

Town of Slave Lake

Consolidated Financial Statements

For the Year Ended December 31, 2017

Town of Slave Lake

December 31, 2017

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**Town of Slave Lake
2017 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 Professional 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

June 5th, 2018

Director of Finance

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

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
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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, which comprise of the consolidated statement of financial position as at December 31, 2017, the consolidated statement of operations, changes in net financial assets 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 Audit 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 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.

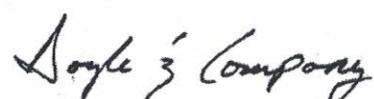
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 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.

Edmonton, Alberta

June 5th, 2018



Chartered Professional Accountants

Town of Slave Lake

Statement of Changes in Financial Position

December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	4,607,306	5,098,761
Receivables		
Accounts receivable, net of allowances	4,934,749	7,769,256
Taxes and Grants in Lieu Receivable (Note 4)	467,225	666,312
Long term investments (Note 5)	11,135,056	12,446,151
Other long term assets	115,273	115,273
TOTAL FINANCIAL ASSETS	21,259,609	26,095,753
LIABILITIES		
Accounts payable and accrued liabilities	1,965,905	4,192,292
Other liabilities (Note 6)	1,780,702	728,189
Deferred revenue (Note 7)	6,066,559	7,882,672
Long term debt (Note 8)	26,153,053	27,858,539
Provision for landfill closure and post-closure costs (Note 10)	157,879	157,879
Other environmental liabilities (Note 11)	341,101	341,101
TOTAL LIABILITIES	36,465,199	41,160,672
NET FINANCIAL DEBT	(15,205,590)	(15,064,919)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2)	145,584,471	143,774,372
Inventory of parts and supplies	267,236	244,393
Prepaid	33,704	-
ACCUMULATED SURPLUS	145,885,411	144,018,765
ACCUMULATED SURPLUS	130,679,821	128,953,846

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, 2017

	Budget \$	2017 \$	2016 \$
REVENUES			
Municipal Taxation (Schedule 3)	7,950,378	7,815,185	7,950,047
User fees and sales of goods	4,702,450	4,674,605	4,829,626
Interest income	201,887	216,534	224,718
Government Transfers for Operating (Schedule 4)	2,348,867	2,663,122	3,106,578
Licenses and permits	161,440	125,244	104,719
Fines	406,000	421,864	433,900
Franchise and concession contracts	1,127,339	1,095,731	967,830
Rental income	3,094,184	3,222,233	3,099,287
Other revenue (Note 24)	158,561	198,335	190,483
TOTAL REVENUE	20,151,106	20,432,853	20,907,188
EXPENSES			
Legislative	231,004	254,907	250,961
Administration	2,387,072	2,363,202	2,370,287
Fire, police, bylaw enforcement and disaster recovery	4,015,141	4,243,682	4,618,988
Roads, streets, walks and lighting	2,228,399	2,166,821	2,091,840
Water and wastewater	1,507,666	1,548,505	1,580,912
Waste management	459,269	611,514	721,145
Family and community supports	444,800	714,479	452,678
Cemetery	11,500	10,489	7,023
Subdivision, planning, land and development	2,126,868	2,327,209	7,268,799
Parks, recreation and culture	3,111,878	3,053,763	2,830,043
Amortization expense	4,023,931	5,104,654	4,733,304
TOTAL EXPENSES	20,547,528	22,399,225	26,925,980
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(396,422)	(1,966,372)	(6,018,792)
OTHER			
Government Transfers for Capital (Schedule 4)	5,774,821	3,358,586	17,714,015
Legacy	-	321,147	755,541
Gain (loss) on disposal of assets	-	12,614	(2,956)
EXCESS OF REVENUE OVER EXPENSES	5,378,399	1,725,975	12,447,808
ACCUMULATED SURPLUS, BEGINNING OF YEAR		128,953,846	116,506,038
ACCUMULATED SURPLUS, END OF YEAR		130,679,821	128,953,846

