

Town of Crossfield
Financial Statements
For the year ended December 31, 2025

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Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Mayor and Council for Town of Crossfield

Opinion

We have audited the financial statements of Town of Crossfield (the "Town"), which comprise the statement of financial position as at December 31, 2025, and statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, and results of operations, its measurement gains and losses, its change in net debt, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Town'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 management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 the Town'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 the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town 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.

We 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 we identify during our audit.

Chartered Professional Accountants

Calgary, Alberta
April 23, 2026

Town of Crossfield
Statement of Financial Position

December 31	2025	2024
Financial assets		
Cash and cash equivalents (Note 2)	\$ 8,667,489	\$ 9,911,528
Taxes and grants in place of taxes (Note 3)	285,671	396,557
Trade and other receivables	825,889	849,078
Receivables from other governments	1,036,061	1,170,853
Investments (Note 4)	3,614,369	-
	14,429,479	12,328,016
Liabilities		
Accounts payable and accrued liabilities (Note 5)	623,889	636,500
Deposit liabilities (Note 6)	291,505	233,418
Deferred revenue (Note 7)	4,589,300	2,665,908
Long-term debt (Note 8)	6,758,525	6,733,100
Asset retirement obligation (Note 14)	2,593,553	2,518,282
	14,856,772	12,787,208
Net debt	(427,293)	(459,192)
Non-financial assets		
Tangible capital assets (Note 11)	54,930,052	53,633,400
Prepaid expenses and deposits	159,548	938,614
	55,089,600	54,572,014
Accumulated surplus (Note 13)	\$ 54,662,307	\$ 54,112,822

Contaminated Sites Liability (Note 15)
Commitments (Note 23)
Contingencies (Note 24)

_____ Mayor, Town of Crossfield

_____ Chief Administrative Officer, Town of Crossfield

Town of Crossfield
Statement of Operations

For the year ended December 31	Budget (Unaudited)	2025	2024
Revenue			
Net municipal taxes (Note 16)	\$ 5,126,134	\$ 5,136,730	\$ 4,650,530
Government transfers for operating (Note 17)	444,135	483,151	484,867
Sales and user fees	3,573,881	3,894,605	3,649,986
Franchises and concessions	848,038	847,642	831,364
Investment income	280,000	395,889	368,157
Penalties and costs on taxes	173,647	149,299	161,977
Other	138,456	303,489	326,851
Licenses and permits	142,990	159,024	240,127
	<u>10,727,281</u>	<u>11,369,829</u>	<u>10,713,859</u>
Expenditures (Note 18)			
General Government	1,877,294	2,126,770	1,558,749
Protective services	1,128,408	1,147,945	1,096,191
Transportation services	1,458,157	2,074,111	1,899,319
Water and wastewater	2,048,178	3,041,875	2,362,796
Waste management	475,400	489,264	489,001
Development and planning	362,585	344,740	401,824
Recreation and culture	1,451,174	1,747,602	1,603,823
Public health and welfare	207,249	195,441	187,219
	<u>9,008,445</u>	<u>11,167,748</u>	<u>9,598,922</u>
Excess (deficiency) of revenue over expenditures - before other	1,718,836	202,081	1,114,937
Other			
Government transfers for capital (Note 17)	-	911,128	498,064
Contributed and donated assets	-	1,017,740	-
Developers' agreements and levies	150,000	(1,581,464)	-
Excess of revenue over expenditures	1,868,836	549,485	1,613,001
Accumulated surplus, beginning of the year	54,112,822	54,112,822	52,499,821
Accumulated surplus, end of year	<u>\$ 55,981,658</u>	<u>\$ 54,662,307</u>	<u>\$ 54,112,822</u>

Town of Crossfield
Statement of Changes in Net Financial Assets (Debt)

For the year ended December 31	Budget (Unaudited)	2025	2024
Excess of revenue over expenditures	\$ 1,868,836	\$ 549,485	\$ 1,613,001
Acquisition of tangible capital assets	-	(3,389,831)	(904,524)
Amortization of tangible capital assets	-	2,039,836	1,950,866
Proceeds on disposal of tangible capital assets	-	34,126	36,161
Loss (gain) on disposal of tangible capital assets	-	19,217	(9,779)
	1,868,836	(747,167)	2,685,725
Change in prepaid expenses	-	779,066	(825,494)
Net change in net financial assets (debt)	1,868,836	31,899	1,860,231
Net debt, beginning of year	(459,192)	(459,192)	(2,319,423)
Net financial assets (debt), end of year	\$ 1,409,644	\$ (427,293)	\$ (459,192)

