

# **Town of Slave Lake**

## **Consolidated Financial Statements**

**For the Year Ended December 31, 2018**

# Town of Slave Lake

December 31, 2018

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**Town of Slave Lake**  
**2018 Financial Statements**  
**Management Report**

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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  
April 16, 2019



Director of Finance

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\*Operates as a professional Corporation

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## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Council of the Town of Slave Lake**

#### **Opinion**

We have audited the consolidated financial statements of the **Town of Slave Lake**, which comprise the statement of financial position as at December 31, 2018, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **Town of Slave Lake** as at December 31, 2018, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process

#### **Auditor's Responsibility for the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## INDEPENDENT AUDITORS' REPORT - continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

#### Debt Limit Regulation

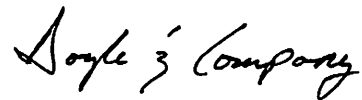
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 9.

#### Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 19.

The engagement partner on the audit resulting in this independent auditor's report is Allan Grykuliak, CPA, CA

Edmonton, Alberta  
April 16, 2019



Chartered Professional Accountants

# Town of Slave Lake

## Consolidated Statement of Financial Position

December 31, 2018

|                                                                 | 2018<br>\$          | 2017<br>\$          |
|-----------------------------------------------------------------|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                                         |                     |                     |
| Cash and temporary investments (Note 2)                         | 5,074,772           | 4,607,306           |
| <b>Receivables</b>                                              |                     |                     |
| Trade and other receivables                                     | 4,443,879           | 4,934,749           |
| Taxes and grants in place of taxes (Note 4)                     | 538,408             | 467,225             |
| Long term investments (Note 5)                                  | 10,077,746          | 11,135,056          |
| Other long term assets                                          | 115,273             | 115,273             |
| <b>TOTAL FINANCIAL ASSETS</b>                                   | <b>20,250,078</b>   | <b>21,259,609</b>   |
| <b>LIABILITIES</b>                                              |                     |                     |
| Accounts payable and accrued liabilities                        | 4,278,713           | 1,965,905           |
| Employee Obligations (Note 25)                                  | 240,915             | -                   |
| Other liabilities (Note 6)                                      | 363,771             | 1,780,702           |
| Deferred revenue (Note 7)                                       | 6,303,813           | 6,066,559           |
| Long-term debt (Note 8)                                         | 24,370,079          | 26,153,053          |
| Capital Lease Obligations (Note 26)                             | 543,971             | -                   |
| Provision for landfill closure and post-closure costs (Note 10) | 154,362             | 157,879             |
| Other environmental liabilities (Note 11)                       | 314,217             | 341,101             |
| <b>TOTAL LIABILITIES</b>                                        | <b>36,569,841</b>   | <b>36,465,199</b>   |
| <b>NET FINANCIAL DEBT</b>                                       | <b>(16,319,763)</b> | <b>(15,205,590)</b> |
| <b>NON-FINANCIAL ASSETS</b>                                     |                     |                     |
| Tangible capital assets (Schedule 2)                            | 149,591,443         | 145,584,471         |
| Inventory for consumption                                       | 315,374             | 267,236             |
| Prepaid assets                                                  | -                   | 33,704              |
|                                                                 | <b>149,906,817</b>  | <b>145,885,411</b>  |
| <b>ACCUMULATED SURPLUS (Schedule 1, Note 16)</b>                | <b>133,587,054</b>  | <b>130,679,821</b>  |

