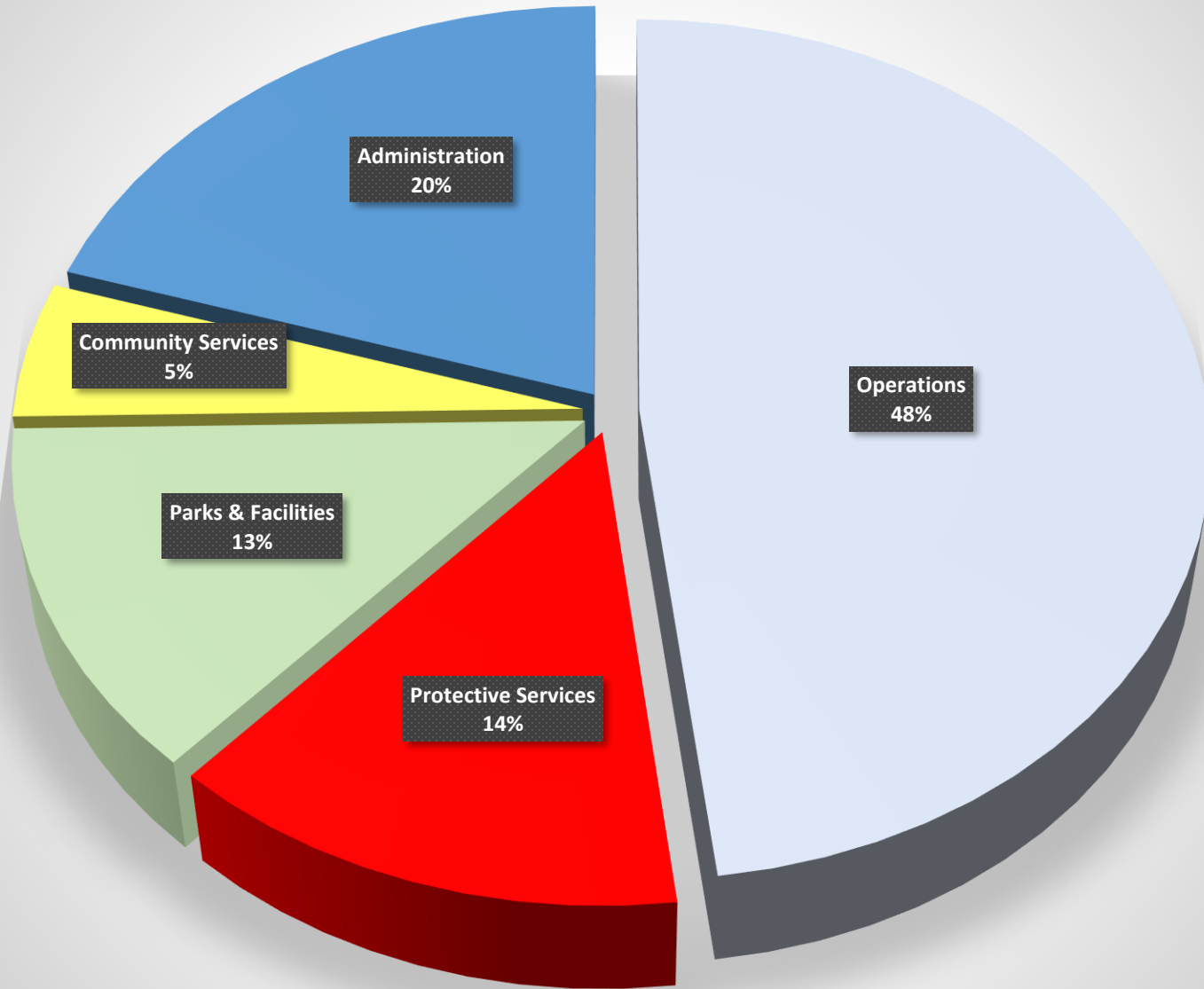


**TOWN OF CROSSFIELD  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

## Town of Crossfield Operation Exenditures Budget 2022



**TOWN OF CROSSFIELD  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of the Town of Crossfield, (the "Town") which comprise of the statement of financial position as at December 31, 2021 and the results of its operations and changes in its net financial debt and cash flows for the year then ended, and the 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 of Crossfield as at December 31, 2021, the results of its operations, changes in net financial debt and its cash flows for the year ended in accordance with Canadian 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 of Crossfield 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*

