

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

**TOWN OF CROSSFIELD
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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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, 2015 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, 2015, 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
JULY 27, 2016


CHARTERED ACCOUNTANTS

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014 (Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 4,182,467	\$ 3,482,089
Receivables		
Taxes and grants in place of taxes (Note 3)	201,541	247,792
Trade and other receivables	718,931	464,603
Receivables from other governments	398,216	202,368
Land inventory held for resale	23,439	31,881
Investments (Note 4)	<u>10</u>	<u>31</u>
	<u>5,524,604</u>	<u>4,428,764</u>
LIABILITIES		
Accounts payable and accrued liabilities	634,973	610,877
Payable to other governments	162,097	181,949
Deposit liabilities (Note 5)	261,600	246,330
Deferred revenue (Note 6)	1,138,816	451,166
Long-term debt (Note 7)	<u>5,315,778</u>	<u>5,695,845</u>
	<u>7,513,264</u>	<u>7,186,167</u>
NET FINANCIAL ASSETS (DEBT)	<u>(1,988,660)</u>	<u>(2,757,403)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>31,710,022</u>	<u>31,087,543</u>
	<u>31,710,022</u>	<u>31,087,543</u>
ACCUMULATED SURPLUS	<u>\$ 29,721,362</u>	<u>\$ 28,330,140</u>
	COMMITMENTS (SEE NOTE 14)	

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014 (Restated)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 2,777,121	\$ 2,747,731	\$ 2,559,456
User fees and sale of goods	2,168,900	3,314,613	1,945,288
Government transfers for operating (Schedule 3)	255,175	264,490	254,025
Investment income	37,700	45,162	32,483
Penalties and costs on taxes	82,800	82,303	77,399
Development levies		305,253	26,550
Licenses and permits	167,100	255,481	216,745
Franchise and concession contracts	115,800	114,352	110,830
Gain on disposal of tangible capital assets	1,043,176	7,494	5,011
Other	23,700	27,036	77,953
Total Revenue	<u>6,671,472</u>	<u>7,163,915</u>	<u>5,305,740</u>
EXPENSES			
Legislative	98,000	89,265	93,490
Administration	794,900	838,411	870,532
Protective services	583,200	733,225	636,702
Transportation	809,117	1,515,429	1,526,278
Water supply and distribution	1,059,201	1,294,229	1,190,966
Wastewater treatment and disposal	123,748	326,352	329,215
Public health and welfare	79,300	79,376	82,786
Land use planning, zoning and development	201,500	145,605	165,289
Economic/agricultural development	221,200	178,648	153,052
Subdivision land and development	78,200	32,444	76,792
Waste management	438,700	432,873	385,626
Parks and recreation	231,400	347,418	339,112
Culture	70,000	70,000	70,000
Total Expenses	<u>4,788,466</u>	<u>6,083,275</u>	<u>5,919,840</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	1,883,006	1,080,640	(614,100)
Government transfers for capital (Schedule 3)	998,232	310,582	795,019
Contributed and donated assets			725,547
Other capital revenues			15,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	2,881,238	1,391,222	921,466
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>28,330,140</u>	<u>28,330,140</u>	<u>27,408,674</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 31,211,378</u>	<u>\$ 29,721,362</u>	<u>\$ 28,330,140</u>

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014 (Restated)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 2,881,238</u>	<u>\$ 1,391,222</u>	<u>\$ 921,466</u>
Acquisition of tangible capital assets	(1,433,418)	(2,096,797)	(700,540)
Contributed and donated assets			(725,547)
Proceeds on sale of tangible capital assets		42,940	36,321
Amortization of tangible capital assets		1,313,714	1,335,233
(Gain) loss on sale of tangible capital assets	<u>(1,043,176)</u>	<u>117,663</u>	<u>36,680</u>
	<u>(2,476,594)</u>	<u>(622,480)</u>	<u>(17,853)</u>
(INCREASE) DECREASE IN NET DEBT	404,644	768,742	903,613
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>2,757,402</u>	<u>(2,757,402)</u>	<u>(3,661,015)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ (2,352,758)</u>	<u>\$ (1,988,660)</u>	<u>\$ (2,757,402)</u>