Town of Crossfield
Statement of Cash Flows

For the year ended December 31	2025	2024
Operating transactions		
Excess of revenue over expenditures	\$ 549,485	\$ 1,613,001
Items not involving cash		
Accretion	75,271	73,140
Amortization	2,039,836	1,950,866
Net loss (gain) on disposal of tangible capital assets	19,217	(9,777)
Changes in non-cash operating balances		
Taxes and grants in place of taxes	110,886	169,286
Trade and other receivables	23,189	(499,035)
Receivables from other governments	134,792	(33,672)
Prepaid expenses	779,066	(825,494)
Accounts payable and accrued liabilities	(12,611)	(174,328)
Deposit liabilities	58,087	41,428
Deferred revenue	1,923,391	1,001,773
	<u>5,700,609</u>	<u>3,307,188</u>
Capital transactions		
Acquisition of tangible capital assets	(3,389,831)	(904,524)
Proceeds on disposal of tangible capital assets	34,126	36,161
	<u>(3,355,705)</u>	<u>(868,363)</u>
Investing transactions		
Purchase of investments	(3,614,368)	-
Financing transactions		
Repayment of long-term debt	(653,205)	(559,822)
Proceeds from long-term debt	678,630	248,783
	<u>25,425</u>	<u>(311,039)</u>
Net change in cash and cash equivalents	(1,244,039)	2,127,786
Cash and cash equivalents, beginning of year	9,911,528	7,783,742
Cash and cash equivalents, end of year	\$ 8,667,489	\$ 9,911,528

Town of Crossfield
Schedule 1 of Changes in Accumulated Surplus

For the year ended December 31

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2025	2024
Balance, beginning of year	\$ 2,959,947	\$ 6,770,859	\$ 44,382,016	\$ 54,112,822	\$ 52,499,821
Excess of revenue over expenses	549,485	-	-	549,485	1,613,001
Transfers	310,533	(310,533)	-	-	-
Capital asset additions	(2,372,091)	-	2,372,091	-	-
Contributed capital assets	(1,017,740)	-	1,017,740	-	-
Accretion expense	75,271	-	(75,271)	-	-
Net book value of disposed tangible capital assets	53,339	-	(53,339)	-	-
Annual amortization expense	2,039,836	-	(2,039,836)	-	-
Long-term debt proceeds	678,630	-	(678,630)	-	-
Long-term debt repaid	(653,205)	-	653,205	-	-
Change in accumulated surplus	(335,942)	(310,533)	1,195,960	549,485	1,613,001
Balance, end of year	\$ 2,624,005	\$ 6,460,326	\$ 45,577,976	\$ 54,662,307	\$ 54,112,822

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2025

1. Summary of Significant Accounting Policies

The financial statements of the Town of Crossfield (the "Town") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Reporting Entity The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied (Note 16) also includes operational requisitions for educational, health, social and other external organizations that are not part of the municipal reporting entity.

Cash and Cash Equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 25 years
Buildings	25 to 50 years
Engineered Structures	
Water system	45 to 75 years
Wastewater system	45 to 75 years
Other engineered structures	10 to 75 years
Machinery and equipment	5 to 20 years
Vehicles	10 to 25 years

Contributions of Tangible Capital Assets Tangible capital assets received as contributions such as privately developed subdivisions including water systems, sanitary systems, storm systems, and roads are recorded at fair value at the date of receipt. Equivalent amounts are recorded as revenue for the year on the Statement of Operations.

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2025

Leases	Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
Long-term Debt	Long-term debt is initially recognized at fair value net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.
Investments	<p>Bonds are measured at amortized cost using the effective interest method. Transaction costs and any premiums or discounts are included in the carrying amount of the investment and amortized over the remaining term to maturity. Interest income is recognized in the statement of operations using the effective interest rate.</p> <p>Principal protected notes (PPNs) are measured at fair value. Fair value is determined based on quoted market prices where available or, where such prices are not available, using valuation techniques that incorporate observable market inputs. Changes in fair value are recognized in the statement of remeasurement gains and losses until realized, at which time the cumulative gain or loss is reclassified to the statement of operations.</p>
Excess Collections and Under-levies	Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Revenue Recognition	<p>Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.</p> <p>Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised</p>

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2025

goods or services to the payer. Sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance over the period of the license or permit as the performance obligation is satisfied.