We draw attention to Note 20 to the financial statements, which describes a prior period adjustment that was required to reflect a correction to the Town's accounts payable and accrued liabilities. 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 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 Responsibility 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 the 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 the auditor's report. However future events or conditions may cause the Town to cease to continue to be 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 things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

*Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

**HANNA, ALBERTA**  
**MAY 3, 2022**

*Ascend*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

 **ascend** LLP  
Chartered Professional Accountants

**TOWN OF CROSSFIELD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b> <b>(Restated)</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 4,699,119	\$ 3,376,479
Receivables		
Taxes and grants in place of taxes (Note 3)	584,774	456,130
Trade and other receivables	577,589	404,142
Receivables from other governments	482,862	2,875,074
Loan receivable (Note 4)	<u>628,000</u>	<u>628,000</u>
	<u>6,344,344</u>	<u>7,739,825</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	607,268	1,658,180
Deposit liabilities (Note 6)	200,488	178,466
Deferred revenue (Note 7)	1,660,587	1,397,619
Long-term debt (Note 8)	<u>7,994,728</u>	<u>8,468,914</u>
	<u>10,463,071</u>	<u>11,703,179</u>
<b>NET FINANCIAL DEBT</b>	<u>( 4,118,727)</u>	<u>( 3,963,354)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	53,975,364	49,871,817
Prepaid expenses	<u>95,129</u>	<u>90,561</u>
	<u>54,070,493</u>	<u>49,962,378</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 49,951,766</u>	<u>\$ 45,999,024</u>
	<b>CONTAMINATED SITES LIABILITY (SEE NOTE 12)</b>	
	<b>COMMITMENTS (SEE NOTE 17)</b>	
	<b>CONTINGENCIES (SEE NOTE 18)</b>	

The accompanying notes are an integral part of these financial statements

**TOWN OF CROSSFIELD**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 3,611,820	\$ 3,833,663	\$ 3,681,856
User fees and sale of goods	2,858,990	2,986,475	2,743,034
Government transfers for operating (Schedule 3)	358,200	542,201	678,334
Investment income	107,630	37,355	106,617
Penalties and costs on taxes	107,760	131,543	106,690
Licenses and permits	110,330	138,185	120,542
Franchise and concession contracts	152,600	156,102	151,086
Gain on disposal of tangible capital assets			1,412
Other	<u>10,040</u>	<u>45,564</u>	<u>75,199</u>
<b>Total Revenue</b>	<u>7,317,370</u>	<u>7,871,088</u>	<u>7,664,770</u>
<b>EXPENSES</b>			
General government			
Council and other legislative	111,030	118,475	68,898
General administrative	1,272,714	811,712	921,808
Protective services			
Police	81,000	70,515	41,735
Fire protection	590,520	598,710	576,615
Emergency measures and disaster services	40,966	31,781	40,493
Ambulance services and first aid	20,260	6,705	15,892
Bylaw enforcement	290,540	306,533	266,477
Transportation services			
Common and equipment pool	1,555,979	1,070,425	1,013,081
Roads, streets, walks, lighting	138,240	701,012	615,763
Storm sewers and drainage	43,170	205,790	67,493
Water and wastewater			
Water supply and distribution	1,401,237	1,686,099	1,471,691
Wastewater treatment and disposal	486,291	625,052	428,075
Waste management			
Waste management	514,790	530,923	508,462
Public health and welfare			
Family and community support services	99,901	100,395	106,430
Cemeteries and crematoriums	5,010	5,377	4,940
Planning and development			
Land use planning, zoning and development	83,897	135,129	116,713
Economic development	217,771	249,626	292,761
Subdivision land and development	172,801	176,302	189,348
Recreation and culture			
Parks and recreation	609,301	720,595	589,788
Libraries, museums, halls	<u>210,568</u>	<u>206,457</u>	<u>166,653</u>
<b>Total Expenses</b>	<u>7,945,986</u>	<u>8,357,613</u>	<u>7,503,116</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(628,616)	(486,525)	161,654
Government transfers for capital (Schedule 3)	923,960	1,440,002	1,053,505
Contributed and donated assets (Schedule 1)		2,927,000	366,670
Other capital revenues			25,000
Developers' agreements and levies		<u>72,265</u>	<u>56,615</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	295,344	3,952,742	1,663,444
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>45,999,024</u>	<u>45,999,024</u>	<u>44,335,580</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 46,294,368</u>	<u>\$ 49,951,766</u>	<u>\$ 45,999,024</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF CROSSFIELD**  
**STATEMENT OF CHANGES IN NET FINANCIAL DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020 (Restated)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ <u>295,344</u>	\$ <u>3,952,742</u>	\$ <u>1,663,444</u>
Acquisition of tangible capital assets	(3,826,144)	(3,031,259)	(8,668,810)
Contributed and donated assets		(2,927,000)	(366,670)
Proceeds on disposal of tangible capital assets		51,986	53,333
Amortization of tangible capital assets	1,391,760	1,497,277	1,394,857
Loss on disposal of tangible capital assets		<u>305,449</u>	<u>11,255</u>
	<u>(2,434,384)</u>	<u>(4,103,547)</u>	<u>(7,576,035)</u>
Change in prepaid expenses		<u>(4,568)</u>	<u>129,544</u>
<b>INCREASE IN NET DEBT</b>	(2,139,040)	(155,373)	(5,783,047)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>3,963,354</u>	<u>(3,963,354)</u>	<u>1,819,693</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<u><u>\$ (6,102,394)</u></u>	<u><u>\$ (4,118,727)</u></u>	<u><u>\$ (3,963,354)</u></u>