TOWN OF CROSSFIELD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

2015 2014

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

OPERATING

Excess (shortfall) of revenues over expenses	\$ 1,391,222	\$ 921,466
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	1,313,714	1,335,233
Loss on sale of tangible capital assets	117,663	36,680
Tangible capital assets received as contributions		<u>(725,547)</u>
	<u>2,822,599</u>	<u>1,567,832</u>
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	46,251	(24,902)
Decrease(increase) in trade and other receivables	(254,328)	68,234
Decrease(increase) in receivables from other governments	(195,848)	(162,847)
Decrease(increase) in other financial assets	21	34
Decrease(increase) in land held for resale	8,442	
Increase(decrease) in accounts payable and accrued liabilities	4,245	(380,441)
Increase(decrease) in deposit liabilities	15,270	82,014
Increase(decrease) in deferred revenue	<u>687,650</u>	<u>215,753</u>
Cash provided by (applied to) operating transactions	<u>3,134,302</u>	<u>1,365,677</u>

CAPITAL

Acquisition of tangible capital assets	(2,096,797)	(700,540)
Proceeds on sale of tangible capital assets	<u>42,940</u>	<u>36,321</u>
Cash provided by (applied to) capital transactions	<u>(2,053,857)</u>	<u>(664,219)</u>

FINANCING

Long term debt repaid	<u>(380,067)</u>	<u>(380,955)</u>
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CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR 700,378 320,503

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,482,089 3,161,586

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 4,182,467 \$ 3,482,089

Cash and cash equivalents is made up of:

Cash and temporary investments (Note 2)	<u>\$ 4,182,467</u>	<u>\$ 3,482,089</u>
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TOWN OF CROSSFIELD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014 (Restated)
COST:									
BALANCE, BEGINNING OF YEAR	\$ 75,959	\$2,950,592	\$ 1,828,861	\$ 4,007,306	\$ 32,162,405	\$ 4,641,930	\$1,313,512	\$ 46,980,565	\$ 45,700,113
Acquisition of tangible capital assets	121,800	85,000	253,510		1,478,236	110,072	48,179	2,096,797	1,426,087
Disposal of tangible capital assets	(75,959)				(99,807)	(38,321)		(214,087)	(145,635)
BALANCE, END OF YEAR	<u>121,800</u>	<u>3,035,592</u>	<u>2,082,371</u>	<u>4,007,306</u>	<u>33,540,834</u>	<u>4,713,681</u>	<u>1,361,691</u>	<u>48,863,275</u>	<u>46,980,565</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR			766,658	1,231,345	12,121,910	1,223,207	549,902	15,893,022	14,630,423
Annual amortization			88,662	83,266	866,201	220,880	54,705	1,313,714	1,335,233
Accumulated amortization on disposal					(50,609)	(2,874)		(53,483)	(72,634)
BALANCE, END OF YEAR			<u>855,320</u>	<u>1,314,611</u>	<u>12,937,502</u>	<u>1,441,213</u>	<u>604,607</u>	<u>17,153,253</u>	<u>15,893,022</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 121,800</u>	<u>\$ 3,035,592</u>	<u>\$ 1,227,051</u>	<u>\$ 2,692,695</u>	<u>\$ 20,603,332</u>	<u>\$ 3,272,468</u>	<u>\$ 757,084</u>	<u>\$ 31,710,022</u>	<u>\$ 31,087,543</u>
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 75,959</u>	<u>\$ 2,950,592</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>\$ 31,087,543</u>	

TOWN OF CROSSFIELD
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015
Schedule 2

	Budget (Unaudited)	2015	2014
TAXATION			
Real property taxes	\$ 4,181,772	\$ 4,075,921	\$ 3,819,641
Linear property taxes		70,692	68,670
Government grants in place of property taxes		5,450	16,748
	<u>4,181,772</u>	<u>4,152,063</u>	<u>3,905,059</u>
REQUISITIONS			
Alberta School Foundation Fund	1,383,777	1,383,777	1,325,723
Rocky View Foundation	20,874	20,555	19,880
	<u>1,404,651</u>	<u>1,404,332</u>	<u>1,345,603</u>
NET MUNICIPAL TAXES	<u>\$ 2,777,121</u>	<u>\$ 2,747,731</u>	<u>\$ 2,559,456</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015
Schedule 3

