

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Crossfield, which comprise the statement of financial position as at December 31, 2017 and the statement of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Crossfield as at December 31, 2017, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**HANNA, ALBERTA
AUGUST 24, 2018**

Endeavor
CHARTERED PROFESSIONAL ACCOUNTANTS

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,687,368	\$ 4,120,058
Receivables		
Taxes and grants in place of taxes (Note 3)	324,889	289,382
Trade and other receivables	876,912	799,772
Receivables from other governments	541,766	839,114
Land inventory held for resale	23,439	23,439
Investments (Note 4)	<u>10</u>	<u>10</u>
	<u>6,454,384</u>	<u>6,071,775</u>
LIABILITIES		
Accounts payable and accrued liabilities	557,942	682,732
Payable to other governments	116,951	140,483
Deposit liabilities (Note 5)	549,832	437,417
Deferred revenue (Note 6)	430,719	2,069,702
Long-term debt (Note 7)	<u>4,614,218</u>	<u>4,925,844</u>
	<u>6,269,662</u>	<u>8,256,178</u>
NET FINANCIAL ASSETS (DEBT)	<u>184,722</u>	<u>(2,184,403)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	36,169,984	32,967,708
Prepaid expenses	<u>66,940</u>	<u> </u>
	<u>36,236,924</u>	<u>32,967,708</u>
ACCUMULATED SURPLUS	<u>\$ 36,421,646</u>	<u>\$ 30,783,305</u>
	COMMITMENTS (SEE NOTE 15)	
	CONTINGENCIES (SEE NOTE 16)	

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,082,291	\$ 3,081,076	\$ 2,853,412
User fees and sale of goods	2,668,220	2,913,445	2,793,840
Government transfers for operating (Schedule 3)	287,638	289,608	286,319
Investment income	53,920	61,632	45,232
Penalties and costs on taxes	127,100	130,691	98,321
Transfers from local boards and agencies	11,350	7,235	11,348
Licenses and permits	180,600	246,031	255,565
Franchise and concession contracts	136,420	152,514	124,969
Gain on disposal of tangible capital assets		2,857	4,539
Other	19,900	22,954	14,050
Total Revenue	<u>6,567,439</u>	<u>6,908,043</u>	<u>6,487,595</u>
EXPENSES			
Legislative	96,100	91,719	93,280
Administration	1,016,386	829,997	805,608
Protective services	843,796	852,255	866,690
Transportation	1,510,314	1,383,798	1,577,515
Water supply and distribution	1,214,052	1,277,304	1,252,678
Wastewater treatment and disposal	315,939	386,529	381,719
Public health and welfare	89,270	98,823	93,012
Land use planning, zoning and development	130,990	91,788	93,868
Economic/agricultural development	158,904	137,450	103,239
Subdivision land and development	41,700	66,473	47,585
Waste management	379,230	385,717	385,306
Parks and recreation	608,166	754,929	425,239
Culture	159,340	207,973	201,181
Total Expenses	<u>6,564,187</u>	<u>6,564,755</u>	<u>6,326,920</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER			
	3,252	343,288	160,675
Government transfers for capital (Schedule 3)	950,000	2,921,762	498,760
Contributed and donated assets		1,647,677	81,502
Other capital revenues		260,000	50,000
Developers' agreements and levies		465,614	271,006
EXCESS OF REVENUE OVER EXPENSES	953,252	5,638,341	1,061,943
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>30,783,305</u>	<u>30,783,305</u>	<u>29,721,362</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 31,736,557</u>	<u>\$ 36,421,646</u>	<u>\$ 30,783,305</u>

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>953,252</u>	\$ <u>5,638,341</u>	\$ <u>1,061,943</u>
Acquisition of tangible capital assets	(1,799,200)	(2,717,594)	(2,404,509)
Contributed and donated assets		(1,647,677)	(81,502)
Proceeds on sale of tangible capital assets		43,983	49,478
Amortization of tangible capital assets		1,119,330	1,163,436
(Gain) loss on sale of tangible capital assets		(318)	15,411
	<u>(1,799,200)</u>	<u>(3,202,276)</u>	<u>(1,257,686)</u>
Change in prepaid expenses		(66,940)	
(INCREASE) DECREASE IN NET DEBT	845,948	2,369,125	(195,743)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>2,184,403</u>	<u>(2,184,403)</u>	<u>(1,988,660)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (3,030,351)</u>	<u>\$ 184,722</u>	<u>\$ (2,184,403)</u>

**TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2017 **2016**

**NET INFLOW(OUTFLOWS) OF CASH RELATED TO
THE FOLLOWING ACTIVITIES:**

OPERATING

Excess (shortfall) of revenues over expenses	\$ 5,638,341	\$ 1,061,943
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	1,119,330	1,163,436
Loss on sale of tangible capital assets	(318)	15,411
Tangible capital assets received as contributions	<u>(1,647,677)</u>	<u>(81,502)</u>
	5,109,676	2,159,288
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(35,507)	(87,841)
Decrease(increase) in trade and other receivables	(77,140)	(80,841)
Decrease(increase) in receivables from other governments	297,348	(440,898)
Decrease(increase) in prepaid expenses	(66,940)	
Increase(decrease) in accounts payable and accrued liabilities	(148,322)	26,145
Increase(decrease) in deposit liabilities	112,415	175,817
Increase(decrease) in deferred revenue	<u>(1,638,983)</u>	<u>930,886</u>
Cash provided by (applied to) operating transactions	<u>3,552,547</u>	<u>2,682,556</u>

CAPITAL

Acquisition of tangible capital assets	(2,717,594)	(2,404,509)
Proceeds on sale of tangible capital assets	<u>43,983</u>	<u>49,478</u>
Cash provided by (applied to) capital transactions	<u>(2,673,611)</u>	<u>(2,355,031)</u>

FINANCING

Long term debt issued	33,578	
Long term debt repaid	<u>(345,204)</u>	<u>(389,934)</u>
Cash provided by (applied to) financing transactions	<u>(311,626)</u>	<u>(389,934)</u>

CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR 567,310 (62,409)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 4,120,058 4,182,467

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 4,687,368 \$ 4,120,058

Cash and cash equivalents is made up of:

Cash and temporary investments (Note 2)	<u>\$ 4,687,368</u>	<u>\$ 4,120,058</u>
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TOWN OF CROSSFIELD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
COST:									
BALANCE, BEGINNING OF YEAR	\$ 1,608,153	\$ 3,035,592	\$ 2,180,548	\$ 4,007,306	\$ 33,790,614	\$ 5,033,039	\$ 1,589,532	\$ 51,244,784	\$ 48,863,275
Acquisition of tangible capital assets	(585,578)		18,999	1,229,662	2,388,317	323,595		3,374,995	999,658
Construction-in-progress	990,276				(5,872)	(48,384)		990,276	1,486,353
Disposal of tangible capital assets								(54,256)	(104,502)
BALANCE, END OF YEAR	<u>2,012,851</u>	<u>3,035,592</u>	<u>2,199,547</u>	<u>5,236,968</u>	<u>36,173,059</u>	<u>5,308,250</u>	<u>1,589,532</u>	<u>55,555,799</u>	<u>51,244,784</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR			951,353	1,397,750	13,595,095	1,657,146	675,732	18,277,076	17,153,253
Annual amortization			100,386	90,976	597,595	256,558	73,815	1,119,330	1,163,436
Accumulated amortization on disposal					(3,333)	(7,258)		(10,591)	(39,613)
BALANCE, END OF YEAR			<u>1,051,739</u>	<u>1,488,726</u>	<u>14,189,357</u>	<u>1,906,446</u>	<u>749,547</u>	<u>19,385,815</u>	<u>18,277,076</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 2,012,851</u>	<u>\$ 3,035,592</u>	<u>\$ 1,147,808</u>	<u>\$ 3,748,242</u>	<u>\$ 21,983,702</u>	<u>\$ 3,401,804</u>	<u>\$ 839,985</u>	<u>\$ 36,169,984</u>	<u>\$ 32,967,708</u>
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,608,153</u>	<u>\$ 3,035,592</u>	<u>\$ 1,229,195</u>	<u>\$ 2,609,556</u>	<u>\$ 20,195,519</u>	<u>\$ 3,375,893</u>	<u>\$ 913,800</u>	<u>\$ 32,967,708</u>	

