

Town of Crossfield
Financial Statements
For the year ended December 31, 2024

Management's Responsibility for Reporting


The Town of Crossfield's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Municipal Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipality's external auditors.

The consolidated financial statements have been audited by the independent firm of BDO Canada LLP, Chartered Professional Accountants. Their report to the Members of Council of The Town of Crossfield, stating the scope of their examination and opinion on the consolidated financial statements follow.



Chief Administrative Officer
April 28, 2025

Town of Crossfield
Financial Statements
For the year ended December 31, 2024

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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, 2024, 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, 2024, 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.

BDO Canada LLP

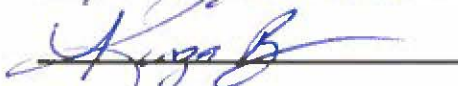
Chartered Professional Accountants

Calgary, Alberta
April 28, 2025

Town of Crossfield
Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash and cash equivalents (Note 2)	\$ 9,911,531	\$ 7,783,742
Taxes and grants in place of taxes (Note 3)	396,557	565,843
Trade and other receivables	1,918,025	1,418,990
Receivables from other governments	101,906	68,234
	<u>12,328,019</u>	<u>9,836,809</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	636,500	810,828
Deposit liabilities (Note 5)	233,418	191,990
Deferred revenue (Note 6)	2,665,907	1,664,133
Long-term debt (Note 7)	6,733,100	7,044,139
Asset retirement obligation (Note 13)	2,518,282	2,445,142
	<u>12,787,207</u>	<u>12,156,232</u>
Net debt	<u>(459,188)</u>	<u>(2,319,423)</u>
Non-financial assets		
Tangible capital assets (Note 10)	53,633,398	54,706,124
Prepaid expenses and deposits (Note 25)	938,614	113,120
	<u>54,572,012</u>	<u>54,819,244</u>
Accumulated surplus (Note 12)	<u>\$ 54,112,824</u>	<u>\$ 52,499,821</u>
Contaminated Sites Liability (Note 14)		
Commitments (Note 22)		
Contingencies (Note 23)		

 Mayor, Town of Crossfield

 Chief Administrative Officer, Town of Crossfield

Town of Crossfield
Statement of Operations

For the year ended December 31	Budget (Unaudited)	2024	2023
Revenue			
Net municipal taxes (Note 15)	\$ 4,431,135	\$ 4,650,530	\$ 4,192,135
Government transfers for operating (Note 16)	464,735	484,866	416,190
Sales and user fees	3,474,157	3,649,985	3,536,270
Franchises and concessions	826,466	831,364	713,040
Investment income	125,000	368,157	230,793
Penalties and costs on taxes	166,744	161,977	162,591
Other	164,848	306,634	96,563
Licenses and permits	219,350	240,127	335,559
	<u>9,872,435</u>	<u>10,693,640</u>	<u>9,683,141</u>
Expenditures (Note 17)			
General Government	1,685,193	1,621,195	1,704,075
Protective services	1,027,555	975,594	1,014,241
Transportation services	1,405,947	1,814,053	1,953,705
Water and wastewater	2,171,551	2,471,933	2,660,801
Waste management	478,000	489,001	479,795
Development and planning	359,652	315,061	326,842
Recreation and culture	1,542,289	1,779,955	1,656,971
Public health and welfare	121,044	111,909	116,913
	<u>8,791,231</u>	<u>9,578,701</u>	<u>9,913,343</u>
Excess (deficiency) of revenue over expenditures - before other	1,081,204	1,114,939	(230,202)
Other			
Government transfers for capital (Note 16)	-	498,064	997,245
Contributed and donated assets	-	-	1,087,694
Developers' agreements and levies	240,885	-	422,319
	<u></u>	<u></u>	<u></u>
Excess of revenue over expenditures	1,322,089	1,613,003	2,277,056
Accumulated surplus, beginning of the year	52,499,821	52,499,821	50,222,765
Accumulated surplus, end of year	<u>\$ 53,821,910</u>	<u>\$ 54,112,824</u>	<u>\$ 52,499,821</u>