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, 2017

	Budget	2017	2016
	\$	\$	\$
EXCESS OF REVENUES OVER EXPENSES	5,378,399	1,725,975	12,447,808
Acquisition of tangible capital assets	(10,556,470)	(6,914,754)	(14,514,473)
Proceeds on disposal of tangible capital assets	-	12,614	12,881
Amortization of tangible capital assets	(4,023,931)	5,104,654	4,733,304
Losses (gains) on disposal of tangible capital assets	-	(12,614)	2,956
	(14,580,401)	(1,810,100)	(9,765,332)
Use (Acquisition) of inventories	-	(22,837)	936
Use (Acquisition) of prepaid assets	-	(33,709)	31,871
	-	(56,546)	32,807
DECREASE (INCREASE) IN NET DEBT	(9,202,002)	(140,671)	2,715,283
NET FINANCIAL DEBT, BEGINNING OF YEAR	-	(15,064,919)	(17,780,202)
NET FINANCIAL DEBT, END OF YEAR	-	(15,205,590)	(15,064,919)

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, 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenues over expenses	1,725,974	12,446,090
Non-Cash items included in excess (shortfall) of revenues over expenditures:		
Amortization of tangible assets	5,104,654	4,733,304
Loss (gain) on disposal of tangible capital assets	(12,614)	2,956
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	199,087	(141,644)
Decrease (increase) in trade and other receivables	2,834,507	(2,561,751)
Decrease (increase) in prepaid expenditures	(33,704)	31,871
Decrease (increase) in inventory for consumption	(22,847)	936
Increase (decrease) in accounts payable and accrued liabilities	(2,226,385)	1,586,524
Increase (decrease) in deferred revenue	(1,816,113)	(4,118,077)
Increase (decrease) in other liabilities	1,052,513	(2,672,380)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	6,805,072	9,307,829
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in long-term investments	1,311,095	6,450,178
NET CASH USED BY INVESTING ACTIVITIES	1,311,095	6,450,178
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt repaid	(1,705,486)	(1,631,407)
NET CASH USED BY FINANCING ACTIVITIES	(1,705,486)	(1,631,407)
CAPITAL ACTIVITIES:		
Acquisition of Tangible Capital Assets	(6,914,749)	(14,514,472)
Sale of tangible capital assets	12,614	12,881
NET CASH USED BY CAPITAL ACTIVITIES	(6,902,135)	(14,501,591)
Net cash increase (decrease) in cash and cash equivalents	(491,454)	(374,991)
Cash and cash equivalents at beginning of year	5,098,760	5,473,752
Cash and cash equivalents at end of period	4,607,306	5,098,761

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, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	1,258,500	11,779,513	115,915,833	128,953,846	116,506,038
Excess of revenues over expenses	1,725,975	-	-	1,725,975	12,447,808
Unrestricted funds designated for future use	(1,863,785)	1,863,785	-	-	-
Restricted funds for operations	265,299	(265,299)	-	-	-
Restricted funds used for tangible capital assets	-	(3,467,099)	3,467,099	-	-
Current year funds used for tangible capital assets	(3,447,653)	-	3,447,653	-	-
Annual amortization expense	5,104,653	-	(5,104,653)	-	-
Long-term debt repaid	(1,705,486)	-	1,705,486	-	-
Change in accumulated surplus	79,003	(1,868,613)	3,515,585	1,725,975	12,447,808
BALANCE, END OF YEAR	1,337,503	9,910,900	119,431,418	130,679,821	128,953,846

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, 2017

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:									
Balance, beginning of year	1,953,289	12,178,192	55,167,072	463,273	133,241,557	4,309,625	4,979,501	212,292,509	198,026,118
Transfers	-	-	-	(9,900)	-	-	9,900	-	-
Acquisition of tangible capital assets	850,735	190,790	3,053,224	1,186,451	1,414,628	196,141	22,785	6,914,754	14,514,473
Disposal of tangible capital assets	-	-	-	-	-	-	(450,081)	(450,081)	(248,081)
Balance, end of year	2,804,024	12,368,982	58,220,296	1,639,824	134,656,185	4,505,766	4,562,105	218,757,182	212,292,510
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	2,419,008	7,839,255	-	53,826,146	2,226,078	2,207,652	68,518,139	64,016,967
Annual amortization	-	508,593	1,132,532	-	2,882,698	263,280	317,550	5,104,653	4,733,407
Accumulated amortization on disposals	-	-	-	-	-	-	(450,081)	(450,081)	(232,236)
Balance, end of year	-	2,927,601	8,971,787	-	56,708,844	2,489,358	2,075,121	73,172,711	68,518,138
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,804,024	9,441,381	49,248,509	1,639,824	77,947,341	2,016,408	2,486,984	145,584,471	143,774,372