The accompanying notes are an integral part of these financial statements



**TOWN OF CROSSFIELD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b> <b>(Restated)</b>
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 3,952,742	\$ 1,663,444
Non-cash items included in excess of revenues over expenses:		
Amortization on tangible capital assets	1,497,277	1,394,857
Loss on disposal of tangible capital assets	305,449	11,255
Tangible capital assets received as contributions	<u>(2,927,000)</u>	<u>(366,670)</u>
	2,828,468	2,702,886
Changes in net financial asset (debt) items:		
Increase in taxes and grants in place of taxes	(128,644)	(129,316)
(Increase) decrease in trade and other receivables	(173,447)	184,211
Decrease (increase) in receivables from other governments	2,392,212	(1,304,411)
(Increase) decrease in prepaid expenses	(4,568)	129,544
Decrease in loan receivable	628,000	
(Decrease) increase in accounts payable and accrued liabilities	(1,050,912)	563,527
Increase (decrease) in deposit liabilities	22,022	(46,960)
Increase in deferred revenue	<u>262,968</u>	<u>265,446</u>
Cash provided by (applied to) operating transactions	<u>4,776,099</u>	<u>2,364,927</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,031,259)	(8,668,810)
Proceeds on disposal of tangible capital assets	<u>51,986</u>	<u>53,333</u>
Cash provided by (applied to) capital transactions	<u>(2,979,273)</u>	<u>(8,615,477)</u>
<b>FINANCING</b>		
Repayment of long-term debt	<u>(474,186)</u>	<u>(468,182)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	1,322,640	(6,718,732)
<b>CASH, BEGINNING OF YEAR</b>	<u>3,376,479</u>	<u>10,095,211</u>
<b>CASH, END OF YEAR</b>	<u>\$ 4,699,119</u>	<u>\$ 3,376,479</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF CROSSFIELD**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 1**