Town of Crossfield
Statement of Changes in Net Debt

For the year ended December 31	Budget (Unaudited)	2024	2023
Excess of revenue over expenditures	\$ 1,322,089	\$ 1,613,003	\$ 2,277,056
Acquisition of tangible capital assets	-	(904,524)	(1,022,759)
Contributed and donated assets	-	-	(1,087,694)
Amortization of tangible capital assets	-	1,950,866	1,896,339
Proceeds on disposal of tangible capital assets	-	36,161	411,077
Loss (gain) on disposal of tangible capital assets	-	(9,777)	405,423
	1,322,089	2,685,729	2,879,442
Change in prepaid expenses	-	(825,494)	(13,788)
Net change in net debt	1,322,089	1,860,235	2,865,654
Net debt, beginning of year	(2,319,423)	(2,319,423)	(5,185,077)
Net debt, end of year	\$ (997,334)	\$ (459,188)	\$ (2,319,423)

Town of Crossfield
Statement of Cash Flows

For the year ended December 31	2024	2023
Operating transactions		
Excess of revenue over expenditures	\$ 1,613,003	\$ 2,277,056
Items not involving cash		
Amortization	1,950,866	1,896,339
Net loss on disposal of tangible capital assets	(9,777)	405,423
Tangible capital assets received as contributions	-	(1,087,694)
Changes in non-cash operating balances		
Taxes and grants in place of taxes	169,286	(14,378)
Trade and other receivables	(499,035)	(392,400)
Receivables from other governments	(33,672)	(152)
Prepaid expenses	(825,494)	(13,788)
Accounts payable and accrued liabilities	(174,328)	92,928
Deposit liabilities	41,428	52,895
Deferred revenue	1,001,774	318,717
Asset retirement obligation	73,140	71,067
	<u>3,307,191</u>	<u>3,606,013</u>
Capital transactions		
Acquisition of tangible capital assets	(904,524)	(1,022,759)
Proceeds on disposal of tangible capital assets	36,161	411,077
	<u>(868,363)</u>	<u>(611,682)</u>
Financing transactions		
Repayment of long-term debt	(559,822)	(517,904)
Proceeds from long-term debt	248,783	45,673
	<u>(311,039)</u>	<u>(472,231)</u>
Net change in cash and cash equivalents	2,127,789	2,522,100
Cash and cash equivalents, beginning of year	7,783,742	5,261,642
Cash and cash equivalents, end of year	\$ 9,911,531	\$ 7,783,742

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	2024	2023
Balance, beginning of year	\$ 2,591,127	\$ 4,691,851	\$ 45,216,843	\$ 52,499,821	\$ 50,222,765
Excess of revenue over expenses	1,613,003	-	-	1,613,003	2,277,056
Unrestricted funds designated for future use	(2,946,087)	2,946,087	-	-	-
Restricted funds used for operations	410,178	(410,178)	-	-	-
Restricted funds used for tangible capital assets	-	(456,901)	456,901	-	-
Current year funds used for tangible capital assets	(447,623)	-	447,623	-	-
Accretion expense	73,140	-	(73,140)	-	-
Net book value of disposed tangible capital assets	26,384	-	(26,384)	-	-
Annual amortization expense	1,950,866	-	(1,950,866)	-	-
Long-term debt proceeds	248,783	-	(248,783)	-	-
Long-term debt repaid	(559,822)	-	559,822	-	-
Change in accumulated surplus	368,822	2,079,008	(834,827)	1,613,003	2,277,056
Balance, end of year	\$ 2,959,949	\$ 6,770,859	\$ 44,382,016	\$ 54,112,824	\$ 52,499,821

Town of Crossfield

Summary of Significant Accounting Policies

December 31, 2024

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 statement 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 15) 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, 2024

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.
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 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.</p> <p>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.</p> <p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p>

Town of Crossfield
Summary of Significant Accounting Policies

December 31, 2024

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, 2024

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.

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

**Public Private
Partnerships**

The Town accounts for public private partnerships in accordance with PS 3160. Infrastructure procured through a P3 arrangement is recognized as a tangible capital asset when the Town controls the asset. A liability is recognized for any amounts owing to the private sector partner under the agreement. As at year-end, the Town had not entered into any public private partnership arrangements.

