

Town of Slave Lake

Consolidated Financial Statements

For the Year Ended December 31, 2015

Town of Slave Lake

December 31, 2015

CONTENTS

	<u>Page</u>
Consolidated Financial Statements	
Management Report	1
Independent Auditors' Report	2
Statement of Changes in Financial Position	3
Consolidated Statement of Income	4
Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Schedules	
Schedule 1 - Changes in Accumulated Surplus	7
Schedule 2 - Tangible Capital Assets	8
Schedule 3 - Property and Other Taxes	9
Schedule 4 - Government Transfers	10
Schedule 5 - Consolidated Expenses by Object	11
Schedule 6 - Segmented Disclosure	12
Notes to the Consolidated Financial Statements	13 - 25

**Town of Slave Lake
2015 Financial Statements
Management Report**

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Town of Slave Lake.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Town's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Town of Slave Lake are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of the Council, residents and ratepayers of the Town. Doyle & Company has full and free access to Town Council.



Chief Administrative Officer
Town of Slave Lake
April 19, 2016

Director of Finance

The accompanying notes are an integral part of these financial statements.

DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

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INDEPENDENT AUDITORS' REPORT

To the Members of Council:

Town of Slave Lake

Report on the Consolidated Financial Statements

We have audited the statement of financial position of the Town of Slave Lake (the "Town") as at December 31, 2015 and the consolidated statement of income, 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.

Auditors 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 Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit 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.

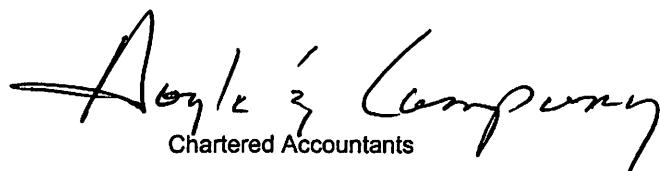
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Slave Lake as at December 31, 2015 and the results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Town of Slave Lake

April 19, 2016


Doyle & Company
Chartered Accountants

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Town of Slave Lake

Statement of Changes in Financial Position

December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	5,473,752	16,295,091
Receivables		
Accounts receivable, net of allowances	5,207,505	7,292,895
Taxes and Grants in Lieu Receivable (Note 4)	524,668	588,304
Long term investments (Note 5)	18,896,329	18,585,072
Other long term assets	115,273	115,273
	30,217,527	42,876,635
LIABILITIES		
Accounts payable and accrued liabilities	2,607,486	4,225,218
Other liabilities (Note 6)	3,400,569	10,924,028
Deferred revenue (Note 7)	12,000,749	15,149,062
Long term debt (Note 8)	29,489,945	31,050,524
Provision for landfill closure and post-closure costs (Note 10)	157,879	162,060
Other environmental liabilities (Note 11)	341,101	418,165
	47,997,729	61,929,057
NET FINANCIAL DEBT	(17,780,202)	(19,052,422)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2)	134,009,043	125,902,972
Inventory of parts and supplies	245,326	309,036
Prepaid	31,871	9,299
	134,286,240	126,221,307
ACCUMULATED SURPLUS	116,506,038	107,168,885

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Consolidated Statement of Income