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
<b>COST:</b>									
BALANCE, BEGINNING OF YEAR	\$ 8,233,285	\$3,035,592	\$ 2,227,390	\$ 8,042,346	\$43,657,633	\$ 6,124,537	\$1,684,305	\$ 73,005,088	\$ 64,083,321
Acquisition of tangible capital assets	(8,233,285)		2,474,553		11,477,278	181,963		5,900,509	1,325,997
Construction-in-progress	57,750							57,750	7,709,483
Disposal of tangible capital assets					(1,072,058)	(60,835)		(1,132,893)	(113,713)
BALANCE, END OF YEAR	<u>57,750</u>	<u>3,035,592</u>	<u>4,701,943</u>	<u>8,042,346</u>	<u>54,062,853</u>	<u>6,245,665</u>	<u>1,684,305</u>	<u>77,830,454</u>	<u>73,005,088</u>
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, BEGINNING OF YEAR			1,347,301	1,988,117	16,083,178	2,757,894	956,781	23,133,271	21,787,539
Annual amortization			111,050	181,793	822,817	299,125	82,492	1,497,277	1,394,857
Accumulated amortization on disposal					(773,430)	(2,028)		(775,458)	(49,125)
BALANCE, END OF YEAR			<u>1,458,351</u>	<u>2,169,910</u>	<u>16,132,565</u>	<u>3,054,991</u>	<u>1,039,273</u>	<u>23,855,090</u>	<u>23,133,271</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 57,750</u>	<u>\$3,035,592</u>	<u>\$ 3,243,592</u>	<u>\$ 5,872,436</u>	<u>\$37,930,288</u>	<u>\$ 3,190,674</u>	<u>\$ 645,032</u>	<u>\$ 53,975,364</u>	<u>\$ 49,871,817</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 8,233,285</u>	<u>\$3,035,592</u>	<u>\$ 880,089</u>	<u>\$ 6,054,229</u>	<u>\$27,574,455</u>	<u>\$ 3,366,643</u>	<u>\$ 727,524</u>	<u>\$ 49,871,817</u>	

During the year, engineered structures (2020 - buildings) of \$2,927,000 (2020 - \$366,670) were acquired as contributed tangible capital assets.

**TOWN OF CROSSFIELD**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 2**

	Budget (Unaudited)	2021	2020
<b>TAXATION</b>			
Real property taxes	\$ 5,377,564	\$ 5,567,012	\$ 5,407,100
Linear property taxes	65,617	65,617	67,169
Government grants in place of property taxes	<u>5,359</u>	<u>5,359</u>	<u>5,036</u>
	<u>5,448,540</u>	<u>5,637,988</u>	<u>5,479,305</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,814,380	1,771,029	1,775,327
Rocky View Foundation	<u>22,340</u>	<u>33,296</u>	<u>22,122</u>
	<u>1,836,720</u>	<u>1,804,325</u>	<u>1,797,449</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 3,611,820</u>	<u>\$ 3,833,663</u>	<u>\$ 3,681,856</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 3**

	Budget (Unaudited)	2021	2020
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 103,000	\$ 297,364	\$ 413,734
Federal government	45,000	34,837	54,600
Local governments	<u>210,200</u>	<u>210,000</u>	<u>210,000</u>
	<u>358,200</u>	<u>542,201</u>	<u>678,334</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	96,590	1,440,002	1,053,505
Federal government	<u>827,370</u>	<u>1,440,002</u>	<u>1,053,505</u>
	<u>923,960</u>	<u>1,440,002</u>	<u>1,053,505</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,282,160</u>	<u>\$ 1,982,203</u>	<u>\$ 1,731,839</u>

**TOWN OF CROSSFIELD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 4**

	Budget (Unaudited)	2021	2020 (Restated)
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 2,640,856	\$ 2,193,539	\$ 2,285,484
Contracted and general services	1,475,060	1,816,703	1,493,752
Materials, goods, supplies and utilities	1,944,480	2,051,999	1,829,995
Provision for allowances	10,960		25,349
Transfers to local boards and agencies	230,740	227,050	185,310
Bank charges and short-term interest	7,730	11,235	7,655
Interest on capital long-term debt	244,400	242,361	256,047
Amortization of tangible capital assets	1,391,760	1,497,277	1,394,857
Loss on disposal of tangible capital assets		305,449	12,667
Other expenses		12,000	12,000
	<u>\$ 7,945,986</u>	<u>\$ 8,357,613</u>	<u>\$ 7,503,116</u>

