

**TOWN OF CASTOR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, 2022 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

INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022, 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 our independence, and where applicable, related safeguards.

Stettler, Alberta
April 25, 2023

RWALLP
Chartered Professional Accountants

TOWN OF CASTOR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	648,270	630,992
Receivables		
Taxes and grants in place of taxes (note 3)	304,202	205,636
Trade and other receivables (note 5)	1,087,949	844,446
Land for resale inventory (note 1g)	310,785	310,785
Investments (notes 1e & 4)	<u>26,054</u>	<u>26,054</u>
	<u>2,377,260</u>	<u>2,017,913</u>
LIABILITIES		
Accounts payable and accrued liabilities	335,635	323,316
Accounts payable and accrued liabilities - capital	31,744	7,173
Deferred revenue (notes 1b & 6)	60,465	144,961
Administered trust funds (note 12)	82,948	71,159
Long-term debt (note 7)	<u>1,031,605</u>	<u>1,185,389</u>
	<u>1,542,397</u>	<u>1,731,998</u>
NET FINANCIAL ASSETS	<u>834,863</u>	<u>285,915</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	11,736,829	11,854,268
Prepaid expenses	<u>5,486</u>	<u>8,796</u>
	<u>11,742,315</u>	<u>11,863,064</u>
ACCUMULATED SURPLUS (note 11)	<u>12,577,178</u>	<u>12,148,979</u>

Commitments - See note 15

**TOWN OF CASTOR
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget \$ (Unaudited)	2022 \$	2021 \$
REVENUE			
Net municipal taxes (Schedule 3)	1,019,959	1,023,681	1,000,785
User fees and sales of goods	2,075,116	2,454,658	2,421,615
Government transfers for operating (Schedule 4)	296,518	389,409	303,304
Investment income	1,224	20,701	2,086
Penalties and cost on taxes and utilities	66,980	88,810	73,721
Concession and franchises	70,335	80,202	67,639
Fines	5,912	7,558	16,608
Licenses and permits	7,100	8,655	7,715
Other revenue	<u>3,500</u>	<u>4,407</u>	<u>19,314</u>
Total Revenue	<u>3,546,644</u>	<u>4,078,081</u>	<u>3,912,787</u>
EXPENSES			
Operating			
Legislative	55,000	61,146	52,879
Administration	313,315	288,921	294,061
Protection services	207,891	203,529	235,071
Airport services	10,038	8,874	13,826
Roads, streets, walks, lighting	513,593	517,469	458,955
Water supply and distribution	497,053	455,227	523,756
Wastewater treatment and disposal	163,444	160,357	156,218
Waste management	130,542	114,677	114,487
Family and community support	75,560	85,701	82,619
Subdivision land development	15,786	49,661	11,277
Municipal planning and development	170,600	162,200	133,562
Parks and recreation	589,842	496,436	492,572
Cemeteries	41,911	27,676	21,211
Culture	78,528	76,446	61,455
Natural gas operations	466,189	778,686	634,774
Amortization of tangible capital assets	<u>-</u>	<u>547,864</u>	<u>534,240</u>
Total Expenses	<u>3,329,292</u>	<u>4,034,870</u>	<u>3,820,963</u>
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>217,352</u>	<u>43,211</u>	<u>91,824</u>
OTHER			
Gain on disposal of tangible capital assets	-	1,220	1,944
Government transfers for capital (Schedule 4)	<u>244,000</u>	<u>383,768</u>	<u>440,582</u>
	<u>244,000</u>	<u>384,988</u>	<u>442,526</u>
EXCESS OF REVENUE OVER EXPENSES	461,352	428,199	534,350
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>12,148,979</u>	<u>12,148,979</u>	<u>11,614,629</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>12,610,331</u></u>	<u><u>12,577,178</u></u>	<u><u>12,148,979</u></u>

TOWN OF CASTOR
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget \$	2022 \$	2021 \$
EXCESS OF REVENUES OVER EXPENSES	<u>461,352</u>	<u>428,199</u>	<u>534,350</u>
Acquisition of tangible capital assets	(244,000)	(430,425)	(534,483)
Proceeds on disposal of tangible capital assets	-	1,220	7,380
Amortization of tangible capital assets	-	547,864	534,240
Gain on disposal of tangible capital assets	<u>-</u>	<u>(1,220)</u>	<u>(1,944)</u>
	<u>(244,000)</u>	<u>117,439</u>	<u>5,193</u>
Acquisition of prepaid expenses	-	(5,486)	(8,796)
Use of prepaid expenses	<u>-</u>	<u>8,796</u>	<u>7,787</u>
	<u>-</u>	<u>3,310</u>	<u>(1,009)</u>
INCREASE IN NET ASSETS	217,352	548,948	538,534
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>285,915</u>	<u>285,915</u>	<u>(252,619)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>503,267</u></u>	<u><u>834,863</u></u>	<u><u>285,915</u></u>

