

**TOWN OF CASTOR**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Contents:**

**Independent Auditor's Report**  
**Consolidated Statement of Financial Position**  
**Consolidated Statement of Operations**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**  
**Consolidated Statement of Cash Flows**  
**Schedule of Changes in Accumulated Surplus**  
**Schedule of Tangible Capital Assets**  
**Schedule of Property and Other Taxes**  
**Schedule of Government Transfers**  
**Schedule of Consolidated Expenses by Object**  
**Notes to Financial Statements**



- \* Kendra Walgenbach, CPA, CA
- \* Chris Annand, CPA, CA
- \* Naomi Roth, CPA, CGA
  
- \* Guy Chapman, CPA, CA, CFP
- Krystal Stoutenberg, CPA, CA

Telephone 403-742-3438  
Fax 403-742-0560  
P.O. Box 1328  
4702 - 51 Avenue  
Stettler, Alberta T0C 2L0  
www.chapmanandco.ca

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Castor which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Castor as at December 31, 2016, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stettler, Alberta  
April 24, 2017

*Chapman and Co.*  
Professional Accountants LLP

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	337,769	663,270
Receivables		
Taxes and grants in place of taxes (note 3)	150,229	122,113
Trade and other receivables (note 5)	714,274	407,107
Land for resale inventory (note 1f)	310,785	310,785
Investments (notes 1d & 4)	<u>26,047</u>	<u>3,430</u>
	<u>1,539,104</u>	<u>1,506,705</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	284,423	160,216
Deposit liabilities	231	-
Deferred revenue (notes 1b & 6)	66,831	235,528
Administered trust funds (note 12)	91,676	37,085
Tax trust liabilities	438	438
Long-term debt (note 7)	<u>1,347,781</u>	<u>1,475,836</u>
	<u>1,791,380</u>	<u>1,909,103</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(252,276)</u>	<u>(402,398)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	7,519,266	6,457,453
Prepaid expenses	<u>4,290</u>	<u>5,271</u>
	<u>7,523,556</u>	<u>6,462,724</u>
<b>ACCUMULATED SURPLUS (note 11)</b>	<u>7,271,280</u>	<u>6,060,326</u>
Commitments - See note 15		

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$ (Unaudited)	2016 \$	2015 \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	907,664	905,029	896,924
User fees and sales of goods	1,897,214	1,815,364	2,014,323
Government transfers for operating (Schedule 4)	234,395	229,303	261,378
Investment income	4,325	5,649	5,284
Penalties and cost on taxes and utilities	30,100	35,634	26,831
Concession and franchises	52,000	48,330	49,215
Fines	6,500	6,995	7,341
Licenses and permits	4,800	4,735	5,028
Other revenue	<u>800</u>	<u>8,184</u>	<u>9,197</u>
<b>Total Revenue</b>	<u><b>3,137,798</b></u>	<u><b>3,059,223</b></u>	<u><b>3,275,521</b></u>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	49,325	50,369	49,158
Administration	258,142	243,826	271,733
Protection Services	157,002	102,669	137,840
Airport services	25,000	4,764	11,904
Roads, streets, walks, lighting	415,539	388,136	412,483
Water supply and distribution	468,643	467,727	494,148
Wastewater treatment and disposal	159,600	165,213	186,088
Waste management	125,263	110,691	95,021
Family and community support	76,966	69,004	74,744
Subdivision land development	25,024	22,668	14,546
Municipal planning and development	110,000	100,120	118,654
Parks and recreation	427,392	481,913	454,651
Cemeteries	30,959	31,935	23,509
Culture	77,750	60,516	65,508
Natural gas operations	498,696	469,922	470,151
Amortization of tangible capital assets	<u>-</u>	<u>397,651</u>	<u>372,461</u>
<b>Total Expenses</b>	<u><b>2,905,301</b></u>	<u><b>3,167,124</b></u>	<u><b>3,252,599</b></u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u><b>232,497</b></u>	<u><b>(107,901)</b></u>	<u><b>22,922</b></u>
<b>OTHER</b>			
Capital transfers from local organizations	-	-	99,347
Gain (loss) on disposal of tangible capital assets	-	(8,028)	(131,539)
Government transfers for capital (Schedule 4)	<u>1,938,622</u>	<u>1,326,883</u>	<u>295,476</u>
	<u>1,938,622</u>	<u>1,318,855</u>	<u>263,284</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	2,171,119	1,210,954	286,206
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,060,326</u>	<u>6,060,326</u>	<u>5,774,120</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>8,231,445</u></u>	<u><u>7,271,280</u></u>	<u><u>6,060,326</u></u>

