

**Town of Crossfield**  
**Financial Statements**  
**For the year ended December 31, 2023**

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**Financial Statements**  
**For the year ended December 31, 2023**

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**Contents**

**Auditor's Report**

**Financial Statements**

Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Debt	5
Statement of Cash Flows	6
Schedule 1 - Changes in Accumulated Surplus	7
Summary of Significant Accounting Policies	8 - 11
Notes to the Financial Statements	12



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## Independent Auditor's Report

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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, 2023, 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, 2023, and results of operations, 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.

### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 24 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

### 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*

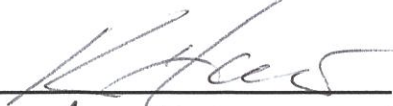
Chartered Professional Accountants

Calgary, Alberta  
April 23, 2024

**Town of Crossfield**  
**Statement of Financial Position**

December 31	2023	2022 Restated (Note 24)
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 7,783,742	\$ 5,261,642
Taxes and grants in place of taxes (Note 3)	565,843	551,465
Trade and other receivables	1,418,990	1,026,590
Receivables from other governments	68,234	68,082
	<b>9,836,809</b>	<b>6,907,779</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	810,828	717,900
Deposit liabilities (Note 5)	191,990	139,095
Deferred revenue (Note 6)	1,664,133	1,345,416
Long-term debt (Note 7)	7,044,139	7,516,370
Asset retirement obligation (Note 13)	2,445,142	2,374,075
	<b>12,156,232</b>	<b>12,092,856</b>
<b>Net debt</b>	<b>(2,319,423)</b>	<b>(5,185,077)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	54,706,124	55,308,510
Prepaid expenses	113,120	99,332
	<b>54,819,244</b>	<b>55,407,842</b>
<b>Accumulated surplus (Note 12)</b>	<b>\$ 52,499,821</b>	<b>\$ 50,222,765</b>

Contaminated Sites Liability (Note 14)  
 Commitments (Note 22)  
 Contingencies (Note 23)  
 Prior Period Adjustment (Note 24)  
 Comparative Figures (Note 28)

  
 \_\_\_\_\_ Mayor, Town of Crossfield  
 April 24, 2024

**Town of Crossfield**  
**Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget (Unaudited)</b>	<b>2023</b>	<b>2022 Restated (Note 24)</b>
<b>Revenue</b>			
Net municipal taxes (Note 15)	\$ 4,192,135	\$ 4,192,135	\$ 3,985,750
Government transfers for operating (Note 16)	462,782	416,190	367,955
Sales and user fees	3,215,450	3,536,270	3,440,084
Franchises and concessions	755,042	713,040	224,413
Investment income	100,000	230,793	131,189
Penalties and costs on taxes	162,470	162,591	161,168
Other	30,530	96,563	119,712
Licenses and permits	197,250	335,559	268,405
	<u>9,115,659</u>	<u>9,683,141</u>	<u>8,698,676</u>
<b>Expenditures (Note 17)</b>			
General Government	1,501,774	1,704,075	1,718,999
Protective services	1,062,481	1,014,241	1,089,574
Transportation services	2,188,031	1,953,705	1,881,478
Water and wastewater	2,561,544	2,660,801	2,347,163
Waste management	468,281	479,795	466,883
Development and planning	199,316	326,842	213,231
Recreation and culture	1,670,670	1,656,971	1,498,526
Public health and welfare	116,318	116,913	110,524
	<u>9,768,415</u>	<u>9,913,343</u>	<u>9,326,378</u>
<b>Deficiency of revenue over expenditures - before other</b>	(652,756)	(230,202)	(627,702)
<b>Other</b>			
Government transfers for capital (Note 16)	1,318,495	997,245	1,056,342
Contributed and donated assets	-	1,087,694	-
Developers' agreements and levies	325,236	422,319	308,703
	<u>990,975</u>	<u>2,277,056</u>	<u>737,343</u>
<b>Excess of revenue over expenditures</b>	<u>990,975</u>	<u>2,277,056</u>	<u>737,343</u>
<b>Accumulated surplus, beginning of the year</b>	<u>50,222,765</u>	<u>50,222,765</u>	<u>49,485,422</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 51,213,740</u>	<u>\$ 52,499,821</u>	<u>\$ 50,222,765</u>