For the Year Ended December 31, 2015

	Budget \$	2015 \$	2014 \$
REVENUES			
Municipal Taxation (Schedule 3)	8,159,172	7,865,611	8,209,025
User fees and sales of goods	4,907,744	4,742,996	4,708,636
Interest income	373,313	476,216	344,701
Government Transfers for Operating (Schedule 4)	3,318,470	2,984,741	3,361,921
Development levies	-	108,885	494,454
Licenses and permits	226,504	127,639	200,204
Fines	120,000	307,587	99,097
Franchise and concession contracts	1,175,023	999,037	1,024,772
Rental income	3,069,167	3,102,830	3,037,810
Other revenue (Note 24)	519,894	318,130	478,045
Total Revenue	21,869,287	21,033,672	21,958,665
EXPENSES			
Legislative	256,124	247,347	261,909
Administration	2,434,913	2,648,712	2,348,470
Fire, police, bylaw enforcement and disaster recovery	4,415,713	4,624,647	4,725,714
Roads, streets, walks and lighting	2,369,800	2,220,890	2,188,756
Water and wastewater	1,990,451	2,093,852	1,546,977
Waste management	481,839	479,413	473,176
Family and community supports	402,494	454,348	293,142
Cemetery	26,968	4,928	18,807
Subdivision, planning, land and development	2,265,606	12,532,126	4,662,166
Parks, recreation and culture	2,988,807	2,982,926	2,765,975
Amortization expense	3,244,223	4,173,969	3,995,625
Total Expenses	20,876,938	32,463,158	23,280,717
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	992,349	(11,429,486)	(1,322,052)
OTHER			
Government Transfers for Capital (Schedule 4)	15,062,932	20,701,904	15,633,923
Insurance recoveries	-	-	132,821
Legacy	-	10,278	200,556
Donations for capital	-	1,200	-
Gain (loss) on disposal of assets	-	53,257	-
EXCESS OF REVENUE OVER EXPENSES	16,055,281	9,337,153	14,645,248
ACCUMULATED SURPLUS, BEGINNING OF YEAR		107,168,885	92,523,637
ACCUMULATED SURPLUS, END OF YEAR		116,506,038	107,168,885

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2015

	Budget	2015	2014
	\$	\$	\$
EXCESS OF REVENUES OVER EXPENSES	16,055,281	9,337,153	14,645,248
Acquisition of tangible capital assets	(12,300,000)	(12,288,882)	(16,660,622)
Disposals of tangible capital Assets	-	62,094	-
Amortization of tangible capital assets	(3,244,223)	4,173,969	3,995,625
Losses (gains) on disposal of tangible capital assets	-	(53,257)	-
	(15,544,223)	(8,106,076)	(12,664,997)
Use (Acquisition) of inventories	-	63,720	(27,587)
Use (Acquisition) of prepaid assets	-	(22,577)	40,066
	-	41,143	12,479
DECREASE (INCREASE) IN NET DEBT	511,058	1,272,220	1,992,730
NET FINANCIAL DEBT, BEGINNING OF YEAR	-	(19,052,422)	(21,045,152)
NET FINANCIAL DEBT, END OF YEAR	-	(17,780,202)	(19,052,422)

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2015

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenues over expenses	9,361,747	14,645,236
Non-Cash items included in excess (shortfall) of revenues over expenditures:		
Amortization of tangible assets	4,173,969	3,995,625
Loss (gain) on disposal of tangible capital assets	(53,257)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(27,501)	149,884
Decrease (increase) in trade and other receivables	2,152,989	6,590,568
Decrease (increase) in prepaid expenditures	(22,569)	40,063
Decrease (increase) in inventory for consumption	63,720	(27,587)
Increase (decrease) in accounts payable and accrued liabilities	(1,618,799)	(858,185)
Increase (decrease) in deferred revenue	(3,148,313)	4,847,428
Increase (decrease) in environmental liability	(81,245)	(56,245)
Increase (decrease) in other liabilities	(7,523,459)	392,372
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	3,277,282	29,719,159
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in long-term investments	(311,257)	(334,610)
NET CASH USED BY INVESTING ACTIVITIES	(311,257)	(334,610)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt repaid	(1,560,578)	(1,494,546)
NET CASH USED BY FINANCING ACTIVITIES	(1,560,578)	(1,494,546)
CAPITAL ACTIVITIES:		
Acquisition of Tangible Capital Assets	(12,288,882)	(16,660,621)
Sale of tangible capital assets	62,094	-
NET CASH USED BY CAPITAL ACTIVITIES	(12,226,788)	(16,660,621)
Net cash increase (decrease) in cash and cash equivalents	(10,821,341)	11,229,382
Cash and cash equivalents at beginning of year	16,295,093	5,065,709
Cash and cash equivalents at end of period	5,473,752	16,295,091

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Changes in Accumulated Surplus - Schedule 1