Where funds are received in advance of services or with specific restrictions, they are recorded as deferred revenue and recognized in the period when the performance obligation is satisfied.

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

Investment income is recorded on the accrual basis and recognized when earned.

Franchise and concession revenue is recognized when earned and when the establishment has been used.

**Liability for
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments The Town recognizes and measures financial assets and financial liabilities on the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade or settlement date basis. Cash and equity instruments quoted in an active market are measured at fair value. All other financial instruments are measured at cost or amortized cost. Since no financial instruments are measured at fair value after initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Asset Retirement Obligation A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as an accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

**Future Accounting
Standard
Pronouncements**

The Conceptual Frameworks for Financial Reporting - The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards. The Town is expected to adopt this standard beginning December 31, 2027.

PS 1202 Financial Statement Presentation - PS 1202 will replace PS 1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework. The Town is expected to adopt this standard beginning December 31, 2027.

2. Cash and Cash Equivalents

	<u>2025</u>	<u>2024</u>
Total cash	<u>\$ 8,667,489</u>	<u>\$ 9,911,528</u>

The Town earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.65%. All deposits are highly liquid and redeemable within 90 days or less.

The Town received Alberta government grants, local municipal grants and donations that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not yet been completed for which this restricted funding has been received, \$3,621,810 (2024: \$1,596,684) of the cash is not available for general use by the Town (Note 7).

Of the remaining balance of cash an additional \$291,505 (2024: \$233,418) is considered restricted cash and not available for general use as it relates to deposits received.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

3. Taxes and Grants in Place of Taxes Receivable

	<u>2025</u>	<u>2024</u>
Current taxes and grants in place of taxes	\$ 228,008	\$ 249,956
Arrears taxes	57,663	146,601
	<u>\$ 285,671</u>	<u>\$ 396,557</u>

4. Investments

	<u>2025</u>	<u>2024</u>
Cash accounts	315	-
Bonds 4.214% to 6.034%, maturing 2028-2035	2,257,812	-
Principal protected notes, maturing 2031-2035	1,356,242	-
	<u>\$ 3,614,369</u>	<u>\$ -</u>

The market value for the Town's investments at year end is \$3,557,861, which includes accrued interest.

5. Accounts Payable and Accrued Liabilities

	<u>2025</u>	<u>2024</u>
Trade accounts payable	\$ 440,536	\$ 491,608
Accrued liabilities	183,353	144,892
	<u>\$ 623,889</u>	<u>\$ 636,500</u>

6. Deposit Liabilities

In addition to utility deposits of \$770 (2024: \$950) and damage deposits of \$46,890 (2024: \$15,890), the Town receives water servicing deposits, grade slip deposits and other deposits from developers which are refunded once the water service and/or the development has been inspected and approved. The amount of the developer deposits on hand at the end of the year is \$243,845 (2024: \$216,578).

Town of Crossfield
Notes to Financial Statements

December 31, 2025

7. Deferred Revenue

	2025	2024
Canada Community-Building Fund	\$ 1,844,389	\$ 1,708,486
Alberta Community Partnership	150,000	300,257
Active Transportation Fund	6,513	6,513
Alberta Healthy Communities Initiative	6,594	4,164
Water for Life Program	-	43,532
Local Government Fiscal Framework (Formerly MSI)	118,220	152,150
Canadian Mental Health Association	7,169	4,494
New Horizons for Seniors	14,621	6,203
Northern Regional Economic Development Grant	24,135	25,350
FCC AgriSpirit Grant	187	2,388
Water Off-Site Levy	454,399	-
Wasterwater Off-Site Levy	219,710	-
Storm Off-Site Levy	200,956	-
Roads Off-Site Levy	1,505,314	-
Fire Services Training Program Grant	152	5,604
Other Deferred Revenue	36,941	406,766
	\$ 4,589,300	\$ 2,665,907

Of total deferred revenue, \$967,490 (2024 - \$1,069,223) is recorded to accounts receivable as the Town must spend the allocated funds before the funds are released. The remaining is considered restricted cash (Note 2).

Canada Community-Building Fund

Federal and provincial government funding was considered receivable in the current year to undertake certain eligible environmentally sustainable projects within the Town that have not yet been expended.

Alberta Community Partnership

Provincial government funding was received to undertake a certain intermunicipal collaboration project for a watershed scoping study and the development of a watershed modelling tool.