**New Accounting
Policies Adopting
During the Year**

PS 3400 Revenue, Effective January 1, 2024, the Town adopted PS 3400 Revenue. This standard establishes standards on how to recognize revenue and requires deferral of revenue with performance obligations until those obligations are satisfied. The adoption of PS 3400 has no impact on the previously reported revenue.

PS 3160 Public Private Partnerships, the Town has adopted Public Sector Accounting Standard (PS) 3160 - Public Private Partnerships as part of its accounting policies. At the reporting date, the Town does not have any Public-Private Partnership arrangements, and therefore, this standard does not impact the financial statements for the current period. If the entity enters into a P3 arrangement in the future, it will be accounted for in accordance with PS 3160.

**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.

Town of Crossfield
Notes to Financial Statements

December 31, 2024

2. Cash and Cash Equivalents

	<u>2024</u>	<u>2023</u>
Total cash	<u>\$ 9,911,531</u>	<u>\$ 7,783,742</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, \$1,596,684 (2023: \$1,031,563) of the cash is not available for general use by the Town (Note 6).

Of the remaining balance of cash an additional \$233,418 (2023: \$191,990) is considered restricted cash and not available for general use as it relates to deposits received.

3. Taxes and Grants in Place of Taxes Receivable

	<u>2024</u>	<u>2023</u>
Current taxes and grants in place of taxes	\$ 249,956	\$ 409,614
Arrears taxes	<u>146,601</u>	<u>156,229</u>
	<u>\$ 396,557</u>	<u>\$ 565,843</u>

Town of Crossfield
Notes to Financial Statements

December 31, 2024

4. Accounts Payable and Accrued Liabilities

	2024	2023
Trade accounts payable	\$ 491,608	\$ 677,947
Accrued liabilities	144,892	39,125
Holdbacks payable	-	93,756
	<u>\$ 636,500</u>	<u>\$ 810,828</u>

5. Deposit Liabilities

In addition to utility deposits of \$950 (2023: \$1,100) and damage deposits of \$15,890 (2023: \$36,890), 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 \$216,578 (2023: \$154,000).

Town of Crossfield
Notes to Financial Statements

December 31, 2024

6. Deferred Revenue

	2024	2023
Canada Community-Building Fund	\$ 1,708,486	\$ 1,387,542
Alberta Community Partnership	300,257	176,074
Active Transportation Fund	6,513	9,813
Alberta Healthy Communities Initiative	4,164	1,987
Water for Life Program	43,532	35,659
Municipal Sustainability Initiative	152,150	43,866
Canadian Mental Health Association	4,494	3,806
New Horizons for Seniors	6,203	5,386
Northern Regional Economic Development Grant	25,350	-
FCC AgriSpirit Grant	2,388	-
Fire Services Training Program Grant	5,604	-
Other Deferred Revenue	406,766	-
	\$ 2,665,907	\$ 1,664,133

Of total deferred revenue, \$1,069,223 (2023 - \$632,570) is recorded to accounts receivable as the Town must spend the allocated funds before the funds are released. The remaining \$1,596,684 (\$1,031,563) 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.

Municipal Sustainability Initiative

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.

Town of Crossfield
Notes to Financial Statements

December 31, 2024

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.

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.

7. Long-term Debt

	<u>2024</u>		<u>2023</u>
Tax supported debentures	\$	6,733,100	\$ 7,044,139
	Principle	Interest	Total
2025	\$ 591,186	\$ 189,382	\$ 780,568
2026	592,050	172,181	764,231
2027	708,521	154,773	863,294
2028	581,079	137,503	718,582
2029	594,643	120,372	715,015
Thereafter	3,665,621	459,378	4,124,999
	\$ 6,733,100	\$ 1,233,589	\$ 7,966,689

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.92% and 2.93% per annum and matures in 2032 and 2039.

The current portion of the long-term debt amounts to \$591,186 (2023: \$536,442). Principal and interest repayments are shown above.

