

**TOWN OF CASTOR**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the Town of Castor is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The town council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The town council has approved the financial statements.

The consolidated financial statement have been audited by RWA Chartered Professional Accountants LLP, independent external auditors appointed by the town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examinations and their opinion on the town's consolidated financial statements.

\_\_\_\_\_  
Chief Administrative Officer

Date: \_\_\_\_\_  
Town of Castor, Alberta, Canada

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council:

### Opinion

We have audited the accompanying consolidated financial statements of the Town of Castor which comprise the statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Castor as at December 31, 2023, the results of its operations, change in its net financial assets and its cash flows for the year then 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 Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of opinion.

### 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.

In preparing these financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting if required.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

## **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 users taken on the basis of these consolidated 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 consolidated financial statements, where 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of control.
- Obtain an understanding of internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosure 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 our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Stettler, Alberta  
April 25, 2024

**RWA LLP**  
Chartered Professional Accountants

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	764,224	565,322
Receivables		
Taxes and grants in place of taxes (note 3)	336,408	304,202
Trade and other receivables (note 5)	771,956	1,087,949
Land for resale inventory (note 1g)	189,075	310,785
Investments (notes 1e & 4)	<u>26,054</u>	<u>26,054</u>
	<u>2,087,717</u>	<u>2,294,312</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	288,522	335,635
Accounts payable and accrued liabilities - capital	33,231	31,744
Deferred revenue (notes 1b & 6)	24,279	60,465
Long-term debt (note 7)	<u>1,603,445</u>	<u>1,031,605</u>
	<u>1,949,477</u>	<u>1,459,449</u>
<b>NET FINANCIAL ASSETS</b>	<u>138,240</u>	<u>834,863</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	12,627,415	11,736,829
Prepaid expenses	<u>7,006</u>	<u>5,486</u>
	<u>12,634,421</u>	<u>11,742,315</u>
<b>ACCUMULATED SURPLUS (note 11)</b>	<u>12,772,661</u>	<u>12,577,178</u>

Commitments - See note 14

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget \$ (Unaudited)	2023 \$	2022 \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	1,068,083	1,078,077	1,023,681
User fees and sales of goods	2,186,427	2,218,155	2,454,658
Government transfers for operating (Schedule 4)	380,476	339,984	389,409
Investment income	15,000	49,149	20,701
Penalties and cost on taxes and utilities	68,500	86,472	88,810
Concession and franchises	70,335	78,593	80,202
Fines	5,912	9,587	7,558
Licenses and permits	8,800	10,340	8,655
Other revenue	<u>7,200</u>	<u>30,664</u>	<u>4,407</u>
<b>Total Revenue</b>	<u><b>3,810,733</b></u>	<u><b>3,901,021</b></u>	<u><b>4,078,081</b></u>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	54,800	60,067	61,146
Administration	280,067	221,940	288,921
Protection services	205,642	243,852	203,529
Airport services	9,285	13,402	8,874
Roads, streets, walks, lighting	510,432	570,681	517,469
Water supply and distribution	467,021	479,678	455,227
Wastewater treatment and disposal	171,424	189,663	160,357
Waste management	131,808	131,211	114,677
Family and community support	77,000	71,901	85,701
Subdivision land development	18,786	143,042	49,661
Municipal planning and development	182,000	120,367	162,200
Parks and recreation	526,248	492,558	496,436
Cemeteries	36,471	33,283	27,676
Culture	83,386	69,816	76,446
Natural gas operations	669,742	517,866	778,686
Amortization of tangible capital assets	<u>-</u>	<u>586,655</u>	<u>547,864</u>
<b>Total Expenses</b>	<u><b>3,424,112</b></u>	<u><b>3,945,982</b></u>	<u><b>4,034,870</b></u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u><b>386,621</b></u>	<u><b>(44,961)</b></u>	<u><b>43,211</b></u>
<b>OTHER</b>			
Gain on disposal of tangible capital assets	-	-	1,220
Government transfers for capital (Schedule 4)	<u>2,684,258</u>	<u>240,444</u>	<u>383,768</u>
	<u>2,684,258</u>	<u>240,444</u>	<u>384,988</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	3,070,879	195,483	428,199
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>12,577,178</u>	<u>12,577,178</u>	<u>12,148,979</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>15,648,057</u></u>	<u><u>12,772,661</u></u>	<u><u>12,577,178</u></u>

