

# **Town of Slave Lake**

## **Consolidated Financial Statements**

**For the Year Ended December 31, 2019**

# **Town of Slave Lake**

December 31, 2019

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**Town of Slave Lake**  
**2019 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.

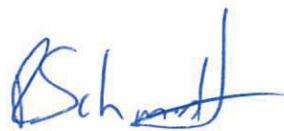
The elected Council of the Town of Slave Lake are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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  
May 19, 2020



Director of Finance

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

1.

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, 2019, 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, 2019, 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 Town 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 Town'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 Town'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.

**DOYLE & COMPANY**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

Allan J. Grykuliak, CPA, CA\*  
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**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 Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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**

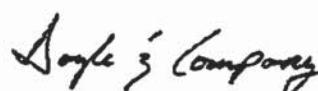
Debt Limit Regulation

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 Town's debt limit can be found in notes 7 and 8.

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 18.

Edmonton, Alberta  
May 19, 2020



Chartered Professional Accountants

# Town of Slave Lake

## Consolidated Statement of Financial Position

December 31, 2019

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	9,270,873	5,074,772
<b>Receivables</b>		
Trade and other receivables	4,731,936	4,443,879
Taxes and grants in place of taxes (Note 3)	605,903	538,408
Long term investments (Note 4)	10,296,322	10,077,746
Other long term assets	115,263	115,273
<b>TOTAL FINANCIAL ASSETS</b>	<b>25,020,297</b>	<b>20,250,078</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5,195,069	4,278,713
Employee Obligations (Note 24)	195,060	240,915
Other liabilities (Note 5)	378,480	363,771
Deferred revenue (Note 6)	7,248,513	6,303,813
Long-term debt (Note 7)	29,507,834	24,370,079
Capital Lease Obligations (Note 25)	489,573	543,971
Provision for landfill closure and post-closure costs (Note 9)	151,094	154,362
Other environmental liabilities (Note 10)	270,108	314,217
<b>TOTAL LIABILITIES</b>	<b>43,435,731</b>	<b>36,569,841</b>
<b>NET FINANCIAL DEBT</b>	<b>(18,415,434)</b>	<b>(16,319,763)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	155,760,930	149,591,443
Inventory for consumption	322,999	315,374
	<b>156,083,929</b>	<b>149,906,817</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 15)</b>	<b>137,668,495</b>	<b>133,587,054</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, 2019

	Budget \$	2019 \$	2018 \$
<b>REVENUES</b>			
Net municipal taxes (Schedule 3)	8,713,893	8,769,832	8,052,080
User fees and sales of goods	5,753,581	6,042,209	5,074,467
Interest income	176,209	309,954	308,263
Government transfers for operating (Schedule 4)	2,418,248	2,903,760	4,088,835
Development levies	-	-	27,386
Licenses and permits	146,500	105,088	115,638
Fines	386,000	378,282	413,143
Franchise and concession contracts	1,140,028	1,092,483	1,184,909
Rental income	3,215,917	3,325,998	3,235,231
Other revenue (Note 23)	27,184	779,904	283,009
<b>TOTAL REVENUE</b>	<b>21,977,560</b>	<b>23,697,500</b>	<b>22,782,961</b>
<b>EXPENSES</b>			
Legislative	258,503	250,101	262,539
Administration	2,424,297	2,172,667	2,740,784
Fire, police, bylaw enforcement and disaster recovery	4,042,152	4,498,421	4,357,292
Roads, streets, walks and lighting	2,366,346	2,123,303	3,443,731
Water and wastewater	2,056,394	1,712,397	1,548,196
Waste management	648,081	688,326	621,267
Family and community supports	636,440	614,288	635,605
Cemetery	14,900	11,210	12,027
Subdivision, planning, land and development	2,225,796	2,647,172	2,320,737
Parks, recreation and culture	2,931,792	2,902,536	2,887,713
Amortization expense	5,854,125	5,352,426	5,205,985
<b>TOTAL EXPENSES</b>	<b>23,458,826</b>	<b>22,972,847</b>	<b>24,035,876</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>(1,481,266)</b>	<b>724,653</b>	<b>(1,252,915)</b>
<b>OTHER</b>			
Government Transfers for Capital (Schedule 4)	7,713,150	3,326,788	4,128,229
Gains on disposal of assets	-	30,000	31,919
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>6,231,884</b>	<b>4,081,441</b>	<b>2,907,233</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>133,587,054</b>	<b>130,679,821</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>137,668,495</b>	<b>133,587,054</b>

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

5.