**Town of Crossfield**  
**Statement of Changes in Net Debt**

<b>For the year ended December 31</b>	Budget (Unaudited)	2023	2022 Restated (Note 24)
Excess of revenue over expenditures	\$ 990,975	\$ 2,277,056	\$ 737,343
Acquisition of tangible capital assets	-	(1,022,759)	(1,525,622)
Contributed and donated assets	-	(1,087,694)	-
Amortization of tangible capital assets	1,823,271	1,896,339	1,895,253
Proceeds on disposal of tangible capital assets	-	411,077	15,101
Loss on disposal of tangible capital assets	-	405,423	122,628
	2,814,246	2,879,442	1,244,703
Change in prepaid expenses	-	(13,788)	(4,203)
<b>Net change in net debt</b>	<b>2,814,246</b>	<b>2,865,654</b>	<b>1,240,500</b>
<b>Net debt, beginning of year</b>	<b>(5,185,077)</b>	<b>(5,185,077)</b>	<b>(6,425,577)</b>
<b>Net debt, end of year</b>	<b>\$ (2,370,831)</b>	<b>\$ (2,319,423)</b>	<b>\$ (5,185,077)</b>

**Town of Crossfield**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b> Restated (Note 24)
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ 2,277,056	\$ 737,343
Items not involving cash		
Amortization	1,896,339	1,895,253
Net loss on disposal of tangible capital assets	405,423	180,377
Tangible capital assets received as contributions	(1,087,694)	-
Changes in non-cash operating balances		
Taxes and grants in place of taxes	(14,378)	33,309
Trade and other receivables	(392,400)	(449,001)
Receivables from other governments	(152)	414,780
Prepaid expenses	(13,788)	(4,203)
Accounts payable and accrued liabilities	92,928	110,632
Deposit liabilities	52,895	(61,680)
Deferred revenue	318,717	(315,171)
Asset retirement obligation	71,067	67,512
	<b>3,606,013</b>	<b>2,609,151</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,022,759)	(1,583,371)
Proceeds on disposal of tangible capital assets	411,077	15,101
	<b>(611,682)</b>	<b>(1,568,270)</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(517,904)	(478,358)
Proceeds from long-term debt	45,673	-
	<b>(472,231)</b>	<b>(478,358)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,522,100</b>	<b>562,523</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,261,642</b>	<b>4,699,119</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,783,742</b>	<b>\$ 5,261,642</b>



**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	2023	Restated (Note 24) 2022
<b>Balance, beginning of year</b>	\$ (470,163)	\$ 2,900,788	\$ 47,792,140	\$ 50,222,765	\$ 49,485,422
Excess of revenue over expenses	2,277,056	-	-	2,277,056	737,343
Unrestricted funds designated for future use	(1,908,659)	1,908,659	-	-	-
Restricted funds used for tangible capital assets	-	(117,596)	117,596	-	-
Current year funds used for tangible capital assets	(905,163)	-	905,163	-	-
Contributed assets	(1,087,694)	-	1,087,694	-	-
Net book value of disposed tangible capital assets	816,500	-	(816,500)	-	-
Annual amortization expense	1,896,339	-	(1,896,339)	-	-
Long-term debt proceeds	45,673	-	(45,673)	-	-
Long-term debt repaid	(517,904)	-	517,904	-	-
Change in accumulated surplus	616,148	1,791,063	(130,155)	2,277,056	737,343
<b>Balance, end of year</b>	<b>\$ 145,985</b>	<b>\$ 4,691,851</b>	<b>\$ 47,661,985</b>	<b>\$ 52,499,821</b>	<b>\$ 50,222,765</b>

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**Town of Crossfield**  
**Summary of Significant Accounting Policies**

**December 31, 2023**

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**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.

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**Town of Crossfield**  
**Summary of Significant Accounting Policies**

**December 31, 2023**

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<b>Leases</b>	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.
<b>Long-term Debt</b>	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.
<b>Excess Collections and Under-levies</b>	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.
<b>Deferred Revenue</b>	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.
<b>Government Transfers</b>	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.
<b>Revenue Recognition</b>	<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>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>

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**Town of Crossfield**  
**Summary of Significant Accounting Policies**

**December 31, 2023**

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**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.

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**Town of Crossfield**  
**Summary of Significant Accounting Policies**

**December 31, 2023**

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**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.

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

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**2. Cash and Cash Equivalents**

	<u>2023</u>	<u>2022</u>
Total cash	<u>\$ 7,783,742</u>	<u>\$ 5,261,642</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, \$1,664,134 (2022: \$1,345,416) of the cash is not available for general use by the Town.