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, 2017

	Budget	2017	2016
	\$	\$	\$
TAXATION			
Real property taxes	7,422,815	7,349,210	7,414,887
Education Tax Collection	2,772,342	2,896,052	2,772,783
Seniors Foundation Collection	308,805	287,900	308,043
Linear property taxes	124,611	127,415	124,611
Government grants in place of property taxes	261,813	258,427	252,218
Special assessments and local improvement taxes	41,927	11,199	27,283
Penalties and costs	99,212	101,691	135,065
	11,031,525	11,031,894	11,034,890
REQUISITIONS			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,772,342	2,919,448	2,776,006
Lesser Slave Lake Regional Housing Authority	308,805	297,261	308,837
	3,081,147	3,216,709	3,084,843
NET MUNICIPAL TAXES	7,950,378	7,815,185	7,950,047

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, 2017

	Budget	2017	2016
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial Government	1,172,251	1,352,252	1,592,046
Federal Government	258,756	271,256	258,756
Local Government	917,860	1,039,614	1,255,776
	2,348,867	2,663,122	3,106,578
TRANSFERS FOR CAPITAL			
Provincial Government	5,774,821	3,358,586	17,560,228
Federal Government	-	-	153,787
	5,774,821	3,358,586	17,714,015
	8,123,688	6,021,708	20,820,593

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, 2017

	Budget \$	2017 \$	2016 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	6,755,389	6,814,724	6,804,854
Contracted and general services	5,582,820	6,074,060	5,691,981
Materials, goods and utilities	2,532,457	2,437,518	7,618,514
Transfers to individuals and organizations	177,790	416,904	476,913
Bank charges	5,500	21,553	4,091
Interest on bonds and debentures	1,216,544	1,188,548	1,301,048
Amortization of tangible capital assets	4,023,931	5,104,654	4,733,310
Other operating expenses	253,097	341,264	295,269
	20,547,528	22,399,225	26,925,980

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, 2017

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Taxes net of requisitions	7,803,986	-	11,199	-	-	-	-	7,815,185	7,950,047
User fees and sales of goods	26,972	407,004	2,222	3,916,240	27,817	13,230	281,120	4,674,605	4,829,626
Interest income	216,534	-	-	-	-	-	-	216,534	224,718
Government Transfers for Operating	-	1,408,609	-	-	616,503	156,197	481,813	2,663,122	3,106,578
Government Transfers for Capital	(28,300)	1,396,979	463,750	1,312,519	-	-	213,638	3,358,586	17,714,015
Rental income	25,868	-	-	-	-	2,996,601	199,764	3,222,233	3,099,287
Licenses and permits	70,725	1,290	6,700	-	401	46,128	-	125,244	104,719
Fines	-	421,864	-	-	-	-	-	421,864	433,900
Franchise and concession contracts	1,095,731	-	-	-	-	-	-	1,095,731	967,830
Other revenue	16,828	103,907	12,614	(30)	8,257	322,947	67,573	532,096	946,024
	9,228,344	3,739,653	496,485	5,228,729	652,978	3,535,103	1,243,908	24,125,200	39,376,744
EXPENSES									
Salaries, wages and benefits	1,513,598	1,521,123	867,843	553,317	357,616	468,949	1,532,278	6,814,724	6,804,854
Contracted and general services	683,331	2,250,633	492,586	927,209	319,518	777,717	623,066	6,074,060	5,691,981
Materials, goods and utilities	58,363	298,222	690,518	619,989	23,179	226,621	520,626	2,437,518	7,618,514
Transfers to individuals and organizations	-	-	100,000	-	24,655	-	292,249	416,904	476,913
Bank charges	21,553	-	-	-	-	-	-	21,553	4,091
Interest on bonds and debentures	-	9,693	15,874	59,504	-	1,017,933	85,544	1,188,548	1,301,048
Other operating expenses	341,264	-	-	-	-	-	-	341,264	298,231
	2,618,109	4,079,671	2,166,821	2,160,019	724,968	2,491,220	3,053,763	17,294,571	22,195,632
NET REVENUE BEFORE AMORTIZATION	6,610,235	(340,018)	(1,670,336)	3,068,710	(71,990)	1,043,883	(1,809,855)	6,830,629	17,181,112
Amortization of tangible capital assets	714,482	268,765	1,375,383	1,814,505	59,087	-	872,432	5,104,654	4,733,304
NET REVENUE	5,895,753	(608,783)	(3,045,719)	1,254,205	(131,077)	1,043,883	(2,682,287)	1,725,975	12,447,808