For the Year Ended December 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	1,054,471	11,261,966	94,852,448	107,168,885	92,523,637
Excess of revenues over expenses	9,337,153	-	-	9,337,153	14,645,248
Unrestricted funds designated for future use	(287,755)	287,755	-	-	-
Restricted funds used for tangible capital assets	-	(646,433)	646,433	-	-
Current year funds used for tangible capital assets	(11,642,449)	-	11,642,449	-	-
Disposal of tangible capital assets	8,842	-	(8,842)	-	-
Annual amortization expense	4,173,969	-	(4,173,969)	-	-
Long-term debt repaid	(1,560,579)	-	1,560,579	-	-
Change in accumulated surplus	29,181	(358,678)	9,666,650	9,337,153	14,645,248
BALANCE, END OF YEAR	1,083,652	10,903,288	104,519,098	116,506,038	107,168,885

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2015

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:									
Balance, beginning of year	1,953,289	11,612,553	54,369,936	7,899,932	102,904,444	3,555,085	3,660,182	185,955,421	169,294,800
Transfers	-	(322,919)	-	(51,220)	374,139	-	-	-	-
Acquisition of tangible capital assets	-	780,496	772,719	8,603,530	978,090	577,143	576,904	12,288,882	16,660,622
Disposal of tangible capital assets	-	-	-	-	-	(153,940)	(64,245)	(218,185)	-
Balance, end of year	1,953,289	12,070,130	55,142,655	16,452,242	104,256,673	3,978,288	4,172,841	198,026,118	185,955,422
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	1,478,075	5,637,644	-	49,073,504	1,937,968	1,925,260	60,052,451	56,056,825
Annual amortization	-	437,741	1,096,984	-	2,207,110	200,732	231,397	4,173,964	3,995,625
Accumulated amortization on disposals	-	-	-	-	-	(153,940)	(55,400)	(209,340)	-
Balance, end of year	-	1,915,816	6,734,628	-	51,280,614	1,984,760	2,101,257	64,017,075	60,052,450
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
1,953,289	10,154,314	48,408,027	16,452,242	52,976,059	1,993,528	2,071,584	134,009,043	125,902,972	
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,953,289	10,134,477	48,732,292	7,899,933	53,830,944	1,617,119	1,734,918	125,902,972	-

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Property and Other Taxes - Schedule 3

For the Year Ended December 31, 2015

	Budget \$	2015 \$	2014 \$
TAXATION			
Real property taxes	7,365,392	7,296,240	7,478,666
Education Tax Collection	2,769,389	2,767,274	2,508,352
Seniors Foundation Collection	304,535	304,222	292,500
Linear property taxes	125,954	125,764	127,462
Government grants in place of property taxes	323,826	336,101	444,982
Special assessments and local improvement taxes	171,850	(18,022)	49,214
Penalties and costs	172,149	127,957	154,842
	11,233,095	10,939,536	11,056,018
REQUISITIONS			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,769,389	2,769,390	2,555,601
Lesser Slave Lake Regional Housing Authority	304,535	304,535	291,392
	3,073,924	3,073,925	2,846,993
NET MUNICIPAL TAXES	8,159,171	7,865,611	8,209,025

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Government Transfers - Schedule 4

For the Year Ended December 31, 2015

	Budget \$	2015 \$	2014 \$
TRANSFERS FOR OPERATING			
Provincial Government	1,987,962	1,626,926	2,389,479
Federal Government	258,756	258,756	258,756
Local Government	1,071,753	1,099,059	713,686
	3,318,471	2,984,741	3,361,921
TRANSFERS FOR CAPITAL			
Provincial Government	15,062,932	20,701,904	15,436,273
Local Government	-	-	197,650
	15,062,932	20,701,904	15,633,923
	18,381,403	23,686,645	18,995,844

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Consolidated Expenses by Object - Schedule 5

For the Year Ended December 31, 2015

	Budget \$	2015 \$	2014 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,119,632	6,850,142	6,369,261
Contracted and general services	5,633,226	5,945,449	5,693,823
Materials, goods and utilities	2,749,788	13,024,965	5,232,676
Transfers to individuals and organizations	473,831	488,989	237,029
Bank charges	5,500	7,784	7,889
Interest on bonds and debentures	1,380,789	1,374,750	1,448,668
Amortization of tangible capital assets	3,244,223	4,173,969	3,995,625
Other operating expenses	269,949	597,110	295,758
	20,876,938	32,463,158	23,280,729