**TOWN OF CASTOR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	428,199	534,350
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	547,864	534,240
Gain on disposal of tangible capital assets	(1,220)	(1,944)
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(98,566)	92,673
Increase in trade and other receivables	(243,503)	(369,493)
Decrease (increase) in prepaid expenses	3,310	(1,009)
Increase in accounts payable and accrued liabilities	12,319	95,737
Increase (decrease) in deferred revenue	(84,496)	56,436
Increase (decrease) in trust liabilities	<u>11,789</u>	<u>(10,238)</u>
Cash provided by operating transactions	<u>575,696</u>	<u>930,752</u>
CAPITAL		
Acquisition of tangible capital assets	(430,425)	(534,483)
Proceeds on sale of tangible capital assets	1,220	7,380
Increase (decrease) in capital accounts payable	<u>24,571</u>	<u>(171,264)</u>
Cash applied to capital transactions	<u>(404,634)</u>	<u>(698,367)</u>
INVESTING		
Decrease (increase) in restricted cash and temporary investments	<u>(11,789)</u>	<u>98,763</u>
FINANCING		
Long-term debt repaid	<u>(153,784)</u>	<u>(199,010)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	5,489	132,138
CASH AND CASH EQUIVALENT (SHORTFALL), BEGINNING OF YEAR	<u>61,349</u>	<u>(70,789)</u>
CASH AND CASH EQUIVALENT (SHORTFALL), END OF YEAR (note 2)	<u>66,838</u>	<u>61,349</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (note 2)	648,270	630,992
Less: restricted portion of cash and temporary investments (note 2)	<u>(581,432)</u>	<u>(569,643)</u>
	<u>66,838</u>	<u>61,349</u>

TOWN OF CASTOR
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	<u>981,616</u>	<u>498,484</u>	<u>10,668,879</u>	<u>12,148,979</u>	<u>11,614,629</u>
Excess of revenues over expenses	428,199	-	-	428,199	534,350
Current year funds used for tangible capital assets	(430,425)	-	430,425	-	-
Annual amortization expense	547,864	-	(547,864)	-	-
Long-term debt repaid	(153,784)	-	153,784	-	-
Change in accumulated surplus	<u>391,854</u>	<u>-</u>	<u>36,345</u>	<u>428,199</u>	<u>534,350</u>
BALANCE, END OF YEAR	<u>1,373,470</u>	<u>498,484</u>	<u>10,705,224</u>	<u>12,577,178</u>	<u>12,148,979</u>

TOWN OF CASTOR
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022 \$	2021 \$
COST:								
BALANCE, BEGINNING OF YEAR	826,310	429,077	7,606,665	12,073,805	1,587,163	782,408	23,305,428	22,810,234
Acquisition of assets	-	170,035	71,463	113,716	75,211	-	430,425	534,483
Disposal of assets	-	-	-	-	-	(31,000)	(31,000)	(39,289)
BALANCE, END OF YEAR	<u>826,310</u>	<u>599,112</u>	<u>7,678,128</u>	<u>12,187,521</u>	<u>1,662,374</u>	<u>751,408</u>	<u>23,704,853</u>	<u>23,305,428</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	315,775	3,559,243	5,888,656	1,114,468	573,018	11,451,160	10,950,773
Annual amortization	-	17,938	204,940	180,921	107,093	36,972	547,864	534,240
Accumulated amortization on disposals	-	-	-	-	-	(31,000)	(31,000)	(33,853)
BALANCE, END OF YEAR	<u>-</u>	<u>333,713</u>	<u>3,764,183</u>	<u>6,069,577</u>	<u>1,221,561</u>	<u>578,990</u>	<u>11,968,024</u>	<u>11,451,160</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	<u>11,854,268</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>826,310</u>	<u>113,302</u>	<u>4,047,422</u>	<u>6,185,149</u>	<u>472,695</u>	<u>209,390</u>	<u>11,854,268</u>	

TOWN OF CASTOR
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 3)