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, 2018

|                                                                    | Budget<br>\$       | 2018<br>\$         | 2017<br>\$         |
|--------------------------------------------------------------------|--------------------|--------------------|--------------------|
| <b>REVENUES</b>                                                    |                    |                    |                    |
| Net municipal taxes (Schedule 3)                                   | 8,030,851          | 8,052,080          | 7,815,185          |
| User fees and sales of goods                                       | 4,938,227          | 5,074,467          | 4,674,605          |
| Interest income                                                    | 191,473            | 308,263            | 216,534            |
| Government transfers for operating(Schedule 4)                     | 2,696,883          | 4,088,835          | 2,663,122          |
| Development levies                                                 | -                  | 27,386             | -                  |
| Licenses and permits                                               | 143,250            | 115,638            | 125,244            |
| Fines                                                              | 381,000            | 413,143            | 421,864            |
| Franchise and concession contracts                                 | 1,105,888          | 1,184,909          | 1,095,731          |
| Rental income                                                      | 3,174,139          | 3,235,231          | 3,222,233          |
| Other revenue (Note 24)                                            | 53,820             | 283,009            | 198,335            |
| <b>TOTAL REVENUE</b>                                               | <b>20,715,531</b>  | <b>22,782,961</b>  | <b>20,432,853</b>  |
| <b>EXPENSES</b>                                                    |                    |                    |                    |
| Legislative                                                        | 258,551            | 262,539            | 254,907            |
| Administration                                                     | 2,794,401          | 2,740,784          | 2,363,202          |
| Fire, police, bylaw enforcement and disaster recovery              | 3,955,101          | 4,357,292          | 4,243,682          |
| Roads, streets, walks and lighting                                 | 2,262,424          | 3,443,731          | 2,166,821          |
| Water and wastewater                                               | 1,611,858          | 1,548,196          | 1,548,505          |
| Waste management                                                   | 624,412            | 621,267            | 611,514            |
| Family and community supports                                      | 638,735            | 635,605            | 714,479            |
| Cemetery                                                           | 11,500             | 12,027             | 10,489             |
| Subdivision, planning, land and development                        | 2,143,717          | 2,320,737          | 2,327,209          |
| Parks, recreation and culture                                      | 2,857,487          | 2,887,713          | 3,053,763          |
| Amortization expense                                               | 5,154,969          | 5,205,985          | 5,104,654          |
| <b>TOTAL EXPENSES</b>                                              | <b>22,313,155</b>  | <b>24,035,876</b>  | <b>22,399,225</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b> | <b>(1,597,624)</b> | <b>(1,252,915)</b> | <b>(1,966,372)</b> |
| <b>OTHER</b>                                                       |                    |                    |                    |
| Government Transfers for Capital (Schedule 4)                      | 5,498,155          | 4,128,229          | 3,358,586          |
| Legacy                                                             | -                  | -                  | 321,147            |
| Gains (losses) on disposal of assets                               | -                  | 31,919             | 12,614             |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                             | <b>3,900,531</b>   | <b>2,907,233</b>   | <b>1,725,975</b>   |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>                      |                    | <b>130,679,821</b> | <b>128,953,846</b> |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>                            |                    | <b>133,587,054</b> | <b>130,679,821</b> |

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, 2018

|                                                       | Budget<br>\$      | 2018<br>\$          | 2017<br>\$          |
|-------------------------------------------------------|-------------------|---------------------|---------------------|
| <b>EXCESS OF REVENUES OVER EXPENSES</b>               | <b>3,900,531</b>  | <b>2,907,233</b>    | <b>1,725,975</b>    |
| Acquisition of tangible capital assets                | 13,120,851        | (9,245,276)         | (6,914,754)         |
| Proceeds on disposal of tangible capital assets       | -                 | 64,238              | 12,614              |
| Amortization of tangible capital assets               | (5,154,969)       | 5,205,985           | 5,104,654           |
| Losses (gains) on disposal of tangible capital assets | -                 | (31,919)            | (12,614)            |
|                                                       | 7,965,882         | (4,006,972)         | (1,810,100)         |
| Use (Acquisition) of inventories                      | -                 | (48,147)            | (22,837)            |
| Use (Acquisition) of prepaid assets                   | -                 | 33,713              | (33,709)            |
|                                                       | -                 | (14,434)            | (56,546)            |
| <b>DECREASE (INCREASE) IN NET DEBT</b>                | <b>11,866,413</b> | <b>(1,114,173)</b>  | <b>(140,671)</b>    |
| <b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>          | <b>-</b>          | <b>(15,205,590)</b> | <b>(15,064,919)</b> |
| <b>NET FINANCIAL DEBT, END OF YEAR</b>                | <b>-</b>          | <b>(16,319,763)</b> | <b>(15,205,590)</b> |

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, 2018

|                                                                                     | 2018<br>\$         | 2017<br>\$         |
|-------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                        |                    |                    |
| Excess (shortfall) of revenues over expenses                                        | 2,907,232          | 1,725,974          |
| <b>Non-Cash items included in excess (shortfall) of revenues over expenditures:</b> |                    |                    |
| Amortization of tangible assets                                                     | 5,205,985          | 5,104,654          |
| Loss (gain) on disposal of tangible capital assets                                  | (31,919)           | (12,614)           |
| <b>Non-cash charges to operations (net change):</b>                                 |                    |                    |
| Decrease (increase) in taxes and grants in lieu receivable                          | (71,183)           | 199,087            |
| Decrease (increase) in trade and other receivables                                  | 490,870            | 2,834,507          |
| Decrease (increase) in prepaid expenditures                                         | 33,704             | (33,704)           |
| Decrease (increase) in inventory for consumption                                    | (48,147)           | (22,847)           |
| Increase (decrease) in accounts payable and accrued liabilities                     | 2,553,734          | (2,226,386)        |
| Increase (decrease) in deferred revenue                                             | 237,254            | (1,816,113)        |
| Increase (decrease) in environmental liability                                      | (30,401)           | -                  |
| Increase (decrease) in other liabilities                                            | (1,416,931)        | 1,052,513          |
| <b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   | <b>9,830,198</b>   | <b>6,805,071</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                        |                    |                    |
| Decrease (increase) in long-term investments                                        | 1,057,310          | 1,311,095          |
| <b>NET CASH USED BY INVESTING ACTIVITIES</b>                                        | <b>1,057,310</b>   | <b>1,311,095</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                        |                    |                    |
| Long-term debt issued                                                               | 543,971            | -                  |
| Long-term debt repaid                                                               | (1,782,974)        | (1,705,486)        |
| <b>NET CASH USED BY FINANCING ACTIVITIES</b>                                        | <b>(1,239,003)</b> | <b>(1,705,486)</b> |
| <b>CAPITAL ACTIVITIES:</b>                                                          |                    |                    |
| Acquisition of Tangible Capital Assets                                              | (9,245,277)        | (6,914,749)        |
| Sale of tangible capital assets                                                     | 64,238             | 12,614             |
| <b>NET CASH USED BY CAPITAL ACTIVITIES</b>                                          | <b>(9,181,039)</b> | <b>(6,902,135)</b> |
| <b>Net cash increase (decrease) in cash and cash equivalents</b>                    | <b>467,466</b>     | <b>(491,455)</b>   |
| Cash and cash equivalents at beginning of year                                      | 4,607,306          | 5,098,761          |
| <b>Cash and cash equivalents at end of period</b>                                   | <b>5,074,772</b>   | <b>4,607,306</b>   |

