

**TOWN OF CASTOR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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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, 2018, 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, 2018, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted auditing 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.

Stettler, Alberta
March 25, 2019

Chapman and Co.
Professional Accountants LLP

**TOWN OF CASTOR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018 \$	2017 \$
FINANCIAL ASSETS		
Receivables		
Taxes and grants in place of taxes (note 3)	227,356	206,826
Trade and other receivables (note 5)	569,440	1,296,599
Land for resale inventory (note 1f)	310,785	310,785
Investments (notes 1d & 4)	<u>26,064</u>	<u>26,064</u>
	<u>1,133,645</u>	<u>1,840,274</u>
LIABILITIES		
Temporary bank indebtedness (note 2)	226,820	801,773
Accounts payable and accrued liabilities	142,457	170,588
Deferred revenue (notes 1b & 6)	98,717	-
Administered trust funds (note 12)	58,713	95,399
Long-term debt (note 7)	<u>1,680,039</u>	<u>1,415,746</u>
	<u>2,206,746</u>	<u>2,483,506</u>
NET FINANCIAL ASSETS (DEBT)	<u>(1,073,101)</u>	<u>(643,232)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	11,952,627	10,690,308
Prepaid expenses	<u>6,912</u>	<u>5,404</u>
	<u>11,959,539</u>	<u>10,695,712</u>
ACCUMULATED SURPLUS (note 11)	<u>10,886,438</u>	<u>10,052,480</u>

Commitments - See note 15

**TOWN OF CASTOR
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget \$ (Unaudited)	2018 \$	2017 \$
REVENUE			
Net municipal taxes (Schedule 3)	919,768	919,716	905,301
User fees and sales of goods	1,959,863	1,925,593	2,053,891
Government transfers for operating (Schedule 4)	305,538	285,766	311,958
Investment income	1,000	1,831	1,124
Penalties and cost on taxes and utilities	50,300	66,166	50,020
Concession and franchises	50,000	48,043	50,006
Fines	8,000	13,261	7,887
Licenses and permits	6,700	7,330	5,085
Other revenue	<u>57,150</u>	<u>15,242</u>	<u>75,015</u>
Total Revenue	<u>3,358,319</u>	<u>3,282,948</u>	<u>3,460,287</u>
EXPENSES			
Operating			
Legislative	49,325	49,621	46,697
Administration	258,427	255,615	294,445
Protection Services	205,946	216,045	176,489
Airport services	25,000	10,403	18,016
Roads, streets, walks, lighting	528,463	481,531	421,297
Water supply and distribution	531,531	505,317	529,186
Wastewater treatment and disposal	159,292	154,229	152,066
Waste management	119,352	119,102	128,051
Family and community support	66,500	68,713	66,842
Subdivision land development	15,929	20,953	18,355
Municipal planning and development	167,500	151,173	154,234
Parks and recreation	538,969	502,994	574,909
Cemeteries	35,552	25,378	26,455
Culture	62,941	68,018	62,843
Natural gas operations	549,742	474,251	520,957
Amortization of tangible capital assets	<u>-</u>	<u>511,787</u>	<u>482,995</u>
Total Expenses	<u>3,314,469</u>	<u>3,615,130</u>	<u>3,673,837</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>43,850</u>	<u>(332,182)</u>	<u>(213,550)</u>
OTHER			
Capital transfers and donations from local organizations	500,000	501,292	85,000
Contributed capital assets	-	-	1,251,117
Loss on disposal of tangible capital assets	-	(25,146)	(191,710)
Government transfers for capital (Schedule 4)	<u>753,076</u>	<u>689,994</u>	<u>1,850,343</u>
	<u>1,253,076</u>	<u>1,166,140</u>	<u>2,994,750</u>
EXCESS OF REVENUE OVER EXPENSES	1,296,926	833,958	2,781,200
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,052,480</u>	<u>10,052,480</u>	<u>7,271,280</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>11,349,406</u>	<u>10,886,438</u>	<u>10,052,480</u>

