxes receivable (Note 5)	-	1,514
Accounts receivable	<b>320,659</b>	50,000
Investment (Note 6)	-	10
	<hr/> <b>576,869</b> <hr/>	<hr/> 354,312 <hr/>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>211,534</b>	-
Deferred revenue (Note 7)	<b>322,220</b>	314,874
	<hr/> <b>533,754</b> <hr/>	<hr/> 314,874 <hr/>
<b>NET FINANCIAL ASSETS</b>	<b>43,115</b>	39,438
<b>NON-FINANCIAL ASSETS</b>	-	-
<b>ACCUMULATED SURPLUS</b>	<hr/> <b>43,115</b> <hr/>	<hr/> 39,438 <hr/>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 24**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	Budget \$ (Note 13)	2019 \$ <b>Actual</b>	2018 \$ Actual
<b>REVENUES</b>			
Taxation:			
Federal grants in place of taxes	13,362	<b>13,909</b>	13,967
Real property	6,937	<b>6,908</b>	7,109
Power and pipeline	5,812	<b>5,025</b>	4,664
	<u>26,111</u>	<u><b>25,842</b></u>	<u>25,740</u>
Payment of requisitions:			
Alberta School Foundation Fund	(11,739)	<b>(11,469)</b>	(11,210)
Designated Industrial Property	(73)	<b>(73)</b>	(31)
General municipal	<u>14,299</u>	<u><b>14,300</b></u>	<u>14,499</u>
Government transfers for operating	242,367	<b>289,120</b>	505,605
Penalties	200	<b>396</b>	343
Bank interest	<u>500</u>	<u><b>474</b></u>	<u>254</u>
<b>Total Revenues</b>	<u>257,366</u>	<u><b>304,290</b></u>	<u>520,701</u>
<b>EXPENSES</b>			
Assessment fees	10,500	<b>10,900</b>	10,600
Administration	1,500	<b>593</b>	752
Grants	<u>242,367</u>	<u><b>289,120</b></u>	<u>505,605</u>
<b>Total Expenses (Note 8)</b>	<u>254,367</u>	<u><b>300,613</b></u>	<u>516,957</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	2,999	<b>3,677</b>	3,744
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>39,438</u>	<u><b>39,438</b></u>	<u>35,694</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>42,437</u></u>	<u><u><b>43,115</b></u></u>	<u><u>39,438</u></u>

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 24**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2019**

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	Budget \$ (Note 13)	<b>2019</b> \$ <b>Actual</b>	2018 \$ Actual
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 2,999	\$ <b>3,677</b>	\$ 3,744
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	39,438	<b>39,438</b>	35,694
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 42,437	<b>\$ 43,115</b>	\$ 39,438

The accompanying notes are part of these financial statements.

**IMPROVEMENT DISTRICT NO. 24**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	<b>3,677</b>	3,744
Changes in working capital:		
Decrease (increase) in taxes receivable	<b>1,514</b>	(668)
(Increase) decrease in accounts receivable	<b>(270,659)</b>	99,213
Increase (decrease) in accounts payable and accrued liabilities	<b>211,534</b>	(1,366)
Increase (decrease) in deferred revenue	<b>7,346</b>	(192,334)
Cash used in operating transactions	<b><u>(46,588)</u></b>	<u>(91,411)</u>
<b>INVESTING</b>		
Decrease in investments	<b>10</b>	-
Cash provided by investing transactions	<b>10</b>	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		
	<b>(46,578)</b>	(91,411)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>302,788</u></b>	<u>394,199</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u><u>256,210</u></u></b>	<u><u>302,788</u></u>

The accompanying notes are part of these financial statements.



**IMPROVEMENT DISTRICT NO. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 1      Authority**

Improvement District No. 24 (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. 24 as at and for the year ended December 31, 2019 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 revenues as they are 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 reported amounts of revenues and expenses 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. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 2      Significant Accounting Policies (continued)**

Revenue Recognition

Taxation revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Taxation billings are subject to appeal. The taxes levied also include requisitions for education and assessment organizations that are not part of the reporting entity. Requisitions operate as a flow through and are excluded from municipal revenue.

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 as a result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfer is 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.

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 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

**IMPROVEMENT DISTRICT NO. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 3 Future Accounting Changes (continued)**

**PS 3450 Financial Instruments (effective April 1, 2021)**

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.

**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, 2019, securities held by the fund had a rate of return of 1.88% per annum (December 31, 2018 - 1.65% per annum).

**Note 5 Taxes Receivable**

	<b>2019</b>			2018
	\$			\$
	Gross Amount	Allowance for Doubtful Accounts	<b>Net Realizable Value</b>	Net Realizable Value
Taxes receivable	-	-	-	1,514

**IMPROVEMENT DISTRICT NO. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 6 Investment**

The investment consisted of one Class B share at a par value of \$10 in the Alberta Capital Finance Authority ("ACFA"). The share entitled the Improvement District to vote in the selection of one director to the Corporation's Board.

ACFA was 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.

Effective November 22, 2019 pursuant to amendments to the *Alberta Capital Finance Authority Act* made by way of the *Reform of Agencies, Boards and Commissions and Government Enterprises Act, 2019*, AFCA was dissolved, all outstanding shares were cancelled and are to be exchanged for the issued value of \$10 per share.

**Note 7 Deferred Revenue**

	<b>2019</b>	2018
	\$	\$
Municipal Sustainability Initiative - Capital Grant	<b>183,348</b>	276,002
Federal Gas Tax Fund	<b>138,872</b>	38,872
	<b>322,220</b>	314,874

All grants listed above were received from related parties - see note 9.

**Note 8 Total Expenses**

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

	<b>2019</b>	2018
	\$	\$
Supplies and services	<b>11,493</b>	11,352
Grants	<b>289,120</b>	505,605
	<b>300,613</b>	516,957

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. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**Note 9      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	Municipal Affairs
	<b>2019</b>		2018
	\$		\$
Revenues			
Government transfers for operating	<b>289,120</b>	-	505,605
Expenses			
Administration	<b>532</b>	-	641
Receivable from	<b>320,649</b>	<b>10</b>	50,000
Deferred Revenue (Note 7)	<b>322,220</b>	-	314,874

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

**Note 10      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:

	<b>2019</b>	2018
	\$	\$
Total debt limit	<b>456,435</b>	781,052
Total debt	-	-
Debt limit in excess of actual debt	<b>456,435</b>	781,052
Service on debt limit	<b>76,073</b>	130,175
Service on debt	-	-
Service on debt limit in excess of actual debt service costs	<b>76,073</b>	130,175

**IMPROVEMENT DISTRICT NO. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 10 Debt and Debt Service Limits (continued)**

The debt limit, as defined by the Regulation, is 1.5 times revenue of the Improvement District (as defined in *Alberta Regulation 255/00*). The debt service limit is 0.25 times this same revenue amount. 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 11 Financial Instruments**

The Improvement District's financial instruments consist of cash and cash equivalents, taxes and accounts 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 minimized the credit risk.

**Note 12 Subsequent Event**

Subsequent to the year end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the financial and operational impact these developments will have on the Improvement District.

**Note 13 Budget**

The budget for the year ended December 31, 2019 was approved by the Minister of Municipal Affairs.

**IMPROVEMENT DISTRICT NO. 24**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**Note 14    Approval of Financial Statements**

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