

Town of Slave Lake

Consolidated Financial Statements

For the Year Ended December 31, 2020

Town of Slave Lake

December 31, 2020

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Town of Slave Lake

2020 Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Slave Lake is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Auditors Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer
May 11, 2021
Town of Slave Lake, Canada



Director of Finance
May 11, 2021
Town of Slave Lake, Canada

Allan J. Grykulik, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a professional corporation

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Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

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, 2020, 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, 2020, 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.

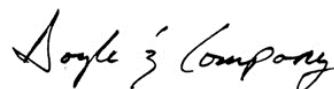
Report on Other Legal and Regulatory Requirements

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 11, 2021

Chartered Professional Accountants

Town of Slave Lake

Consolidated Statement of Financial Position

December 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	7,631,053	9,270,873
Receivables		
Trade and other receivables (Note 3)	5,029,851	4,731,936
Taxes and grants in place of taxes (Note 3)	757,800	605,903
Inventory for Resale	202,426	-
Long term investments (Note 4)	10,505,048	10,296,322
Other long term assets	115,263	115,263
TOTAL FINANCIAL ASSETS	24,241,441	25,020,297
LIABILITIES		
Temporary bank indebtedness	523,985	-
Accounts payable and accrued liabilities	3,292,177	5,195,069
Employee Obligations (Note 24)	239,673	195,060
Other liabilities (Note 5)	369,275	378,480
Deferred revenue (Note 6)	5,308,869	7,248,513
Long-term debt (Note 7)	28,134,123	29,507,834
Capital Lease Obligations (Note 25)	407,982	489,573
Provision for landfill closure and post-closure costs (Note 9)	147,798	151,094
Other environmental liabilities (Note 10)	229,883	270,108
TOTAL LIABILITIES	38,653,765	43,435,731
NET FINANCIAL ASSETS (DEBT)	(14,412,324)	(18,415,434)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	156,635,341	155,760,930
Inventory for consumption	324,757	322,999
TOTAL NON-FINANCIAL ASSETS	156,960,098	156,083,929
ACCUMULATED SURPLUS (Schedule 1, Note 15)	142,547,774	137,668,495

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, 2020

	Budget \$	2020 \$	2019 \$
REVENUES			
Net municipal taxes (Schedule 3)	8,744,748	8,773,808	8,759,832
User fees and sales of goods	5,777,195	5,315,406	6,042,209
Interest income	187,526	273,120	309,954
Government transfers for operating(Schedule 4)	2,426,748	2,612,557	2,903,750
Licenses and permits	139,377	127,793	105,088
Fines	369,000	280,237	378,282
Franchise and concession contracts	1,205,145	1,142,699	1,092,483
Rental income	3,218,713	2,815,131	3,325,998
Other revenue (Note 23)	27,184	609,282	779,904
TOTAL REVENUE	22,095,636	21,950,033	23,697,500
EXPENSES			
Legislative	278,791	233,487	250,101
Administration	2,384,792	2,178,222	2,172,667
Fire, police, bylaw enforcement and disaster recovery	4,317,597	4,000,278	4,498,421
Roads, streets, walks and lighting	2,267,533	2,157,411	2,123,303
Water and wastewater	2,081,976	1,876,379	1,712,397
Waste management	675,970	660,793	688,326
Family and community supports	650,385	267,490	614,288
Cemetery	32,940	26,768	11,210
Subdivision, planning, land and development	2,124,187	2,547,205	2,647,172
Parks, recreation and culture	2,950,403	2,471,693	2,902,536
Amortization expense	6,134,125	5,204,481	5,352,426
TOTAL EXPENSES	23,898,699	21,624,207	22,972,847
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(1,803,063)	325,826	724,653
OTHER			
Government Transfers for Capital (Schedule 4)	5,901,902	4,548,497	3,326,788
Gains on disposal	-	4,956	30,000
EXCESS OF REVENUE OVER EXPENSES	4,098,839	4,879,279	4,081,441
ACCUMULATED SURPLUS, BEGINNING OF YEAR		137,668,495	133,587,054
ACCUMULATED SURPLUS, END OF YEAR		142,547,774	137,668,495