Of the remaining balance of cash an additional \$191,990 (2022: \$139,095) is considered restricted cash and not available for general use as it relates to deposits received.

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**3. Taxes and Grants in Place of Taxes Receivable**

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	\$ 409,614	\$ 365,032
Arrears taxes	156,229	186,433
	<u>\$ 565,843</u>	<u>\$ 551,465</u>

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

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**4. Accounts Payable and Accrued Liabilities**

	<u>2023</u>		<u>2022</u>
Trade accounts payable	\$ 677,947	\$	582,630
Accrued liabilities	39,125		41,514
Holdbacks payable	93,756		93,756
	<u>\$ 810,828</u>	\$	<u>717,900</u>

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**5. Deposit Liabilities**

In addition to utility deposits of \$1,100 (2022: \$20,705) and damage deposits of \$36,890 (2022: \$9,390), 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 \$154,000 (2022: \$109,000).

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**6. Deferred Revenue**

	2023	2022
Canada Community-Building Fund	\$ 1,387,542	\$ 1,104,588
Alberta Community Partnership	176,074	200,000
Active Transportation Fund	9,813	24,105
Alberta Healthy Communities Initiative	1,987	16,378
Water for Life Program	35,659	-
Municipal Sustainability Initiative	43,866	-
Canadian Mental Health Association	3,806	345
New Horizons for Seniors	5,386	-
	\$ 1,664,133	\$ 1,345,416

**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.

**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.



**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**7. Long-term Debt**

	2023		2022
Tax supported debentures	\$	7,044,139	\$ 7,516,370
	Principle	Interest	Total
2024	\$ 536,442	\$ 203,942	\$ 740,384
2025	550,748	187,072	737,820
2026	551,159	170,324	721,483
2027	564,447	154,136	718,583
2028	581,079	137,503	718,582
Thereafter	4,260,264	579,750	4,840,014
	\$ 7,044,139	\$ 1,432,727	\$ 8,476,866

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 \$536,442 (2022: \$502,543). 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 \$213,650 (2022: \$228,648).

**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 (2022: \$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 (2022: \$nil).

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

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

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**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:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 15,413,507	\$ 12,681,026
Total debt	<u>7,044,138</u>	<u>7,516,370</u>
Total debt limit available	<u>8,369,369</u>	<u>5,164,656</u>
Debt servicing limit	2,934,527	2,113,504
Debt servicing	<u>718,582</u>	<u>718,582</u>
Total debt servicing limit available	<u>2,215,945</u>	<u>1,394,922</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.

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**10. Tangible Capital Assets**

**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
Change in work 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, 2023**

**10. Tangible Capital Assets (continued)**

**For the year ended December 31**

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Restated (Note 24) Total 2022
Cost, beginning of year	\$ 57,750	\$ 3,035,592	\$ 4,701,943	\$ 8,078,037	\$ 56,648,146	\$ 6,245,665	\$ 1,684,305	\$ 80,451,438
Acquisition of Tangible Capital Assets	217,425	-	82,771	169,209	814,406	299,560	-	1,583,371
Construction-in-progress	(57,749)	-	-	-	-	-	-	(57,749)
Disposal of Tangible Capital Assets	-	-	(10,400)	-	(473,043)	-	(34,396)	(517,839)
Cost, end 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
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 1,458,351	\$ 2,195,031	\$ 16,887,922	\$ 3,054,991	\$ 1,039,273	\$ 24,635,568
Amortization	-	-	207,713	189,652	1,114,404	304,009	79,475	1,895,253
Disposals	-	-	(10,400)	-	(335,314)	-	(34,396)	(380,110)
Accumulated amortization, end of year	\$ -	\$ -	\$ 1,655,664	\$ 2,384,683	\$ 17,667,012	\$ 3,359,000	\$ 1,084,352	\$ 26,150,711
Net book amount of Tangible Capital Assets	\$ 217,426	\$ 3,035,592	\$ 3,118,650	\$ 5,862,563	\$ 39,322,497	\$ 3,186,225	\$ 565,557	\$ 55,308,510

**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

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**11. Equity in Tangible Capital Assets**

	2023	2022
Tangible capital assets	\$ 81,899,815	\$ 81,459,221
Accumulated amortization	(27,193,691)	(26,150,711)
Long-term debt	(7,044,139)	(7,516,370)
	<b>\$ 47,661,985</b>	<b>\$ 47,792,140</b>