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, 2018

|                                                     | Unrestricted<br>Surplus<br>\$ | Restricted<br>Surplus<br>\$ | Equity in<br>Tangible<br>Capital<br>Assets<br>\$ | 2018<br>\$         | 2017<br>\$         |
|-----------------------------------------------------|-------------------------------|-----------------------------|--------------------------------------------------|--------------------|--------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                   | 1,337,503                     | 9,910,900                   | 119,431,418                                      | <b>130,679,821</b> | 128,953,846        |
| Excess of revenues over expenses                    | 2,907,233                     | -                           | -                                                | <b>2,907,233</b>   | 1,725,975          |
| Unrestricted funds designated for future use        | (2,503,618)                   | 2,503,618                   | -                                                | -                  | -                  |
| Restricted funds for operations                     | 397,453                       | (397,453)                   | -                                                | -                  | -                  |
| Restricted funds used for tangible capital assets   | -                             | (4,597,209)                 | 4,597,209                                        | -                  | -                  |
| Current year funds used for tangible capital assets | (4,128,229)                   | -                           | 4,128,229                                        | -                  | -                  |
| Disposal of tangible capital assets                 | 56,453                        | -                           | (56,453)                                         | -                  | -                  |
| Annual amortization expense                         | 5,205,986                     | -                           | (5,205,986)                                      | -                  | -                  |
| Long-term debt repaid                               | (1,782,974)                   | -                           | 1,782,974                                        | -                  | -                  |
| <b>Change in accumulated surplus</b>                | <b>152,304</b>                | <b>(2,491,044)</b>          | <b>5,245,973</b>                                 | <b>2,907,233</b>   | <b>1,725,975</b>   |
| <b>BALANCE, END OF YEAR</b>                         | <b>1,489,807</b>              | <b>7,419,856</b>            | <b>124,677,391</b>                               | <b>133,587,054</b> | <b>130,679,821</b> |