TOWN OF CASTOR
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget \$	2018 \$	2017 \$
EXCESS OF REVENUES OVER EXPENSES	<u>1,296,926</u>	<u>833,958</u>	<u>2,781,200</u>
Acquisition of tangible capital assets	(1,675,360)	(1,821,752)	(2,733,296)
Contributed tangible capital assets	-	-	(1,251,117)
Proceeds on disposal of tangible capital assets	-	22,500	138,666
Amortization of tangible capital assets	-	511,787	482,995
Loss on disposal of tangible capital assets	<u>-</u>	<u>25,146</u>	<u>191,710</u>
	<u>(1,675,360)</u>	<u>(1,262,319)</u>	<u>(3,171,042)</u>
Acquisition of prepaid expenses	-	(6,912)	(5,404)
Use of prepaid expenses	<u>-</u>	<u>5,404</u>	<u>4,290</u>
	<u>-</u>	<u>(1,508)</u>	<u>(1,114)</u>
INCREASE (DECREASE) IN NET ASSETS (DEBT)	(378,434)	(429,869)	(390,956)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(643,232)</u>	<u>(643,232)</u>	<u>(252,276)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>(1,021,666)</u></u>	<u><u>(1,073,101)</u></u>	<u><u>(643,232)</u></u>

**TOWN OF CASTOR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	833,958	2,781,200
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	511,787	482,995
Tangible capital assets received as contributions	-	(1,251,117)
Loss on disposal of tangible capital assets	25,146	191,710
Non-cash changes to operations (net change):		
Increase in taxes and grants in place of taxes	(20,530)	(56,597)
Decrease (increase) in trade and other receivables	727,159	(582,325)
Increase in prepaid expenses	(1,508)	(1,114)
Decrease in accounts payable and accrued liabilities	(28,131)	(114,598)
Decrease in deposit liabilities	-	(231)
Increase (decrease) in deferred revenue	98,717	(66,831)
Increase (decrease) in trust liabilities	<u>(36,686)</u>	<u>4,048</u>
Cash provided by operating transactions	<u>2,109,912</u>	<u>1,387,140</u>
CAPITAL		
Acquisition of tangible capital assets	(1,821,752)	(2,733,296)
Proceeds on disposal of tangible capital assets	<u>22,500</u>	<u>138,666</u>
Cash applied to capital transactions	<u>(1,799,252)</u>	<u>(2,594,630)</u>
INVESTING		
Decrease (increase) in restricted cash and temporary investments	(83,219)	234,117
Increase in investments	<u>-</u>	<u>(17)</u>
Cash applied to investing transactions	<u>(83,219)</u>	<u>234,100</u>
FINANCING		
Long-term debt repaid	(135,707)	(132,035)
Long-term debt issued	<u>400,000</u>	<u>200,000</u>
Cash provided by financing transactions	<u>264,293</u>	<u>67,965</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	491,734	(905,425)
CASH AND CASH EQUIVALENT (SHORTFALL), BEGINNING OF YEAR	<u>(1,069,601)</u>	<u>(164,176)</u>
CASH AND CASH EQUIVALENT (SHORTFALL), END OF YEAR (note 2)	<u>(577,867)</u>	<u>(1,069,601)</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (note 2)	(226,820)	(801,773)
Less: restricted portion of cash and temporary investments (note 2)	<u>(351,047)</u>	<u>(267,828)</u>
	<u>(577,867)</u>	<u>(1,069,601)</u>