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**12. Accumulated Surplus**

	2023	2022
Equity in tangible capital assets	\$ 47,661,985	\$ 47,792,140
Unrestricted surplus (deficit)	145,985	(470,163)
	<b>47,807,970</b>	<b>47,321,977</b>
Restricted surplus		
Public works	163,524	15,000
Fire	95,000	45,000
Police	30,000	15,000
Roadways	500,000	500,000
Water	40,000	10,000
Wastewater treatment and disposal	3,741	8,000
Cemetery	60,000	30,000
Subdivision	2,633,234	2,210,917
Parks and recreation	247,912	66,871
General	507,364	-
General - Admin building	411,076	-
	<b>4,691,851</b>	<b>2,900,788</b>
	<b>\$ 52,499,821</b>	<b>\$ 50,222,765</b>

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**December 31, 2023**

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**13. Asset Retirement Obligations**

During the year, the Town adopted PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Information presented for comparative purposes is restated unless the necessary financial data is not reasonably determinable.

Modified Retroactive application: During the year, the Town adopted a new accounting policy with respect to future obligations to retire an asset or to restore a site including dismantling, and remediation. The Town now accounts for such transactions by initially recognizing and recording as an obligation based on estimated future cash flows discounted at a credit-adjusted risk-free rate. These assets retirement obligations are adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The assets retirement obligations are also accreted to full value over time through periodic charges to statement of operations. This unwinding of the discount is charged to accretion expense in the statement of operations.

The amount of assets retirement obligation initially recognized is capitalized as part of the related asset's carrying value. The straight line method of depreciation is followed to amortize these.

Prior to this, the Town did not account for these transactions. The Town believes the new policy provides a fair presentation of the results and the financial position of the Town.

This adoption of policy has been applied on a modified retroactive basis with restatement of prior period comparative amounts. The December 31, 2022, balance sheets are adjusted in providing comparative figures in the December 31, 2023, financial statements. Previously reported December 31, 2022, operating surplus is impacted by a net decrease of \$120,194 due to the new standard for the increase in ARO Accretion expense of \$67,512 and amortization of ARO Assets of \$52,970. The opening balance of accumulated surplus as at January 1, 2022 is decreased by \$560,322 due to adoption of the new standard and an increase in net book value of ARO Assets of \$813,841.

**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, 2023**

13. Asset Retirement Obligations (continued)

	<b>Asbestos</b>	<b>Lagoon</b>	<b>2023 Total</b>
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>

	<b>Asbestos</b>	<b>Lagoon</b>	<b>2022 Total</b>
Balance, beginning of year	\$ 148,892	\$ 2,157,671	\$ 2,306,563
Liabilities incurred	-	-	-
Liabilities settled	-	-	-
Change in estimated cash flows	-	-	-
Accretion expense	4,634	62,878	67,512
Estimated total liability	<u>\$ 153,526</u>	<u>\$ 2,220,549</u>	<u>\$ 2,374,075</u>

**14. Contaminated Sites Liability**

During the year, the Town did not identify any financial liabilities (2022: \$nil) as a result of contaminated sites.

**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**15. Property and Other Taxes**

	Budget (Unaudited)	2023	2022
Real property taxes	\$ 6,079,814	\$ 6,123,400	\$ 5,867,372
Special assessments and local Tax Recovery	-	-	6,052
	<u>6,079,814</u>	<u>6,123,400</u>	<u>5,873,424</u>
Requisitions			
Alberta School Foundation Fund	1,853,849	1,896,156	1,853,849
Rocky View Foundation	33,830	35,109	33,825
	<u>1,887,679</u>	<u>1,931,265</u>	<u>1,887,674</u>
Net Municipal Taxes	<u>\$ 4,192,135</u>	<u>\$ 4,192,135</u>	<u>\$ 3,985,750</u>

**16. Government Transfers**

	Budget (Unaudited)	2023	2022
Transfers for Operating			
Federal government	\$ 102,700	\$ 53,668	\$ 45,172
Provincial government	150,082	152,522	112,783
Local government	210,000	210,000	210,000
	<u>462,782</u>	<u>416,190</u>	<u>367,955</u>
Transfers for Capital			
Provincial government	1,318,495	827,034	1,056,342
Local government	-	170,211	-
	<u>1,318,495</u>	<u>997,245</u>	<u>1,056,342</u>
Total government transfers	<u>\$ 1,781,277</u>	<u>\$ 1,413,435</u>	<u>\$ 1,424,297</u>