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

Interest on long-term debt amounted to \$199,210 (2023: \$213,650).

December 31, 2024

8. 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 (2023: \$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 (2023: \$nil).

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

9. 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:

	2024	2023
Total debt limit	\$ 16,050,934	\$ 14,524,711
Total debt	6,733,100	7,044,139
Total debt limit available	<u>9,317,834</u>	<u>7,480,572</u>
Debt servicing limit	2,674,019	2,420,785
Debt servicing	780,568	740,384
Total debt servicing limit available	<u>1,893,451</u>	<u>1,680,401</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, 2024

10. Tangible Capital Assets

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
Change in work 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, 2024

10. Tangible Capital Assets (continued)

For the year ended December 31

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total 2023
Cost, beginning of year	\$ 217,426	\$ 3,035,592	\$ 4,774,314	\$ 8,247,246	\$ 56,989,509	\$ 6,545,225	\$ 1,649,909	\$ 81,459,221
Acquisition of Tangible Capital Assets	69,939	558,000	19,936	680,549	657,214	298,169	-	2,283,807
Construction-in- progress	(173,354)	-	-	-	-	-	-	(173,354)
Disposal of Tangible Capital Assets	-	-	(24,590)	(594,259)	(443,968)	(553,323)	(53,719)	(1,669,859)
Cost, end 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
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,655,664	\$ 2,384,683	\$ 17,667,012	\$ 3,359,000	\$ 1,084,352	\$ 26,150,711
Amortization	-	-	210,029	191,623	1,134,449	283,596	76,642	1,896,339
Disposals	-	-	(22,764)	(23,770)	(208,361)	(547,595)	(50,869)	(853,359)
Accumulated amortization, end of year	\$ -	\$ -	\$ 1,842,929	\$ 2,552,536	\$ 18,593,100	\$ 3,095,001	\$ 1,110,125	\$ 27,193,691
Net book amount of Tangible Capital Assets	\$ 114,011	\$ 3,593,592	\$ 2,926,731	\$ 5,781,000	\$ 38,609,655	\$ 3,195,070	\$ 486,065	\$ 54,706,124

Town of Crossfield
Notes to Financial Statements

December 31, 2024

11. Equity in Tangible Capital Assets

	<u>2024</u>	<u>2023</u>
Tangible capital assets	\$ 82,730,837	\$ 81,899,815
Accumulated amortization	(29,097,439)	(27,193,691)
Long-term debt	(6,733,100)	(7,044,139)
Asset retirement obligation	(2,518,282)	(2,445,142)
	<u>\$ 44,382,016</u>	<u>\$ 45,216,843</u>

12. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
Equity in tangible capital assets	\$ 44,382,016	\$ 45,216,843
Unrestricted surplus (deficit)	<u>2,959,949</u>	<u>2,591,127</u>
	<u>47,341,965</u>	<u>47,807,970</u>
Restricted surplus		
Public works	716,207	163,524
Fire	130,319	95,000
Police	45,000	30,000
Roadways	525,000	500,000
Water	120,365	40,000
Wastewater treatment and disposal	243,741	3,741
Cemetery	77,000	60,000
Subdivision	2,662,676	2,633,234
Parks and recreation	425,606	247,912
General	1,413,869	507,364
General - Admin building	411,076	411,076
	<u>6,770,859</u>	<u>4,691,851</u>
	<u>\$ 54,112,824</u>	<u>\$ 52,499,821</u>

December 31, 2024

13. 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.

Town of Crossfield
Notes to Financial Statements

December 31, 2024

13. Asset Retirement Obligations (continued)

	Asbestos	Lagoon	2024 Total
Balance, beginning of year	\$ 158,000	\$ 2,287,142	\$ 2,445,142
Liabilities incurred	-	-	-
Liabilities settled	-	-	-
Change in estimated cash flows	-	-	-
Accretion expense	4,605	68,535	73,140
Estimated total liability	<u>\$ 162,605</u>	<u>\$ 2,355,677</u>	<u>\$ 2,518,282</u>

	Asbestos	Lagoon	2023 Total
Balance, beginning of year	\$ 153,526	\$ 2,220,549	\$ 2,374,075
Liabilities incurred	-	-	-
Liabilities settled	-	-	-
Change in estimated cash flows	-	-	-
Accretion expense	4,474	66,593	71,067
Estimated total liability	<u>\$ 158,000</u>	<u>\$ 2,287,142</u>	<u>\$ 2,445,142</u>

14. Contaminated Sites Liability

During the year, the Town did not identify any financial liabilities (2023: \$nil) as a result of contaminated sites.