TOWN OF CASTOR
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
BALANCE, BEGINNING OF YEAR	<u>605,489</u>	<u>172,429</u>	<u>9,274,562</u>	<u>10,052,480</u>	<u>7,271,280</u>
Excess of revenues over expenses	833,958	-	-	833,958	2,781,200
Unrestricted funds designated for future use	(28,583)	28,583	-	-	-
Restricted funds used for tangible capital assets	-	(7,395)	7,395	-	-
Current year funds used for tangible capital assets	(1,814,357)	-	1,814,357	-	-
Disposal of tangible capital assets	47,646	-	(47,646)	-	-
Annual amortization expense	511,787	-	(511,787)	-	-
Long-term debt issued	400,000	-	(400,000)	-	-
Long-term debt repaid	<u>(135,707)</u>	<u>-</u>	<u>135,707</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(185,256)</u>	<u>21,188</u>	<u>998,026</u>	<u>833,958</u>	<u>2,781,200</u>
BALANCE, END OF YEAR	<u><u>420,233</u></u>	<u><u>193,617</u></u>	<u><u>10,272,588</u></u>	<u><u>10,886,438</u></u>	<u><u>10,052,480</u></u>

**TOWN OF CASTOR
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$
COST:								
BALANCE, BEGINNING OF YEAR	826,310	394,410	6,080,654	11,337,020	1,166,296	586,668	20,391,358	16,781,752
Acquisition of assets	-	16,100	872,839	567,416	365,397	-	1,821,752	3,984,413
Disposal of assets	-	-	-	(258,044)	(89,000)	-	(347,044)	(374,807)
BALANCE, END OF YEAR	<u>826,310</u>	<u>410,510</u>	<u>6,953,493</u>	<u>11,646,392</u>	<u>1,442,693</u>	<u>586,668</u>	<u>21,866,066</u>	<u>20,391,358</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	281,185	2,810,504	5,345,489	813,260	450,612	9,701,050	9,262,486
Annual amortization	-	7,695	173,491	212,755	88,489	29,357	511,787	482,995
Accumulated amortization on disposals	-	-	-	(240,065)	(59,333)	-	(299,398)	(44,431)
BALANCE, END OF YEAR	<u>-</u>	<u>288,880</u>	<u>2,983,995</u>	<u>5,318,179</u>	<u>842,416</u>	<u>479,969</u>	<u>9,913,439</u>	<u>9,701,050</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>826,310</u>	<u>121,630</u>	<u>3,969,498</u>	<u>6,328,213</u>	<u>600,277</u>	<u>106,699</u>	<u>11,952,627</u>	<u>10,690,308</u>
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>826,310</u>	<u>113,225</u>	<u>3,270,150</u>	<u>5,991,531</u>	<u>353,036</u>	<u>136,056</u>	<u>10,690,308</u>	



TOWN OF CASTOR
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018
(Schedule 3)

	Budget (Unaudited)	2018 \$	2017 \$
TAXATION			
Real property taxes	1,127,916	1,128,410	1,102,531
Linear property taxes	33,306	32,811	36,915
Government grants in place of property taxes	<u>5,905</u>	<u>5,905</u>	<u>5,773</u>
	<u>1,167,127</u>	<u>1,167,126</u>	<u>1,145,219</u>
REQUISITIONS			
Alberta School Foundation Fund	214,849	214,849	205,598
Designated Industrial	-	51	-
Paintearth Seniors Foundation	<u>32,510</u>	<u>32,510</u>	<u>34,320</u>
	<u>247,359</u>	<u>247,410</u>	<u>239,918</u>
NET MUNICIPAL TAXES	<u>919,768</u>	<u>919,716</u>	<u>905,301</u>

TOWN OF CASTOR
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Schedule 4)

	Budget (Unaudited)	2018 \$	2017 \$
TRANSFERS FOR OPERATING:			
Federal Government	-	-	50,000
Provincial Government	131,538	138,432	117,775
Other Local Governments	<u>174,000</u>	<u>147,334</u>	<u>144,183</u>
	<u>305,538</u>	<u>285,766</u>	<u>311,958</u>
TRANSFERS FOR CAPITAL:			
Federal Government	180,580	153,398	727,404
Provincial Government	572,496	522,596	1,122,939
Other Local Governments	<u>-</u>	<u>14,000</u>	<u>-</u>
	<u>753,076</u>	<u>689,994</u>	<u>1,850,343</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,058,614</u>	<u>975,760</u>	<u>2,162,301</u>