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, 2020

	Budget	2020	2019
	\$	\$	\$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	4,098,839	4,879,279	4,081,441
Acquisition of tangible capital assets	-	(6,175,432)	(11,521,913)
Proceeds on disposal of tangible capital assets	-	101,500	30,000
Amortization of tangible capital assets	(6,134,125)	5,204,481	5,352,426
(Gain) loss on sale of tangible capital assets	-	(4,956)	(30,000)
	(6,134,125)	(874,407)	(6,169,487)
Use (Acquisition) of inventories	-	(1,762)	(7,625)
DECREASE (INCREASE) IN NET DEBT	(2,035,286)	4,003,110	(2,095,671)
NET FINANCIAL DEBT, BEGINNING OF YEAR	-	(18,415,434)	(16,319,763)
NET FINANCIAL DEBT, END OF YEAR	-	(14,412,324)	(18,415,434)

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, 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenues over expenses	4,781,162	4,081,441
Non-Cash items included in excess (shortfall) of revenues over expenditures:		
Amortization of tangible assets	5,204,481	5,352,426
Loss (gain) on disposal of tangible capital assets	(4,956)	(30,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(151,897)	(67,495)
Decrease (increase) in trade and other receivables	(199,796)	(288,057)
Decrease (increase) in deferred costs	-	10
Decrease (increase) in inventory for consumption	(204,184)	(7,619)
Increase (decrease) in accounts payable and accrued liabilities	(1,858,287)	870,495
Increase (decrease) in deferred revenue	(1,939,644)	944,700
Increase (decrease) in environmental liability and landfill	(43,521)	(47,377)
Increase (decrease) in other liabilities	(9,205)	14,709
Cash provided by operating transactions	5,574,153	10,823,233
INVESTING		
Decrease (increase) in long-term investments	(208,726)	(218,576)
FINANCING		
Long-term debt repaid	(1,455,302)	(1,918,424)
Long-term debt issued	-	7,001,781
Proceeds from other debt	523,985	-
Cash provided by (applied to) financing transactions	(931,317)	5,083,357
CAPITAL		
Acquisition of Tangible Capital Assets	(6,175,430)	(11,521,913)
Sale of tangible capital assets	101,500	30,000
Cash provided by capital transactions	(6,073,930)	(11,491,913)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(1,639,820)	4,196,101
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,270,873	5,074,772
CASH AND CASH EQUIVALENTS, END OF YEAR	7,631,053	9,270,873

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, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	1,587,989	10,316,983	125,763,523	137,668,495	133,587,054
Excess (deficiency) of revenues over expenses	4,879,279	-	-	4,879,279	4,081,441
Unrestricted funds designated for future use	(3,522,230)	3,522,230	-	-	-
Restricted funds used for operations	415,149	(415,149)	-	-	-
Restricted funds used for tangible capital assets	-	(1,051,835)	1,051,835	-	-
Current year funds used for tangible capital assets	(4,548,497)	-	4,548,497	-	-
Disposal of tangible capital assets	96,544	-	(96,544)	-	-
Annual amortization expense	5,204,481	-	(5,204,481)	-	-
Long-term debt repaid	(2,030,406)	-	2,030,406	-	-
Change in accumulated surplus	494,320	2,055,246	2,329,713	4,879,279	4,081,441
BALANCE, END OF YEAR	2,082,309	12,372,229	128,093,236	142,547,774	137,668,495

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, 2020

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Equipment under Capital Lease	Machinery and Equipment	Vehicles	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:										
BALANCE, BEGINNING OF YEAR	2,804,024	12,748,511	58,412,041	14,696,200	139,779,526	543,971	6,427,929	3,824,529	239,236,731	227,833,547
Transfers	-	-	(13,229)	(17,050,349)	17,063,578	-	-	-	-	-
Acquisition of tangible capital assets	-	162,327	84,164	2,558,251	1,993,024	-	1,215,147	162,519	6,175,432	11,521,913
Disposal of tangible capital assets	-	-	-	-	-	-	(543,248)	(477,102)	(1,020,350)	(118,729)
BALANCE, END OF YEAR	2,804,024	12,910,838	58,482,976	204,102	158,836,128	543,971	7,099,828	3,509,946	244,391,813	239,236,731
ACCUMULATED AMORTIZATION										
BALANCE, BEGINNING OF YEAR	-	3,905,530	11,306,271	-	62,682,670	58,283	3,435,868	2,087,177	83,475,799	78,242,105
Annual amortization	-	499,602	1,169,142	-	2,832,563	38,855	445,295	219,022	5,204,479	5,352,425
Accumulated amortization on disposals	-	-	-	-	-	-	(543,248)	(380,558)	(923,806)	(118,729)
BALANCE, END OF YEAR	-	4,405,132	12,475,413	-	65,515,233	97,138	3,337,915	1,925,641	87,756,472	(83,475,801)
2020 NET BOOK VALUE OF TCA	2,804,024	8,505,706	46,007,563	204,102	93,320,895	446,833	3,761,913	1,584,305	156,635,341	155,760,930
2019 NET BOOK VALUE OF TCA	2,804,024	8,842,981	47,105,770	14,696,200	77,096,856	485,688	3,378,328	1,351,083	155,760,930	155,760,930

