

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Crossfield, which comprise the statement of financial position as at December 31, 2014 and the statement of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Crossfield as at December 31, 2014, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HANNA, ALBERTA
JUNE 8, 2015

Endeavor
CHARTERED ACCOUNTANTS

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 3,482,089	\$ 3,161,586
Receivables		
Taxes and grants in place of taxes (Note 3)	247,792	222,890
Trade and other receivables	464,603	532,837
Receivables from other governments	202,368	39,521
Investments (Note 4)	<u>31</u>	<u>65</u>
	<u>4,396,883</u>	<u>3,956,899</u>
LIABILITIES		
Accounts payable and accrued liabilities	610,877	973,084
Payable to other governments	181,949	200,183
Deposit liabilities (Note 5)	246,330	164,316
Deferred revenue (Note 6)	451,166	235,413
Long-term debt (Note 7)	<u>5,695,845</u>	<u>6,076,800</u>
	<u>7,186,167</u>	<u>7,649,796</u>
NET FINANCIAL ASSETS (DEBT)	<u>(2,789,284)</u>	<u>(3,692,897)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>31,119,424</u>	<u>31,101,571</u>
	<u>31,119,424</u>	<u>31,101,571</u>
ACCUMULATED SURPLUS	<u>\$ 28,330,140</u>	<u>\$ 27,408,674</u>

COMMITMENTS (SEE NOTE 14)

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget (Unaudited)	2014	2013
REVENUE			
Net municipal taxes (Schedule 2)	\$ 2,561,283	\$ 2,559,456	\$ 2,512,805
User fees and sale of goods	1,852,650	1,945,288	1,814,442
Government transfers for operating (Schedule 3)	274,992	254,025	164,175
Investment income	30,400	32,483	36,560
Penalties and costs on taxes	87,000	77,399	91,972
Development levies		26,550	84,354
Licenses and permits	191,100	216,745	209,870
Franchise and concession contracts	99,000	110,830	99,273
Gain on disposal of capital assets		5,011	
Other	26,700	77,953	29,731
Total Revenue	<u>5,123,125</u>	<u>5,305,740</u>	<u>5,043,182</u>
EXPENSES			
Legislative	97,925	93,490	95,716
Administration	865,425	870,532	774,670
Protective services	553,623	636,702	579,046
Transportation	651,886	1,526,278	1,359,380
Water supply and distribution	925,650	1,190,966	970,803
Wastewater treatment and disposal	107,143	329,215	351,879
Public health and welfare	84,448	82,786	68,257
Land use planning, zoning and development	204,400	165,289	211,616
Economic/agricultural development	146,950	153,052	145,801
Subdivision land and development	103,000	76,792	114,589
Waste management	367,500	385,626	296,129
Parks and recreation	299,350	339,112	353,126
Culture	70,000	70,000	70,000
Total Expenses	<u>4,477,300</u>	<u>5,919,840</u>	<u>5,391,012</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	645,825	(614,100)	(347,830)
Government transfers for capital (Schedule 3)	955,126	795,019	1,016,772
Contributed and donated assets		725,547	
Other capital revenues	25,000	15,000	10,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	1,625,951	921,466	678,942
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>27,408,674</u>	<u>27,408,674</u>	<u>26,729,732</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 29,034,625</u>	<u>\$ 28,330,140</u>	<u>\$ 27,408,674</u>

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget (Unaudited)	2014	2013
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	\$ <u>1,625,951</u>	\$ <u>921,466</u>	\$ <u>678,942</u>
Acquisition of tangible capital assets	(1,433,418)	(700,540)	(1,338,747)
Contributed and donated assets		(725,547)	
Proceeds on sale of tangible capital assets		36,321	32,000
Amortization of tangible capital assets		1,335,233	1,200,230
Gain(loss) on sale of tangible capital assets		<u>36,680</u>	<u>4,132</u>
	<u>(1,433,418)</u>	<u>(17,853)</u>	<u>(102,385)</u>
Change in prepaid expenses			<u>420</u>
(INCREASE) DECREASE IN NET DEBT	192,533	903,613	576,977
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>3,692,897</u>	<u>(3,692,897)</u>	<u>(4,269,874)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (3,500,364)</u>	<u>\$ (2,789,284)</u>	<u>\$ (3,692,897)</u>