**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**17. Expenses by Object**

	Budget (Unaudited)	2023	Restated (Note 24) 2022
Salaries and wages	\$ 2,726,023	\$ 2,536,104	\$ 2,714,034
Contracted and general services	2,047,741	2,378,845	1,968,480
Materials, goods, supplies and utilities	2,201,739	2,047,819	2,067,009
Transfers to local boards and agencies	236,957	239,789	228,032
Bank charges and short-term interest	8,240	14,874	14,641
Interest on capital long-term debt	718,444	213,650	228,648
Loss on disposal of tangible capital assets	-	405,423	122,628
Amortization	1,823,271	1,896,339	1,895,253
Accretion expense	-	71,067	67,512
Provision for allowances	6,000	109,433	20,141
	<u>\$ 9,768,415</u>	<u>\$ 9,913,343</u>	<u>\$ 9,326,378</u>

**December 31, 2023**

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**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.

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**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
<b>Revenue</b>									
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>
<b>Expenses</b>									
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 (gain) 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
Other Capital	-	-	-	-	-	-	-	-	-
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)
<b>Net surplus (deficit)</b>	<u>\$ 3,608,549</u>	<u>\$ (591,660)</u>	<u>\$ (1,848,251)</u>	<u>\$ (85,114)</u>	<u>\$ 33,011</u>	<u>\$ (40,594)</u>	<u>\$ 426,699</u>	<u>\$ (1,319,547)</u>	<u>\$ 2,277,056</u>

**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**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	Restated (Note 24) 2022 Total
<b>Revenue</b>									
Net municipal taxes	\$ 3,985,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985,750
User fees and sales of goods	105,615	326,489	254	2,265,708	452,588	-	-	289,430	3,440,084
Government transfers for operating	-	191,900	2,399	-	58,599	72,284	-	42,773	367,955
Investment Income	131,189	-	-	-	-	-	-	-	131,189
Penalties and costs on taxes	132,051	-	-	29,117	-	-	-	-	161,168
Licenses and permits	22,459	250	-	-	-	-	245,696	-	268,405
Franchise and concession contracts	224,413	-	-	-	-	-	-	-	224,413
Other	19,911	20,001	1,320	10,287	-	-	68,003	190	119,712
	<u>\$ 4,621,388</u>	<u>\$ 538,640</u>	<u>\$ 3,973</u>	<u>\$ 2,305,112</u>	<u>\$ 511,187</u>	<u>\$ 72,284</u>	<u>\$ 313,699</u>	<u>\$ 332,393</u>	<u>\$ 8,698,676</u>
<b>Expenses</b>									
Salaries, wages and benefits	\$ 1,065,408	\$ 491,079	\$ 425,568	\$ 172,541	\$ -	\$ 35,387	\$ 27,846	\$ 496,205	\$ 2,714,034
Contracted and general services	452,128	235,083	162,737	293,559	458,042	13,365	185,385	168,181	1,968,480
Materials, goods, supplies and utilities	88,152	199,468	428,758	969,770	-	7,372	-	373,489	2,067,009
Transfer to local boards and agencies	-	-	-	-	-	54,400	-	173,632	228,032
Bank charges and short-term interest	14,641	-	-	-	-	-	-	-	14,641
Interest on capital long-term debt	-	-	129,615	99,033	-	-	-	-	228,648
Loss on disposal of tangible capital assets	-	-	(4,100)	126,728	-	-	-	-	122,628
Provision for allowances	2,049	15,625	-	2,467	-	-	-	-	20,141
	<u>\$ 1,622,378</u>	<u>\$ 941,255</u>	<u>\$ 1,142,578</u>	<u>\$ 1,664,098</u>	<u>\$ 458,042</u>	<u>\$ 110,524</u>	<u>\$ 213,231</u>	<u>\$ 1,211,507</u>	<u>\$ 7,363,613</u>
Excess (Shortfall) of revenue over expense before amortization and other expenses	\$ 2,999,010	\$ (402,615)	\$ (1,138,605)	\$ 641,014	\$ 53,145	\$ (38,240)	\$ 100,468	\$ (879,114)	\$ 1,335,063
Government transfers for capital	-	-	1,056,342	-	-	-	-	-	1,056,342
Contributed and donated assets	-	-	-	-	-	-	-	-	-
Developer agreement and levies	-	-	-	-	-	-	281,832	26,871	308,703
Accretion expense	-	-	-	(63,164)	-	-	-	(4,348)	(67,512)
Amortization expense	(96,621)	(148,319)	(738,900)	(619,901)	(8,841)	-	-	(282,671)	(1,895,253)
<b>Net surplus (deficit)</b>	<u>\$ 2,902,389</u>	<u>\$ (550,934)</u>	<u>\$ (821,163)</u>	<u>\$ (42,051)</u>	<u>\$ 44,304</u>	<u>\$ (38,240)</u>	<u>\$ 382,300</u>	<u>\$ (1,139,262)</u>	<u>\$ 737,343</u>