TOWN OF CASTOR
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018
(Schedule 5)

CONSOLIDATED EXPENSES BY OBJECT	Budget (Unaudited)	2018 \$	2017 \$
Salaries, wages and benefits	1,309,509	1,228,002	1,247,132
Contracted and general services	956,400	911,635	939,549
Materials, goods, and utilities	899,700	812,454	854,510
Provisions for allowances	-	74	-
Transfers to local boards and agencies	77,175	77,102	76,799
Bank charges and short-term interest	1,900	6,497	4,521
Interest on long-term debt	68,785	64,678	66,766
Amortization of tangible capital assets	-	511,787	482,995
Other expenses	1,000	2,901	1,565
	<u>3,314,469</u>	<u>3,615,130</u>	<u>3,673,837</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Canadian Institute of Chartered Accountants. 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) 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.

e) 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.

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant Accounting Policies - continued

f) 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.

g) 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.

h) 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.

i) 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:

	<u>YEARS</u>
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.

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. Cash and temporary investments (bank indebtedness)	2018	2017
	\$	\$
Cash (bank indebtedness)	(226,820)	(165,843)
Line of credit	<u>-</u>	<u>(635,930)</u>
Total cash and temporary investments (bank indebtedness)	<u>(226,820)</u>	<u>(801,773)</u>

Council has designated funds of \$193,617 (2017 - \$172,429) included in the above amounts for future projects.

Included in cash and temporary investments is a restricted amount of \$98,717 (2017 - \$0) for deferred revenue (note 6).

Included in cash and temporary investments is a restricted amount of \$58,713 (2017 - \$95,399) in trust for administered trust funds.

The Town has an authorized line of credit in the amount of \$1,500,000 at prime rate less 0.25%. Prime rate at December 31, 2018 was 3.95%.

3. Taxes and Grants in Place of Taxes Receivables	2018	2017
	\$	\$
Current taxes and grants in place of taxes	145,998	125,215
Arrears tax	<u>81,358</u>	<u>81,611</u>
	<u>227,356</u>	<u>206,826</u>

4. Investments	2018	2017
	\$	\$
Alberta Municipal Finance Corporation - shares	10	10
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>26,064</u>	<u>26,064</u>

5. Trade and Other Receivables	2018	2017
	\$	\$
Trade and other receivables are comprised of the following:		
GST receivable	30,816	37,586
Utility accounts receivable	242,338	250,370
Grants receivable	124,648	893,497
General	171,923	115,357
Allowance for doubtful accounts	<u>(285)</u>	<u>(211)</u>
	<u>569,440</u>	<u>1,296,599</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. Deferred Revenue	2018	2017
	\$	\$
Deferred revenue is comprised of the following:		
County of Paintearth Fire Grants	76,000	-
Municipal Sustainability Initiative Capital	<u>22,717</u>	<u>-</u>
	<u>98,717</u>	<u>-</u>

The County of Paintearth fire grants and Municipal Sustainability Initiative Capital grant are restricted for eligible capital projects which are scheduled for completion in 2019.

7. Long-Term Debt	2018	2017
	\$	\$
Tax supported debentures	1,129,520	1,215,746
Bank loans	<u>550,519</u>	<u>200,000</u>
	<u>1,680,039</u>	<u>1,415,746</u>

The current portion of long-term debt amounts to \$175,510 (2017 - \$136,225).

Principal and interest payments are due as follows:

Year	Principal \$	Interest \$	Total \$
2019	175,510	76,162	251,672
2020	174,485	63,725	238,210
2021	179,011	56,050	235,061
2022	139,429	49,630	189,059
2023	108,160	43,280	151,440
2024 and subsequent	<u>903,444</u>	<u>208,865</u>	<u>1,112,309</u>
	<u>1,680,039</u>	<u>497,712</u>	<u>2,177,751</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 3.34% to 6.25% per annum and matures in periods 2019 through 2034. The average annual interest rate is 4.87% for 2018 (4.88% for 2017). 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 \$50,000 plus interest payable monthly at prime rate less 0.25% (Prime rate is 3.95% at December 31, 2018). (2) 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 \$64,678 (2017 - \$66,766). The Town's total cash payments for interest in 2018 were \$61,640 (2017 - \$68,295).