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget \$	2023 \$	2022 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>3,070,879</u>	<u>195,483</u>	<u>428,199</u>
Acquisition of tangible capital assets	(3,908,000)	(1,477,241)	(430,425)
Proceeds on disposal of tangible capital assets	-	-	1,220
Amortization of tangible capital assets	-	586,655	547,864
Gain on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(1,220)</u>
	<u>(3,908,000)</u>	<u>(890,586)</u>	<u>117,439</u>
Acquisition of prepaid expenses	-	(7,006)	(5,486)
Use of prepaid expenses	<u>-</u>	<u>5,486</u>	<u>8,796</u>
	<u>-</u>	<u>(1,520)</u>	<u>3,310</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(837,121)	(696,623)	548,948
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>834,863</u>	<u>834,863</u>	<u>285,915</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>(2,258)</u></u>	<u><u>138,240</u></u>	<u><u>834,863</u></u>



**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 \$	2022 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	195,483	428,199
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	586,655	547,864
Gain on disposal of tangible capital assets	-	(1,220)
Non-cash changes to operations (net change):		
Increase in taxes and grants in place of taxes	(32,206)	(98,566)
Decrease (increase) in trade and other receivables	315,993	(243,503)
Decrease (increase) in prepaid expenses	(1,520)	3,310
Decrease in land held for sale	121,710	-
Increase (decrease) in accounts payable and accrued liabilities	(47,113)	12,319
Decrease in deferred revenue	(36,186)	(84,496)
 Cash provided by operating transactions	<u>1,102,816</u>	<u>563,907</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,477,241)	(430,425)
Proceeds on sale of tangible capital assets	-	1,220
Increase in capital accounts payable	<u>1,487</u>	<u>24,571</u>
 Cash applied to capital transactions	<u>(1,475,754)</u>	<u>(404,634)</u>
<b>INVESTING</b>		
Increase in restricted cash and temporary investments	<u>(68,732)</u>	<u>-</u>
<b>FINANCING</b>		
Long-term debt repaid	(128,160)	(153,784)
Long-term debt issued	<u>700,000</u>	<u>-</u>
 Cash provided by financing transactions	<u>571,840</u>	<u>(153,784)</u>
 <b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>130,170</b>	<b>5,489</b>
<b>CASH AND CASH EQUIVALENT (SHORTFALL), BEGINNING OF YEAR</b>	<u>66,838</u>	<u>61,349</u>
<b>CASH AND CASH EQUIVALENT (SHORTFALL), END OF YEAR (note 2)</b>	<u>197,008</u>	<u>66,838</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (note 2)	764,224	565,322
Less: restricted portion of cash and temporary investments (note 2)	<u>(567,216)</u>	<u>(498,484)</u>
	<u>197,008</u>	<u>66,838</u>

**TOWN OF CASTOR**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023 \$	2022 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>1,373,470</u>	<u>498,484</u>	<u>10,705,224</u>	<u>12,577,178</u>	<u>12,148,979</u>
Excess of revenues over expenses	195,483	-	-	195,483	428,199
Unrestricted funds designated for future use	(68,732)	68,732	-	-	-
Current year funds used for tangible capital assets	(1,477,241)	-	1,477,241	-	-
Annual amortization expense	586,655	-	(586,655)	-	-
Long-term debt issued	700,000	-	(700,000)	-	-
Long-term debt repaid	<u>(128,160)</u>	<u>-</u>	<u>128,160</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(191,995)</u>	<u>68,732</u>	<u>318,746</u>	<u>195,483</u>	<u>428,199</u>
<b>BALANCE, END OF YEAR</b>	<u><u>1,181,475</u></u>	<u><u>567,216</u></u>	<u><u>11,023,970</u></u>	<u><u>12,772,661</u></u>	<u><u>12,577,178</u></u>

**TOWN OF CASTOR**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023 \$	2022 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	826,310	599,112	7,678,128	12,187,521	1,662,374	751,408	23,704,853	23,305,428
Acquisition of assets	-	-	1,150,535	87,584	88,563	150,559	1,477,241	430,425
Disposal of assets	-	-	-	-	-	-	-	(31,000)
<b>BALANCE, END OF YEAR</b>	<u>826,310</u>	<u>599,112</u>	<u>8,828,663</u>	<u>12,275,105</u>	<u>1,750,937</u>	<u>901,967</u>	<u>25,182,094</u>	<u>23,704,853</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	333,713	3,764,183	6,069,577	1,221,561	578,990	11,968,024	11,451,160
Annual amortization	-	17,938	228,289	183,529	107,996	48,903	586,655	547,864
Accumulated amortization on disposals	-	-	-	-	-	-	-	(31,000)
<b>BALANCE, END OF YEAR</b>	<u>-</u>	<u>351,651</u>	<u>3,992,472</u>	<u>6,253,106</u>	<u>1,329,557</u>	<u>627,893</u>	<u>12,554,679</u>	<u>11,968,024</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>826,310</u>	<u>247,461</u>	<u>4,836,191</u>	<u>6,021,999</u>	<u>421,380</u>	<u>274,074</u>	<u>12,627,415</u>	<u>11,736,829</u>
<b>2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>826,310</u>	<u>265,399</u>	<u>3,913,945</u>	<u>6,117,944</u>	<u>440,813</u>	<u>172,418</u>	<u>11,736,829</u>	