Town of Crossfield
Notes to Financial Statements

December 31, 2024

15. Property and Other Taxes

	Budget (Unaudited)	2024	2023
Real property taxes	\$ 6,381,840	\$ 6,822,158	\$ 6,123,400
	6,381,840	6,822,158	6,123,400
Requisitions			
Alberta School Foundation Fund	1,885,593	2,106,516	1,896,156
Rocky View Foundation	65,112	65,112	35,109
	1,950,705	2,171,628	1,931,265
Net Municipal Taxes	\$ 4,431,135	\$ 4,650,530	\$ 4,192,135

16. Government Transfers

	Budget (Unaudited)	2024	2023
Transfers for Operating			
Federal government	\$ 60,400	\$ 94,327	\$ 53,668
Provincial government	194,335	180,539	152,522
Local government	210,000	210,000	210,000
	464,735	484,866	416,190
Transfers for Capital			
Provincial government	-	490,014	827,034
Federal government	-	7,612	-
Local government	-	438	170,211
	-	498,064	997,245
Total government transfers	\$ 464,735	\$ 982,930	\$ 1,413,435

Town of Crossfield
Notes to Financial Statements

December 31, 2024

17. Expenses by Object

	Budget (Unaudited)	2024	2023
Salaries and wages	\$ 2,963,321	\$ 2,627,006	\$ 2,536,104
Contracted and general services	2,311,017	2,136,198	2,378,845
Materials, goods, supplies and utilities	2,558,600	2,282,603	2,047,819
Transfers to local boards and agencies	223,600	212,242	239,789
Bank charges and short-term interest	11,010	92,085	14,874
Interest on capital long-term debt	719,183	199,210	213,650
Loss on disposal of tangible capital assets	-	(9,777)	405,423
Amortization	-	1,950,866	1,896,339
Accretion expense	-	73,140	71,067
Provision for allowances	4,500	15,128	109,433
	<u>\$ 8,791,231</u>	<u>\$ 9,578,701</u>	<u>\$ 9,913,343</u>

