

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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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, which comprise of the statement of financial position as at, December 31, 2020 and the results of its operations and changes in its net financial assets (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, 2020, the results of its operations, changes in net financial assets (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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 8.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

**HANNA, ALBERTA
AUGUST 10, 2021**

Ascend

CHARTERED PROFESSIONAL ACCOUNTANTS



TOWN OF CROSSFIELD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019 (Restated)
FINANCIAL ASSETS		
Cash (Note 2)	\$ 3,376,479	\$ 10,095,211
Receivables		
Taxes and grants in place of taxes (Note 3)	456,130	326,814
Trade and other receivables	404,142	588,353
Receivables from other governments	2,875,074	1,570,663
Loans receivable (Note 4)	<u>628,000</u>	<u>628,000</u>
	<u>7,739,825</u>	<u>13,209,041</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,881,890	1,219,003
Deposit liabilities (Note 5)	175,466	225,426
Deferred revenue (Note 6)	1,397,619	1,132,173
Long-term debt (Note 7)	<u>8,468,914</u>	<u>8,937,096</u>
	<u>11,923,889</u>	<u>11,513,698</u>
NET FINANCIAL ASSETS (DEBT)	<u>(4,184,064)</u>	<u>1,695,343</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	49,871,817	42,295,782
Prepaid expenses	<u>90,561</u>	<u>220,105</u>
	<u>49,962,378</u>	<u>42,515,887</u>
ACCUMULATED SURPLUS	<u>\$ 45,778,314</u>	<u>\$ 44,211,230</u>
	COMMITMENTS (SEE NOTE 15)	
	CONTINGENCIES (SEE NOTE 16)	

TOWN OF CROSSFIELD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019 (Restated)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,696,769	\$ 3,681,855	\$ 3,532,661
User fees and sale of goods	2,725,752	2,743,034	3,138,346
Government transfers for operating (Schedule 3)	343,494	678,334	342,103
Investment income	97,840	106,617	242,980
Penalties and costs on taxes	114,650	106,690	127,248
Transfers from local boards and agencies			2,900
Licenses and permits	100,060	120,542	98,101
Franchise and concession contracts	148,760	151,086	145,846
Gain on disposal of tangible capital assets		1,412	5,446
Other	48,194	75,199	28,731
Total Revenue	<u>7,275,519</u>	<u>7,664,769</u>	<u>7,664,362</u>
EXPENSES			
Legislative	75,950	68,897	84,616
Administration	1,041,948	971,808	1,108,941
Protective services	858,818	987,571	1,102,967
Transportation	1,752,093	1,696,338	1,720,925
Water supply and distribution	1,424,695	1,471,691	1,446,238
Wastewater treatment and disposal	417,325	428,075	411,634
Waste management	511,371	508,462	476,313
Public health and welfare	100,472	111,370	95,877
Land use planning, zoning and development	83,070	116,713	138,775
Economic/agricultural development	284,510	292,761	271,939
Subdivision land and development	186,100	189,348	2,859
Parks and recreation	564,264	589,788	662,320
Culture	171,040	166,653	218,634
Total Expenses	<u>7,471,656</u>	<u>7,599,475</u>	<u>7,742,038</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(196,137)	65,294	(77,676)
Government transfers for capital (Schedule 3)	385,330	1,053,505	384,458
Contributed and donated assets		366,670	2,676,545
Other capital revenues		25,000	17,557
Developers' agreements and levies		56,615	106,006
EXCESS OF REVENUE OVER EXPENSES	189,193	1,567,084	3,106,890
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>44,211,230</u>	<u>44,211,230</u>	<u>41,104,340</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 44,400,423</u>	<u>\$ 45,778,314</u>	<u>\$ 44,211,230</u>

TOWN OF CROSSFIELD
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019 (Restated)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>189,193</u>	\$ <u>1,567,084</u>	\$ <u>3,106,890</u>
Acquisition of tangible capital assets	(12,752,352)	(8,668,810)	(3,394,556)
Contributed and donated assets		(366,670)	(2,676,545)
Proceeds on sale of tangible capital assets		53,333	51,030
Amortization of tangible capital assets	1,333,475	1,394,857	1,322,421
Loss on sale of tangible capital assets		<u>11,255</u>	<u>30,252</u>
	<u>(11,418,877)</u>	<u>(7,576,035)</u>	<u>(4,667,398)</u>
Change in prepaid expenses		<u>129,544</u>	<u>(39,955)</u>
(INCREASE) DECREASE IN NET DEBT	(11,229,684)	(5,879,407)	(1,600,463)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>1,695,343</u>	<u>1,695,343</u>	<u>3,295,806</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (9,534,341)</u>	<u>\$ (4,184,064)</u>	<u>\$ 1,695,343</u>