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, 2018

|                                                       | Land             | Land Improvements | Buildings         | Construction in Progress | Engineered Structures | Equipment under Capital Lease | Machinery and Equipment | Vehicles         | 2018               | 2017                |
|-------------------------------------------------------|------------------|-------------------|-------------------|--------------------------|-----------------------|-------------------------------|-------------------------|------------------|--------------------|---------------------|
|                                                       | \$               | \$                | \$                | \$                       | \$                    | \$                            | \$                      | \$               | \$                 | \$                  |
| <b>COST:</b>                                          |                  |                   |                   |                          |                       |                               |                         |                  |                    |                     |
| Balance, beginning of year                            | 2,804,024        | 12,368,982        | 58,220,296        | 1,639,824                | 134,656,184           | -                             | 4,505,765               | 4,562,105        | 218,757,180        | 212,292,509         |
| Transfers                                             | -                | -                 | -                 | -                        | -                     | -                             | 938,198                 | (938,198)        | -                  | -                   |
| Acquisition of tangible capital assets                | -                | 39,475            | 166,016           | 5,162,338                | 2,659,483             | 543,971                       | 490,948                 | 183,045          | 9,246,276          | 6,914,754           |
| Disposal of tangible capital assets                   | -                | -                 | -                 | -                        | -                     | -                             | (59,665)                | (109,245)        | (168,910)          | (450,081)           |
| <b>Balance, end of year</b>                           | <b>2,804,024</b> | <b>12,408,457</b> | <b>58,386,312</b> | <b>6,802,162</b>         | <b>137,315,667</b>    | <b>543,971</b>                | <b>5,875,246</b>        | <b>3,697,707</b> | <b>227,833,546</b> | <b>218,757,182</b>  |
| <b>ACCUMULATED AMORTIZATION</b>                       |                  |                   |                   |                          |                       |                               |                         |                  |                    |                     |
| Balance, beginning of year                            | -                | 2,927,601         | 8,971,787         | -                        | 56,708,844            | -                             | 2,489,358               | 2,075,121        | 73,172,711         | 68,518,139          |
| Annual amortization                                   | -                | 488,376           | 1,165,971         | -                        | 2,944,927             | 19,428                        | 336,087                 | 251,197          | 5,205,986          | 5,104,653           |
| Accumulated amortization on disposals                 | -                | -                 | -                 | -                        | -                     | -                             | (27,347)                | (109,245)        | (136,592)          | (450,081)           |
| <b>Balance, end of year</b>                           | <b>-</b>         | <b>3,415,977</b>  | <b>10,137,758</b> | <b>-</b>                 | <b>59,653,771</b>     | <b>19,428</b>                 | <b>2,798,098</b>        | <b>2,217,073</b> | <b>78,242,106</b>  | <b>(73,172,711)</b> |
| <b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>      | <b>2,804,024</b> | <b>8,992,480</b>  | <b>48,248,554</b> | <b>6,802,162</b>         | <b>77,661,896</b>     | <b>524,543</b>                | <b>3,077,148</b>        | <b>1,480,634</b> | <b>149,591,441</b> | <b>145,584,471</b>  |
| <b>2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b> | <b>2,804,024</b> | <b>9,441,381</b>  | <b>49,248,509</b> | <b>1,639,824</b>         | <b>77,947,341</b>     | <b>-</b>                      | <b>2,016,408</b>        | <b>2,486,984</b> | <b>145,584,471</b> | <b>145,584,471</b>  |

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, 2018

|                                                                                              | Budget<br>\$ | 2018<br>\$ | 2017<br>\$ |
|----------------------------------------------------------------------------------------------|--------------|------------|------------|
| <b>TAXATION</b>                                                                              |              |            |            |
| Real property taxes                                                                          | 7,508,211    | 7,525,800  | 7,349,210  |
| Education Tax Collection                                                                     | 2,766,409    | 2,791,415  | 2,896,052  |
| Seniors Foundation Collection                                                                | 335,449      | 335,625    | 287,900    |
| Linear property taxes                                                                        | 131,525      | 131,525    | 127,415    |
| Government grants in place of property taxes                                                 | 268,875      | 268,876    | 258,427    |
| Special assessments and local improvement taxes                                              | -            | -          | 11,199     |
| Penalties and costs                                                                          | 122,656      | 101,777    | 101,691    |
|                                                                                              | 11,133,125   | 11,155,018 | 11,031,894 |
| <b>REQUISITIONS</b>                                                                          |              |            |            |
| Education - Alberta School Foundation Fund and Living Waters Catholic<br>Region Division #42 | 2,766,409    | 2,767,073  | 2,919,448  |
| Lesser Slave Lake Regional Housing Authority                                                 | 335,449      | 335,449    | 297,261    |
| Designated Industrial                                                                        | 416          | 416        | -          |
|                                                                                              | 3,102,274    | 3,102,938  | 3,216,709  |
| <b>NET MUNICIPAL TAXES</b>                                                                   | 8,030,851    | 8,052,080  | 7,815,185  |

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, 2018

|                                | Budget<br>\$ | 2018<br>\$ | 2017<br>\$ |
|--------------------------------|--------------|------------|------------|
| <b>TRANSFERS FOR OPERATING</b> |              |            |            |
| Provincial Government          | 1,418,150    | 2,651,313  | 1,352,252  |
| Federal Government             | 258,756      | 255,608    | 271,256    |
| Local Government               | 1,019,977    | 1,181,914  | 1,039,614  |
|                                | 2,696,883    | 4,088,835  | 2,663,122  |
| <b>TRANSFERS FOR CAPITAL</b>   |              |            |            |
| Provincial Government          | 5,442,644    | 4,101,235  | 3,358,586  |
| Local Government               | 55,511       | 26,994     | -          |
|                                | 5,498,155    | 4,128,229  | 3,358,586  |
|                                | 8,195,038    | 8,217,064  | 6,021,708  |

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, 2018

|                                            | <b>Budget</b> | <b>2018</b> | <b>2017</b> |
|--------------------------------------------|---------------|-------------|-------------|
|                                            | <b>\$</b>     | <b>\$</b>   | <b>\$</b>   |
| <b>CONSOLIDATED EXPENSES BY OBJECT</b>     |               |             |             |
| Salaries, wages and benefits               | 6,878,567     | 6,920,204   | 6,814,724   |
| Contracted and general services            | 5,476,126     | 5,811,150   | 6,074,060   |
| Materials, goods and utilities             | 2,535,110     | 2,507,900   | 2,437,518   |
| Transfers to individuals and organizations | 445,658       | 1,793,853   | 416,904     |
| Bank charges                               | 5,500         | 19,351      | 21,553      |
| Interest on bonds and debentures           | 1,158,394     | 1,155,784   | 1,188,548   |
| Amortization of tangible capital assets    | 5,154,969     | 5,205,985   | 5,104,660   |
| Other operating expenses                   | 658,831       | 621,649     | 341,258     |
|                                            | 22,313,155    | 24,035,876  | 22,399,225  |