Active Transportation Fund

Active Transportation Fund is the first federal grant to target active transportation. Funding is available over five years to support a model shift away from cars and toward active transportation in support of Canada's National Active Transportation Strategy.

Alberta Healthy Communities Initiative

Funding was received from Alberta Health Services to create supports in the community to create healthy environments.

Water for Life Program

Funding was received from Alberta Transportation for a Wastewater Treatment and Disposal Feasibility Study.

December 31, 2025

Local Government Fiscal Framework

Funding was received from Alberta Municipal Affairs for capital relating to the building and rehabilitation of infrastructure such as roadways, water and waste water systems, and recreation and sport facilities.

Canadian Mental Health Association

Funding was received from Canadian Mental Health Association to be used for the purpose of promoting community-driven strategies to improve mental health and wellbeing in the community of the Town of Crossfield.

New Horizons for Seniors

Funding was received from Employment and Social Development Canada to create and host programs that encourage healthy lifestyles for seniors.

Northern Regional Economic Development Grant

Provincial funding was received to invest in local business retention and expansion strategies and attract new industrial businesses to support the existing industry.

FCC AgriSpirit Grant

Funding was received from Farm Credit Canada to assist in a food bank service for the purpose of community enhancement.

Offsite Levies

Offsite levies are collected under the authority of the Municipal Government Act and are externally restricted for the purpose of funding infrastructure required to service new development, including transportation networks, water, wastewater, and storm systems.

Fire Services Training Program Grant

Funding was received from Alberta Municipal Affairs in order to carry out a Fire Services Training Program.

Other Deferred Revenue

Includes other developer contributions for shared municipal operating and capital projects.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

8. Long-term Debt

	2025		2024
Tax supported debentures	\$	6,758,525	\$ 6,733,100
	Principle	Interest	Total
2026	\$ 719,807	\$ 195,404	\$ 915,211
2027	841,400	172,875	1,014,275
2028	719,286	150,277	869,563
2029	741,950	127,613	869,563
2030	689,849	104,223	794,072
Thereafter	3,046,233	356,616	3,402,849
	\$ 6,758,525	\$ 1,107,008	\$ 7,865,533

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest between 2.92% and 3.97% per annum and matures in 2032 and 2039.

Debenture debt is issued on the credit and security of the Town at large.

9. Credit Facility

The Town has a credit facility with ATB Financial, which includes an approved operating line that can be drawn upon to a maximum of \$1,500,000 (2024: \$1,500,000), which bears interest at prime plus 1.00% and is secured by a General Security Agreement. At the balance sheet date, the amount drawn, which is due on demand, was \$nil (2024: \$nil).

Subsequent to year end, the credit facility was renewed for another year.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

10. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 17,054,744	\$ 16,070,789
Total debt	<u>6,758,525</u>	<u>6,733,100</u>
Total debt limit available	<u>10,296,219</u>	<u>9,337,689</u>
Debt servicing limit	2,842,457	2,678,465
Debt servicing	<u>915,211</u>	<u>780,568</u>
Total debt servicing limit available	<u>1,927,246</u>	<u>1,897,897</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 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 which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

11. Tangible Capital Assets

For the year ended December 31

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total 2025
Cost, beginning of year	\$ 121,971	\$ 3,593,592	\$ 4,827,071	\$ 8,414,094	\$ 57,398,018	\$ 6,779,901	\$ 1,596,190	\$ 82,730,837
Acquisition of Tangible Capital Assets	48,490	396,405	354,263	-	1,239,661	424,241	926,771	3,389,831
Change in work in progress	(108,920)	59,595	-	-	-	49,325	-	-
Disposal of Tangible Capital Assets	-	-	(42,079)	-	(18,025)	(45,085)	-	(105,189)
Cost, end of year	\$ 61,541	\$ 4,049,592	\$ 5,139,255	\$ 8,414,094	\$ 58,619,654	\$ 7,208,382	\$ 2,522,961	\$ 86,015,479
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 2,053,290	\$ 2,770,618	\$ 19,735,447	\$ 3,353,788	\$ 1,184,296	\$ 29,097,439
Amortization	-	-	209,979	220,096	1,174,764	336,059	98,938	2,039,836
Disposals	-	-	(10,174)	-	(6,366)	(35,308)	-	(51,848)
Accumulated amortization, end of year	\$ -	\$ -	\$ 2,253,095	\$ 2,990,714	\$ 20,903,845	\$ 3,654,539	\$ 1,283,234	\$ 31,085,427
Net book amount of Tangible Capital Assets	\$ 61,541	\$ 4,049,592	\$ 2,886,160	\$ 5,423,380	\$ 37,715,809	\$ 3,553,843	\$ 1,239,727	\$ 54,930,052