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

Town of Slave Lake

Schedule of Property and Other Taxes Levied - Schedule 3

For the Year Ended December 31, 2020

	Budget	2020	2019
	\$	\$	\$
TAXATION			
Real property taxes	8,308,296	8,290,672	8,260,638
Education Tax Collection	2,758,423	2,508,445	2,677,520
Seniors Foundation Collection	300,500	293,119	300,405
Linear property taxes	156,453	157,955	153,656
Government grants in place of property taxes	279,964	235,204	239,738
Penalties and costs	110,940	89,977	107,908
	11,914,576	11,575,372	11,739,865
REQUISITIONS			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,758,423	2,508,445	2,678,413
Lesser Slave Lake Regional Housing Authority	300,500	293,119	300,657
Designated Industrial	965	-	963
	3,059,888	2,801,564	2,980,033
NET MUNICIPAL TAXES	8,854,688	8,773,808	8,759,832

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, 2020

	Budget \$	2020 \$	2019 \$
TRANSFERS FOR OPERATING			
Provincial Government	1,157,563	1,586,374	1,636,073
Federal Government	258,756	182,400	195,392
Local Government	1,010,429	843,783	1,072,285
	2,426,748	2,612,557	2,903,750
TRANSFERS FOR CAPITAL			
Provincial Government	-	4,548,497	2,793,564
Local Government	12,000	-	533,224
	12,000	4,548,497	3,326,788
TOTAL GOVERNMENT TRANSFERS	2,438,748	7,161,054	6,230,538

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, 2020

	Budget \$	2020 \$	2019 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,201,851	6,162,337	6,683,708
Contracted and general services	5,842,384	6,063,503	6,261,528
Materials, goods and utilities	2,560,888	2,541,073	2,829,433
Transfers to individuals and organizations	524,862	425,468	442,825
Bank charges	14,372	12,461	11,599
Interest on bonds and debentures	1,380,212	1,205,375	1,149,397
Amortization of tangible capital assets	6,134,125	5,204,481	5,352,432
Other operating expenses	240,005	9,509	241,925
	23,898,699	21,624,207	22,972,847

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, 2020

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Taxes net of requisitions	8,773,808	-	-	-	-	-	-	8,773,808	8,759,832
User fees and sales of goods	19,860	125,819	-	4,974,416	15,116	18,762	161,433	5,315,406	6,042,210
Interest income	273,120	-	-	-	-	-	-	273,120	309,954
Government transfers for operating	810,923	1,111,550	-	-	236,248	61,888	391,948	2,612,557	2,903,749
Government Transfers for Capital	-	150,019	2,753,951	1,644,527	-	-	-	4,548,497	3,326,788
Rental income	30,843	30,000	-	-	-	2,624,370	129,918	2,815,131	3,325,998
Licenses and permits	77,950	545	-	-	-	49,298	-	127,793	105,088
Fines	-	280,237	-	-	-	-	-	280,237	378,282
Franchise and concession contracts	1,142,699	-	-	-	-	-	-	1,142,699	1,092,483
Gains on disposal of assets	-	11,239	(6,283)	-	-	-	-	4,956	30,000
Other revenue	113,125	500	11,954	275,298	10	207,745	650	609,282	779,904
	11,242,328	1,709,909	2,759,622	6,894,241	251,374	2,962,063	683,949	26,503,486	27,054,288
EXPENSES									
Salaries, wages and benefits	1,605,356	1,322,636	838,130	655,752	152,553	506,688	1,081,222	6,162,337	6,683,708
Contracted and general services	714,537	2,273,286	479,482	895,809	104,567	1,110,926	484,896	6,063,503	6,261,688
Materials, goods and utilities	69,846	289,824	733,504	741,384	19,027	177,970	509,518	2,541,073	2,829,273
Transfers to individuals and organizations	-	-	100,000	-	18,111	-	307,357	425,468	442,825
Bank charges	12,461	-	-	-	-	-	-	12,461	11,599
Interest on bonds and debentures	-	17,159	6,295	244,227	-	848,994	88,700	1,205,375	1,149,397
Other operating expenses	9,509	-	-	-	-	-	-	9,509	241,931
	2,411,709	3,902,905	2,157,411	2,537,172	294,258	2,644,578	2,471,693	16,419,726	17,620,421
NET REVENUE BEFORE AMORTIZATION	8,830,619	(2,192,996)	602,211	4,357,069	(42,884)	317,485	(1,787,744)	10,083,760	9,433,867
Less: Amortization	726,087	339,165	919,662	2,247,412	59,087	-	913,068	5,204,481	5,352,426
NET REVENUE	8,104,532	(2,532,161)	(317,451)	2,109,657	(101,971)	317,485	(2,700,812)	4,879,279	4,081,441