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 921,466	\$ 678,942
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	1,335,233	1,200,230
Gain(loss) on sale of tangible capital assets	36,680	4,132
Tangible capital assets received as contributions	<u>(725,547)</u>	
	1,567,832	1,883,304
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(24,902)	59,500
Decrease(increase) in trade and other receivables	68,234	(55,512)
Decrease(increase) in receivables from other governments	(162,847)	521,864
Decrease(increase) in other financial assets	34	154
Decrease(increase) in prepaid expenses		420
Increase(decrease) in accounts payable and accrued liabilities	(380,441)	(764,206)
Increase(decrease) in deposit liabilities	82,014	41,830
Increase(decrease) in deferred revenue	<u>215,753</u>	<u>979</u>
Cash provided by (applied to) operating transactions	<u>1,365,677</u>	<u>1,688,333</u>
CAPITAL		
Acquisition of tangible capital assets	(700,540)	(1,338,747)
Proceeds on sale of tangible capital assets	<u>36,321</u>	<u>32,000</u>
Cash provided by (applied to) capital transactions	<u>(664,219)</u>	<u>(1,306,747)</u>
FINANCING		
Long term debt issued		140,825
Long term debt repaid	<u>(380,955)</u>	<u>(435,926)</u>
Cash provided by (applied to) financing transactions	<u>(380,955)</u>	<u>(295,101)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	320,503	86,485
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,161,586</u>	<u>3,075,101</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,482,089</u>	<u>\$ 3,161,586</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 3,482,089</u>	<u>\$ 3,161,586</u>

TOWN OF CROSSFIELD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2014	2013
COST:									
BALANCE, BEGINNING OF YEAR	\$ 75,959	\$2,982,473	\$ 1,675,107	\$ 4,007,306	\$ 31,182,706	\$ 4,494,931	\$1,313,512	\$ 45,731,994	\$ 44,433,022
Acquisition of tangible capital assets			183,392		1,044,107	198,588		1,426,087	1,338,747
Disposal of tangible capital assets			(29,638)		(64,408)	(51,589)		(145,635)	(39,775)
BALANCE, END OF YEAR	<u>75,959</u>	<u>2,982,473</u>	<u>1,828,861</u>	<u>4,007,306</u>	<u>32,162,405</u>	<u>4,641,930</u>	<u>1,313,512</u>	<u>47,012,446</u>	<u>45,731,994</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR			705,857	1,147,951	11,268,959	1,013,737	493,919	14,630,423	13,433,839
Annual amortization			80,706	83,394	891,366	223,784	55,983	1,335,233	1,200,230
Accumulated amortization on disposals			(19,905)		(38,415)	(14,314)		(72,634)	(3,646)
BALANCE, END OF YEAR			<u>766,658</u>	<u>1,231,345</u>	<u>12,121,910</u>	<u>1,223,207</u>	<u>549,902</u>	<u>15,893,022</u>	<u>14,630,423</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 75,959</u>	<u>\$2,982,473</u>	<u>\$ 1,062,203</u>	<u>\$ 2,775,961</u>	<u>\$ 20,040,495</u>	<u>\$ 3,418,723</u>	<u>\$ 763,610</u>	<u>\$ 31,119,424</u>	<u>\$ 31,101,571</u>
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 75,959</u>	<u>\$2,982,473</u>	<u>\$ 969,250</u>	<u>\$ 2,859,355</u>	<u>\$ 19,913,747</u>	<u>\$ 3,481,194</u>	<u>\$ 819,593</u>	<u>\$ 31,101,571</u>	

TOWN OF CROSSFIELD
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2014
Schedule 2

	Budget (Unaudited)	2014	2013
TAXATION			
Real property taxes	\$ 3,906,886	\$ 3,819,641	\$ 3,826,366
Linear property taxes		68,670	69,134
Government grants in place of property taxes		16,748	17,183
Local improvement taxes			10,161
	<u>3,906,886</u>	<u>3,905,059</u>	<u>3,922,844</u>
REQUISITIONS			
Alberta School Foundation Fund	1,325,723	1,325,723	1,393,348
Rocky View Foundation	19,880	19,880	16,691
	<u>1,345,603</u>	<u>1,345,603</u>	<u>1,410,039</u>
NET MUNICIPAL TAXES	<u>\$ 2,561,283</u>	<u>\$ 2,559,456</u>	<u>\$ 2,512,805</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2014
Schedule 3

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING			
Provincial government	\$ 114,992	\$ 94,025	\$ 109,175
Local governments	160,000	160,000	55,000
	<u>274,992</u>	<u>254,025</u>	<u>164,175</u>
TRANSFERS FOR CAPITAL			
Provincial government	955,126	795,019	951,772
Local governments			65,000
	<u>955,126</u>	<u>795,019</u>	<u>1,016,772</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,230,118</u>	<u>\$ 1,049,044</u>	<u>\$ 1,180,947</u>