Town of Crossfield
Notes to Financial Statements

December 31, 2025

11. Tangible Capital Assets (continued)

For the year ended December 31

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total 2024
Cost, beginning of year	\$ 114,011	\$ 3,593,592	\$ 4,769,660	\$ 8,333,536	\$ 57,202,755	\$ 6,290,071	\$ 1,596,190	\$ 81,899,815
Acquisition of Tangible Capital Assets	110,763	-	57,411	80,558	209,663	548,932	-	1,007,327
Construction-in-progress	(102,803)	-	-	-	-	-	-	(102,803)
Disposal of Tangible Capital Assets	-	-	-	-	(14,400)	(59,102)	-	(73,502)
Cost, end of year	\$ 121,971	\$ 3,593,592	\$ 4,827,071	\$ 8,414,094	\$ 57,398,018	\$ 6,779,901	\$ 1,596,190	\$ 82,730,837
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,842,929	\$ 2,552,536	\$ 18,593,100	\$ 3,095,001	\$ 1,110,125	\$ 27,193,691
Amortization	-	-	210,361	218,082	1,146,307	301,945	74,171	1,950,866
Disposals	-	-	-	-	(3,960)	(43,158)	-	(47,118)
Accumulated amortization, end of year	\$ -	\$ -	\$ 2,053,290	\$ 2,770,618	\$ 19,735,447	\$ 3,353,788	\$ 1,184,296	\$ 29,097,439
Net book amount of Tangible Capital Assets	\$ 121,971	\$ 3,593,592	\$ 2,773,781	\$ 5,643,476	\$ 37,662,571	\$ 3,426,113	\$ 411,894	\$ 53,633,398

Town of Crossfield
Notes to Financial Statements

December 31, 2025

12. Equity in Tangible Capital Assets

	2025	2024
Tangible capital assets	\$ 86,015,479	\$ 82,730,837
Accumulated amortization	(31,085,427)	(29,097,439)
Long-term debt	(6,758,525)	(6,733,100)
Asset retirement obligation	(2,593,553)	(2,518,282)
	\$ 45,577,974	\$ 44,382,016

13. Accumulated Surplus

	2025	2024
Equity in tangible capital assets	\$ 45,577,974	\$ 44,382,016
Unrestricted surplus (deficit)	2,624,007	2,959,949
	48,201,981	47,341,965
Restricted surplus		
Public works	-	716,207
Fire	-	130,319
Police	-	45,000
Roadways	-	525,000
Water	-	120,365
Wastewater treatment and disposal	-	243,741
Cemetery	75,000	77,000
Subdivision	-	2,662,676
Parks and recreation	-	425,606
General	49,485	1,413,869
General - Admin building	411,076	411,074
Capital project reserve - community light	25,000	-
Lifecycle maintenance replacement	2,008,450	-
Capital project reserve - new capital	2,422,864	-
Municipal reserve	46,463	-
Municipal stabilization	972,000	-
Recreation board reserve	109,768	-
Health and safety	4,949	-
Capital carry forward	335,271	-
	6,460,326	6,770,857
	\$ 54,662,307	\$ 54,112,822

Town of Crossfield
Notes to Financial Statements

December 31, 2025

14. Asset Retirement Obligations

Asbestos abatement

The Town owns buildings which contain asbestos and, therefore, is legally required to perform abatement activities upon renovation or demolition of the buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. See table below for breakdown of estimated total liability.

Lagoon reclamation

The Town owns wastewater lagoons which it has a legal requirement to perform reclamation as required upon permanently ceasing operations. Reclamation activities include management and surveying of sludge buildup. See table below for breakdown of estimated total liability.