# Town of Slave Lake

## Statement of Change In Net Financial Assets For the Year Ended December 31, 2019

	Budget \$	2019 \$	2018 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	6,231,884	4,081,441	2,907,233
Acquisition of tangible capital assets	-	(11,521,913)	(9,245,276)
Proceeds on disposal of tangible capital assets	-	30,000	64,238
Amortization of tangible capital assets	(5,854,125)	5,352,426	5,205,985
Losses (gains) on disposal of tangible capital assets	-	(30,000)	(31,919)
	(5,854,125)	(6,169,487)	(4,006,972)
Use (Acquisition) of inventories	-	(7,625)	(48,147)
Use (Acquisition) of prepaid assets	-	-	33,713
	-	(7,625)	(14,434)
<b>DECREASE (INCREASE) IN NET DEBT</b>	377,759	(2,095,671)	(1,114,173)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	-	(16,319,763)	(15,205,590)
<b>NET FINANCIAL DEBT, END OF YEAR</b>	-	(18,415,434)	(16,319,763)

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

6.

# Town of Slave Lake

## Consolidated Statement of Cash Flows

For the Year Ended December 31, 2019

	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (shortfall) of revenues over expenses	4,081,441	2,907,232
<b>Non-Cash Items Included in excess (shortfall) of revenues over expenditures:</b>		
Amortization of tangible assets	5,352,426	5,205,985
Loss (gain) on disposal of tangible capital assets	(30,000)	(31,919)
<b>Non-cash charges to operations (net change):</b>		
Decrease (increase) in taxes and grants in lieu receivable	(67,495)	(71,183)
Decrease (increase) in trade and other receivables	(288,057)	490,870
Decrease (increase) in prepaid expenditures	-	33,704
Decrease (increase) in deferred costs	10	-
Decrease (increase) in inventory for consumption	(7,619)	(48,147)
Increase (decrease) in accounts payable and accrued liabilities	870,495	2,553,734
Increase (decrease) in deferred revenue	944,700	237,254
Increase (decrease) in environmental liability	(47,377)	(30,401)
Increase (decrease) in other liabilities	14,709	(1,416,931)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>10,823,233</b>	<b>9,830,198</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease (increase) in long-term investments	(218,576)	1,057,310
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long-term debt repaid	(1,918,424)	(1,239,003)
Long-term debt issued	7,001,781	-
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>5,083,357</b>	<b>(1,239,003)</b>
<b>CAPITAL ACTIVITIES:</b>		
Acquisition of Tangible Capital Assets	(11,521,913)	(9,245,277)
Sale of tangible capital assets	30,000	64,238
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>	<b>(11,491,913)</b>	<b>(9,181,039)</b>
Net cash increase (decrease) in cash and cash equivalents	4,196,101	467,466
Cash and cash equivalents at beginning of year	5,074,772	4,607,306
<b>Cash and cash equivalents at end of period</b>	<b>9,270,873</b>	<b>5,074,772</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, 2019