**TOWN OF CASTOR**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget \$	2016 \$	2015 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>2,171,119</u>	<u>1,210,954</u>	<u>286,206</u>
Acquisition of tangible capital assets	(2,599,000)	(1,475,492)	(544,485)
Proceeds on disposal of tangible capital assets	-	8,000	110,000
Amortization of tangible capital assets	-	397,651	372,461
Loss (gain) on disposal of tangible capital assets	-	<u>8,028</u>	<u>131,539</u>
	<u>(2,599,000)</u>	<u>(1,061,813)</u>	<u>69,515</u>
Acquisition of prepaid expenses	-	(4,290)	(5,271)
Use of prepaid expenses	-	<u>5,271</u>	<u>5,591</u>
	-	<u>981</u>	<u>320</u>
<b>INCREASE IN NET ASSETS (DEBT)</b>	(427,881)	150,122	356,041
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>(402,398)</u>	<u>(402,398)</u>	<u>(758,439)</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u>(830,279)</u>	<u>(252,276)</u>	<u>(402,398)</u>

**TOWN OF CASTOR  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	1,210,954	286,206
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	397,651	372,461
Loss (gain) on disposal of tangible capital assets	8,028	131,539
Non-cash changes to operations (net change):		
Increase in taxes and grants in place of taxes	(28,116)	(26,343)
Increase in trade and other receivables	(307,167)	(75,157)
Decrease in prepaid expenses	981	320
Increase (decrease) in accounts payable and accrued liabilities	124,207	(52,140)
Increase (decrease) in deposit liabilities	231	(727)
Increase (decrease) in deferred revenue	(168,697)	184,935
Increase (decrease) in trust liabilities	54,591	(11,846)
Cash provided by operating transactions	1,292,663	809,248
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,475,492)	(544,485)
Proceeds on disposal of tangible capital assets	8,000	110,000
Cash applied to capital transactions	(1,467,492)	(434,485)
<b>INVESTING</b>		
Decrease (increase) in restricted cash and temporary investments	75,106	(276,124)
Increase (decrease) in investments	(22,617)	80
Cash applied to investing transactions	52,489	(276,044)
<b>FINANCING</b>		
Long-term debt repaid	(128,055)	(124,273)
Cash provided by (applied to) financing transactions	(128,055)	(124,273)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(250,395)	(25,554)
<b>CASH AND CASH EQUIVALENT, BEGINNING OF YEAR</b>	86,219	111,773
<b>CASH AND CASH EQUIVALENT (SHORTFALL), END OF YEAR (note 2)</b>	(164,176)	86,219
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (note 2)	337,769	663,270
Less: restricted portion of cash and temporary investments (note 2)	(501,945)	(577,051)
	(164,176)	86,219



**TOWN OF CASTOR**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 \$	2015 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>774,709</u>	<u>304,000</u>	<u>4,981,617</u>	<u>6,060,326</u>	<u>5,774,120</u>
Excess of revenues over expenses	1,210,954	-	-	1,210,954	286,206
Unrestricted funds designated for future use	(109,000)	109,000	-	-	-
Restricted funds used for tangible capital assets	-	(70,000)	70,000	-	-
Current year funds used for tangible capital assets	(1,405,492)	-	1,405,492	-	-
Disposal of tangible capital assets	16,028	-	(16,028)	-	-
Annual amortization expense	397,651	-	(397,651)	-	-
Long-term debt repaid	<u>(128,055)</u>	<u>-</u>	<u>128,055</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(17,914)</u>	<u>39,000</u>	<u>1,189,868</u>	<u>1,210,954</u>	<u>286,206</u>
<b>BALANCE, END OF YEAR</b>	<u><u>756,795</u></u>	<u><u>343,000</u></u>	<u><u>6,171,485</u></u>	<u><u>7,271,280</u></u>	<u><u>6,060,326</u></u>