**TOWN OF CROSSFIELD**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020 (Restated)
<b>BALANCE, BEGINNING OF YEAR (as previously stated)</b>	\$ <u>(217,885)</u>	\$ <u>4,814,006</u>	\$ <u>41,402,903</u>	\$ <u>45,999,024</u>	\$ <u>44,211,230</u>
Prior period adjustment (Note 20)	_____	_____	_____	_____	124,350
<b>BALANCE, BEGINNING OF YEAR (as restated)</b>	<u>(217,885)</u>	<u>4,814,006</u>	<u>41,402,903</u>	<u>45,999,024</u>	<u>\$ 44,335,580</u>
Excess of revenues over expenses	3,952,742			3,952,742	1,663,444
Unrestricted funds designated for future use	(72,265)	72,265			
Restricted funds used for operations	60,000	(60,000)			
Restricted funds used for tangible capital assets		(922,925)	922,925		
Current year funds used for tangible capital assets	(2,108,334)		2,108,334		
Contributed tangible capital assets	(2,927,000)		2,927,000		
Net book value of disposed tangible capital assets	357,435		(357,435)		
Annual amortization expense	1,497,277		(1,497,277)		
Long-term debt repaid	<u>(474,186)</u>	_____	<u>474,186</u>	_____	_____
Change in accumulated surplus	<u>285,669</u>	<u>(910,660)</u>	<u>4,577,733</u>	<u>3,952,742</u>	<u>1,663,444</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ <u>67,784</u></u>	<u>\$ <u>3,903,346</u></u>	<u>\$ <u>45,980,636</u></u>	<u>\$ <u>49,951,766</u></u>	<u>\$ <u>45,999,024</u></u>

**TOWN OF CROSSFIELD**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 6**

	General Government	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Public Health and Welfare	Development and Planning	Recreation and Culture	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 3,833,663								\$ 3,833,663
User fees and sales of goods	53,688	170,109	126	2,120,238	446,774	28,226	30,957	136,357	2,986,475
Government transfers for operating	70,382	190,000		85,543	58,599	103,893	33,784		542,201
Investment income	37,355								37,355
Penalties and costs on taxes	116,691			14,852					131,543
Licenses and permits		138,185							138,185
Franchise and concession contracts	156,102								156,102
Other	18,004	234	194	152			26,980		45,564
	<u>4,285,885</u>	<u>498,528</u>	<u>320</u>	<u>2,220,785</u>	<u>505,373</u>	<u>132,119</u>	<u>91,721</u>	<u>136,357</u>	<u>7,871,088</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	370,898	478,078	570,128	169,991		18,072	340,863	245,509	2,193,539
Contracted and general services	361,247	251,067	82,299	338,622	522,082	21,799	113,159	126,428	1,816,703
Materials, goods, supplies and utilities	95,009	137,031	419,699	1,083,271		5,820	81,032	230,137	2,051,999
Transfers to local boards and agencies						59,159	26,003	141,888	227,050
Bank charges and short-term interest	11,235								11,235
Interest on capital long-term debt			135,122	107,239					242,361
Loss on disposal of tangible capital assets			146,329	159,120					305,449
Other expenses				12,000					12,000
	<u>838,389</u>	<u>866,176</u>	<u>1,353,577</u>	<u>1,870,243</u>	<u>522,082</u>	<u>104,850</u>	<u>561,057</u>	<u>743,962</u>	<u>6,860,336</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSE, BEFORE AMORTIZATION AND OTHER</b>									
	<u>3,447,496</u>	<u>(367,648)</u>	<u>(1,353,257)</u>	<u>350,542</u>	<u>(16,709)</u>	<u>27,269</u>	<u>(469,336)</u>	<u>(607,605)</u>	<u>1,010,752</u>
Government transfers for capital Contributed and donated assets			1,440,002						1,440,002
Developer agreements and levies			2,423,000	504,000			27,265	45,000	2,927,000
Amortization expense	(91,798)	(148,068)	(623,650)	(440,908)	(8,841)	(922)		(183,090)	(1,497,277)
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 3,355,698</u>	<u>\$ (515,716)</u>	<u>\$ 1,886,095</u>	<u>\$ 413,634</u>	<u>\$ (25,550)</u>	<u>\$ 26,347</u>	<u>\$ (442,071)</u>	<u>\$ (745,695)</u>	<u>\$ 3,952,742</u>

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Crossfield (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting polices adopted by the Town are as follows:

**a) Reporting Entity**

The 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; and
- Fair value of contributed tangible capital assets

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**d) Valuation of Financial Assets and Liabilities**

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Deferred revenue	Cost
Bank indebtedness and long-term debt	Amortized cost

**e) Cash and Cash Equivalents**

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

**f) Loans Receivable**

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

**g) Long-term debt**

Long-term debt is initially recognized 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.