December 31, 2024

18. 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, 2024

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	54,863	176,318	236	2,596,661	468,241	-	-	353,666	3,649,985
Government transfers for operating	15,650	203,673	42,757	-	58,599	76,097	-	88,090	484,866
Investment Income	368,157	-	-	-	-	-	-	-	368,157
Penalties and costs on taxes	136,975	-	-	25,002	-	-	-	-	161,977
Licenses and permits	27,518	240	-	-	-	-	212,369	-	240,127
Franchise and concession contracts	831,364	-	-	-	-	-	-	-	831,364
Other	31,605	10,000	42,609	31,085	-	1,020	55,760	134,555	306,634
	<u>\$ 6,116,662</u>	<u>\$ 390,231</u>	<u>\$ 85,602</u>	<u>\$ 2,652,748</u>	<u>\$ 526,840</u>	<u>\$ 77,117</u>	<u>\$ 268,129</u>	<u>\$ 576,311</u>	<u>\$ 10,693,640</u>
Expenses									
Salaries, wages and benefits	\$ 876,477	\$ 389,445	\$ 409,150	\$ 193,859	\$ -	\$ 45,073	\$ 59,577	\$ 653,425	\$ 2,627,006
Contracted and general services	496,618	284,417	102,074	307,196	478,476	3,291	255,484	208,642	2,136,198
Materials, goods, supplies and utilities	73,695	167,460	424,386	1,173,020	-	63,095	-	380,947	2,282,603
Transfer to local boards and agencies	-	-	-	-	-	450	-	211,792	212,242
Bank charges and short-term interest	90,530	-	-	-	-	-	-	1,555	92,085
Interest on capital long-term debt	-	-	117,339	81,871	-	-	-	-	199,210
Loss (gain) on disposal of tangible capital assets	(12,015)	-	10,294	-	-	-	-	(8,056)	(9,777)
Provision for allowances	11,552	294	-	3,282	-	-	-	-	15,128
	<u>\$ 1,536,857</u>	<u>\$ 841,616</u>	<u>\$ 1,063,243</u>	<u>\$ 1,759,228</u>	<u>\$ 478,476</u>	<u>\$ 111,909</u>	<u>\$ 315,061</u>	<u>\$ 1,448,305</u>	<u>\$ 7,554,695</u>
Excess (Shortfall) of revenue over expense before amortization and other expenses	\$ 4,579,805	\$ (451,385)	\$ (977,641)	\$ 893,520	\$ 48,364	\$ (34,792)	\$ (46,932)	\$ (871,994)	\$ 3,138,945
Government transfers for capital	-	-	421,016	37,127	-	-	-	39,921	498,064
Contributed and donated assets	-	-	-	-	-	-	-	-	-
Developer agreement and levies	-	-	-	-	-	-	-	-	-
Other Capital	-	-	-	-	-	-	-	-	-
Accretion expense	(2,186)	-	-	(68,534)	-	-	-	(2,420)	(73,140)
Amortization expense	(82,152)	(133,978)	(750,810)	(644,171)	(10,525)	-	-	(329,230)	(1,950,866)
Net surplus (deficit)	<u>\$ 4,495,467</u>	<u>\$ (585,363)</u>	<u>\$ (1,728,451)</u>	<u>\$ 249,349</u>	<u>\$ 37,839</u>	<u>\$ (34,792)</u>	<u>\$ (46,932)</u>	<u>\$ (1,201,224)</u>	<u>\$ 1,613,003</u>

Town of Crossfield
Notes to Financial Statements

December 31, 2024

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	2023 Total
Revenue									
Net municipal taxes	\$ 4,192,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,192,135
User fees and sales of goods	81,713	230,686	130	2,485,458	454,207	-	-	284,076	3,536,270
Government transfers for operating	-	191,575	40,174	-	58,599	75,324	-	50,518	416,190
Investment Income	230,793	-	-	-	-	-	-	-	230,793
Penalties and costs on taxes	142,644	-	-	19,947	-	-	-	-	162,591
Licenses and permits	25,617	320	-	-	-	-	309,622	-	335,559
Franchise and concession contracts	713,040	-	-	-	-	-	-	-	713,040
Other	4,649	-	65,150	3,689	-	995	21,600	480	96,563
	<u>\$ 5,390,591</u>	<u>\$ 422,581</u>	<u>\$ 105,454</u>	<u>\$ 2,509,094</u>	<u>\$ 512,806</u>	<u>\$ 76,319</u>	<u>\$ 331,222</u>	<u>\$ 335,074</u>	<u>\$ 9,683,141</u>
Expenses									
Salaries, wages and benefits	\$ 796,760	\$ 438,670	\$ 412,920	\$ 197,334	\$ -	\$ 43,880	\$ 22,429	\$ 624,111	\$ 2,536,104
Contracted and general services	501,962	262,784	295,544	329,902	470,393	3,273	304,413	210,574	2,378,845
Materials, goods, supplies and utilities	44,874	167,658	385,950	1,098,686	-	12,711	-	337,940	2,047,819
Transfer to local boards and agencies	-	-	-	-	-	57,049	-	182,740	239,789
Bank charges and short-term interest	14,874	-	-	-	-	-	-	-	14,874
Interest on capital long-term debt	-	-	123,111	90,539	-	-	-	-	213,650
Loss on disposal of tangible capital assets	159,412	8,068	-	235,607	-	-	-	2,336	405,423
Provision for allowances	103,978	137	-	5,318	-	-	-	-	109,433
	<u>\$ 1,621,860</u>	<u>\$ 877,317</u>	<u>\$ 1,217,525</u>	<u>\$ 1,957,386</u>	<u>\$ 470,393</u>	<u>\$ 116,913</u>	<u>\$ 326,842</u>	<u>\$ 1,357,701</u>	<u>\$ 7,945,937</u>
Excess (Shortfall) of revenue over expense before amortization and other expenses	\$ 3,768,731	\$ (454,736)	\$ (1,112,071)	\$ 551,708	\$ 42,413	\$ (40,594)	\$ 4,380	\$ (1,022,627)	\$ 1,737,204
Government transfers for capital	-	-	997,245	-	-	-	-	-	997,245
Contributed and donated assets	-	-	894,200	193,494	-	-	-	-	1,087,694
Developer agreement and levies	-	-	-	-	-	-	422,319	-	422,319
Accretion expense	(2,124)	-	-	(66,593)	-	-	-	(2,350)	(71,067)
Amortization expense	(80,091)	(136,924)	(736,180)	(636,822)	(9,402)	-	-	(296,920)	(1,896,339)
Net surplus (deficit)	<u>\$ 3,686,516</u>	<u>\$ (591,660)</u>	<u>\$ 43,194</u>	<u>\$ 41,787</u>	<u>\$ 33,011</u>	<u>\$ (40,594)</u>	<u>\$ 426,699</u>	<u>\$ (1,321,897)</u>	<u>\$ 2,277,056</u>