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING			
Provincial government	\$ 95,175	\$ 99,384	\$ 94,025
Federal government		2,856	
Local governments	160,000	162,250	160,000
	<u>255,175</u>	<u>264,490</u>	<u>254,025</u>
TRANSFERS FOR CAPITAL			
Provincial government	845,262	310,582	795,019
Federal government	152,970		
	<u>998,232</u>	<u>310,582</u>	<u>795,019</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,253,407</u>	<u>\$ 575,072</u>	<u>\$ 1,049,044</u>

TOWN OF CROSSFIELD
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2015
Schedule 4

	Budget (Unaudited)	2015	2014
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 1,657,400	\$ 1,548,409	\$ 1,572,395
Contracted and general services	2,047,190	2,097,159	1,929,276
Materials, goods, supplies and utilities	758,900	643,490	667,700
Provision for allowances	100	118	72
Transfers to local boards and agencies	157,900	166,050	155,899
Bank charges and short term interest	6,400	29,302	48,521
Interest on capital long term debt	160,576	159,876	169,053
Amortization of tangible capital assets		1,313,714	1,335,233
Loss on disposal of tangible capital assets		125,157	41,691
	<u>\$ 4,788,466</u>	<u>\$ 6,083,275</u>	<u>\$ 5,919,840</u>

TOWN OF CROSSFIELD
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014 (Restated)
BALANCE, BEGINNING OF YEAR	\$ 1,316,524	\$ 1,621,918	\$ 25,391,998	\$ 28,330,140	\$ 27,408,674
Excess of revenues over expenses	1,391,222			1,391,222	921,466
Unrestricted funds designated for future use	(811,748)	811,748			
Restricted funds used for operations	6,667	(6,667)			
Restricted funds used for tangible capital assets	(1,902,697)	(194,100)	194,100		
Current year funds used for tangible capital assets	160,605	(160,605)	1,902,697		
Disposal of tangible capital assets	1,313,714	(1,313,714)	(160,605)		
Annual amortization expense	(380,068)		(1,313,714)		
Long term debt repaid			380,068		
Change in accumulated surplus	(222,305)	610,981	1,002,546	1,391,222	921,466
BALANCE, END OF YEAR	\$ 1,094,219	\$ 2,232,899	\$ 26,394,244	\$ 29,721,362	\$ 28,330,140

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015

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, 2015

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, 2015

2. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash	\$ <u>4,182,467</u>	\$ <u>3,482,089</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, \$986,210 (2014 - \$337,349) 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>2015</u>	<u>2014</u>
Current taxes and grants in place taxes	\$ 119,190	\$ 124,282
Arrears taxes	<u>82,351</u>	<u>123,510</u>
	<u>\$ 201,541</u>	<u>\$ 247,792</u>

4. INVESTMENTS

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	\$ <u>10</u>	\$ <u>10</u>	\$ <u>31</u>	\$ <u>31</u>

5. DEPOSIT LIABILITIES

In addition to utility deposits of \$28,600 (\$30,330 - 2014), 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 \$233,000 (\$216,000 - 2014).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. DEFERRED REVENUE

	2015	2014
Alberta Municipal Sustainability Initiative	\$ 986,210	\$ 337,349
Federal Gas Tax Fund	152,606	113,817
	\$ 1,138,816	\$ 451,166

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 considered receivable in the current year to undertake certain eligible environmentally sustainable projects within the Town that have not yet been expended.

7. LONG TERM DEBT

	2015	2014
Tax supported debentures	\$ 5,224,900	\$ 5,585,857
Obligations under capital leases	90,878	109,988
	\$ 5,315,778	\$ 5,695,845

The current portion of the long-term debt amounts to \$389,934 (2014 - \$380,068)

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2020	278,443	115,623	394,066
Thereafter	3,751,474	692,622	4,444,096
	\$ 5,315,778	\$ 1,356,294	\$ 6,672,072

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 \$159,876 (2014 - \$169,053).