**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**19. Budget Data**

The unaudited budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by the Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<b>2023</b>
Budgeted surplus for the year	\$ -
Add:	
Budgeted transfers to reserves	2,814,246
Less:	
Budgeted amortization	(1,823,271)
Budgeted surplus per statement of operations	\$ 990,975

**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:

	<b>Salary</b>	<b>Benefits &amp; Allowances</b>	<b>Total 2023</b>	<b>Total 2022</b>
Mayor Harris	\$ 19,425	\$ 1,008	\$ 20,433	\$ 22,173
Councillor Brennan	13,200	1,008	14,208	15,373
Councillor Fox	12,150	1,008	13,158	15,566
Councillor Gustafson	12,000	1,008	13,008	14,045
Councillor Knight	12,000	1,008	13,008	14,905
Councillor Lambert	12,150	937	13,087	15,695
Councillor Vang	12,000	1,008	13,008	14,970
Chief Administration Officer (1)	91,310	12,182	103,492	171,956
Designated Officers (5)	\$ 327,855	\$ 41,719	\$ 369,574	\$ 379,138

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.

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**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

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**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:

	<u>2023</u>		<u>2022</u>
Employer contributions	\$ 128,214	\$	126,831
Employee contributions	114,102		113,133
	<u>\$ 242,316</u>	\$	<u>239,964</u>

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion surplus). This amount is not specifically allocated to the participating government organizations. The 2023 actuarial balance was not available at the date these financial statements were released.

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**22. Commitments**

In 2019, the Town entered into a 5 year lease agreement with the Collicutt Siding Golf Club to lease certain lands that the Town owns and where the golf club is situated. The annual lease payment is \$20,000.

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 2019, 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, 2024 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 \$110,200 (2022: \$nil).

**Town of Crossfield**  
**Notes to Financial Statements**

**December 31, 2023**

**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 are \$50,161 (2022: \$44,395). The minimum lease payments for next year is as follows:

2024	\$	77,974
2025		63,387
2026		<u>19,000</u>
Total	\$	<u><u>160,361</u></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.

**24. Prior Period Adjustment**

During the year, the Town discovered that prior year contributed assets from 2018 were understated. As a result, in prior year there was an understatement of contributed assets included in the TCA listing, an understatement of opening accumulated surplus, and an understatement of amortization expense. Management has therefore, restated the comparative figures presented for the year ended December 31, 2022.

The following table summarizes the changes to the comparative financial information:

<b>Statement of Financial Position</b>	<b>As Previously Stated</b>	<b>Adjustment</b>	<b>Adjusted Balance</b>
TCA	\$54,306,288	\$1,002,222	\$55,308,510
Accumulated surplus	\$49,220,543	\$1,002,222	\$50,222,765
<b>Statement of Operations</b>	<b>As Previously Stated</b>	<b>Adjustment</b>	<b>Adjusted Balance</b>
Amortization expense	\$1,870,809	\$24,444	\$1,895,253
Accumulated surplus - opening	48,431,755	1,026,667	49,458,422
Accumulated surplus - ending	\$49,220,543	\$1,002,222	\$50,222,765

**December 31, 2023**

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**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 6).

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**26. Subsequent Events**

Subsequent to year end, the Town entered into an operating agreement for parks equipment with Kubota for estimated costs of \$248,759.

In January 2024, the acquisition of land forfeited through a tax sale was approved by Council.

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**27. Approval of Financial Statements**

Council and management approved these financial statements.

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**28. Comparative Figures**

Some of the comparative figures have been reclassified to conform to current years presentation. The changes do not affect prior year excess of revenues over expenditures.

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