TOWN OF CROSSFIELD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019 (Restated)
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 1,567,084	\$ 3,106,890
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	1,394,857	1,322,421
Loss on sale of tangible capital assets	11,255	30,252
Tangible capital assets received as contributions	<u>(366,670)</u>	<u>(2,676,545)</u>
	2,606,526	1,783,018
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(129,316)	(32,590)
Decrease(increase) in trade and other receivables	184,211	180,217
Decrease(increase) in receivables from other governments	(1,304,411)	(945,675)
Decrease(increase) in prepaid expenses	129,544	(39,955)
Decrease(increase) in loan receivable		1,256,000
Increase(decrease) in accounts payable and accrued liabilities	662,887	197,783
Increase(decrease) in deposit liabilities	(49,960)	(241,675)
Increase(decrease) in deferred revenue	<u>265,446</u>	<u>598,691</u>
Cash provided by (applied to) operating transactions	<u>2,364,927</u>	<u>2,755,814</u>
CAPITAL		
Acquisition of tangible capital assets	(8,668,810)	(3,394,556)
Proceeds on sale of tangible capital assets	<u>53,333</u>	<u>51,030</u>
Cash provided by (applied to) capital transactions	<u>(8,615,477)</u>	<u>(3,343,526)</u>
FINANCING		
Long term debt issued		5,000,000
Long term debt repaid	<u>(468,182)</u>	<u>(388,854)</u>
Cash provided by (applied to) financing transactions	<u>(468,182)</u>	<u>4,611,146</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(6,718,732)	4,023,434
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,095,211</u>	<u>6,071,777</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,376,479</u>	<u>\$ 10,095,211</u>
Cash and cash equivalents is made up of:		
Cash (Note 2)	<u>\$ 3,376,479</u>	<u>\$ 10,095,211</u>

TOWN OF CROSSFIELD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
COST:									
BALANCE, BEGINNING OF YEAR	\$ 1,057,631	\$3,035,592	\$ 2,227,390	\$ 7,448,087	\$42,663,010	\$ 5,967,306	\$1,684,305	\$ 64,083,321	\$ 58,129,992
Acquisition of tangible capital assets	(533,829)			594,259	1,054,623	210,944		1,325,997	5,049,185
Construction-in-progress	7,709,483							7,709,483	1,021,916
Disposal of tangible capital assets					(60,000)	(53,713)		(113,713)	(117,772)
BALANCE, END OF YEAR	<u>8,233,285</u>	<u>3,035,592</u>	<u>2,227,390</u>	<u>8,042,346</u>	<u>43,657,633</u>	<u>6,124,537</u>	<u>1,684,305</u>	<u>73,005,088</u>	<u>64,083,321</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR			1,249,193	1,806,492	15,400,726	2,459,255	871,873	21,787,539	20,501,608
Annual amortization			98,108	181,625	729,786	300,430	84,908	1,394,857	1,322,421
Accumulated amortization on disposal					(47,334)	(1,791)		(49,125)	(36,490)
BALANCE, END OF YEAR			<u>1,347,301</u>	<u>1,988,117</u>	<u>16,083,178</u>	<u>2,757,894</u>	<u>956,781</u>	<u>23,133,271</u>	<u>21,787,539</u>
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>	<u>\$ 42,295,782</u>
 2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,057,631</u>	<u>\$3,035,592</u>	<u>\$ 978,197</u>	<u>\$ 5,641,595</u>	<u>\$27,262,284</u>	<u>\$ 3,508,051</u>	<u>\$ 812,432</u>	<u>\$ 42,295,782</u>	

TOWN OF CROSSFIELD
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2020
Schedule 2

	Budget (Unaudited)	2020	2019
TAXATION			
Real property taxes	\$ 5,413,994	\$ 5,407,099	\$ 5,190,114
Linear property taxes	67,169	67,169	68,570
Government grants in place of property taxes	<u>5,036</u>	<u>5,036</u>	<u>5,025</u>
	<u>5,486,199</u>	<u>5,479,304</u>	<u>5,263,709</u>
REQUISITIONS			
Alberta School Foundation Fund	1,766,740	1,775,327	1,708,800
Rocky View Foundation	<u>22,690</u>	<u>22,122</u>	<u>22,248</u>
	<u>1,789,430</u>	<u>1,797,449</u>	<u>1,731,048</u>
NET MUNICIPAL TAXES	<u>\$ 3,696,769</u>	<u>\$ 3,681,855</u>	<u>\$ 3,532,661</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2020
Schedule 3