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

Town of Slave Lake

For the Year Ended December 31, 2020

1. Significant Accounting Policies

The consolidated financial statements of the Town of Slave Lake are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 and are, therefore, accountable to the town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Slave Lake Family and Community Support Services.

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

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, 2020

1. Significant Accounting Policies continued

(d) Long term investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Inventory held for resale are recorded at the lower of cost or net realizable value. Costs include HDPE lining material and non woven geo textile material.

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

Town of Slave Lake

For the Year Ended December 31, 2020

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, 2020

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

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(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.

(i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Town of Slave Lake

For the Year Ended December 31, 2020

2. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash	7,629,603	9,269,473
Cash on hand - domestic currency	1,450	1,400
	7,631,053	9,270,873

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

	2020	2019
	\$	\$
Property Taxes Receivable		
Current taxes and grants in place of taxes	1,177,638	460,745
Arrears	217,576	155,158
	1,395,214	615,903
Less: allowance for doubtful accounts	(637,414)	(10,000)
	757,800	605,903
Other		
Trade accounts receivable	4,976,385	4,631,966
GST receivable	163,466	209,970
Allowance for doubtful accounts	(60,000)	(110,000)
	5,079,851	4,731,936
Total Receivable	5,837,651	5,337,839

4. **Long Term Investments**

	2020	2019
	\$	\$
RBC Dominion operating account	-	28
RBC Dominion reserve account	10,505,048	10,296,294
	10,505,048	10,296,322

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, 2020

5. Other Liabilities

In 2020 \$369,275 (2019 - \$378,480) is related to deposits on account for water utilities and planning and development.

6. Deferred Revenue

Deferred revenue consists of the following:

	2020	2019
	\$	\$
Municipal Sustainability Initiative Grant	2,637,973	2,010,144
Federal Gas Tax Fund	234,670	1,384,937
Basic Municipal Transportation Grant	-	391,437
Firesmart	1,146,668	1,691,499
Government Centre Rent	869,140	869,140
Over/Under Levy	8,214	77,259
Municipal Cannabis Transition Program	-	23,868
MOST Grant	30,000	-
Cares Grant	55,000	-
FCSS Grant	15,220	-
Donations	-	6,353
Other	311,984	793,876
	5,308,869	7,248,513
Special Tax 5th Ave NW Road Project		497,654
Balance, beginning of year	-	-
Revenue	-	-
Expenditures	-	497,654
Interest	-	-
Balance, end of year	-	-

Town of Slave Lake

For the Year Ended December 31, 2020

7. Long Term Debt

Long term debt consists of the following:

	2020	2019
	\$	\$
Tax supported debentures	5,116,083	5,484,395
Special levy and utility supported debentures	1,400,055	1,041,642
Utility supported debentures Royal Bank	7,001,781	7,001,781
Government Centre - supported by provincial lease payments	14,616,204	15,980,016
Total debt	28,134,123	29,507,834
Less:		
Current portion of long term debt	(8,950,592)	(1,864,027)
Long term portion of debt	19,183,531	27,643,807

Interest paid on long term debt amounted to \$1,205,375 (2018 - \$1,149,397). Principal and interest repayments are as follows:

	Principal	Interest	Total
			\$
2021	8,990,445	916,340	9,906,785
2022	1,988,967	826,492	2,815,459
2023	2,080,068	735,391	2,815,459
2024	2,175,400	640,059	2,815,459
2025	2,275,160	540,298	2,815,458
Thereafter	10,624,083	1,472,840	12,096,923
	28,134,123	5,131,420	33,265,543