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

Schedule of Segmented Disclosure - Schedule 6

For the Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Taxes net of requisitions	7,883,633	-	(18,022)	-	-	-	-	7,865,611	8,209,025
User fees and sales of goods	47,796	213,344	30	3,746,858	24,691	372,204	338,073	4,742,996	4,708,636
Interest income	476,216	-	-	-	-	-	-	476,216	344,701
Government Transfers for Operating	29,391	1,987,387	-	-	351,928	112,648	503,387	2,984,741	3,361,921
Government Transfers for Capital	-	8,291,317	1,590,943	104,164	106,860	10,364,550	244,070	20,701,904	15,633,923
Development levies	-	-	-	108,885	-	-	-	108,885	494,454
Rental income	38,241	-	-	-	-	2,874,970	189,619	3,102,830	3,037,810
Licenses and permits	69,510	1,745	173	-	416	55,795	-	127,639	200,204
Fines	-	307,587	-	-	-	-	-	307,587	99,097
Franchise and concession contracts	999,037	-	-	-	-	-	-	999,037	1,024,772
Other revenue	39,547	115,796	140,450	(93)	10,051	10,878	66,237	382,866	811,422
	9,583,371	10,917,176	1,713,574	3,959,814	493,946	13,791,045	1,341,386	41,800,312	37,925,965
EXPENSES									
Salaries, wages and benefits	1,519,719	1,795,370	857,498	596,668	240,345	435,717	1,404,825	6,850,142	6,369,261
Contracted and general services	696,475	2,455,131	517,301	955,653	164,688	461,830	694,371	5,945,449	5,693,823
Materials, goods and utilities	64,971	225,589	724,147	946,931	12,178	10,587,223	463,926	13,024,965	5,232,664
Transfers to individuals and organizations	10,000	22,773	100,000	-	42,065	-	314,151	488,989	237,029
Bank charges	7,784	-	-	-	-	-	-	7,784	7,889
Interest on bonds and debentures	-	13,136	21,944	74,013	-	1,160,005	105,653	1,374,751	1,448,668
Other operating expenses	597,110	-	-	-	-	-	-	597,110	295,758
	2,896,059	4,511,999	2,220,890	2,573,265	459,276	12,644,775	2,982,926	28,289,190	19,285,092
NET REVENUE BEFORE AMORTIZATION	6,687,312	6,405,177	(507,316)	1,386,549	34,670	1,146,270	(1,641,540)	13,511,122	18,640,873
Amortization of tangible capital assets	707,563	198,050	1,282,374	1,178,101	29,091	-	778,790	4,173,969	3,995,625
NET REVENUE	5,979,749	6,207,127	(1,789,690)	208,448	5,579	1,146,270	(2,420,330)	9,337,153	14,645,248

The accompanying notes are an integral part of these financial statements.

Town of Slave Lake

For the Year Ended December 31, 2015

1. Significant Accounting Policies

The consolidated financial statements of the Town of Slave Lake are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net debt and financial position of the Town which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Town and are owned or controlled by the Town.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the Town.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The consolidated 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 legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible assets are acquired.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities, tangible capital asset useful lives, contributed tangible capital assets, landfill closure and post-closure liabilities, as well as provisions made for allowances for amounts receivable or any provision for impairment.

Town of Slave Lake

For the Year Ended December 31, 2015

1. Significant Accounting Policies continued

(d) Long term investments

Long term investments are recorded at market value.

(e) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(f) 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 consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be determined.

(g) 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 Change in Net Financial Assets (Debt) for the year.

i) Tangible Capital Assets

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

	Years
Land	
Land improvements	10 - 45
Buildings	25 - 50
Engineered structures	10 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Town of Slave Lake

For the Year Ended December 31, 2015

1. Significant Accounting Policies continued

(g) Non-Financial Assets continued

i) Tangible Capital Assets continued

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operation leases and the related lease payments are charges to expenses as incurred.

iv) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

(h) Taxation Revenue

Taxation revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the Town and are recognized as revenue in the year they are levied.