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2019 \$	2018 \$
<b>BALANCE, BEGINNING 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>
Excess of revenues over expenses	4,081,441	-	-	4,081,441	2,907,233
Unrestricted funds designated for future use	(5,793,589)	5,793,589	-	-	-
Restricted funds for operations	70,673	(70,673)	-	-	-
Restricted funds used for tangible capital assets	-	(2,825,789)	2,825,789	-	-
Current year funds used for tangible capital assets	(3,326,788)	-	3,326,788	-	-
Transfer from equity in tangible capital assets to unrestricted surplus	1,513,715	-	(1,513,715)	-	-
Disposal of tangible capital assets	118,729	-	(118,729)	-	-
Annual amortization expense	5,352,425	-	(5,352,425)	-	-
Long-term debt repaid	(1,918,424)	-	1,918,424	-	-
Change in accumulated surplus	98,182	2,897,127	1,086,132	4,081,441	2,907,233
<b>BALANCE, END OF YEAR</b>	<b>1,587,989</b>	<b>10,316,983</b>	<b>125,763,523</b>	<b>137,668,495</b>	<b>133,587,054</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, 2019**

	Land	Land Improvements	Buildings	Construction In Progress	Engineered Structures	Equipment under Capital Lease	Machinery and Equipment	Vehicle	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>										
Balance, beginning of year	2,804,024	12,408,457	58,386,312	6,802,162	137,315,668	543,971	5,875,246	3,697,707	227,833,547	218,757,180
Transfers	-	-	20,729	(2,150,463)	2,129,734	-	-	-	-	-
Acquisition of tangible capital assets	-	340,054	5,000	10,044,501	334,124	-	671,412	126,822	11,621,913	9,245,276
Disposal of tangible capital assets	-	-	-	-	-	-	(118,729)	-	(118,729)	(168,910)
<b>Balance, end of year</b>	<b>2,804,024</b>	<b>12,748,511</b>	<b>58,412,041</b>	<b>14,698,200</b>	<b>139,779,526</b>	<b>543,971</b>	<b>6,427,929</b>	<b>3,824,529</b>	<b>239,236,731</b>	<b>227,833,546</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	3,415,977	10,137,758	-	59,653,771	19,428	2,798,098	2,217,073	78,242,105	73,172,711	
Annual amortization	489,553	1,168,513	-	3,028,699	38,855	370,232	266,373	5,352,425	5,205,984	
Accumulated amortization on disposals	-	-	-	-	-	(118,729)	-	(118,729)	(136,592)	
<b>Balance, end of year</b>	<b>3,905,530</b>	<b>11,306,271</b>	<b>-</b>	<b>62,682,670</b>	<b>58,283</b>	<b>3,049,601</b>	<b>2,473,446</b>	<b>83,475,801</b>	<b>(78,242,103)</b>	
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>										
<b>2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,804,024</b>	<b>8,842,981</b>	<b>47,105,770</b>	<b>14,698,200</b>	<b>77,096,856</b>	<b>485,688</b>	<b>3,378,328</b>	<b>1,351,083</b>	<b>155,760,830</b>	<b>149,591,443</b>
<b>2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,804,024</b>	<b>8,992,460</b>	<b>48,248,554</b>	<b>6,802,162</b>	<b>77,661,886</b>	<b>524,543</b>	<b>3,077,148</b>	<b>1,480,634</b>	<b>149,591,441</b>	<b>149,591,441</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, 2019

	Budget \$	2019 \$	2018 \$
<b>TAXATION</b>			
Real property taxes	8,176,176	8,260,638	7,525,800
Education Tax Collection	2,766,409	2,677,520	2,791,415
Seniors Foundation Collection	335,449	300,405	335,625
Linear property taxes	143,428	153,656	131,525
Government grants in place of property taxes	293,208	239,738	268,876
Penalties and costs	101,496	107,908	101,777
	11,816,166	11,739,865	11,155,018
<b>REQUISITIONS</b>			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,766,409	2,678,413	2,767,073
Lesser Slave Lake Regional Housing Authority	335,449	300,657	335,449
Designated Industrial	415	963	416
	3,102,273	2,980,033	3,102,938
<b>NET MUNICIPAL TAXES</b>	<b>8,713,893</b>	<b>8,759,832</b>	<b>8,052,080</b>

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

10.