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, 2018

|                                            | General<br>Government | Protective<br>Services | Transportation<br>Services | Environmental<br>Services | Public Health<br>and Welfare | Planning &<br>Development | Recreation &<br>Culture | 2018              | 2017              |
|--------------------------------------------|-----------------------|------------------------|----------------------------|---------------------------|------------------------------|---------------------------|-------------------------|-------------------|-------------------|
|                                            | \$                    | \$                     | \$                         | \$                        | \$                           | \$                        | \$                      | \$                | \$                |
| <b>REVENUE</b>                             |                       |                        |                            |                           |                              |                           |                         |                   |                   |
| Taxes net of requisitions                  | 8,052,080             | -                      | -                          | -                         | -                            | -                         | -                       | 8,052,080         | 7,815,185         |
| User fees and sales of goods               | 51,113                | 292,954                | 52,838                     | 4,202,779                 | 25,279                       | 90,473                    | 359,031                 | 5,074,467         | 4,674,605         |
| Interest income                            | 308,263               | -                      | -                          | -                         | -                            | -                         | -                       | 308,263           | 216,534           |
| Government transfers for operating         | -                     | 1,611,791              | 1,294,287                  | -                         | 482,130                      | 50,000                    | 650,627                 | 4,088,835         | 2,663,122         |
| Government Transfers for Capital           | -                     | 79,501                 | 2,186,492                  | 1,821,439                 | -                            | 13,803                    | 26,994                  | 4,128,229         | 3,358,586         |
| Development levies                         | -                     | -                      | -                          | 27,386                    | -                            | -                         | -                       | 27,386            | -                 |
| Rental income                              | 25,868                | -                      | -                          | -                         | -                            | 2,970,672                 | 238,691                 | 3,235,231         | 3,222,233         |
| Licenses and permits                       | 75,652                | 1,565                  | -                          | -                         | 248                          | 38,173                    | -                       | 115,638           | 125,244           |
| Fines                                      | -                     | 413,143                | -                          | -                         | -                            | -                         | -                       | 413,143           | 421,864           |
| Franchise and concession contracts         | 1,184,909             | -                      | -                          | -                         | -                            | -                         | -                       | 1,184,909         | 1,095,731         |
| Gains (losses) on disposal of assets       | -                     | 3,976                  | 27,943                     | -                         | -                            | -                         | -                       | 31,919            | -                 |
| Other revenue                              | -                     | 1,959                  | 18,468                     | -                         | 57,126                       | 200,806                   | 4,650                   | 283,009           | 532,096           |
|                                            | <b>9,697,885</b>      | <b>2,404,889</b>       | <b>3,580,028</b>           | <b>6,051,604</b>          | <b>564,783</b>               | <b>3,363,927</b>          | <b>1,279,993</b>        | <b>26,943,109</b> | <b>24,125,200</b> |
| <b>EXPENSES</b>                            |                       |                        |                            |                           |                              |                           |                         |                   |                   |
| Salaries, wages and benefits               | 1,579,727             | 1,407,042              | 904,606                    | 616,230                   | 341,595                      | 616,993                   | 1,454,011               | 6,920,204         | 6,814,724         |
| Contracted and general services            | 719,047               | 2,503,841              | 445,135                    | 848,941                   | 235,462                      | 581,252                   | 477,472                 | 5,811,150         | 6,074,060         |
| Materials, goods and utilities             | 63,549                | 291,076                | 686,667                    | 650,938                   | 38,575                       | 213,834                   | 563,261                 | 2,507,900         | 2,437,518         |
| Transfers to individuals and organizations | -                     | -                      | 1,394,287                  | -                         | 32,000                       | 70,998                    | 296,568                 | 1,793,853         | 416,904           |
| Bank charges                               | 19,351                | -                      | -                          | -                         | -                            | -                         | -                       | 19,351            | 21,553            |
| Interest on bonds and debentures           | -                     | 10,230                 | 13,036                     | 53,354                    | -                            | 982,763                   | 96,401                  | 1,155,784         | 1,188,548         |
| Other operating expenses                   | 621,649               | -                      | -                          | -                         | -                            | -                         | -                       | 621,649           | 341,264           |
|                                            | <b>3,003,323</b>      | <b>4,212,189</b>       | <b>3,443,731</b>           | <b>2,169,463</b>          | <b>647,632</b>               | <b>2,465,840</b>          | <b>2,887,713</b>        | <b>18,829,891</b> | <b>17,294,571</b> |
| <b>NET REVENUE BEFORE AMORTIZATION</b>     | <b>6,694,562</b>      | <b>(1,807,300)</b>     | <b>136,297</b>             | <b>3,882,141</b>          | <b>(82,849)</b>              | <b>898,087</b>            | <b>(1,607,720)</b>      | <b>8,113,218</b>  | <b>6,830,629</b>  |
| Amortization of tangible capital assets    | 721,413               | 307,755                | 1,410,153                  | 1,833,011                 | 59,087                       | -                         | 874,566                 | 5,205,985         | 5,104,654         |
| <b>NET REVENUE</b>                         | <b>5,973,149</b>      | <b>(2,115,055)</b>     | <b>(1,273,856)</b>         | <b>2,049,130</b>          | <b>(141,936)</b>             | <b>898,087</b>            | <b>(2,482,286)</b>      | <b>2,907,233</b>  | <b>1,725,975</b>  |