**h) 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.

**i) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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.

**j) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**k) Revenue Recognition**

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.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, 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, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

**l) 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.

**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 Change in Net Financial 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:

	<b>YEARS</b>
Land improvements	10-25
Buildings	25-50
Engineered 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, 2021**

**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 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**

	<u>2021</u>	<u>2020</u>
Cash	\$ <u>4,699,119</u>	\$ <u>3,376,479</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 2.5%. 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, \$1,660,587 (2020 - \$306,428) of the cash is not available for general use by the Town.

Of the cash, \$200,488 (2020 - \$178,466) is considered restricted cash and not available for general use as it relates to deposits received.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Current taxes and grants in place taxes	\$ 394,967	\$ 301,360
Arrears taxes	<u>189,807</u>	<u>154,770</u>
	<u>\$ 584,774</u>	<u>\$ 456,130</u>

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**4. LOAN RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Private corporation mortgage receivable	\$ <u>                    </u>	\$ <u>628,000</u>

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2021</u>	<u>2020</u>
Trade accounts payable	\$ 274,938	\$ 888,808
Accrued liabilities	69,740	65,275
Holdbacks payable	<u>262,590</u>	<u>704,097</u>
	\$ <u>607,268</u>	\$ <u>1,658,180</u>

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**6. DEPOSIT LIABILITIES**

In addition to utility deposits of \$22,415 (2020 - \$23,955) and damage deposits of \$28,073 (2020 - \$11,511), 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 \$150,000 (2020 - \$143,000).

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**7. DEFERRED REVENUE**

	<b>2021</b>	<b>2020</b>
Canada Community-Building Fund	\$ 1,486,599	\$ 1,091,191
Alberta Community Partnership	114,457	200,000
Recreation Donations	26,871	
Family and Community Support Services	18,071	
Alberta Healthy Communities Initiative	10,000	10,000
Donations	4,589	8,997
Municipal Operating Support Transfer		55,822
Family and Community Support Services Association		31,609
	<b>\$ 1,660,587</b>	<b>\$ 1,397,619</b>

**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 certain intermunicipal collaboration project for a watershed scoping study and the development of a watershed modelling tool.

**Recreation Donations**

Donations were received in the current year year to undertake certain parks and recreation initiatives in the Town which have not yet been expended.

**Family and Community Support Services**

Certain provincial government funding was received to undertake certain social programs and related expenditures with in the Town which have not yet been expended.

**Alberta Healthy Communities Initiative**

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

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**8. LONG TERM DEBT**

	<b>2021</b>	<b>2020</b>
Tax supported debentures	\$ <u>7,994,728</u>	\$ <u>8,468,914</u>

The current portion of the long-term debt amounts to \$488,159 (2020 - \$474,186)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 488,159	\$ 230,423	\$ 718,582
2023	502,543	216,039	718,582
2024	517,352	201,230	718,582
2025	532,596	185,986	718,582
2026	548,290	170,292	718,582
Thereafter	<u>5,405,788</u>	<u>1,154,378</u>	<u>6,560,166</u>
	<u>\$ 7,994,728</u>	<u>\$ 2,158,348</u>	<u>\$ 10,153,076</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.922% and 2.93% per annum and matures in 2032 and 2039.

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

Interest on long-term debt amounted to \$242,361 (2020 - \$256,047).

The Town's total cash payments for interest in 2021 were \$244,396 (2020 - \$258,024).

**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:

	<b>2021</b>	<b>2020</b>
Total debt limit	\$ 11,806,632	\$ 11,495,037
Total debt	<u>7,994,728</u>	<u>8,468,914</u>
Amount of debt limit unused	<u>\$ 3,811,904</u>	<u>\$ 3,026,123</u>
Debt servicing limit	\$ 1,967,772	\$ 1,915,840
Debt servicing	<u>718,582</u>	<u>718,582</u>
Amount of debt servicing limit unused	<u>\$ 1,249,190</u>	<u>\$ 1,197,258</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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 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.