(i) Pension Expenditures

Contributions made by the Town to the defined contribution pension plan are recorded as expenditures in the year in which they are paid.

(j) Provision for Landfill Closure and Post-Closure Costs

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Town of Slave Lake

For the Year Ended December 31, 2015

2. Cash and Cash Equivalents

	2015	2014
	\$	\$
Cash	5,472,552	16,294,691
Cash on hand - domestic currency	1,200	400
	5,473,752	16,295,091

3. **Temporary Bank Indebtedness**

The Town has access to Royal Bank of Canada ("RBC") demand loan at less 0.25% and a Royal Bank of Canada overdraft. The loan is secured by a letter of agreement with the Royal Bank of Canada.

4. **Receivable - Taxes and Grants in Place of Taxes**

	2015	2014
	\$	\$
Current taxes and grants in place of taxes	175,035	475,788
Tax arrears and grants in place of taxes	357,523	357,618
	532,558	833,406
Less: allowance for doubtful accounts	(7,890)	(245,102)
	524,668	588,304

5. **Long Term Investments**

	2015	2014
	\$	\$
RBC Dominion operating account	6,666,834	6,586,411
RBC Dominion reserve account	12,229,495	11,998,661
	18,896,329	18,585,072

The RBC Dominion reserve account consists of eight guaranteed investment certificates with different banks and one Provincial bond. The investment certificates mature at different dates between 2016 and 2019 and earn interest between 1.25% and 2.75%. The Provincial bond matures in 2017 and earns interest at 3.82%.

The RBC Dominion operating account is related to the Legacy project for which the Town is merely acting as a trustee/project administrator and consists of three guaranteed investment certificates and a savings account. The investment certificates mature in 2016 and earn interest at 1.25% .

Town of Slave Lake

For the Year Ended December 31, 2015

6. Other Liabilities

\$2,541,740 (2014 - \$9,982,997) included in other liabilities is related to a Legacy project grant for which the Town is merely acting as the trustee/project administrator. \$858,829 (2014 - \$941,031) is related to deposits on account for water utilities and planning and development.

7. Deferred Revenue

Deferred revenue consists of the following:

	2015	2014
	\$	\$
Infrastructure recovery	2,765,477	3,999,533
Firesmart	3,453,849	3,799,628
Fire recovery	6,842	2,517,397
Basic Municipal Transportation Grant	1,022,166	2,126,585
Municipal Sustainability Grant	1,829,396	1,381,028
Government Centre Rent	869,140	869,140
Federal Gas Tax Fund	554,611	351,367
Donations	26,735	94,542
AMIP (Alberta Municipal Infrastructure Program)	-	9,842
Other DRP	1,472,563	-
	12,000,779	15,149,062

8. Long Term Debt

Long term debt consists of the following:

	2015	2014
	\$	\$
Tax supported debentures	6,824,659	7,128,950
Special levy and utility supported debentures	1,832,757	2,012,977
Government Centre - supported by provincial lease payments	20,832,529	21,908,597
Total debt	29,489,945	31,050,524
Less:		
Current portion of long term debt	(1,631,405)	(1,560,579)
Long term portion of debt	27,858,540	29,489,945

Interest paid on long term debt amounted to \$1,374,750 (2014 - \$1,448,668).

Town of Slave Lake

For the Year Ended December 31, 2015

8. Long Term Debt continued

The Town's total cash payments for interest paid on long term debt during the year amounted to \$1,380,789 (2014 - 1,448,668).

	Principal	Interest	Total
			\$
2016	1,631,405	1,309,963	2,941,368
2017	1,705,486	1,235,882	2,941,368
2018	1,782,974	1,158,394	2,941,368
2019	1,864,027	1,077,341	2,941,368
2020	1,948,810	992,558	2,941,368
Thereafter	20,557,243	5,000,319	25,557,562
	29,489,945	10,774,457	40,264,402

Debenture debt is repayable to Alberta Capital Finance Authority. The debt bears interest at rates ranging from 3.37% to 9.75% per annum and matures in 2036.