**TOWN OF CASTOR**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016 \$	2015 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	716,970	389,244	4,710,433	7,799,360	1,175,894	563,368	15,355,269	15,275,237
Acquisition of assets	-	-	161,789	1,280,947	5,956	26,800	1,475,492	544,485
Disposal of assets	<u>(840)</u>	<u>-</u>	<u>(44,669)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(49,009)</u>	<u>(464,453)</u>
<b>BALANCE, END OF YEAR</b>	<u>716,130</u>	<u>389,244</u>	<u>4,827,553</u>	<u>9,080,307</u>	<u>1,181,850</u>	<u>586,668</u>	<u>16,781,752</u>	<u>15,355,269</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	265,600	2,584,910	4,955,041	712,583	379,682	8,897,816	8,748,269
Annual amortization	-	7,534	104,589	180,865	64,590	40,073	397,651	372,461
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>(29,481)</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(32,981)</u>	<u>(222,914)</u>
<b>BALANCE, END OF YEAR</b>	<u>-</u>	<u>273,134</u>	<u>2,660,018</u>	<u>5,135,906</u>	<u>777,173</u>	<u>416,255</u>	<u>9,262,486</u>	<u>8,897,816</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>716,130</u>	<u>116,110</u>	<u>2,167,535</u>	<u>3,944,401</u>	<u>404,677</u>	<u>170,413</u>	<u>7,519,266</u>	<u>6,457,453</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>716,970</u>	<u>123,644</u>	<u>2,125,523</u>	<u>2,844,319</u>	<u>463,311</u>	<u>183,686</u>	<u>6,457,453</u>	



**TOWN OF CASTOR**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 3)**

	Budget (Unaudited)	2016 \$	2015 \$
<b>TAXATION</b>			
Real property taxes	1,100,543	1,097,868	1,089,086
Linear property taxes	37,689	37,591	36,815
Government grants in place of property taxes	<u>5,791</u>	<u>5,929</u>	<u>8,989</u>
	<u>1,144,023</u>	<u>1,141,388</u>	<u>1,134,890</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	202,920	202,920	204,684
Paintearth Seniors Foundation	<u>33,439</u>	<u>33,439</u>	<u>33,282</u>
	<u>236,359</u>	<u>236,359</u>	<u>237,966</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>907,664</u></u>	<u><u>905,029</u></u>	<u><u>896,924</u></u>

**TOWN OF CASTOR**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 4)**

	Budget (Unaudited)	2016 \$	2015 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	111,362	100,804	129,358
Other Local Governments	<u>123,033</u>	<u>128,499</u>	<u>132,020</u>
	<u>234,395</u>	<u>229,303</u>	<u>261,378</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Federal Government	800,000	407,357	26,941
Provincial Government	<u>1,138,622</u>	<u>919,526</u>	<u>268,535</u>
	<u>1,938,622</u>	<u>1,326,883</u>	<u>295,476</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>2,173,017</u></u>	<u><u>1,556,186</u></u>	<u><u>556,854</u></u>

**TOWN OF CASTOR**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Schedule 5)**

<b>CONSOLIDATED EXPENSES BY OBJECT</b>	Budget (Unaudited)	2016 \$	2015 \$
Salaries, wages and benefits	1,106,917	1,092,362	1,051,320
Contracted and general services	848,514	817,012	929,130
Materials, goods, and utilities	796,650	708,842	742,209
Provisions for allowances	-	2,634	11,239
Transfers to local boards and agencies	76,515	77,954	69,660
Bank charges and short-term interest	800	986	691
Interest on long-term debt	73,104	68,210	73,340
Amortization of tangible capital assets	-	397,651	372,461
Other expenses	<u>2,801</u>	<u>1,473</u>	<u>2,549</u>
	<u>2,905,301</u>	<u>3,167,124</u>	<u>3,252,599</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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.