13. Asset Retirement Obligations (continued)

	Asbestos	Lagoon	2025 Total
Balance, beginning of year	\$ 162,605	\$ 2,355,677	\$ 2,518,282
Accretion expense	4,739	70,532	75,271
Estimated total liability	\$ 167,344	\$ 2,426,209	\$ 2,593,553
	Asbestos	Lagoon	2024 Total
Balance, beginning of year	\$ 158,000	\$ 2,287,142	\$ 2,445,142
Accretion expense	4,605	68,535	73,140
Estimated total liability	\$ 162,605	\$ 2,355,677	\$ 2,518,282

15. Contaminated Sites Liability

During the year, the Town did not identify any financial liabilities (2024: \$nil) as a result of contaminated sites.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

16. Property and Other Taxes

	Budget (Unaudited)	2025	2024
Real property taxes	\$ 7,722,657	\$ 7,729,478	\$ 6,822,158
	7,722,657	7,729,478	6,822,158
Requisitions			
Alberta School Foundation Fund	2,531,314	2,531,315	2,106,516
Rocky View Foundation	65,210	61,434	65,112
	2,596,524	2,592,749	2,171,628
Net Municipal Taxes	\$ 5,126,133	\$ 5,136,729	\$ 4,650,530

17. Government Transfers

	Budget (Unaudited)	2025	2024
Transfers for Operating			
Federal government	\$ 73,700	\$ 96,056	\$ 94,327
Provincial government	160,435	173,294	180,539
Local government	210,000	213,800	210,000
	444,135	483,150	484,866
Transfers for Capital			
Provincial government	-	655,676	490,014
Federal government	-	253,250	7,612
Local government	-	2,202	438
	-	911,128	498,064
Total government transfers	\$ 444,135	\$ 1,394,278	\$ 982,930

Town of Crossfield
Notes to Financial Statements

December 31, 2025

18. Expenses by Object

	Budget (Unaudited)	2025	2024
Salaries and wages	\$ 3,501,866	\$ 3,462,503	\$ 2,627,007
Contracted and general services	3,387,220	3,593,346	3,145,646
Materials, goods, supplies and utilities	1,497,068	1,374,636	1,240,920
Transfers to local boards and agencies	240,882	263,039	246,035
Bank charges and short-term interest	11,010	122,692	90,530
Interest on capital long-term debt	185,986	182,033	199,210
Amortization	-	2,039,836	1,950,867
Accretion expense	-	75,271	73,139
Other expenditures	184,412	54,392	25,568
	<u>\$ 9,008,444</u>	<u>\$ 11,167,748</u>	<u>\$ 9,598,922</u>

December 31, 2025

19. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

Protective Services

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

Transportation Services

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

Water and Wastewater Services

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater through regional commissions. The Town processes and cleans sewage and ensures the water system meets all Provincial standards.

Waste Management Services

Waste management provides collection disposal and recycling programs.

Public Health and Welfare

This service area provides and administers community support programs.

Development and Planning

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

Town of Crossfield
Notes to Financial Statements

December 31, 2025

18. Segmented Information (continued)

	General Government	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Public Health and Welfare	Development and Planning	Recreation and Culture	2025 Total
Revenue									
Net municipal taxes	\$ 5,136,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,136,730
User fees and sales of goods	18,585	213,065	14,540	2,819,176	396,244	35,783	35,512	361,700	3,894,605
Government transfers for operating	-	212,544	43,030	-	58,599	76,137	25,490	67,351	483,151
Investment Income	395,889	-	-	-	-	-	-	-	395,889
Penalties and costs on taxes	124,634	-	-	24,665	-	-	-	-	149,299
Licenses and permits	-	159,024	-	-	-	-	-	-	159,024
Franchise and concession contracts	847,642	-	-	-	-	-	-	-	847,642
Developer levies	-	-	-	-	-	-	(1,581,464)	-	(1,581,464)
Other	16,577	8,620	117,472	22,980	91,956	1,345	27,695	16,844	303,489
	<u>\$ 6,540,057</u>	<u>\$ 593,253</u>	<u>\$ 175,042</u>	<u>\$ 2,866,821</u>	<u>\$ 546,799</u>	<u>\$ 113,265</u>	<u>\$ (1,492,767)</u>	<u>\$ 445,895</u>	<u>\$ 9,788,365</u>
Expenses									
Salaries, wages and benefits	\$ 1,391,889	\$ 426,901	\$ 457,444	\$ 301,126	\$ -	\$ 103,689	\$ 176,992	\$ 604,462	\$ 3,462,503
Contracted and general services	422,737	341,488	134,251	1,886,397	477,938	18,430	91,017	221,089	3,593,347
Materials, goods, supplies and utilities	96,533	213,796	490,298	137,804	-	21,597	52,581	362,027	1,374,636
Transfer to local boards and agencies	-	-	-	-	-	50,202	24,275	188,562	263,039
Bank charges and short-term interest	122,692	-	-	-	-	-	-	-	122,692
Interest on capital long-term debt	-	-	109,147	72,886	-	-	-	-	182,033
Other expenses	882	8,721	-	13,060	-	-	(125)	31,854	54,392
	<u>\$ 2,034,733</u>	<u>\$ 990,906</u>	<u>\$ 1,191,140</u>	<u>\$ 2,411,273</u>	<u>\$ 477,938</u>	<u>\$ 193,918</u>	<u>\$ 344,740</u>	<u>\$ 1,407,994</u>	<u>\$ 9,052,642</u>
Excess (Shortfall) of revenue over expense before amortization and other expenses	\$ 4,505,324	\$ (397,653)	\$ (1,016,098)	\$ 455,548	\$ 68,861	\$ (80,653)	\$ (1,837,507)	\$ (962,099)	\$ 735,723
Government transfers for capital	865,394	-	-	43,532	-	-	-	2,202	911,128
Contributed and donated assets	456,000	-	561,740	-	-	-	-	-	1,017,740
Accretion expense	(2,249)	-	-	(70,532)	-	-	-	(2,489)	(75,270)
Amortization expense	(89,788)	(157,039)	(882,971)	(560,070)	(11,326)	(1,523)	-	(337,119)	(2,039,836)
Net surplus (deficit)	<u>\$ 5,734,681</u>	<u>\$ (554,692)</u>	<u>\$ (1,337,329)</u>	<u>\$ (131,522)</u>	<u>\$ 57,535</u>	<u>\$ (82,176)</u>	<u>\$ (1,837,507)</u>	<u>\$ (1,299,505)</u>	<u>\$ 549,485</u>