TOWN OF CROSSFIELD
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 4

	Budget (Unaudited)	2014	2013
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 1,645,550	\$ 1,572,395	\$ 1,499,794
Contracted and general services	1,901,653	1,929,276	1,703,699
Materials, goods, supplies and utilities	575,515	667,700	557,736
Provision for allowances	1,875	72	
Transfers to other governments			45,567
Transfers to local boards and agencies	157,093	155,899	144,298
Bank charges and short term interest	18,000	48,521	56,086
Interest on capital long term debt	177,614	169,053	179,470
Amortization of tangible capital assets		1,335,233	1,200,230
Loss on disposal of tangible capital assets		41,691	4,132
	<u>\$ 4,477,300</u>	<u>\$ 5,919,840</u>	<u>\$ 5,391,012</u>

TOWN OF CROSSFIELD
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014	2013
BALANCE, BEGINNING OF YEAR	\$ 777,600	\$ 1,606,303	\$ 25,024,771	\$ 27,408,674	\$ 26,729,732
Excess of revenues over expenses	921,466			921,466	678,942
Unrestricted funds designated for future use	(214,256)				
Restricted funds used for operations	28,773	214,256			
Restricted funds used for tangible capital assets		(28,773)			
Current year funds used for tangible capital assets		(169,868)	169,868		
Contributed tangible capital assets	(530,672)		530,672		
Disposal of tangible capital assets	(725,547)		725,547		
Annual amortization expense	73,001		(73,001)		
Long term debt repaid	1,335,233		(1,335,233)		
	(380,955)		380,955		
Change in accumulated surplus	507,043	15,615	398,808	921,466	678,942
BALANCE, END OF YEAR	\$ 1,284,643	\$ 1,621,918	\$ 25,423,579	\$ 28,330,140	\$ 27,408,674

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Crossfield 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 policies adopted by the Town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting 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.

d) 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.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.

f) 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.

g) 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.

h) 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, 2014

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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.

j) Non-Financial Assets

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

i. Tangible Capital Assets

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

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

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

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. CASH AND TEMPORARY INVESTMENTS

	<u>2014</u>	<u>2013</u>
Cash	\$ <u>3,482,089</u>	\$ <u>3,161,586</u>

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, \$451,166 (2013 - \$235,413) of the cash and temporary investments are not available for general use by the Town.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2014</u>	<u>2013</u>
Current taxes and grants in place taxes	\$ 124,282	\$ 124,234
Arrears taxes	<u>123,510</u>	<u>98,656</u>
	\$ <u>247,792</u>	\$ <u>222,890</u>

4. INVESTMENTS

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	\$ <u>31</u>	\$ <u>31</u>	\$ <u>65</u>	\$ <u>65</u>

5. DEPOSIT LIABILITIES

In addition to utility deposits of \$30,330 (\$33,090 - 2013), the Town receives water servicing deposits, grade slip deposits and other deposits from developers which are refunded once the water service and/or the development has been inspected and approved. The amount of the developer deposits on hand at the end of the year is \$216,000 (\$131,226 - 2013).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
Alberta Municipal Sustainability Initiative	\$ 337,349	\$ 133,585
Federal Gas Tax Fund	113,817	101,828
Alberta Basic Municipal Transportation Grant Program	<u> </u>	<u> </u>
	<u>\$ 451,166</u>	<u>\$ 235,413</u>

Alberta Municipal Sustainability Initiative

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

Federal Gas Tax Fund

Federal and provincial government funding was received or considered receivable in the current year to undertake certain eligible environmentally sustainable projects within the Town that have not yet been expended.

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

7. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Tax supported debentures	\$ 5,585,857	\$ 5,937,850
Obligations under capital leases	<u>109,988</u>	<u>138,950</u>
	<u>\$ 5,695,845</u>	<u>\$ 6,076,800</u>

The current portion of the long-term debt amounts to \$380,068 (2013 - \$380,955)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 380,068	\$ 160,849	\$ 540,917
2016	389,934	150,983	540,917
2017	334,117	140,848	474,965
2018	276,776	132,238	409,014
2019	285,034	123,980	409,014
Thereafter	<u>4,029,916</u>	<u>808,245</u>	<u>4,838,161</u>
	<u>\$ 5,695,845</u>	<u>\$ 1,517,143</u>	<u>\$ 7,212,988</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rates between 1.813% and 2.922% per annum and matures between 2017 and 2032.

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

Obligation under capital lease is repayable in monthly instalments of \$1,881 including principal and at 3.47% in May 2020. The obligation under capital lease is secured by certain capital equipment.

Interest on long-term debt amounted to \$169,053 (2013 - \$179,470).