Debenture debt is issued on the credit and security of the Town at large.

9. Debt Limit

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 Slave Lake be disclosed as follows:

	2015	2014
	\$	\$
Total Debt Limit	31,550,508	32,937,998
Temporary bank indebtedness and long term debt	29,489,945	31,050,524
Less debt related to the Government Centre	(20,832,529)	(21,908,597)
Total debt	8,657,416	9,141,927
Debt Limit Available	22,893,092	23,796,071
Debt Service Limit	5,258,418	5,489,666
Debt Service	2,941,368	2,941,368
Less debt service related to the Government Centre	(2,114,054)	(2,114,054)
Debt Service for the purpose of this calculation	827,314	827,314
Debt Service Limit Available	4,431,104	4,662,352

Town of Slave Lake

For the Year Ended December 31, 2015

9. Debt Limit continued

The debt limit is calculated at 1.5 times the revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs.

On February 28, 2008 Ministerial Order L:015/08 was issued authorizing the Town to exceed the regulated limits and borrow up to \$29 million to complete the construction of the new government centre. The extension is based on a 20 year repayment schedule and the assumption that the provincial lease payments will cover the annual repayment costs. Accordingly, the debt related to the construction has subtracted from the debt limits calculated above.

These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

10. Landfill Closure and Post-Closure Liability

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

The liability recorded at December 31, 2015 is \$157,879 and represents the estimated present value of closure and post-closure costs using a discount rate of 4%. The closure of the landfill site is expected to be completed in the next two years. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for 25 years and will involve surface and ground water monitoring, and landfill cover maintenance.

The amount required to fund this liability was transferred from the Town's Garbage Disposal Reserve.

11. Other Environmental Liabilities

Public Sector Accounting Standards require environmental liabilities relating to contaminated sites to be recorded by 2015 or earlier. The Town commenced implementation of these requirements in 2010, recognizing the liability for remediation of salt contamination located on Town property. An actual expense of \$77,064 has been recorded in 2015 that brings the remaining total liability to \$341,101 as at December 31, 2015. This liability has been calculated by an independent firm of environmental engineers engaged by the Town and represents the present value cost of remediation and monitoring over the next 10 years.

12. Contingencies

A statement of claim had been filed against others and the Town by the Sawridge First Nation in the amount of \$2,000,000. The Sawridge First Nation is seeking compensation for land use for roads and utility corridors. The Town and Sawridge First Nation are currently negotiating to reach a settlement, however, the amount and nature of the settlement is unable to be determined at this time.

Town of Slave Lake

For the Year Ended December 31, 2015

13. Local Authorities Pension Plan

Employees of the Town 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 223,643 people, and 428 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 become due.

For 2015, the Town was 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 of the Town 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 2015 were \$501,294 (2014 - \$463,701). Total current service contributions by the employees of the Town to the LAPP in 2015 were \$461,079 (2014 - \$426,269).

At December 31, 2014 the LAPP disclosed an actuarial deficiency of approximately \$2.4 billion (2013 - \$5 billion).

14. Contractual Commitments

The Town contracts with the Government of Canada for the employment of the Royal Canadian Mounted Police to provide policing services. The related agreement may be terminated on March 31 in any year by either party by giving notice twenty four months prior to the date of the intended termination. Annual costs under the terms of the agreement are estimated to be approximately \$1,000,000 to \$1,400,000.

15. Equity in Tangible Capital Assets

	2015	2014
	\$	\$
Tangible Capital Assets	198,026,118	185,955,422
Accumulated amortization	(64,017,075)	(60,052,450)
Long term debt	(29,489,945)	(31,050,524)
	<hr/> 104,519,098	<hr/> 94,852,448