TOWN OF CROSSFIELD
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017
Schedule 2

	Budget (Unaudited)	2017	2016
TAXATION			
Real property taxes	\$ 4,544,142	\$ 4,542,927	\$ 4,291,565
Linear property taxes	64,584	64,584	67,889
Government grants in place of property taxes	<u>5,597</u>	<u>5,597</u>	<u>5,547</u>
	<u>4,614,323</u>	<u>4,613,108</u>	<u>4,365,001</u>
REQUISITIONS			
Alberta School Foundation Fund	1,512,412	1,512,412	1,490,720
Rocky View Foundation	<u>19,620</u>	<u>19,620</u>	<u>20,869</u>
	<u>1,532,032</u>	<u>1,532,032</u>	<u>1,511,589</u>
NET MUNICIPAL TAXES	<u>\$ 3,082,291</u>	<u>\$ 3,081,076</u>	<u>\$ 2,853,412</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017
Schedule 3

	Budget (Unaudited)	2017	2016
TRANSFERS FOR OPERATING			
Provincial government	\$ 118,278	\$ 116,168	\$ 116,952
Federal government	4,830	6,588	4,833
Local governments	<u>164,530</u>	<u>166,852</u>	<u>164,534</u>
	<u>287,638</u>	<u>289,608</u>	<u>286,319</u>
TRANSFERS FOR CAPITAL			
Provincial government	792,682	2,563,480	311,877
Federal government	<u>157,318</u>	<u>358,282</u>	<u>186,883</u>
	<u>950,000</u>	<u>2,921,762</u>	<u>498,760</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,237,638</u>	<u>\$ 3,211,370</u>	<u>\$ 785,079</u>

TOWN OF CROSSFIELD
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 4

	Budget (Unaudited)	2017	2016
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 2,001,060	\$ 1,932,357	\$ 1,746,113
Contracted and general services	1,391,577	1,470,131	1,569,446
Materials, goods, supplies and utilities	1,567,796	1,634,990	1,480,262
Provision for allowances	10	62,352	
Transfers to local boards and agencies	143,480	179,683	175,179
Bank charges and short term interest	11,000	22,169	22,546
Interest on capital long term debt	138,737	141,204	149,988
Amortization of tangible capital assets	1,310,527	1,119,330	1,163,436
Loss on disposal of tangible capital assets		2,539	19,950
	<u>\$ 6,564,187</u>	<u>\$ 6,564,755</u>	<u>\$ 6,326,920</u>

TOWN OF CROSSFIELD
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 55,848	\$ 2,685,593	\$ 28,041,864	\$ 30,783,305	\$ 29,721,362
Excess of revenues over expenses	5,638,341			5,638,341	1,061,943
Unrestricted funds designated for future use	(829,488)	829,488			
Restricted funds used for operations	25,000	(25,000)			
Current year funds used for tangible capital assets	(2,684,016)		2,684,016		
Contributed tangible capital assets	(1,647,677)		1,647,677		
Disposal of tangible capital assets	43,665		(43,665)		
Annual amortization expense	1,119,330		(1,119,330)		
Long term debt repaid	(345,204)		345,204		
Change in accumulated surplus	1,319,951	804,488	3,513,902	5,638,341	1,061,943
BALANCE, END OF YEAR	\$ 1,375,799	\$ 3,490,081	\$ 31,555,766	\$ 36,421,646	\$ 30,783,305

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Crossfield are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that 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 also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets;
- Accrued liabilities;
- Fair value of contributed tangible capital assets

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

f) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

h) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

i) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Net Municipal Taxes

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Town Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

k) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

l) Contributions

Developer contributions received from third parties are recognized as revenue when the related expenditures have been incurred.

m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	10-25
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-20
Vehicles	10-25

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. 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 Consolidated Statement of Operations.

iii. 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$ <u>4,687,368</u>	\$ <u>4,120,058</u>

The Town earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.55% as well as at rates between 1.7% and 1.8%. All deposits are highly liquid and redeemable within 90 days or less.