The Town's total cash payments for interest in 2015 were \$160,849 (2014 - \$170,005).

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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:

	2015	2014
Total debt limit	\$ 10,734,632	\$ 7,951,094
Total debt	5,315,778	5,695,845
Amount of debit limit unused	\$ 5,418,854	\$ 2,255,249
Debt servicing limit	\$ 1,789,105	\$ 1,325,182
Debt servicing	540,917	540,917
Amount of debt servicing limit unused	\$ 1,248,188	\$ 784,265

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

	2015	2014
		(Restated)
Tangible capital assets	\$ 48,863,275	\$ 46,980,565
Accumulated amortization	(17,153,253)	(15,893,022)
Long-term debt (Note 7)	(5,315,778)	(5,695,845)
	\$ 26,394,244	\$ 25,391,698

TOWN OF CROSSFIELD
NOTES TO FINANCIAL STATEMENTS
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10. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
Accumulated surplus	\$ 1,094,219	\$ 1,316,524
Restricted surplus:		
Operating		
Administration	91,883	91,668
Protective services	9,200	
Fire fighting & preventative services	460,000	220,000
Ambulance	38,006	38,006
Family and community support services	27,300	27,300
Planning and economic development	174,658	174,658
Cemetery	44,314	10,000
Subdivision	10,000	10,000
Operating contingencies	28,838	28,838
Highway 2A beautification	10,000	10,000
Capital:		
Administration	162,400	162,400
Fire fighting & preventative services	75,488	123,668
Common services	90,993	8,893
Water	14,000	
Wastewater treatment and disposal	278,072	368,993
Subdivision	564,308	324,055
Parks and recreation	153,439	23,439
Equity in tangible capital assets	<u>26,394,244</u>	<u>25,391,698</u>
	<u>\$ 29,721,362</u>	<u>\$ 28,330,140</u>

11. TRUST FUNDS

The Town of Crossfield administers the following trust:

	<u>2015</u>	<u>2014</u>
Tax sale surplus trust account	\$ <u>121,500</u>	\$ <u>121,439</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 2015 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	\$ 5,628,295
Capital budget	2,846,695
Less:	
Transfer to other funds	<u>(805,286)</u>
Total revenues	<u>7,669,704</u>
Expenses	
Operating budget	5,496,723
Capital budget	3,572,718
Less:	
Transfer to other funds	(923,732)
Capital expenses	(2,841,168)
Debt principal payments	<u>(516,075)</u>
Total expenses	<u>4,788,466</u>
Excess of revenue over expenses	\$ <u>2,881,238</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:

	2015			2014
	Salary	Benefits & allowances	Total	Total
Councillors:				
Mayor Anderson	\$ 15,497	\$ 360	\$ 15,857	\$ 17,298
Councillor Feltham	14,313	305	14,618	14,351
Councillor Ginter	13,386	271	13,657	14,849
Councillor Harvey	3,265	58	3,323	12,409
Councillor Helfrich	7,222	140	7,362	
Councillor Tennant	14,632	315	14,947	16,466
Chief Administrative Officer	109,485	13,507	122,992	102,030

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, 2015 the outstanding principal on the loan was \$NIL (2014 - 34,869).

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 \$79,276 (2014 - \$66,920). The minimum lease payments for each of the three succeeding years are as follows:

	2015	2014
Gross payments required in the first year subsequent	\$ 48,353	\$ 36,350
Gross payments required in the second year subsequent	23,965	27,479
Gross payments required in the third year subsequent	6,958	3,091
	\$ 79,276	\$ 66,920

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.PRIOR PERIOD ADJUSTMENTS

The prior period financial statements have been restated to disclose land held for resale which was previously included in tangible capital assets. As a result of the adjustment land held for resale has increased by \$31,881, tangible capital assets have decreased by \$31,881, accumulated surplus has increased by \$31,881, and equity in tangible capital assets has decreased by \$31,881.

17.COMPARATIVE FIGURES

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

18.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