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

# Town of Slave Lake

For the Year Ended December 31, 2018

## 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 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 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, 2018

## 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 |
| Equipment under Capital Lease | 14      |

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, 2018

## 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, 2018

## 2. Cash and Cash Equivalents

|                                  | 2018      | 2017      |
|----------------------------------|-----------|-----------|
|                                  | \$        | \$        |
| Cash                             | 5,073,372 | 4,605,906 |
| Cash on hand - domestic currency | 1,400     | 1,400     |
|                                  | 5,074,772 | 4,607,306 |

## 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

|                                            | 2018     | 2017     |
|--------------------------------------------|----------|----------|
|                                            | \$       | \$       |
| Current taxes and grants in place of taxes | 343,462  | 324,668  |
| Arrears                                    | 204,946  | 152,557  |
|                                            | 548,408  | 477,225  |
| Less: allowance for doubtful accounts      | (10,000) | (10,000) |
|                                            | 538,408  | 467,225  |

## 5. Long Term Investments

|                                | 2018       | 2017       |
|--------------------------------|------------|------------|
|                                | \$         | \$         |
| RBC Dominion operating account | 28         | 28         |
| RBC Dominion reserve account   | 10,077,718 | 11,135,028 |
|                                | 10,077,746 | 11,135,056 |

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 2019 and 2022 and earn interest between 1.6% and 2.75%.

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, 2018

## 6. Other Liabilities

In 2017 \$1,275,226 was included in other liabilities is related to a Legacy project grant for which the Town is merely acting as the trustee/project administrator. In 2018 \$363,770 (2017 - \$505,476) is related to deposits on account for water utilities and planning and development.

## 7. Deferred Revenue

Deferred revenue consists of the following:

|                                            | 2018<br>\$       | 2017<br>\$       |
|--------------------------------------------|------------------|------------------|
| Municipal Sustainability Initiative Grant  | 969,672          | 954,615          |
| Federal Gas Tax Fund                       | 823,706          | 509,004          |
| Basic Municipal Transportation Grant       | 387,031          | 379,306          |
| Firesmart                                  | 2,064,482        | 2,617,754        |
| Government Centre Rent                     | 869,140          | 869,140          |
| Special Tax 5th Ave NW Road Project        | 497,654          | -                |
| Donations                                  | 17,175           | 17,175           |
| Other                                      | 674,954          | 719,565          |
|                                            | <b>6,303,814</b> | <b>6,066,559</b> |
| <b>Special Tax 5th Ave NW Road Project</b> |                  | -                |
| Balance, beginning of year                 | -                | -                |
| Revenue                                    | 491,510          | -                |
| Expenditures                               | -                | -                |
| Interest                                   | 6,144            | -                |
| Balance, end of year                       | <b>497,654</b>   | -                |

## 8. Long Term Debt

Long term debt consists of the following:

|                                                            | 2018<br>\$        | 2017<br>\$        |
|------------------------------------------------------------|-------------------|-------------------|
| Tax supported debentures                                   | 5,838,895         | 6,180,107         |
| Special levy and utility supported debentures              | 1,250,485         | 1,451,771         |
| Government Centre - supported by provincial lease payments | 17,280,699        | 18,521,176        |
| <b>Total debt</b>                                          | <b>24,370,079</b> | <b>26,153,054</b> |

# Town of Slave Lake

For the Year Ended December 31, 2018

## 8. Long Term Debt continued

|                                   | 2018<br>\$        | 2017<br>\$        |
|-----------------------------------|-------------------|-------------------|
| Less:                             |                   |                   |
| Current portion of long term debt | (1,941,737)       | (1,782,974)       |
| <b>Long term portion of debt</b>  | <b>22,428,342</b> | <b>24,370,080</b> |
| Less:                             | -                 | -                 |

Interest paid on long term debt amounted to \$1,155,784 (2017 - \$1,188,548).