Town of Crossfield
Notes to Financial Statements

December 31, 2024

19. Budget Data

The unaudited budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>2024</u>
Budgeted surplus for the year	\$ -
Add:	
Budgeted transfers to reserves	<u>1,322,089</u>
Budgeted surplus per statement of operations	<u>\$ 1,322,089</u>

20. Salary and Benefits

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

	<u>Salary</u>	<u>Benefits & Allowances</u>	<u>Total 2024</u>	<u>Total 2023</u>
Mayor Harris	\$ 20,525	\$ 1,008	\$ 21,533	\$ 20,433
Councillor Brennan	14,075	1,008	15,083	14,208
Councillor Fox	12,450	1,008	13,458	13,158
Councillor Gustafson	12,000	1,008	13,008	13,008
Councillor Knight	12,000	1,008	13,008	13,008
Councillor Lambert	12,525	900	13,425	13,087
Councillor Vang	13,200	1,008	14,208	13,008
Chief Administration Officer (1)	180,775	25,907	206,682	103,492
Designated Officers (5)	\$ 308,329	\$ 43,249	\$ 351,578	\$ 369,574

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.

Town of Crossfield
Notes to Financial Statements

December 31, 2024

21. 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 LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

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 12.23% on pensionable earnings above this amount.

Contributions for the year were:

	2024	2023
Employer contributions	\$ 130,728	\$ 128,214
Employee contributions	116,351	114,102
	<u>\$ 247,079</u>	<u>\$ 242,316</u>

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion surplus). This amount is not specifically allocated to the participating government organizations. The 2024 actuarial balance was not available at the date these financial statements were released.

22. 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.

During the year, 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 \$64,600 (2023: 110,200).

Town of Crossfield
Notes to Financial Statements

December 31, 2024

22. Commitments (continued)

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:

2025	\$ 58,589
2026	43,760
2027	<u>144,074</u>
Total	<u>\$ 246,423</u>

23. Contingencies

A former employee has initiated proceedings against the Town in relation to a former employment contract. Neither the possible outcome nor the amount, if any, of possible settlement can be foreseen. Therefore, no provision has been made in these financial statements.

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.

December 31, 2024

24. 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).

25. Subsequent Events

Subsequent to year-end, the Town entered into an agreement with the Province of Alberta to assist in financing a capital asset through a debenture. The debenture term begins on August 8, 2025 and matures February 28, 2033. The principal payments total \$678,630, with the outstanding principal bearing a fixed interest rate of 3.97% per annum. The Town will receive the capital asset in May 2025. At December 31, 2024, the Town has paid a cash deposit of \$788,697 equal to 90% of the asset cost to secure ownership.

26. Approval of Financial Statements

Council and management approved these financial statements.