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

Town of Slave Lake

For the Year Ended December 31, 2017

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, 2017

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, 2017

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, 2017

2. Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash	4,605,906	5,097,361
Cash on hand - domestic currency	1,400	1,400
	4,607,306	5,098,761

3. **Temporary Bank Indebtedness**

The Town has access to Royal Bank of Canada ("RBC") demand loan at Prime plus 0% 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**

	2017	2016
	\$	\$
Current taxes and grants in place of taxes	324,668	597,038
Tax arrears and grants in place of taxes	152,557	79,274
	477,225	676,312
Less: allowance for doubtful accounts	(10,000)	(10,000)
	467,225	666,312

5. **Long Term Investments**

	2017	2016
	\$	\$
RBC Dominion operating account	28	28
RBC Dominion reserve account	11,135,028	12,446,123
	11,135,056	12,446,151

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 2017 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 matured in 2016 and earn interest at 1.25% .

Town of Slave Lake

For the Year Ended December 31, 2017

6. Other Liabilities

\$1,275,226 (2016 - \$245,000) included in other liabilities is related to a Legacy project grant for which the Town is merely acting as the trustee/project administrator. \$505,476 (2016 - \$483,189) is related to deposits on account for water utilities and planning and development.

7. Deferred Revenue

Deferred revenue consists of the following:

	2017	2016
	\$	\$
Infrastructure recovery	-	51,120
Firesmart	2,617,754	3,077,303
Fire recovery	-	357,033
Basic Municipal Transportation Grant	379,306	996,269
Municipal Sustainability Grant	954,615	1,325,013
Government Centre Rent	869,140	869,140
Federal Gas Tax Fund	509,004	469,288
Donations	17,175	27,406
Other DRP	719,565	710,100
	6,066,559	7,882,672

8. Long Term Debt

Long term debt consists of the following:

	2017	2016
	\$	\$
Tax supported debentures	6,180,107	6,508,533
Special levy and utility supported debentures	1,451,771	1,645,773
Government Centre - supported by provincial lease payments	18,521,176	19,704,233
Total debt	26,153,054	27,858,539
Less:		
Current portion of long term debt	(1,782,974)	(1,705,486)
Long term portion of debt	24,370,080	26,153,053

Interest paid on long term debt amounted to \$1,188,548 (2016 - \$1,301,048).

Town of Slave Lake

For the Year Ended December 31, 2017

8. Long Term Debt continued

The Town's total cash payments for interest paid on long term debt during the year amounted to \$1,235,882 (2016 - 1,309,963).

	Principal	Interest	Total \$
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
2021	1,965,217	904,476	2,869,693
2022	1,965,029	815,120	2,780,149
Thereafter	16,626,995	3,280,723	19,907,718
	26,153,052	8,228,612	34,381,664

Debenture debt is repayable to Alberta Capital Finance Authority. The debt bears interest at rates ranging from 3.37% to 4.80% 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:

	2017	2016
	\$	\$
Total Debt Limit	30,649,280	31,360,782
Long term debt	26,153,053	27,858,539
Less debt related to the Government Centre	(18,521,176)	(19,704,233)
Total debt	7,631,877	8,154,306
Debt Limit Available	23,017,403	23,206,476
Debt Service Limit	5,108,213	5,226,797
Debt Service	2,941,368	2,941,368
Less debt service related to the Government Centre	(2,114,055)	(2,114,054)
Debt Service for the purpose of this calculation	827,313	827,314
Debt Service Limit Available	4,280,900	4,399,483

Town of Slave Lake

For the Year Ended December 31, 2017

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, 2017 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, 2017

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 250,000 people, and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

For 2017, 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 2017 were \$548,575 (2016 - \$501,294). Total current service contributions by the employees of the Town to the LAPP in 2017 were \$504,847 (2016 - \$461,079).