The Town's total cash payments for interest paid on long term debt during the year amounted to \$1,158,394 (2017 - 1,235,882).

|            | Principal         | Interest         | Total<br>\$       |
|------------|-------------------|------------------|-------------------|
| 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         |
| 2023       | 2,055,630         | 724,520          | 2,780,150         |
| Thereafter | 14,571,366        | 2,556,203        | 17,127,569        |
|            | <b>24,370,079</b> | <b>7,070,218</b> | <b>31,440,297</b> |

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:

|                                            | 2018<br>\$        | 2017<br>\$        |
|--------------------------------------------|-------------------|-------------------|
| <b>Total Debt Limit</b>                    | <b>34,174,442</b> | <b>30,649,280</b> |
| Long term debt                             | 24,370,079        | 26,153,053        |
| Capital Lease Obligations                  | 543,971           | -                 |
| Less debt related to the Government Centre | (17,280,699)      | (18,521,176)      |

# Town of Slave Lake

For the Year Ended December 31, 2018

## 9. Debt Limit continued

|                                                         | 2018              | 2017              |
|---------------------------------------------------------|-------------------|-------------------|
|                                                         | \$                | \$                |
| <b>Total debt</b>                                       | <b>7,633,351</b>  | <b>7,631,877</b>  |
| <b>Debt Limit Available</b>                             | <b>26,541,091</b> | <b>23,017,403</b> |
| <b>Debt Service Limit</b>                               | <b>5,695,740</b>  | <b>5,108,213</b>  |
| Debt Service                                            | 2,941,368         | 2,941,368         |
| Capital Lease Service                                   | 81,596            | -                 |
| Less debt service related to the Government Centre      | (2,114,055)       | (2,114,055)       |
| <b>Debt Service for the purpose of this calculation</b> | <b>908,909</b>    | <b>827,313</b>    |
| <b>Debt Service Limit Available</b>                     | <b>4,786,831</b>  | <b>4,280,900</b>  |

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, 2018 is \$154,362 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.

# Town of Slave Lake

For the Year Ended December 31, 2018

## 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 \$26,884 has been recorded in 2018 that brings the remaining total liability to \$314,217 as at December 31, 2018. 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.

## 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 2018, the Town was required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 14.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary, and 13.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$482,017 (2017 - \$548,575). Total current service contributions by the employees of the Town to the LAPP in 2018 were \$439,713 (2016 - \$504,847).

At December 31, 2017 the LAPP disclosed an actuarial surplus of approximately \$4.8 billion (2017 - (\$637) million deficit).

## 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 \$1,600,000.

## 15. Equity in Tangible Capital Assets

|                           | 2018         | 2017         |
|---------------------------|--------------|--------------|
|                           | \$           | \$           |
| Tangible Capital Assets   | 227,833,546  | 218,757,182  |
| Accumulated amortization  | (78,242,105) | (73,172,711) |
| Long term debt            | (24,370,079) | (26,153,053) |
| Capital Lease Obligations | (543,971)    | -            |
|                           | 124,677,391  | 119,431,418  |

# Town of Slave Lake

For the Year Ended December 31, 2018

## 16. Accumulated Surplus

|                                                       | 2018               | 2017               |
|-------------------------------------------------------|--------------------|--------------------|
|                                                       | \$                 | \$                 |
| <b>Unrestricted surplus(deficit)</b>                  | <b>1,489,807</b>   | <b>1,337,503</b>   |
| <b>Reserves</b>                                       |                    |                    |
| <b>Interest Bearing</b>                               |                    |                    |
| Street Light Reserve                                  | 231,540            | 226,382            |
| Road Rehab Reserve (Note 17)                          | 83,823             | 642,631            |
| Off-Site Levy Reserve                                 | 978,517            | 938,509            |
| Water - Future Capital Expenditures Reserve (Note 18) | 2,262,976          | 4,633,359          |
| Sewer - Off-Sites Reserve                             | 176,443            | 163,543            |
| Cemetery- Perpetual Care Reserve                      | 70,060             | 66,018             |
| Intersection Contributions                            | 721,242            | 705,177            |
| Reserve-2nd Avenue NW Road Contribution               | 199,578            | 195,132            |
| Capital Building Reserve                              | 30,482             | 29,803             |
| Contingency School Lands                              | 118,046            | 115,416            |
| Reserve - Main Street Extension                       | 216,503            | 211,680            |
| Reserve - Caribou Collector                           | 260,010            | 254,219            |
| <b>Non-interest Bearing</b>                           |                    |                    |
| Equipment (formerly Computer) Reserve                 | -                  | 7,174              |
| Fire - Truck & Rescue Unit Reserve                    | 142,283            | 101,049            |
| Emergency Road Reserve                                | 60,000             | 60,000             |
| Vehicle Replacement Reserve                           | 489,705            | 571,989            |
| Garbage Disposal Reserve                              | 894,552            | 642,708            |
| Recreation - Parks Reserve                            | 3,325              | 22,000             |
| Photo Radar Reserve                                   | 287,907            | 127,858            |
| Arena - Capital Equipment Reserve                     | 66,176             | 69,565             |
| Tax Stabilization Reserve                             | 80,000             | 80,000             |
| Administration Reserve                                | 46,688             | 46,688             |
|                                                       | <b>7,419,856</b>   | <b>9,910,900</b>   |
| Equity in tangible capital assets                     | <b>124,677,391</b> | <b>119,431,418</b> |
| <b>Balance, end of year</b>                           | <b>133,587,054</b> | <b>130,679,821</b> |