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2021</b>	<b>2020</b>
Tangible capital assets	\$ 77,830,454	\$ 73,005,088
Accumulated amortization	(23,855,090)	(23,133,271)
Long-term debt (Note 8)	(7,994,728)	(8,468,914)
	<b>\$ 45,980,636</b>	<b>\$ 41,402,903</b>

**11. ACCUMULATED SURPLUS**

	<b>2021</b>	<b>2020</b>
		<b>Restated</b>
Accumulated surplus	\$ 67,784	\$ (217,885)
Restricted surplus:		
Operating		
Common services		60,000
Family and community support services	27,300	27,300
Capital:		
Protective services		12,476
Common services		60,000
Roadways	500,000	1,206,345
Water	140,226	140,226
Wastewater treatment and disposal	1,016,613	1,127,100
Cemetery	25,299	25,299
Subdivision	1,884,086	1,856,821
Parks and recreation	309,822	288,439
Highway 2A beautification		10,000
Equity in tangible capital assets (Note 10)	45,980,636	41,402,903
	<b>\$ 49,951,766</b>	<b>\$ 45,999,024</b>

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**12. CONTAMINATED SITES LIABILITY**

During the year, the Town did not identify any financial liabilities (2020 - \$0) as a result of contaminated sites.

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**13. SEGMENTED DISCLOSURE**

The Town of Crossfield provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

General government includes council and other legislative and general administrative. Protective services includes police, fire protection, emergency measures and disaster services, ambulance services and first aid, and bylaw enforcement. Transportation includes common and equipment pool, roads, streets, walks and lighting, and storm sewers and drainage. Water and wastewater includes water supply and distribution and wastewater treatment and disposal. Waste management includes waste management. Public health and welfare includes family and community support services and cemeteries and crematoriums. Planning and development includes land use planning, zoning and development, economic development, and subdivision and land development. Recreation and culture includes parks and recreation and libraries, museums and halls.

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**14. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u><b>Budget Amount</b></u>
<b>Revenue</b>	
Operating budget	\$ 7,317,370
Capital budget	2,315,720
Less	
Transfer to other funds	<u>(1,391,760)</u>
Total revenues	<u>8,241,330</u>
<b>Expenses</b>	
Operating budget	8,420,176
Capital budget	3,826,144
Less:	
Capital expenses	(3,826,144)
Debt principal payments	<u>(474,190)</u>
Total expenses	<u>7,945,986</u>
<b>Excess (shortfall) of revenue over expenses</b>	<u><u>\$ 295,344</u></u>

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**15. 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:

	<b>2021</b>			<b>2020</b>
	<u>Salary</u>	<u>Benefits and allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Harris	\$ 11,008	\$ 409	\$ 11,417	\$ 2,004
Mayor Tennant	9,303	348	9,651	13,908
Councillor Brennan	1,945		1,945	
Councillor Cornelssen	6,330	218	6,548	
Councillor Gabriel				5,812
Councillor Grace				6,426
Councillor Gustafson	10,114	360	10,474	2,083
Councillor Helfrich				10,548
Councillor Knight	6,255	246	6,501	
Councillor Lambert	1,714		1,714	
Councillor Price	1,875	64	1,939	11,479
Councillor Vang	1,870		1,870	
Chief Administrative Officer (3 individuals)	162,361	20,555	182,916	189,543
Designated Officer (6 Positions)	295,538	48,445	343,983	391,404

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.



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**16. 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP during the year were \$125,000 (2020 - \$137,730). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan during the year were \$112,753 (2020 - \$124,440).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion. This amount is not specifically allocated to the participating government organizations. The 2021 actuarial balance was not available at the date these financial statements were released.

**17. COMMITMENTS**

During the year, 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 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.

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 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 \$76,654 (2020 - \$26,548). The minimum lease payments for each of the three succeeding years are as follows:

	2021	2020
Gross payments required in the first year subsequent	\$ 31,719	\$ 15,375
Gross payments required in the second year subsequent	31,719	7,057
Gross payments required in the third year subsequent	13,216	4,116
	\$ 76,654	\$ 26,548

**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**18. 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.

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**19. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, deposit 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.

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**20. PRIOR PERIOD ADJUSTMENTS**

The prior period financial statements have been restated to correct accrued liabilities. As a result of the adjustments accounts payable and accrued liabilities have decreased by \$223,710, deposit liabilities increased by \$3,000, contracted and general services expense has decreased by \$96,360, and accumulated surplus has increased by \$124,350.

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**21. BUDGET AMOUNTS**

The 2021 budget for the Town was approved by Council on April 20, 2021 and has been reported in the financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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**22. CORRESPONDING FIGURES**

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

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**23. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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