Town of Crossfield
Notes to Financial Statements

December 31, 2025

18. Segmented Information (continued)

	General Government	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Public Health and Welfare	Development and Planning	Recreation and Culture	2024 Total
Revenue									
Net municipal taxes	\$ 4,650,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,650,530
User fees and sales of goods	30,863	176,318	236	2,595,828	468,241	43,866	24,000	310,634	3,649,986
Government transfers for operating	-	203,673	42,757	-	58,599	76,097	32,695	71,046	484,867
Investment Income	368,157	-	-	-	-	-	-	-	368,157
Penalties and costs on taxes	136,975	-	-	25,002	-	-	-	-	161,977
Licenses and permits	-	240,127	-	-	-	-	-	-	240,127
Franchise and concession contracts	831,364	-	-	-	-	-	-	-	831,364
Other	43,620	10,000	42,755	31,085	-	1,020	55,760	142,611	326,851
	<u>\$ 6,061,509</u>	<u>\$ 630,118</u>	<u>\$ 85,748</u>	<u>\$ 2,651,915</u>	<u>\$ 526,840</u>	<u>\$ 120,983</u>	<u>\$ 112,455</u>	<u>\$ 524,291</u>	<u>\$ 10,713,859</u>
Expenses									
Salaries, wages and benefits	\$ 876,077	\$ 389,845	\$ 409,150	\$ 193,859	\$ -	\$ 100,198	\$ 104,052	\$ 553,826	\$ 2,627,007
Contracted and general services	433,516	399,519	102,074	1,300,923	478,476	18,758	200,612	211,767	3,145,645
Materials, goods, supplies and utilities	62,736	172,555	424,440	155,221	-	12,584	80,119	333,265	1,240,920
Transfer to local boards and agencies	-	-	-	-	-	54,156	17,041	174,838	246,035
Bank charges and short-term interest	90,530	-	-	-	-	-	-	-	90,530
Interest on capital long-term debt	-	-	117,339	81,871	-	-	-	-	199,210
Other expenses	11,552	294	10,440	3,282	-	-	-	-	25,568
	<u>\$ 1,474,411</u>	<u>\$ 962,213</u>	<u>\$ 1,063,443</u>	<u>\$ 1,735,156</u>	<u>\$ 478,476</u>	<u>\$ 185,696</u>	<u>\$ 401,824</u>	<u>\$ 1,273,696</u>	<u>\$ 7,574,915</u>
Excess (Shortfall) of revenue over expense before amortization and other expenses	\$ 4,587,098	\$ (332,095)	\$ (977,695)	\$ 916,759	\$ 48,364	\$ (64,713)	\$ (289,369)	\$ (749,405)	\$ 3,138,944
Government transfers for capital	-	-	421,016	37,127	-	-	-	39,921	498,064
Accretion expense	(2,186)	-	-	(68,535)	-	-	-	(2,419)	(73,140)
Amortization expense	(82,152)	(133,978)	(835,876)	(559,105)	(10,525)	(1,523)	-	(327,708)	(1,950,867)
Net surplus (deficit)	<u>\$ 4,502,760</u>	<u>\$ (466,073)</u>	<u>\$ (1,392,555)</u>	<u>\$ 326,246</u>	<u>\$ 37,839</u>	<u>\$ (66,236)</u>	<u>\$ (289,369)</u>	<u>\$ (1,039,611)</u>	<u>\$ 1,613,001</u>