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING			
Provincial government	\$ 124,924	\$ 413,734	\$ 133,722
Federal government	8,570	54,600	8,400
Local governments	<u>210,000</u>	<u>210,000</u>	<u>199,981</u>
	<u>343,494</u>	<u>678,334</u>	<u>342,103</u>
TRANSFERS FOR CAPITAL			
Provincial government	192,840	1,053,505	384,458
Federal government	<u>192,490</u>	<u>1,053,505</u>	<u>384,458</u>
	<u>385,330</u>	<u>1,053,505</u>	<u>384,458</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 728,824</u>	<u>\$ 1,731,839</u>	<u>\$ 726,561</u>

TOWN OF CROSSFIELD
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 4

	Budget (Unaudited)	2020	2019 (Restated)
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 2,397,511	\$ 2,285,483	\$ 2,289,810
Contracted and general services	1,443,660	1,590,112	1,675,268
Materials, goods, supplies and utilities	1,822,420	1,829,995	1,829,394
Provision for allowances	22,720	25,349	96,972
Transfers to local boards and agencies	182,930	185,310	224,846
Bank charges and short term interest	10,970	7,655	16,387
Interest on capital long term debt	257,970	256,047	239,242
Amortization of tangible capital assets	1,333,475	1,394,857	1,322,421
Other expenses		12,000	12,000
Loss on disposal of tangible capital assets		12,667	35,698
	<u>\$ 7,471,656</u>	<u>\$ 7,599,475</u>	<u>\$ 7,742,038</u>

TOWN OF CROSSFIELD
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	\$ <u>3,080,753</u>	\$ <u>7,771,791</u>	\$ <u>33,358,686</u>	\$ <u>44,211,230</u>	\$ <u>41,104,340</u>
Excess of revenues over expenses	1,567,084			1,567,084	3,106,890
Unrestricted funds designated for future use	(56,615)	56,615			
Restricted funds used for tangible capital assets		(3,014,400)	3,014,400		
Current year funds used for tangible capital assets	(5,654,410)		5,654,410		
Contributed tangible capital assets	(366,670)		366,670		
Disposal of tangible capital assets	64,588		(64,588)		
Annual amortization expense	1,394,857		(1,394,857)		
Long term debt repaid	(468,182)		468,182		
Change in accumulated surplus	<u>(3,519,348)</u>	<u>(2,957,785)</u>	<u>8,044,217</u>	<u>1,567,084</u>	<u>3,106,890</u>
BALANCE, END OF YEAR	\$ <u>(438,595)</u>	\$ <u>4,814,006</u>	\$ <u>41,402,903</u>	\$ <u>45,778,314</u>	\$ <u>44,211,230</u>

TOWN OF CROSSFIELD
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 6

	General Government	Protective Services	Transportation Services	Water / Wastewater	Waste Management	Public Health & Welfare	Development & Planning	Recreation & Culture	Total
REVENUE									
Net municipal taxes	\$ 3,681,855								\$ 3,681,855
User fees and sales of goods	16,328	144,329	206	1,966,454	432,075	19,366	33,431	130,845	2,743,034
Government transfers	291,130	190,000	1,053,505		58,929	83,675	54,600		1,731,839
Investment Income	106,567					50			106,617
Penalties	102,533			4,157					106,690
Franchise fees	151,086								151,086
Licenses and permits		120,542							120,542
Gain on disposal			1,412						1,412
Other revenues	<u>394,558</u>	<u>10,800</u>	<u>25,298</u>	<u>191</u>		<u>10,362</u>	<u>57,125</u>	<u>25,150</u>	<u>523,484</u>
	<u>4,744,057</u>	<u>465,671</u>	<u>1,080,421</u>	<u>1,970,802</u>	<u>491,004</u>	<u>113,453</u>	<u>145,156</u>	<u>155,995</u>	<u>9,166,559</u>
EXPENSES									
Salaries & wages	491,442	451,964	507,385	231,400		16,500	377,173	209,619	2,285,483
Contract & general services	341,558	235,597	71,474	171,739	499,296	6,396	150,839	113,213	1,590,112
Goods & supplies	99,284	134,512	422,492	931,670	325	32,008	46,044	163,660	1,829,995
Provision for allowance	6,576	17,862		911					25,349
Transfers to local boards						55,544	24,766	105,000	185,310
Bank charges and interest	7,655								7,655
Loss on sale of TCA				12,667					12,667
Long-term debt interest			140,826	115,221					256,047
Other expenses				12,000					12,000
	<u>946,515</u>	<u>839,935</u>	<u>1,142,177</u>	<u>1,475,608</u>	<u>499,621</u>	<u>110,448</u>	<u>598,822</u>	<u>591,492</u>	<u>6,204,618</u>
NET REVENUE, BEFORE AMORTIZATION	<u>3,797,542</u>	<u>(374,264)</u>	<u>(61,756)</u>	<u>495,194</u>	<u>(8,617)</u>	<u>3,005</u>	<u>(453,666)</u>	<u>(435,497)</u>	<u>2,961,941</u>
Amortization expense	<u>94,190</u>	<u>147,636</u>	<u>554,161</u>	<u>424,158</u>	<u>8,841</u>	<u>922</u>		<u>164,949</u>	<u>1,394,857</u>
NET REVENUE	<u>\$ 3,703,352</u>	<u>\$ (521,900)</u>	<u>\$ (615,917)</u>	<u>\$ 71,036</u>	<u>\$ (17,458)</u>	<u>\$ 2,083</u>	<u>\$ (453,666)</u>	<u>\$ (600,446)</u>	<u>\$ 1,567,084</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The 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 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, 2020