	Budget (Unaudited)	2022 \$	2021 \$
TAXATION			
Real property taxes	1,244,933	1,248,411	1,217,505
Linear property taxes	35,621	35,803	34,563
Government grants in place of property taxes	<u>2,357</u>	<u>2,369</u>	<u>2,318</u>
	<u>1,282,911</u>	<u>1,286,583</u>	<u>1,254,386</u>
REQUISITIONS			
Alberta School Foundation Fund	222,459	222,459	214,546
Designated Industrial	50	-	-
Paintearth Seniors Foundation	<u>40,443</u>	<u>40,443</u>	<u>39,055</u>
	<u>262,952</u>	<u>262,902</u>	<u>253,601</u>
NET MUNICIPAL TAXES	<u>1,019,959</u>	<u>1,023,681</u>	<u>1,000,785</u>

TOWN OF CASTOR
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 4)

	Budget (Unaudited)	2022 \$	2021 \$
TRANSFERS FOR OPERATING:			
Provincial Government	102,168	139,453	158,433
Other Local Governments	<u>194,350</u>	<u>249,956</u>	<u>144,871</u>
	<u>296,518</u>	<u>389,409</u>	<u>303,304</u>
TRANSFERS FOR CAPITAL:			
Federal Government	-	112,500	-
Provincial Government	244,000	271,268	390,543
Other Local Governments	<u>-</u>	<u>-</u>	<u>50,039</u>
	<u>244,000</u>	<u>383,768</u>	<u>440,582</u>
TOTAL GOVERNMENT TRANSFERS	<u>540,518</u>	<u>773,177</u>	<u>743,886</u>

TOWN OF CASTOR
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Schedule 5)

CONSOLIDATED EXPENSES BY OBJECT	Budget (Unaudited)	2022 \$	2021 \$
Salaries, wages and benefits	1,419,756	1,235,253	1,232,803
Contracted and general services	879,875	974,134	825,902
Materials, goods, and utilities	832,856	1,098,552	1,041,319
Provisions for allowances	-	16,926	22,299
Transfers to local boards and agencies	113,437	111,702	104,810
Bank charges and short-term interest	2,000	1,485	3,356
Interest on long-term debt	66,368	48,954	55,950
Amortization of tangible capital assets	-	547,864	534,240
Other expenses	<u>15,000</u>	<u>-</u>	<u>284</u>
	<u>3,329,292</u>	<u>4,034,870</u>	<u>3,820,963</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022**

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, 2022**

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:

	Years
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

	2022	2021
	\$	\$
Cash	<u>648,270</u>	<u>630,992</u>

Council has designated funds of \$498,484 (2021 - \$498,484) included in the above amounts for future projects.

Included in cash and temporary investments is a restricted amount of \$82,948 (2021 - \$71,159) in trust for administered trust funds.

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, 2022 was 6.45%.

3. Taxes and Grants in Place of Taxes Receivables

	2022	2021
	\$	\$
Current taxes and grants in place of taxes	132,633	100,822
Arrears tax	171,569	104,814
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>304,202</u>	<u>205,636</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

4. Investments	2022	2021
	\$	\$
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>
5. Trade and Other Receivables	2022	2021
	\$	\$
Trade and other receivables are comprised of the following:		
GST receivable	24,133	10,317
Utility accounts receivable	420,733	400,761
Grants receivable	483,002	264,256
General	160,081	170,661
Allowance for doubtful accounts	<u>-</u>	<u>(1,549)</u>
	<u>1,087,949</u>	<u>844,446</u>
6. Deferred Revenue	2022	2021
	\$	\$
Deferred revenue is comprised of the following:		
Canada Community Building Fund (previously Gas Tax fund)	-	15,884
Municipal Sustainability Initiative Capital Deposits	<u>55,465</u> <u>5,000</u>	<u>129,077</u> <u>-</u>
	<u>60,465</u>	<u>144,961</u>
Municipal Sustainability Initiative Capital grant are restricted for eligible capital projects which are scheduled for completion in 2023.		
Included in the above figures are \$55,465 (2021 - \$144,961) of grants which are in accounts receivable.		
7. Long-Term Debt	2022	2021
	\$	\$
Tax supported debentures	771,605	865,389
Bank loans	<u>260,000</u>	<u>320,000</u>
	<u>1,031,605</u>	<u>1,185,389</u>

The current portion of long-term debt amounts to \$128,160 (2021 - \$153,783).