Town of Slave Lake

For the Year Ended December 31, 2015

16. Accumulated Surplus

	2015	2014
	\$	\$
Unrestricted surplus	1,083,652	1,054,471
Reserves		
Interest Bearing		
Town Building Maintenance Reserve	-	660,406
Street Light Reserve	224,938	223,254
Road Rehab Reserve (Note 17)	923,571	955,667
Off-Site Levy Reserve	923,134	916,221
Water - Future Capital Expenditures Reserve (Note 18)	4,273,971	2,117,986
Utility Operating Surplus Reserve	-	336,831
Sewer - Off-Sites Reserve	148,198	147,088
Cemetery- Perpetual Care Reserve	59,961	57,012
Intersection Contributions	644,855	640,026
Reserve-2nd Avenue NW Road Contribution	191,935	190,498
Tourist Booth Reserve	-	124,505
Recreation - Parklands Reserve	-	53,738
Reserve - Recreation & Culture Facility	-	169,724
Contingency School Lands	113,526	-
Reserve - Main Street Extension	208,213	-
Reserve - Caribou Collector	250,055	-
Non-interest Bearing		
Equipment (formerly Computer) Reserve	113,415	107,829
General Operating Reserve	-	29,492
Fire - Truck & Rescue Unit Reserve	190,751	308,328
Emergency Road Reserve	40,000	20,000
Vehicle Replacement Reserve	268,065	260,930
Reserve - Main Street Extension	-	206,654
Capital Sewer Reserve	-	1,911,840
Garbage Disposal Reserve	716,098	692,982
Recreation - Parks Reserve	22,000	22,223
Reserve - Caribou Collector	-	248,182
Capital Building Reserve	1,536,864	569,904
Contingency School Lands	-	113,526
Tax Stabilization Reserve	-	33,605
Administration Reserve	53,738	24,765
Fire Operating Reserve	-	30,000

Town of Slave Lake

For the Year Ended December 31, 2015

16. Accumulated Surplus continued

	2015	2014
	\$	\$
Planning Reserve	-	28,750
NLAC Reserve	-	60,000
Equity in tangible capital assets	10,903,288	11,261,966
	104,519,098	94,852,448
Balance, end of year	116,506,038	107,168,885

17. **Road Rehabilitation Reserve**

In May 1996 Council passed a by-law restricting the use of Road Rehabilitation Program funds exclusively to road rehabilitation projects. The details of this account are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	955,667	1,932,565
Revenue	388,980	362,236
Expenditures	(427,801)	(1,374,528)
Interest earned	6,725	35,394
Balance, end of year	923,571	955,667

Town of Slave Lake

For the Year Ended December 31, 2015

18. Utility Capital Reserve

A utility capital reserve has been established for the exclusive purpose of future upgrades to the water plant and water and sewer lines.

The details of this reserve are as follows:

	2015	2014
	\$	\$
Balance, beginning of year	2,117,986	2,618,241
Revenue	1,004,463	319,034
Transfers	2,248,671	-
Expenditures	(1,130,503)	(877,688)
Interest earned	33,354	58,399
Balance, end of year	4,273,971	2,117,986

Town of Slave Lake

For the Year Ended December 31, 2015

19. Salary and Benefits Disclosure

	# of Months	Salary (1) \$	Benefits and Allowances (2) \$	2015 Total \$	2014 Total \$
Mayor Warman	12	42,552	386	42,938	47,949
Councilor Busk	12	25,905	193	26,098	22,834
Councilor Missal	12	19,916	193	20,109	25,223
Councilor Brandle	12	23,531	193	23,724	25,271
Councilor Lokken	12	17,196	193	17,389	21,552
Councilor Plouffe	12	27,693	193	27,886	29,802
Councilor Smith	12	27,221	193	27,414	26,929
		184,014	1,544	185,558	199,560
Town Manager	12	164,690	34,629	199,319	145,620
Designated officer (1 position) (2014 - 1 position)	12	112,393	19,494	131,887	125,345

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, car allowances, moving expenses and daily allowances.

20. Financial Instruments

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Town of Slave Lake

For the Year Ended December 31, 2015

21. Budgeted Figures

The 2015 budgeted figures that appear in the consolidated financial statements have not been audited.

22. Segmented Information

The Town provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 6).

23. Approval of Consolidated Financial Statements

Council and Management approved the consolidated financial statements.

24. Other Revenue

	2015	2014
	\$	\$
Other	304,093	72,285
Donations	6,650	145,541
Contributions	7,387	12,500
Insurance proceeds	-	247,719
	318,130	478,045