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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:

	2018 \$	2017 \$
Total debt limit	4,924,422	5,190,431
Total debt	<u>1,680,039</u>	<u>1,415,746</u>
Amount under total debt limit	<u>3,244,383</u>	<u>3,774,685</u>
Service on debt limit	820,737	865,072
Service on debt	<u>251,672</u>	<u>199,557</u>
Amount under service on debt limit	<u>569,065</u>	<u>665,515</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.

9. Tangible Capital Assets

	2018 \$	2017 \$
Net Book Value		
Land	826,310	826,310
Land improvements	121,630	113,225
Buildings	3,969,498	3,270,150
Engineering structures		
Roadway system	678,527	747,134
Water distribution system	5,002,172	4,580,081
Wastewater treatment system	378,649	399,320
Gas system	268,865	264,996
Machinery, equipment and furnishings	600,277	353,036
Vehicles	<u>106,699</u>	<u>136,056</u>
	<u>11,952,627</u>	<u>10,690,308</u>

10. Equity in Tangible Capital Fund

	2018 \$	2017 \$
Tangible capital assets (Schedule 2)	21,866,066	20,391,358
Accumulated amortization (Schedule 2)	(9,913,439)	(9,701,050)
Long-term debt (Note 7)	<u>(1,680,039)</u>	<u>(1,415,746)</u>
	<u>10,272,588</u>	<u>9,274,562</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. Accumulated Surplus	2018	2017
	\$	\$
Unrestricted surplus	420,233	605,489
Restricted surplus		
Fire	30,617	37,033
Airport	8,000	8,000
Water	12,000	12,000
Sewer	21,000	14,000
Garbage	30,000	30,000
Doctor recruitment	45,000	45,000
Cemetery	3,000	3,000
Culture	24,000	16,000
Recreation	20,000	-
Gas	-	7,396
Equity in tangible capital assets	<u>10,272,588</u>	<u>9,274,562</u>
	<u>10,886,438</u>	<u>10,052,480</u>
12. Trust Funds	2018	2017
	\$	\$
The Town of Castor administers the following trust funds:		
Arena	9,578	30,428
Basketball	-	396
Care for kids	4,306	3,751
Choosewell fund	2,000	1,463
Community garden	-	710
Community hall	7,525	500
FCSS cancer program	3,006	21,558
Minor hockey	5,959	7,165
Minor sports programs	2,681	6,887
Parks	7,340	6,972
Recreation	8,501	8,730
Skating club	5,232	4,254
Tree program	<u>2,585</u>	<u>2,585</u>
	<u>58,713</u>	<u>95,399</u>

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
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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 \$	2018 \$	2017 \$
Mayor (part year)	-	-	-	6,175
Mayor (part year)	7,800	1,120	8,920	6,375
Deputy mayor	6,000	1,324	7,324	5,855
Councilor 1	5,400	157	5,557	5,405
Councilor 2	5,400	5	5,405	6,288
Councilor 3	5,400	5	5,405	5,405
Councilor 4	5,400	5	5,405	5,405
Councilor 5	5,400	615	6,015	1,127
Chief Administrative Officer	104,979	9,795	114,774	112,655

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.

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 260,000 people and 420 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees on the Town of Castor are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$58,846 (2017 - \$61,987). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2018 were \$53,645 (2017 - \$56,835).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4,836 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 2018 were \$23,017 (2017 - \$22,900). At December 31, 2018, the Town's share of the remaining principal balance is estimated at \$412,843. Payments for 2019 are expected to total \$24,013 for the year including interest. The amount outstanding can fluctuate based on the other members of the commission and the Town's share of water usage.

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

**TOWN OF CASTOR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

16. Financial Instruments

The Town's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit 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.