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

7. Long-Term Debt - continued

Principal and interest payments are due as follows:

Year	Principal \$	Interest \$	Total \$
2023	128,160	43,806	171,966
2024	94,945	38,494	133,439
2025	97,532	34,627	132,159
2026	100,241	30,638	130,879
2027	103,077	26,522	129,599
2028 and subsequent	<u>507,650</u>	<u>51,300</u>	<u>558,950</u>
	<u>1,031,605</u>	<u>225,387</u>	<u>1,256,992</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 4.59% to 6.25% per annum and matures in periods 2023 through 2034. The average annual interest rate is 4.68% for 2022 (4.75% for 2021). Debenture debt is issued on the credit and security of the Town of Castor at large.

Bank loans are repayable: (1) in annual instalments of \$40,000 plus interest payable monthly at 3.2%. (2) in annual instalments of \$20,000 plus interest payable monthly at 3.7%. The bank loans are due on demand.

Interest on long-term debt amounted to \$48,954 (2021 - \$55,950). The Town's total cash payments for interest in 2022 were \$50,960 (2021 - \$57,846).

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:

	2022 \$	2021 \$
Total debt limit	6,117,122	5,869,181
Total debt	<u>1,031,605</u>	<u>1,185,389</u>
Amount under total debt limit	<u>5,085,517</u>	<u>4,683,792</u>
Service on debt limit	1,019,520	978,197
Service on debt	<u>171,966</u>	<u>205,464</u>
Amount under service on debt limit	<u>847,554</u>	<u>772,733</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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9. Tangible Capital Assets	2022	2021
	\$	\$
Net Book Value		
Land	826,310	826,310
Land improvements	265,399	113,302
Buildings	3,913,945	4,047,422
Engineering structures		
Roadway system	819,394	831,073
Water distribution system	4,789,065	4,816,534
Wastewater treatment system	307,236	324,973
Gas system	202,249	212,569
Machinery, equipment and furnishings	440,813	472,695
Vehicles	<u>172,418</u>	<u>209,390</u>
	<u>11,736,829</u>	<u>11,854,268</u>
10. Equity in Tangible Capital Fund	2022	2021
	\$	\$
Tangible capital assets (Schedule 2)	23,704,853	23,305,428
Accumulated amortization (Schedule 2)	(11,968,024)	(11,451,160)
Long-term debt (Note 7)	<u>(1,031,605)</u>	<u>(1,185,389)</u>
	<u>10,705,224</u>	<u>10,668,879</u>
11. Accumulated Surplus	2022	2021
	\$	\$
Unrestricted surplus	1,373,470	981,616
Restricted surplus		
Fire	110,617	110,617
Airport	8,000	8,000
Water	136,867	136,867
Sewer	35,000	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>10,705,224</u>	<u>10,668,879</u>
	<u>12,577,178</u>	<u>12,148,979</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
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12. Trust Funds	2022	2021
	\$	\$
The Town of Castor administers the following trust funds:		
Arena	10,035	50
Care for kids	4,996	6,316
CCC hockey	22,301	16,273
Choosewell fund	10	10
Community hall	1,250	1,250
Minor hockey	1,574	5,021
Minor sports programs	9,994	15,056
Parks	9,301	8,105
Recreation	9,817	9,087
Skating club	11,085	7,406
Tree program	2,585	2,585
	<u>82,948</u>	<u>71,159</u>

13. 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	2022	2021
	\$	\$	\$	\$
Mayor	8,400	-	8,400	7,900
Deputy Mayor (part year)	-	-	-	4,750
Deputy Mayor (part year)	6,000	-	6,000	1,325
Councilor 1 (part year)	-	-	-	4,275
Councilor 2	6,000	200	6,200	5,609
Councilor 3	6,000	200	6,200	5,609
Councilor 4 (part year)	-	-	-	4,353
Councilor 5 (part year)	-	-	-	4,353
Councilor 6 (part year)	6,000	200	6,200	1,286
Councilor 7 (part year)	6,000	-	6,000	1,250
Councilor 8 (part year)	6,000	200	6,200	1,286
Chief Administrative Officer	114,662	17,906	132,568	127,807

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.

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

14. 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 282,000 people and 435 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 12.80% 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 11.80% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$58,114 (2021 - \$78,166). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2022 were \$51,963 (2021 - \$70,607).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 million.

15. 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 2022 were \$25,245 (2020 - \$25,205). At December 31, 2022, the Town's share of the remaining principal balance is estimated at \$362,646.

The Town of Castor guaranteed a loan for the Paintearth Economic Partnership Society in the amount of \$54,125.

16. 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.

17. Approval of Financial Statements

Council and management have approved these financial statements.