**TOWN OF CASTOR**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Schedule 3)**

	Budget (Unaudited)	2023 \$	2022 \$
<b>TAXATION</b>			
Real property taxes	1,289,928	1,289,929	1,248,411
Linear property taxes	39,925	39,925	35,803
Government grants in place of property taxes	<u>2,588</u>	<u>2,588</u>	<u>2,369</u>
	<u>1,332,441</u>	<u>1,332,442</u>	<u>1,286,583</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	222,459	212,516	222,459
Designated Industrial	50	-	-
Paintearth Seniors Foundation	<u>41,849</u>	<u>41,849</u>	<u>40,443</u>
	<u>264,358</u>	<u>254,365</u>	<u>262,902</u>
<b>NET MUNICIPAL TAXES</b>	<u>1,068,083</u>	<u>1,078,077</u>	<u>1,023,681</u>

**TOWN OF CASTOR**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Schedule 4)**

	Budget (Unaudited)	2023 \$	2022 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	188,526	160,241	139,453
Other Local Governments	<u>191,950</u>	<u>179,743</u>	<u>249,956</u>
	<u>380,476</u>	<u>339,984</u>	<u>389,409</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal Government	1,700,000	-	112,500
Provincial Government	<u>984,258</u>	<u>240,444</u>	<u>271,268</u>
	<u>2,684,258</u>	<u>240,444</u>	<u>383,768</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>3,064,734</u>	<u>580,428</u>	<u>773,177</u>

**TOWN OF CASTOR**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(Schedule 5)**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	Budget (Unaudited)	2023 \$	2022 \$
Salaries, wages and benefits	1,375,195	1,240,995	1,235,253
Contracted and general services	876,608	856,192	974,134
Materials, goods, and utilities	1,002,974	1,075,820	1,098,552
Provisions for allowances	-	342	16,926
Transfers to local boards and agencies	114,349	129,065	111,702
Bank charges and short-term interest	2,000	2,802	1,485
Interest on long-term debt	46,986	54,111	48,954
Amortization of tangible capital assets	-	586,655	547,864
Other expenses	6,000	-	-
	<u>3,424,112</u>	<u>3,945,982</u>	<u>4,034,870</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. Significant Accounting Policies**

The consolidated financial statements of the Town of Castor are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Castor are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenue 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 of Castor and are, therefore, accountable to the Town of Castor Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for external organizations that are not a 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 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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) Valuation of Financial Assets and Liabilities**

The town's financial asset and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. Significant Accounting Policies - continued**

**e) Investments**

Investments are recorded at cost. 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) 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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

**h) 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.

**i) Tax Revenue**

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

**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.

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. Significant Accounting Policies - continued**

**k) Tangible Capital Assets**

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

	<b>Years</b>
Land Improvements	10-60
Buildings	50
Engineered structures	
Water system	15-75
Wastewater system	75
Other engineered structures	20-30
Machinery and equipment	10-25
Vehicles	10

The full amount of annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. 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 the fair value at the date of receipt and also recorded as revenue.

**2. Cash and Temporary Investments**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash	<u>764,224</u>	<u>565,322</u>

Council has designated funds of \$567,216 (2022 - \$498,484) included in the above amounts for future projects.

The Town has an authorized line of credit in the amount of \$1,500,000 at prime rate plus 1.0%. Prime rate at December 31, 2023 was 7.20%.

**3. Taxes and Grants in Place of Taxes Receivables**

	<b>2023</b>	<b>2022</b>
	\$	\$
Current taxes and grants in place of taxes	123,841	132,633
Arrears tax	212,567	171,569
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>336,408</u>	<u>304,202</u>



**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
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<b>4. Investments</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Equity in United Farmers of Alberta	3,454	3,454
Gas Alberta Inc. - debentures	22,500	22,500
Gas Alberta Inc. - shares	<u>100</u>	<u>100</u>
	<u>26,054</u>	<u>26,054</u>

<b>5. Trade and Other Receivables</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Trade and other receivables are comprised of the following:		
GST receivable	21,148	24,133
Utility accounts receivable	274,585	420,733
Grants receivable	265,843	483,002
General	<u>210,380</u>	<u>160,081</u>
	<u>771,956</u>	<u>1,087,949</u>

<b>6. Deferred Revenue</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Sustainability Initiative Capital	19,279	55,465
Deposits	<u>5,000</u>	<u>5,000</u>
	<u>24,279</u>	<u>60,465</u>

Municipal Sustainability Initiative Capital grant are restricted for eligible capital projects which are scheduled for completion in 2024.

Included in the above figures are \$19,279 (2022 - \$55,465) of grants which are in accounts receivable.