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, 2020

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 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, 2020

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>2020</u>	<u>2019</u>
Cash	\$ <u>3,376,479</u>	\$ <u>10,095,211</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, \$306,428 (2019 - \$17,456) of the cash and temporary investments are not available for general use by the Town.

Of the cash and temporary investments \$175,466 (2019 - \$225,426) 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>2020</u>	<u>2019</u>
Current taxes and grants in place taxes	\$ 301,360	\$ 189,479
Arrears taxes	<u>154,770</u>	<u>137,335</u>
	<u>\$ 456,130</u>	<u>\$ 326,814</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LOANS RECEIVABLE

	<u>2020</u>	<u>2019</u> <u>Restated</u>
Private corporation mortgage receivable	\$ <u>628,000</u>	\$ <u>628,000</u>

During the 2018 fiscal year the Town sold property to a private corporation in exchange for cash and a vendor takeback mortgage. Under the agreement the corporation was to repay the Town the final instalment of \$628,000 on February 1, 2020. The final instalment was paid, plus interest, in April 2021.

5. DEPOSIT LIABILITIES

In addition to utility deposits of \$23,955 (\$24,715 - 2019) and damage deposits of \$8,511 (\$22,711 - 2019), 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 \$143,000 (\$178,000 - 2019).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. DEFERRED REVENUE

	2020	2019
Federal Gas Tax Fund	\$ 1,091,191	\$ 898,021
Alberta Community Partnership	200,000	
Municipal Operating Support Transfer	55,822	
Family and Community Support Services Association	31,609	
Alberta Healthy Communities Initiative	10,000	10,000
Donations	8,997	
Alberta Municipal Sustainability Initiative Program		216,696
Alberta Road Safety Program		7,456
	\$ 1,397,619	\$ 1,132,173

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 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 of which no funds have been expended.

Municipal Operating Support Transfer

Provincial and Federal government funding was received in the current year to provide assistance with operating impacts due to the COVID-19 pandemic within the Town that have not yet been expended.

Family and Community Support Services Association of Alberta

Funding was received from Family and Community Support Services Association of Alberta to provide certain food and other basic necessities to vulnerable community members during the COVID-19 pandemic.

Alberta Healthy Communities Initiative

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

Alberta Municipal Sustainability Initiative Program

Provincial government funding was received or considered receivable in the current year to undertake certain eligible project expenses within the Town that have not yet been expended.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. LONG TERM DEBT

	2020	2019
Tax supported debentures	\$ 8,468,914	\$ 8,929,527
Obligations under capital leases		7,569
	\$ 8,468,914	\$ 8,937,096

The current portion of the long-term debt amounts to \$474,186 (2019 - \$468,182)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 474,186	\$ 244,396	\$ 718,582
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
Thereafter	5,954,078	1,041,680	6,995,758
	\$ 8,468,914	\$ 2,119,754	\$ 10,588,668

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 \$256,047 (2019 - \$239,242).