# Town of Slave Lake

## Schedule of Government Transfers - Schedule 4

For the Year Ended December 31, 2019

	Budget	2019	2018
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	1,159,168	<b>1,636,073</b>	2,651,313
Federal Government	258,756	<b>195,392</b>	255,608
Local Government	1,000,324	<b>1,072,285</b>	1,181,914
	<b>2,418,248</b>	<b>2,903,750</b>	<b>4,088,835</b>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	7,677,660	<b>2,793,564</b>	4,101,235
Local Government	35,490	<b>533,224</b>	26,994
	<b>7,713,150</b>	<b>3,326,788</b>	<b>4,128,229</b>
	<b>10,131,398</b>	<b>6,230,538</b>	<b>8,217,064</b>

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

11.

# **Town of Slave Lake**

## **Schedule of Consolidated Expenses by Object - Schedule 5**

**For the Year Ended December 31, 2019**

	<b>Budget</b> \$	<b>2019</b> \$	<b>2018</b> \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	7,211,280	<b>6,683,708</b>	6,920,204
Contracted and general services	5,569,778	<b>6,261,688</b>	5,811,150
Materials, goods and utilities	2,653,942	<b>2,829,273</b>	2,507,900
Transfers to individuals and organizations	449,400	<b>442,825</b>	1,793,853
Bank charges	5,500	<b>11,599</b>	19,351
Interest on bonds and debentures	1,464,595	<b>1,149,397</b>	1,155,784
Amortization of tangible capital assets	5,854,125	<b>5,352,426</b>	5,205,991
Other operating expenses	250,206	<b>241,931</b>	621,643
	<b>23,458,826</b>	<b>22,972,847</b>	<b>24,035,876</b>

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

12.

# Town of Slave Lake

## Schedule of Segmented Disclosure - Schedule 6 For the Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2019	2018
<b>REVENUE</b>									
Taxes net of requisitions	8,759,832	-	-	-	-	-	-	8,759,832	8,052,080
User fees and sales of goods	44,878	682,486	2,500	4,909,016	27,926	9,516	365,888	6,042,210	5,074,467
Interest income	309,954	-	-	-	-	-	-	309,954	308,263
Government transfers for operating	-	1,903,684	-	-	635,722	-	484,343	2,903,749	4,088,835
Government Transfers for Capital	-	24,582	887,989	2,578,647	-	-	36,570	3,326,788	4,128,229
Development levies	-	-	-	-	-	-	-	-	-
Rental income	25,868	-	-	-	-	-	-	-	27,386
Licenses and permits	72,905	4,580	-	-	683	27,020	-	105,088	3,236,231
Fines	-	378,282	-	-	-	-	-	378,282	115,638
Franchise and concession contracts	1,092,493	-	-	-	-	-	-	1,092,493	1,184,909
Gains on disposal of assets	-	-	30,000	-	-	-	-	30,000	31,919
Other revenue	-	-	-	-	21,344	733,685	24,975	779,904	283,009
	<b>10,305,920</b>	<b>2,993,614</b>	<b>720,489</b>	<b>7,487,663</b>	<b>585,575</b>	<b>3,855,187</b>	<b>1,105,840</b>	<b>27,054,288</b>	<b>26,943,109</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,476,644	1,506,798	807,578	668,635	316,600	465,158	1,440,397	6,693,708	6,920,204
Contracted and general services	644,660	2,518,271	437,329	894,908	244,705	1,072,072	449,743	6,261,688	5,811,150
Materials, goods and utilities	49,034	433,336	768,659	732,860	29,193	206,208	611,955	2,829,273	2,607,900
Transfers to individuals and organizations	-	-	100,000	-	35,000	-	307,825	442,825	1,731,853
Bank charges	11,589	-	-	-	-	-	-	11,598	19,361
Interest on bonds and debentures	-	25,308	9,737	104,290	-	917,446	92,616	1,149,397	1,155,784
Other operating expenses	241,931	-	-	-	-	-	-	241,931	621,649
	<b>2,422,768</b>	<b>4,485,713</b>	<b>2,123,303</b>	<b>2,400,723</b>	<b>625,498</b>	<b>2,659,880</b>	<b>2,902,536</b>	<b>17,620,421</b>	<b>18,829,891</b>
<b>NET REVENUE BEFORE AMORTIZATION</b>									
Amortization of tangible capital assets	7,883,152	(1,692,099)	(1,402,814)	5,086,940	(39,923)	1,195,307	(1,786,696)	9,433,867	8,113,218
	<b>724,203</b>	<b>334,861</b>	<b>1,467,144</b>	<b>1,875,301</b>	<b>58,087</b>	<b>-</b>	<b>891,830</b>	<b>5,362,426</b>	<b>5,205,886</b>
<b>NET REVENUE</b>	<b>7,158,949</b>	<b>(1,826,960)</b>	<b>(2,869,958)</b>	<b>3,211,639</b>	<b>(99,010)</b>	<b>1,195,307</b>	<b>(2,688,526)</b>	<b>4,081,441</b>	<b>2,907,233</b>