At December 31, 2016 the LAPP disclosed an actuarial deficiency of approximately \$637 million (2015 - \$2.4 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

	2017	2016
	\$	\$
Tangible Capital Assets	218,757,182	212,292,510
Accumulated amortization	(73,172,711)	(68,518,138)
Long term debt	(26,153,053)	(27,858,539)
	<hr/>	<hr/>
	119,431,418	115,915,833

Town of Slave Lake

For the Year Ended December 31, 2017

16. Accumulated Surplus

	2017	2016
	\$	\$
Unrestricted surplus	1,337,503	1,258,500
Reserves		
Interest Bearing		
Street Light Reserve	226,382	226,400
Road Rehab Reserve (Note 17)	642,631	660,669
Off-Site Levy Reserve	938,509	929,134
Water - Future Capital Expenditures Reserve (Note 18)	4,633,359	5,007,953
Sewer - Off-Sites Reserve	163,543	161,909
Cemetery- Perpetual Care Reserve	66,018	62,859
Intersection Contributions	705,177	698,134
Reserve-2nd Avenue NW Road Contribution	195,132	193,183
Contingency School Lands	115,416	114,264
Reserve - Main Street Extension	211,680	209,566
Reserve - Caribou Collector	254,219	251,680
Non-interest Bearing		
Equipment (formerly Computer) Reserve	7,174	105,952
Fire - Truck & Rescue Unit Reserve	101,049	-
Emergency Road Reserve	60,000	60,000
Vehicle Replacement Reserve	571,989	374,774
Garbage Disposal Reserve	642,708	636,288
Recreation - Parks Reserve	22,000	22,000
Capital Building Reserve	29,803	1,536,921
Photo Radar Reserve	127,858	146,139
Arena - Capital Equipment Reserve	69,565	-
Tax Stabilization Reserve	80,000	300,000
Administration Reserve	46,688	46,688
Fire Operating Reserve	-	35,000
	9,910,900	11,779,513
Equity in tangible capital assets	119,431,418	115,915,833
Balance, end of year	130,679,821	128,953,846

Town of Slave Lake

For the Year Ended December 31, 2017

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:

	2017	2016
	\$	\$
Balance, beginning of year	660,769	923,571
Revenue	-	150,436
Expenditures	(24,424)	(418,383)
Interest earned	6,286	5,145
Balance, end of year	642,631	660,769

Town of Slave Lake

For the Year Ended December 31, 2017

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:

	2017	2016
	\$	\$
Balance, beginning of year	5,007,955	4,273,971
Revenue	1,271,952	1,160,370
Expenditures	(1,692,865)	(454,986)
Interest earned	46,317	28,600
Balance, end of year	4,633,359	5,007,955

Town of Slave Lake

For the Year Ended December 31, 2017

19. Salary and Benefits Disclosure

	# of Months	Salary (1) \$	Benefits and Allowances (2) \$	2017 Total \$	2016 Total \$
Mayor Warman	12	48,591	808	49,399	49,109
Councilor King	3	5,975	-	5,975	-
Councilor Ferguson	10	19,930	307	20,237	-
Councilor Gramlich	3	5,975	-	5,975	-
Councilor Busk	12	25,189	420	25,609	24,532
Councilor Missal	10	15,461	258	15,719	21,699
Councilor McGregor	12	26,987	420	27,407	19,989
Councilor Brandle	12	27,229	404	27,633	27,209
Councilor Lokken	10	18,357	307	18,664	24,504
Councilor Plouffe	-	-	-	-	4,827
Councilor Smith	1	453	32	485	26,994
		194,147	2,956	197,103	198,863
Town Manager	12	167,855	7,523	175,378	188,366
Designated officer (1 position) (2016 - 1 position)	12	117,321	1,218	118,539	122,382

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, 2017

21. Budgeted Figures

The 2017 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

	2017	2016
	\$	\$
Other	179,396	172,148
Donations	11,859	10,429
Contributions	7,080	8,525
	198,335	191,102