<b>7. Long-Term Debt</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Tax supported debentures	1,403,445	771,605
Bank loans	<u>200,000</u>	<u>260,000</u>
	<u>1,603,445</u>	<u>1,031,605</u>

The current portion of long-term debt amounts to \$115,123 (2022 - \$128,160).

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. Long-Term Debt - continued**

Principal and interest payments are due as follows:

Year	Principal \$	Interest \$	Total \$
2024	115,123	75,886	191,009
2025	118,810	70,919	189,729
2026	122,679	65,770	188,449
2027	126,739	60,430	187,169
2028	130,999	54,890	185,889
2029 and subsequent	<u>989,095</u>	<u>332,083</u>	<u>1,321,178</u>
	<u>1,603,445</u>	<u>659,978</u>	<u>2,263,423</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.59% to 5.89% per annum and matures in periods 2033 through 2043. The average annual interest rate is 5.015% for 2023 (4.68% for 2022). Debenture debt is issued on the credit and security of the Town of Castor at large.

Bank loans are repayable in annual instalments of \$40,000 plus interest payable monthly at 3.2%. The bank loans are due on demand.

Interest on long-term debt amounted to \$54,111 (2022 - \$48,954). The Town's total cash payments for interest in 2023 were \$43,906 (2022 - \$50,960).

**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 of Castor be disclosed as follows:

	2023 \$	2022 \$
Total debt limit	5,851,532	6,117,122
Total debt	<u>1,603,445</u>	<u>1,031,605</u>
Amount under total debt limit	<u>4,248,087</u>	<u>5,085,517</u>
Service on debt limit	975,255	1,019,520
Service on debt	<u>191,009</u>	<u>171,966</u>
Amount under service on debt limit	<u>784,246</u>	<u>847,554</u>

The debt limit is calculated at 1.5 times revenue of the municipality 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 future debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
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<b>9. Tangible Capital Assets</b>	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Net Book Value</b>		
Land	826,310	826,310
Land improvements	247,461	265,399
Buildings	4,836,191	3,913,945
Engineering structures		
Roadway system	828,727	819,394
Water distribution system	4,711,844	4,789,065
Wastewater treatment system	289,500	307,236
Gas system	191,928	202,249
Machinery, equipment and furnishings	421,380	440,813
Vehicles	<u>274,074</u>	<u>172,418</u>
	<u>12,627,415</u>	<u>11,736,829</u>
<b>10. Equity in Tangible Capital Fund</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Tangible capital assets (Schedule 2)	25,182,094	23,704,853
Accumulated amortization (Schedule 2)	(12,554,679)	(11,968,024)
Long-term debt (Note 7)	<u>(1,603,445)</u>	<u>(1,031,605)</u>
	<u>11,023,970</u>	<u>10,705,224</u>
<b>11. Accumulated Surplus</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Unrestricted surplus	1,181,475	1,373,470
Restricted surplus		
Fire	110,617	110,617
Airport	8,000	8,000
Water	198,599	136,867
Sewer	42,000	35,000
Garbage	30,000	30,000
Doctor recruitment	45,000	45,000
Cemetery	3,000	3,000
Culture	60,000	60,000
Recreation	40,000	40,000
Gas	30,000	30,000
Equity in tangible capital assets	<u>11,023,970</u>	<u>10,705,224</u>
	<u>12,772,661</u>	<u>12,577,178</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
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**12. Salary and Benefits Disclosure**

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

	Salaries \$	Benefits & Allowances \$	2023 \$	2022 \$
Mayor	8,400	-	8,400	8,400
Deputy Mayor (part year)	6,500	-	6,500	6,000
Deputy Mayor (part year)	6,100	155	6,255	6,200
Councillor 1	6,000	149	6,149	6,200
Councillor 2	6,000	149	6,149	6,200
Councillor 3	6,000	-	6,000	6,000
Councillor 4	6,000	149	6,149	6,200
Chief Administrative Officer (part year)	2,783	447	3,230	132,568
Chief Administrative Officer (part year)	99,882	14,367	114,249	-

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium 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.

**13. Local Authorities Pension Plan**

Employees of the Town of Castor participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 291,259 people and 437 employers. 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 became due.

The Town of Castor is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees on the Town of Castor are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$67,151 (2022 - \$58,114). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2023 were \$59,770 (2022 - \$51,963).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.671 million.

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
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**14. Commitments**

The Town is a member of the Shirley McClellan Regional Water Services Commission. The commission has obtained debenture funding and repayment of this debenture will be funded by its member communities. The Town's total payments on this debenture during 2023 were \$25,171 (2022 - \$25,245). At December 31, 2023, the Town's share of the remaining principal balance is estimated at \$345,059.

**15. Financial Instruments**

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

The Town of Castor 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 of Castor provides services may experience financial difficulty and be unable to fulfil 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. Approval of Financial Statements**

Council and management have approved these financial statements.