The Town received certain 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 been completed for which this restricted funding has been received, \$75,000 (2016 - \$1,759,778) of the cash and temporary investments are not available for general use by the Town.

Of the cash and temporary investments \$549,832 (2016 - \$437,417) 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

	2017	2016
Current taxes and grants in place taxes	\$ 230,782	\$ 185,777
Arrears taxes	<u>155,860</u>	<u>103,605</u>
	386,642	289,382
Less: allowance for doubtful accounts	<u>(61,753)</u>	<u> </u>
	<u>\$ 324,889</u>	<u>\$ 289,382</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. INVESTMENTS

	<u>2017</u>		<u>2016</u>	
	Cost	Market Value	Cost	Market Value
Other institutional and private corporation bonds	\$ 10	\$ 10	\$ 10	\$ 10

5. DEPOSIT LIABILITIES

In addition to utility deposits of \$26,450 (\$27,590 - 2016) and damage deposits of \$18,595 (\$15,590 - 2016), 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 \$504,787 (\$394,237 - 2016).

6. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Federal Gas Tax Fund	\$ 355,719	\$ 309,924
Alberta Economic Development and Trade Grant	75,000	
Alberta Municipal Sustainability Initiative		1,759,778
	<u>\$ 430,719</u>	<u>\$ 2,069,702</u>

Federal Gas Tax 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 Economic Development and Trade Grant

Provincial government funding was received in the current year to undertake certain eligible project expenses under a regional economic collaboration agreement which have not yet been expended.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

7. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Tax supported debentures	\$ 4,541,083	\$ 4,854,740
Obligations under capital leases	73,135	71,104
	\$ 4,614,218	\$ 4,925,844

The current portion of the long-term debt amounts to \$288,267 (2016 - \$334,117)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 288,267	\$ 132,855	\$ 421,122
2019	296,034	124,179	420,213
2020	278,443	115,623	394,066
2021	278,847	107,596	386,443
2022	287,055	99,388	386,443
Thereafter	3,185,572	585,026	3,770,598
	\$ 4,614,218	\$ 1,164,667	\$ 5,778,885

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.922% per annum and matures in 2032.

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

Obligations under capital lease is repayable in monthly blended instalments of \$1,881 and \$1,009 interest at 3.47% and 3.58% and matures between May 2019 in May 2020. The obligations under capital lease are secured by certain capital equipment.

Interest on long-term debt amounted to \$141,204 (2016 - \$149,988).

The Town's total cash payments for interest in 2017 were \$141,870 (2016 - \$150,983).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 10,357,779	\$ 9,724,584
Total debt	<u>4,614,218</u>	<u>4,925,844</u>
Amount of debit limit unused	<u>\$ 5,743,561</u>	<u>\$ 4,798,740</u>
Debt servicing limit	\$ 1,726,297	\$ 1,620,764
Debt servicing	<u>421,122</u>	<u>474,965</u>
Amount of debt servicing limit unused	<u>\$ 1,305,175</u>	<u>\$ 1,145,799</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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 that 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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets	\$ 55,555,799	\$ 51,244,784
Accumulated amortization	(19,385,815)	(18,277,076)
Long-term debt (Note 7)	<u>(4,614,218)</u>	<u>(4,925,844)</u>
	<u>\$ 31,555,766</u>	<u>\$ 28,041,864</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

10. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Accumulated surplus	\$ 1,375,799	\$ 55,848
Restricted surplus:		
Operating		
Administration	195,484	195,484
Protective services	29,200	29,200
Fire fighting & preventative services	197,727	197,727
Ambulance	38,006	38,006
Family and community support services	27,300	27,300
Planning and economic development	174,658	174,658
Cemetery	44,314	44,314
Subdivision	10,000	10,000
Operating contingencies	28,838	28,838
Highway 2A beautification	10,000	10,000
Capital:		
Administration	112,400	112,400
Fire fighting & preventative services	394,362	75,488
Common services	245,993	245,993
Water	54,000	34,000
Wastewater treatment and disposal	423,432	448,432
Subdivision	1,300,928	835,314
Parks and recreation	203,439	178,439
Equity in tangible capital assets	<u>31,555,766</u>	<u>28,041,864</u>
	<u>\$ 36,421,646</u>	<u>\$ 30,783,305</u>

11. TRUST FUNDS

The Town of Crossfield administers the following trust:

	<u>2017</u>	<u>2016</u>
Tax sale surplus trust account	<u>\$ 122,199</u>	<u>\$ 121,655</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

12. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2017 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 6,567,439
Capital budget	2,929,527
Less	
Transfer to other funds	<u>(1,674,166)</u>
Total revenues	<u>7,822,800</u>
Expenses	
Operating budget	8,108,957
Capital budget	1,799,200
Less:	
Transfer to other funds	(925,752)
Capital expenses	(1,799,200)
Debt principal payments	<u>(313,657)</u>
Total expenses	<u>6,869,548</u>
Excess of revenue over expenses	\$ <u>953,252</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

13. SALARY AND BENEFITS

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

	2017			2016
	Salary	Benefits & allowances	Total	Total
Councillors:				
Mayor Tennant	\$ 12,770	\$ 255	\$ 13,025	\$ 14,189
Councillor Gabriel	3,235	65	3,300	
Councillor Grace	2,435	38	2,473	
Councillor Helfrich	14,423	303	14,726	14,138
Councillor Price	1,985	37	2,022	
Mayor Anderson	8,658	141	8,799	11,068
Councillor Ginter	10,375	198	10,573	15,664
Councillor Feltham	9,466	168	9,634	16,307
Chief Administrative Officer	146,019	28,719	174,738	150,064

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

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

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town began to participate in the Local Authorities Pension Plan (LAPP) in the 2017 fiscal year, 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2017 were \$72,620 (2016 - \$NIL). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2017 were \$66,715 (2016 - \$NIL).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

15.COMMITMENTS

The Town has entered into an agreement with the RCMP to provide enhanced policing services. The Town pays an annual charge for hours policed.

In 2017 the Town extended the lease agreement with the Crossfield United Church to lease certain property which is owned by the church and where the Town Administration office and Council Chambers are situated for an additional 2 years. The lease can be terminated by either party with 6 months notice.

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 2014 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, 2019 or may be terminated by either party with six months notice. The Municipal District of Rocky View No. 44 will pay the town a semi-annual flat fee as outlined in the agreement.

On February 1, 2005, the Town entered into a lease agreement with the Collicutt Siding Golf Club to lease certain lands that the Town owns and where the golf club is situated. The term of the lease is for 50 years, subject to renegotiation every 5 years. The annual required payment under the lease agreement is calculated at 1% of the Collicutt Siding Golf Club's gross revenues (excluding the sale of memberships, grants, interest and donations), the amount to be paid by July 1 of each year during the term of this lease.

In 2010 certain property was annexed by the Town of Crossfield from The Municipal District of Rocky View No. 44. Under the annexation agreement the Town is required to pay annual payments of \$36,000 over a period of 10 years. The amount has been included as a payable to other governments in the financial statements.

The Town has entered into lease agreements with Kubota Canada Ltd. to rent certain equipment assets in use at the Town. The aggregate future minimum lease payments are \$16,385 (2016 - \$34,517). The minimum lease payments for each of the three succeeding years are as follows:

	2017	2016
Gross payments required in the first year subsequent	\$ 11,268	\$ 26,660
Gross payments required in the second year subsequent	3,411	7,857
Gross payments required in the third year subsequent	1,706	
	\$ 16,385	\$ 34,517

16.CONTINGENCIES

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

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

18. BUDGET AMOUNTS

The 2017 budget for the Town was approved by council and has been reported in the consolidated financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