Town of Crossfield
Notes to Financial Statements

December 31, 2025

20. Budget Data

The unaudited budget data presented in these financial statements is based upon the 2025 operating and capital budgets approved by the Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	2025
Budgeted Surplus for the year	\$ (1,718,836)
Add:	
Debenture principal payments	375,174
Net operating transfers to reserves	1,493,662
Budgeted Surplus	\$ 150,000

21. Salary and Benefits

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits & Allowances	Total 2025	Total 2024
Mayor Harris	\$ 22,760	\$ 1,008	\$ 23,768	\$ 21,533
Councillor Brennan	15,375	1,008	16,383	15,083
Councillor Fox	12,300	839	13,139	13,458
Councillor Gustafson	14,400	1,008	15,408	13,008
Councillor Knight	15,300	1,008	16,308	13,008
Councillor Lambert	12,000	750	12,750	13,425
Councillor Vang	11,850	839	12,689	14,208
Councillor Benson	2,600	168	2,768	-
Councillor Cosh	\$ 3,800	\$ 168	\$ 3,968	\$ -
Councillor Nielsen	3,700	161	3,861	-
Chief Administration Officer (1)	191,970	33,468	225,438	206,682
Designated Officers (5)	\$ 472,583	\$ 81,624	\$ 554,207	\$ 351,578

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment, dental coverage, vision coverage, long and short term disability plans, professional memberships, and tuition.

December 31, 2025

22. Local Authorities Pension Plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Public Sector Pension Plans Act. The Plan serves 316,938 people and 453 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. The Plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees contribute to the Plan at a rate of 7.45% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 10.65% for the excess.

Contributions for the year were:

	<u>2025</u>	<u>2024</u>
Employer contributions	\$ 169,989	\$ 130,728
Employee contributions	150,004	116,351
	<u>\$ 319,993</u>	<u>\$ 247,079</u>

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion (2023 - \$15.06 billion surplus). This amount is not specifically allocated to the participating government organizations. The 2025 actuarial balance was not available at the date these financial statements were released.

December 31, 2025

23. Commitments

The Town is a member of the The Mountain View Regional Water Services Commission which was constituted under the Municipal Government Act in 1992.

In 2024, the Town entered into a regional fire services agreement with the Municipal District of Rocky View No. 44 to provide such services in a certain specified area. The agreement will remain in force until December 31, 2029 or may be terminated by either party with six months notice. The Municipal District of Rocky View No. 44 will pay the Town a flat fee as outlined in the agreement.

In 2024, the Town extended the lease agreement with the Crossfield United Church to lease property, which is owned by the Church and where the Town Administration office is situated, for an additional 3 years. The lease can be terminated by either party with 6 months notice. The aggregate future minimum lease payments are \$45,600 (2024: 64,600).

The town has entered into various lease agreements to rent equipment assets for use in the Town. The aggregate future minimum lease payments for the following years are as follows:

2026	91,217
2027	<u>42,747</u>
Total	<u>\$ 133,964</u>

December 31, 2025

24. Contingencies

The Town is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

25. Financial Instruments

The Town holds various forms of financial instruments. The nature of these instruments and the Town's operations expose the Town to credit and liquidity risks. The Town manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Town is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations.

Management believes that the risk of default and the risk of concentration of credit risk is minimized by the fact that the majority of its accounts receivable are from government agencies. Receivables comprise amounts receivable from the Government of Alberta for grants, property taxes, and trade receivables, which are subject to normal trade credit risk which is not significant as the Town manages and analyzes the outstanding accounts receivable balances. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Town encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that the Town will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, deposit liabilities and long-term debt. The Town manages its liquidity risk by maintaining sufficient cash and cash equivalents and securing an operating line of credit (Note 8).

26. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. These reclassifications do not affect the prior year annual surplus (deficit) or net financial assets (net debt).

27. Approval of Financial Statements

Council and management approved these financial statements.