# Town of Slave Lake

For the Year Ended December 31, 2018

## 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:

|                             | 2018          | 2017           |
|-----------------------------|---------------|----------------|
|                             | \$            | \$             |
| Balance, beginning of year  | 642,631       | 660,769        |
| Revenue                     | 113,675       | -              |
| Expenditures                | (682,275)     | (24,424)       |
| Interest earned             | 9,791         | 6,286          |
| <b>Balance, end of year</b> | <b>83,822</b> | <b>642,631</b> |

## 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:

|                             | 2018             | 2017             |
|-----------------------------|------------------|------------------|
|                             | \$               | \$               |
| Balance, beginning of year  | 4,633,359        | 5,007,955        |
| Revenue                     | 1,362,056        | 1,271,952        |
| Expenditures                | (3,800,920)      | (1,692,865)      |
| Interest earned             | 68,481           | 46,317           |
| <b>Balance, end of year</b> | <b>2,262,976</b> | <b>4,633,359</b> |

# Town of Slave Lake

For the Year Ended December 31, 2018

## 19. Salary and Benefits Disclosure

|                                                     | # of<br>Months | Salary<br>(1)<br>\$ | Benefits and<br>Allowances<br>(2)<br>\$ | 2018<br>Total<br>\$ | 2017<br>Total<br>\$ |
|-----------------------------------------------------|----------------|---------------------|-----------------------------------------|---------------------|---------------------|
| Mayor Warman                                        | 12             | 48,057              | 412                                     | 48,469              | 49,399              |
| Councilor King                                      | 12             | 33,656              | 206                                     | 33,862              | 5,975               |
| Councilor Ferguson                                  | 12             | 27,774              | 199                                     | 27,973              | 20,237              |
| Councilor Gramlich                                  | 12             | 27,813              | 197                                     | 28,010              | 5,975               |
| Councilor Busk                                      | 12             | 29,179              | 206                                     | 29,385              | 25,609              |
| Councilor Missal                                    | -              | -                   | -                                       | -                   | 15,719              |
| Councilor McGregor                                  | 12             | 28,939              | 206                                     | 29,145              | 27,407              |
| Councilor Brandle                                   | 12             | 27,946              | 206                                     | 28,152              | 27,633              |
| Councilor Lokken                                    | -              | -                   | -                                       | -                   | 18,664              |
| Councilor Smith                                     | -              | -                   | -                                       | -                   | 485                 |
|                                                     |                | 223,364             | 1,632                                   | 224,996             | 197,103             |
| Town Manager                                        | 12             | 175,870             | 7,500                                   | 183,370             | 175,378             |
| Designated officer (1 position) (2018 - 1 position) | 12             | 118,147             | 992                                     | 119,139             | 118,539             |

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, 2018

## 21. Budgeted Figures

The 2018 budgeted figures that appear in the consolidated financial statements are the budgets approved by Council on April 24th, 2018.

## 22. Segmented Information

The Town of Slave Lake provides a 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.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

## 23. Approval of Consolidated Financial Statements

Council and Management have approved these consolidated financial statements.

## 24. Other Revenue

|                    | 2018    | 2017    |
|--------------------|---------|---------|
|                    | \$      | \$      |
| Other              | 217,057 | 179,396 |
| Donations          | 15,050  | 11,859  |
| Contributions      | 48,707  | 7,080   |
| Insurance proceeds | 4,176   | -       |
|                    | 284,990 | 198,335 |

## 25. Employee Benefit Obligations

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

|                       | 2018 |         |
|-----------------------|------|---------|
|                       | \$   |         |
| Vacation and overtime | -    | 240,915 |

# Town of Slave Lake

For the Year Ended December 31, 2018

## 26. Capital Lease Obligations

**4.45% RBC lease for SCBA equipment repayable at \$7,579.81 monthly including interest due on October 1, 2025**

|                                        | 2018     | 2017 |
|----------------------------------------|----------|------|
|                                        | \$       | \$   |
| Total Capital Lease Obligations        | 636,704  | -    |
| Less: Deferred Finance Charges         | (92,733) | -    |
|                                        | 543,971  | -    |
| Less: Current portion of capital lease | (81,596) | -    |
|                                        | 462,375  | -    |