The Town's total cash payments for interest in 2014 were \$170,005 (2013 - \$185,236).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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>2014</u>	<u>2013</u>
Total debt limit	\$ 7,958,610	\$ 7,564,773
Total debt	<u>5,695,845</u>	<u>6,076,800</u>
Amount of debit limit unused	\$ <u>2,262,765</u>	\$ <u>1,487,973</u>
Debt servicing limit	\$ 1,326,435	\$ 1,260,796
Debt servicing	<u>540,917</u>	<u>551,828</u>
Amount of debt servicing limit unused	\$ <u>785,518</u>	\$ <u>708,968</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>2014</u>	<u>2013</u>
Tangible capital assets	\$ 47,012,446	\$ 45,731,994
Accumulated amortization	(15,893,022)	(14,630,423)
Long-term debt (Note 7)	<u>(5,695,845)</u>	<u>(6,076,800)</u>
	\$ <u>25,423,579</u>	\$ <u>25,024,771</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
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10. ACCUMULATED SURPLUS

	<u>2014</u>	<u>2013</u>
Accumulated surplus	\$ 1,284,643	\$ 777,600
Restricted surplus:		
Operating		
Administration	91,668	80,002
Fire fighting & preventative services	220,000	70,000
Ambulance	38,006	38,006
Common services		4,720
Wastewater treatment and disposal		53,646
Waste management		3,900
Family and community support services	27,300	33,800
Planning and economic development	174,658	174,658
Cemetery	10,000	
Subdivision	10,000	10,000
Operating contingencies	28,838	28,838
Highway 2A beatification	10,000	
Capital:		
Administration	162,400	162,400
Fire fighting & preventative services	123,668	155,291
Common services	8,893	28,845
Wastewater treatment and disposal	368,993	368,993
Subdivision	324,055	297,505
Parks and recreation	23,439	95,699
Equity in tangible capital assets	<u>25,423,579</u>	<u>25,024,771</u>
	<u>\$ 28,330,140</u>	<u>\$ 27,408,674</u>

11. TRUST FUNDS

The Town of Crossfield administers the following trust:

	<u>2014</u>	<u>2013</u>
Tax sale surplus trust account	\$ <u>121,439</u>	\$ <u>121,378</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
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12. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2014 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 5,123,125
Capital budget	1,661,791
Less	
Transfer to other funds	<u>(681,665)</u>
Total revenues	<u>6,103,251</u>
Expenses	
Operating budget	5,007,999
Capital budget	1,851,387
Less:	
Transfer to other funds	(417,969)
Capital expenses	(1,433,418)
Debt principal payments	<u>(530,699)</u>
Total expenses	<u>4,477,300</u>
Excess of revenue over expenses	<u>\$ 1,625,951</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
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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:

	2014			2013
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Anderson	\$ 16,647	\$ 651	\$ 17,298	\$ 17,416
Councillor Feltham	13,839	512	14,351	2,810
Councillor Ginter	14,314	535	14,849	13,413
Councillor Harvey	11,989	420	12,409	9,897
Councillor Richardson				9,207
Councillor Tennant	15,843	623	16,466	14,693
Chief Administrative Officer	96,421	5,609	102,030	97,389

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
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14.COMMITMENTS

The Town is a member of the Alberta Local Authorities Reciprocal Insurance Exchange (MUNIX). 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.

The Town has guaranteed a loan of the Collicutt Siding Golf Club from the Mountain View Credit Union Limited in the amount of \$200,000. As of December 31, 2014 the outstanding principal on the loan was \$34,869 (2013 - 78,332).

On March 4, 2014 the Town entered into a 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. The term of the lease is for 2 years with an option to extend the agreement for a further 2 years and can be terminated by either party with 6 months notice.

The Town is a member of the The Mountain View Regional Water Services Commission which was constituted under the Municipal Government Act in 1992.

In 2014 the Town entered into a regional fire services agreement with the Municipal District of Rocky View No. 44 to provide such services in a certain specified area. The agreement will remain in force until December 31, 2019 or may be terminated by either party with six months notice. The Municipal District of Rocky View No. 44 will pay the town a semi-annual flat fee as outlined in the agreement.

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

The Town has guaranteed a HSBC lease commitment to the Pete Knight Memorial Centre for an ice resurfacer. The monthly lease commitment is \$1,009 plus GST and the lease matures on May 2019.

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

The Town has entered into lease agreements with Kubota Canada Ltd., Caterpillar Financial Services Limited, and John Deere Canada to rent certain equipment and automotive assets in use at the Town. The aggregate future minimum lease payments are \$36,350 (2013 - \$37,790). The minimum lease payments for each of the three succeeding years are as follows:

	<u>2014</u>	<u>2013</u>
Gross payments required in the first year subsequent	\$ 36,350	\$ 26,185
Gross payments required in the second year subsequent	27,479	10,238
Gross payments required in the third year subsequent	<u>3,091</u>	<u>1,367</u>
	<u>\$ 66,920</u>	<u>\$ 37,790</u>

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
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15.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.

16.COMPARATIVE FIGURES

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

17.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