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

# **Town of Slave Lake**

**For the Year Ended December 31, 2019**

## **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, 2019**

## **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.

# Town of Slave Lake

For the Year Ended December 31, 2019

## 1. Significant Accounting Policies continued

### (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, 2019**

## **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, 2019

## 2. Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash	9,269,473	5,073,372
Cash on hand - domestic currency	1,400	1,400
	<b>9,270,873</b>	<b>5,074,772</b>

## 3. Receivable - Taxes and Grants in Place of Taxes

	2019	2018
	\$	\$
<b>Property Taxes Receivable</b>		
Current taxes and grants in place of taxes	460,745	343,462
Arrears	155,158	204,946
	<b>615,903</b>	<b>548,408</b>
Less: allowance for doubtful accounts	(10,000)	(10,000)
	<b>605,903</b>	<b>538,408</b>
<b>Other</b>		
Trade accounts receivable	4,678,470	4,343,909
GST receivable	163,466	209,970
Allowance for doubtful accounts	(110,000)	(110,000)
	<b>4,731,936</b>	<b>4,443,879</b>
<b>Total Receivable</b>	<b>5,337,839</b>	<b>4,982,287</b>

## 4. Long Term Investments

	2019	2018
	\$	\$
RBC Dominion operating account	28	28
RBC Dominion reserve account	10,296,294	10,077,718
	<b>10,296,322</b>	<b>10,077,746</b>

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 2020 and 2024 and earn interest between 1.6% and 2.41%.

# Town of Slave Lake

For the Year Ended December 31, 2019

## 5. Other Liabilities

In 2019 \$378,480 (2018 - \$363,771) is related to deposits on account for water utilities and planning and development.

## 6. Deferred Revenue

Deferred revenue consists of the following:

	2019	2018
	\$	\$
Municipal Sustainability Initiative Grant	2,010,144	969,672
Federal Gas Tax Fund	1,384,937	823,706
Basic Municipal Transportation Grant	391,437	387,031
Firesmart	1,691,499	2,064,482
Government Centre Rent	869,140	869,140
Special Tax 5th Ave NW Road Project	-	497,654
Municipal Cannabis Transition Program	23,868	-
2019 School Requisition Over Levy	77,259	-
Donations	6,353	17,175
Other	793,876	674,954
	<hr/> 7,248,513	<hr/> 6,303,813
<b>Special Tax 5th Ave NW Road Project</b>		-
Balance, beginning of year	497,654	-
Revenue	-	491,510
Expenditures	497,654	-
Interest	-	6,144
Balance, end of year	-	497,654

# Town of Slave Lake

For the Year Ended December 31, 2019

## 7. Long Term Debt

Long term debt consists of the following:

	2019	2018
	\$	\$
Tax supported debentures	5,484,395	5,838,895
Special levy and utility supported debentures	1,041,642	1,250,485
Utility supported debentures Royal Bank	7,001,781	-
Government Centre - supported by provincial lease payments	15,980,016	17,280,699
<b>Total debt</b>	<b>29,507,834</b>	24,370,079
<b>Less:</b>		
Current portion of long term debt	(8,950,592)	(1,864,027)
<b>Long term portion of debt</b>	<b>20,557,242</b>	22,506,052

Interest paid on long term debt amounted to \$1,149,397 (2018 - \$1,155,784). Principal and interest repayments are as follows:

	Principal	Interest	Total
			\$
2020	8,950,592	992,558	9,943,150
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
2024	2,150,450	629,699	2,780,149
Thereafter	12,420,916	1,926,503	14,347,419
	29,507,834	5,992,876	35,500,710

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.