The Town's total cash payments for interest in 2020 were \$258,024 (2019 - \$197,429).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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>2020</u>	<u>2019</u>
Total debt limit	\$ 11,495,036	\$ 11,488,374
Total debt	<u>8,468,914</u>	<u>8,937,096</u>
Amount of debit limit unused	<u>\$ 3,026,122</u>	<u>\$ 2,551,278</u>
Debt servicing limit	\$ 1,915,839	\$ 1,914,729
Debt servicing	<u>718,582</u>	<u>726,206</u>
Amount of debt servicing limit unused	<u>\$ 1,197,257</u>	<u>\$ 1,188,523</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>2020</u>	<u>2019</u>
Tangible capital assets	\$ 73,005,088	\$ 64,083,321
Accumulated amortization	(23,133,271)	(21,787,539)
Long-term debt (Note 7)	<u>(8,468,914)</u>	<u>(8,937,096)</u>
	<u>\$ 41,402,903</u>	<u>\$ 33,358,686</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
		<u>Restated</u>
Accumulated surplus	\$ (438,595)	\$ 3,080,753
Restricted surplus:		
Operating		
Common services	60,000	60,000
Family and community support services	27,300	27,300
Capital:		
Protective services	12,476	12,476
Common services	60,000	60,000
Roadways	1,206,345	1,206,345
Water	140,226	140,226
Wastewater treatment and disposal	1,127,100	1,127,100
Cemetery	25,299	25,299
Subdivision	1,856,821	1,800,206
Parks and recreation	288,439	288,439
Highway 2A beautification	10,000	10,000
Railway street revitalization		3,014,400
Equity in tangible capital assets	<u>41,402,903</u>	<u>33,358,686</u>
	<u>\$ 45,778,314</u>	<u>\$ 44,211,230</u>

11. 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 followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 7,275,519
Capital budget	385,330
Less	
Transfer to other funds	<u>NIL</u>
Total revenues	<u>7,660,849</u>
Expenses	
Operating budget	7,932,269
Capital budget	12,752,352
Less:	
Capital expenses	(12,752,352)
Debt principal payments	<u>(460,613)</u>
Total expenses	<u>7,471,656</u>
Excess (shortfall) of revenue over expenses	<u><u>\$ 189,193</u></u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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:

	2020			2019
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Tennant	\$ 13,389	\$ 519	\$ 13,908	\$ 14,978
Councillor Gabriel	5,639	173	5,812	13,727
Councillor Grace	6,221	205	6,426	14,283
Councillor Gustafson	2,008	75	2,083	
Councillor Harris	1,933	71	2,004	
Councillor Helfrich	10,196	352	10,548	10,606
Councillor Price	11,081	398	11,479	12,393
Chief Administrative Officer	163,832	25,711	189,543	185,104
Designated Officer (6 Positions)	336,781	54,623	391,404	382,213

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 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 in 2020 were \$137,730 (2019 - \$137,731). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$124,440 (2019 - \$124,420).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$5 billion. This amount is not specifically allocated to the participating government organizations.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

15.COMMITMENTS

The Town has previously approved the Railway Street/Downtown Revitalization capital infrastructure project with a budgeted cost of approximately \$10,325,000. The majority of the project took place during 2020 with total costs incurred to date of approximately \$7,749,000. This capital project is expected to be completed in 2021.

In 2019 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.

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, will be adjusted for inflation in 2021.

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 \$26,548 (2019 - \$29,987). The minimum lease payments for each of the three succeeding years are as follows:

	2020	2019
Gross payments required in the first year subsequent	\$ 15,375	\$ 21,669
Gross payments required in the second year subsequent	7,057	8,318
Gross payments required in the third year subsequent	4,116	
	\$ 26,548	\$ 29,987

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

16. CONTINGENCIES

As a result of the COVID-19 pandemic relief was provided to the Town in the form of the Municipal Operating Support Transfer grant in the amount of \$346,952. These funds have been partially claimed against eligible operating costs and replacement of reduced revenues experience in 2020. The remaining funds will be claimed in 2021 against similar operating costs and replacement of reduced revenues and/or unpaid accounts.

Management of the Town is not aware of any material impairments that will impact the financial assets or liabilities of the Town due to the COVID-19 pandemic. The situation continues to change and any future impact on the town is not readily determinable at this time.

Subsequent to December 31, 2020 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 the 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.

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. PRIOR PERIOD ADJUSTMENTS

The prior period financial statements have been restated to correct payables to other governments as well as correct offsite levy receivables. As a result of the adjustments loans receivable has decreased by \$163,857, payables to other governments has decreased by \$33,065, restricted surplus has decreased by \$163,857 and accumulated surplus has increased by \$33,065.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

19.BUDGET AMOUNTS

The 2020 budget for the Town was approved by council and has been reported in the financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

20.COMPARATIVE FIGURES

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

21.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