**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, 2016**

**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) 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, 2016**

<b>2. Cash and temporary investments</b>	2016	2015
	\$	\$
Cash	<u>337,769</u>	<u>663,270</u>
<p>Council has designated funds of \$343,000 (2015 - \$304,000) included in the above amounts for future projects.</p> <p>Included in cash and temporary investments is a restricted amount of \$66,831 (2015 - \$235,528) for deferred revenue (note 6).</p> <p>Included in cash and temporary investments is a restricted amount of \$92,114 (2015 - \$37,523) in trust for tax trust liabilities and administered trust funds.</p> <p>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, 2016 was 2.70%.</p>		
<b>3. Taxes and Grants in Place of Taxes Receivables</b>	2016	2015
	\$	\$
Current taxes and grants in place of taxes	113,254	80,728
Arrears tax	<u>36,975</u>	<u>42,463</u>
	150,229	123,191
Less: allowance for doubtful accounts	<u>-</u>	<u>1,078</u>
	<u>150,229</u>	<u>122,113</u>
<b>4. Investments</b>	2016	2015
	\$	\$
Alberta Municipal Finance Corporation - shares	10	10
Equity in United Farmers of Alberta	3,437	3,420
Gas Alberta Inc. - debentures	22,500	-
Gas Alberta Inc. - shares	<u>100</u>	<u>-</u>
	<u>26,047</u>	<u>3,430</u>
<b>5. Trade and Other Receivables</b>	2016	2015
	\$	\$
Trade and other receivables are comprised of the following:		
GST receivable	32,224	16,762
Utility accounts receivable	233,778	236,572
Grants receivable	368,813	53,882
General	79,670	100,348
Allowance for doubtful accounts	<u>(211)</u>	<u>(457)</u>
	<u>714,274</u>	<u>407,107</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**6. Deferred Revenue**

	2016	2015
	\$	\$
Deferred revenue is comprised of the following:		
Municipal Sustainability Initiative Capital	60,196	233,743
County fitness grant	5,000	-
Restricted cemetery donations	1,635	1,635
Dog tags	-	150
	<u>66,831</u>	<u>235,528</u>

Municipal Sustainability Initiative Capital is restricted to eligible projects, as approved under the funding agreement, which are scheduled for completion in 2017.

**7. Long-Term Debt**

	2016	2015
	\$	\$
Tax supported debentures	1,297,781	1,375,836
Bank loans	50,000	100,000
	<u>1,347,781</u>	<u>1,475,836</u>

Principal and interest payments are due as follows:

Year	Principal \$	Interest \$	Total \$
2017	132,035	64,342	196,377
2018	86,225	58,785	145,010
2019	90,637	54,373	145,010
2020	84,485	49,818	134,303
2021	89,011	45,292	134,303
2022 and subsequent	865,388	265,387	1,130,775
	<u>1,347,781</u>	<u>537,997</u>	<u>1,885,778</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 3.344% to 6.250% per annum and matures in periods 2019 through 2034. The average annual interest rate is 4.89% for 2016 (4.90% for 2015). Debenture debt is issued on the credit and security of the Town of Castor at large.

Bank loans are repayable in annual instalments of \$50,000 plus interest payable monthly at prime rate (2.700% at December 31, 2016). The bank loans are due on demand.

Interest on long-term debt amounted to \$68,210 (2015 - \$73,340). The Town's total cash payments for interest in 2016 were \$69,655 (2015 - \$74,707).