# Town of Slave Lake

For the Year Ended December 31, 2019

## 8. 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:

	2019	2018
	\$	\$
<b>Total Debt Limit</b>	<b>35,546,250</b>	<b>34,174,442</b>
Long term debt	29,507,833	24,370,079
Capital Lease Obligations	489,573	543,971
Less debt related to the Government Centre	(15,980,016)	(17,280,699)
<b>Total debt</b>	<b>14,017,390</b>	<b>7,633,351</b>
<b>Debt Limit Available</b>	<b>21,528,860</b>	<b>26,541,091</b>
<b>Debt Service Limit</b>	<b>5,924,375</b>	<b>5,695,740</b>
Debt Service	9,943,150	2,941,368
Capital Lease Service	81,596	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>7,910,691</b>	<b>908,909</b>
<b>Debt Service Limit Available</b>	<b>(1,986,316)</b>	<b>4,786,831</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.

# Town of Slave Lake

For the Year Ended December 31, 2019

## 9. 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, 2019 is \$151,094 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.

## 10. 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 \$44,108 has been recorded in 2019 that brings the remaining total liability to \$270,108 as at December 31, 2019. 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.

## 11. 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.

## 12. 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 2019, 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 2019 were \$435,528 (2018 - \$482,017). Total current service contributions by the employees of the Town to the LAPP in 2019 were \$393,600 (2018 - \$439,713).

At December 31, 2018 the LAPP disclosed an actuarial surplus of approximately \$3.4 billion (2017 - \$4.8 billion).

## 13. 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 \$1,800,000.

# Town of Slave Lake

For the Year Ended December 31, 2019

## 14. Equity in Tangible Capital Assets

	2019	2018
	\$	\$
Tangible capital assets	239,236,731	227,833,546
Accumulated amortization	(83,475,801)	(78,242,105)
Long term debt	(29,507,834)	(24,370,079)
Capital lease obligations	(489,573)	(543,971)
<b>Equity in Tangible Capital Assets</b>	<b>125,763,523</b>	<b>124,677,391</b>

# Town of Slave Lake

For the Year Ended December 31, 2019

## 15. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follow:

	2018 Ending Balance \$	2019 Additions to reserve \$	2019 Reductions to reserve \$	2019 Ending Balance \$
<b>Unrestricted surplus(deficit)</b>	<b>1,489,807</b>	<b>-</b>	<b>-</b>	<b>1,587,989</b>
<b>Reserves</b>				
<b>Interest Bearing</b>				
Contingency School Lands	118,046	2,715	-	120,761
Capital Building Reserve	30,482	643	(5,000)	26,125
Street Light Reserve	231,540	5,325	-	236,865
Road Rehab Reserve (Note 16)	83,823	583,064	(9,228)	657,659
Reserve - Main Street Extension	216,503	4,980	-	221,482
Off-Site Levy Reserve	978,517	22,505	-	1,001,023
Water - Future Capital Expenditures Reserve (Note 17)	2,262,976	4,223,460	(2,033,516)	4,452,920
Sewer - Off-Sites Reserve	176,443	4,058	-	180,501
Garbage Disposal Reserve	894,552	164,028	-	1,058,581
Cemetery- Perpetual Care Reserve	70,060	4,140	-	74,200
Reserve - Caribou Collector	260,010	5,980	-	265,991
Reserve-2nd Avenue NW Road Contribution	199,578	4,590	-	204,168
Intersection Contributions	721,242	16,588	-	737,831
<b>Non-interest Bearing</b>				
Photo Radar Reserve	287,907	153,460	(244,805)	196,563
Tax Stabilization Reserve	80,000	-	-	80,000
Administration Reserve	46,688	-	(26,834)	19,874
Emergency Road Reserve	60,000	-	-	60,000
Vehicle Replacement Reserve	489,705	260,000	(404,932)	344,772
Economic Development Reserve	-	117,000	-	117,000
Recreation - Parks Reserve	3,325	-	(1,130)	2,195
Fire - Truck & Rescue Unit Reserve	142,283	141,049	(122,057)	161,275
Arena - Capital Equipment Reserve	66,176	80,000	(48,979)	97,197
<b>Equity in tangible capital assets</b>	<b>7,419,856</b>	<b>5,793,585</b>	<b>(2,896,481)</b>	<b>10,316,983</b>
<b>124,677,391</b>				<b>125,763,523</b>
<b>Balance, end of year</b>	<b>133,587,054</b>	<b>5,793,585</b>	<b>(2,896,481)</b>	<b>137,668,495</b>

# Town of Slave Lake

For the Year Ended December 31, 2019

## 16. 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:

	2019	2018
	\$	\$
Balance, beginning of year	83,822	642,631
Revenue	574,634	113,675
Expenditures	(9,228)	(682,275)
Interest earned	8,430	9,791
<b>Balance, end of year</b>	<b>657,658</b>	<b>83,822</b>

## 17. 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:

	2019	2018
	\$	\$
Balance, beginning of year	2,262,976	4,633,359
Revenue	1,995,498	1,362,056
Transfers	2,164,929	-
Expenditures	(2,033,517)	(3,800,920)
Interest earned	63,034	68,481
<b>Balance, end of year</b>	<b>4,452,920</b>	<b>2,262,976</b>

# Town of Slave Lake

For the Year Ended December 31, 2019

## 18. Salary and Benefits Disclosure

	# of Months	Salary (1) \$	Benefits and Allowances (2) \$	2019 Total \$	2018 Total \$
Mayor Warman	12	44,997	355	45,352	48,469
Councilor King	12	29,445	178	29,623	33,862
Councilor Ferguson	12	30,347	178	30,525	27,973
Councilor Gramlich	12	28,177	178	28,355	28,010
Councilor Busk	12	27,125	178	27,303	29,385
Councilor McGregor	12	35,846	178	36,024	29,145
Councilor Brandle	12	30,660	178	30,838	28,152
		226,597	1,423	228,020	224,996
Town Manager	12	178,044	7,426	185,470	183,370
Designated officer (1 position) (2018 - 1 position)	12	119,901	1,120	121,021	119,139

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.

## 19. 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, 2019**

## **20. Budgeted Figures**

The 2019 budgeted figures that appear in the consolidated financial statements are the budgets approved by Council on February 19, 2019.

## **21. 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).

## **22. Approval of Consolidated Financial Statements**

Council and Management have approved these consolidated financial statements.

## **23. Other Revenue**

	<b>2019</b>	<b>2018</b>
	\$	\$
Other	200,616	215,076
Donations	24,975	15,050
Demolition	631,813	
Contributions	22,500	48,707
Insurance proceeds	-	4,176
	<b>779,804</b>	<b>283,009</b>

## **24. 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.

	<b>2019</b>	<b>2018</b>
	\$	\$
Vacation and overtime	195,060	240,915

# **Town of Slave Lake**

**For the Year Ended December 31, 2019**

## **25. Capital Lease Obligations**

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

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Total Capital Lease Obligations</b>	<b>566,031</b>	<b>636,704</b>
<b>Less: Deferred Finance Charges</b>	<b>(76,458)</b>	<b>(92,733)</b>
	<b>489,573</b>	<b>543,971</b>
<b>Less: Current portion of capital lease</b>	<b>(81,596)</b>	<b>(81,596)</b>
	<b>407,977</b>	<b>462,375</b>