**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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:

	2016 \$	2015 \$
Total debt limit	4,588,835	4,913,282
Total debt	<u>1,347,781</u>	<u>1,475,836</u>
Amount under total debt limit	<u>3,241,054</u>	<u>3,437,446</u>
Service on debt limit	764,806	818,880
Service on debt	<u>196,377</u>	<u>197,744</u>
Amount under service on debt limit	<u>568,429</u>	<u>621,136</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**

	2016 \$	2015 \$
<b>Net Book Value</b>		
Land	716,130	716,970
Land improvements	116,110	123,644
Buildings	2,167,535	2,125,523
Engineering structures		
Roadway system	797,700	853,499
Water distribution system	2,465,770	1,283,300
Wastewater treatment system	417,445	435,567
Gas system	263,486	271,953
Machinery, equipment and furnishings	404,677	463,311
Vehicles	<u>170,413</u>	<u>183,686</u>
	<u>7,519,266</u>	<u>6,457,453</u>

**10. Equity in Tangible Capital Fund**

	2016 \$	2015 \$
Tangible capital assets (Schedule 2)	16,781,752	15,355,269
Accumulated amortization (Schedule 2)	(9,262,486)	(8,897,816)
Long-term debt (Note 7)	<u>(1,347,781)</u>	<u>(1,475,836)</u>
	<u>6,171,485</u>	<u>4,981,617</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>11. Accumulated Surplus</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Unrestricted surplus	756,795	774,709
Restricted surplus		
Fire	55,000	45,000
Airport	12,000	-
Water	186,000	124,000
Sewer	7,000	-
Garbage	25,000	20,000
Doctor recruitment	45,000	45,000
Cemetery	5,000	-
Culture	8,000	-
Gas	-	70,000
Equity in tangible capital assets	<u>6,171,485</u>	<u>4,981,617</u>
	<u>7,271,280</u>	<u>6,060,326</u>
<b>12. Trust Funds</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
The Town of Castor administers the following trust funds:		
Arena	185	185
Basketball	654	-
Care for kids	4,463	3,062
CCC hockey	-	5,000
Choosewell fund	1,975	725
Community garden	300	-
Community hall	500	-
FCSS cancer program	49,578	-
Fire	-	(950)
Minor hockey	7,489	7,211
Minor sports programs	4,267	(204)
Parks	6,821	6,121
Recreation	7,780	7,780
Skating club	5,079	5,620
Tree program	<u>2,585</u>	<u>2,535</u>
	<u>91,676</u>	<u>37,085</u>

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 \$	2016 \$	2015 \$
Mayor	7,800	713	8,513	8,441
Deputy mayor	6,000	-	6,000	6,525
Councilor 1	5,400	1,040	6,440	5,405
Councilor 2	5,400	550	5,950	6,060
Councilor 3	5,400	1,299	6,699	5,930
Councilor 4	5,400	5	5,405	5,405
Councilor 5	5,400	295	5,695	5,550
Chief Administrative Officer	95,357	9,881	105,238	99,816

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 245,000 people and 426 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees on the Town of Castor are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2016 were \$50,775 (2015 - \$55,705). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2016 were \$46,495 (2015 - \$50,969).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$924 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 2016 were \$23,198 (2015 - \$14,312). At December 31, 2016, the Town's share of the remaining principal balance is estimated at \$304,223. Payments for 2017 are expected to be \$8,341 semi-annually including interest at 3.0757%. The amount outstanding can fluctuate based on the other members of the commission and the Town's share of water usage.

**TOWN OF CASTOR  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**15. Commitments - continued**

The Town was approved for a Small Communities Fund grant in 2015 for water and sewer infrastructure upgrades. The total project is expected to cost \$3.945 million over the next four years, with the grant covering 2/3 of this amount for a total of \$2.630 million. The remaining cost of the project is to be covered by Town sources, including other provincial grants. Total costs on this project to the year-end date are \$1,307,466 and Small Communities Fund grant funding to date is \$868,596, including accounts receivable of \$368,813.

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, 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.