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, 2020

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:

	2020	2019
	\$	\$
Total Debt Limit	32,925,050	35,546,250
Long term debt	28,134,123	29,507,833
Capital Lease Obligations	407,982	489,573
Operating Loans	523,985	-
Less debt related to the Government Centre	(14,616,204)	(15,980,016)
Total debt	14,449,886	14,017,390
Debt Limit Available	18,475,164	21,528,860
Debt Service Limit	5,487,508	5,924,375
Debt Service	9,906,785	9,943,150
Capital Lease Service	81,596	81,596
Less debt service related to the Government Centre	(2,114,055)	(2,114,055)
Debt Service for the purpose of this calculation	7,874,326	7,910,691
Debt Service Limit Available	(2,386,818)	(1,986,316)

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, 2020

9. Landfill Closure and Post-Closure Liability

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 2.8 million cubic metres. The estimated remaining capacity of the landfill site is 2.725 (2018 – 2.793) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2049.

The town has not designated assets for settling closure and post-closure liabilities.

The liability recorded at December 31, 2020 is \$147,798 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 \$40,225 has been recorded in 2020 that brings the remaining total liability to \$229,883 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 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.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary, and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$415,327 (2019 - \$435,528). Total current

Town of Slave Lake

For the Year Ended December 31, 2020

12. Local Authorities Pension Plan continued

service contributions by the employees of the Town to the LAPP in 2020 were \$374,862 (2019 - \$393,600).

At December 31, 2019 the LAPP disclosed an actuarial surplus of approximately \$3.4 billion (2018 - \$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 \$1,300,000 to \$1,800,000.

14. Equity in Tangible Capital Assets

	2020	2019
	\$	\$
Tangible capital assets	244,391,813	239,236,731
Accumulated amortization	(87,756,472)	(83,475,801)
Long term debt	(28,134,123)	(29,507,834)
Capital lease obligations	(407,982)	(489,573)
Equity in Tangible Capital Assets	128,093,236	125,763,523

Town of Slave Lake

For the Year Ended December 31, 2020

15. Accumulated Surplus

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

	2019 Ending Balance \$	2020 Additons to reserve \$	2020 Reductions to reserve \$	2020 Ending Balance \$
Unrestricted surplus(deficit)	1,587,989	-	-	2,082,309
Reserves				
Interest Bearing				
Contingency School Lands	120,761	1,207	-	121,968
Capital Building Reserve	26,125	93,580	49,375	70,330
Street Light Reserve	236,865	1,760	121,766	116,859
Road Rehab Reserve (Note 16)	657,659	460,861	57,951	1,060,569
Reserve - Main Street Extension	221,482	2,215	-	223,697
Off-Site Levy Reserve	1,001,023	10,010	-	1,011,033
Water - Future Capital Expenditures Reserve (Note 17)	4,452,920	2,122,766	693,578	5,882,108
Sewer - Off-Sites Reserve	180,501	1,806	-	182,307
Garbage Disposal Reserve	1,058,581	41,933	-	1,100,514
Cemetery- Perpetual Care Reserve	74,200	3,255	-	77,455
Reserve - Caribou Collector	265,991	2,660	-	268,651
Reserve-2nd Avenue NW Road Contribution	204,168	2,042	-	206,210
Intersection Contributions	737,831	7,378	-	745,209
Non-interest Bearing				
Photo Radar Reserve	196,563	94,975	-	276,125
Tax Stabilization Reserve	80,000	-	-	80,000
Administration Reserve	19,874	-	-	19,874
Emergency Road Reserve	60,000	-	-	60,000
Vehicle Replacement Reserve	344,772	288,414	398,362	234,824
Economic Development Reserve	117,000	134,818	-	251,818
Recreation - Parks Reserve	2,195	-	2,195	-
Fire - Truck & Rescue Unit Reserve	161,275	172,549	103,458	230,366
Arena - Capital Equipment Reserve	97,197	80,000	24,886	152,312
	10,316,983	3,522,229	1,451,571	12,372,229
Equity in tangible capital assets	125,763,523	-	-	128,093,236
Balance, end of year	137,668,495	3,522,229	1,451,571	142,547,774

Town of Slave Lake

For the Year Ended December 31, 2020

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:

	2020	2019
	\$	\$
Balance, beginning of year	657,659	83,822
Revenue	452,313	574,634
Expenditures	(57,951)	(9,228)
Interest earned	8,548	8,430
Balance, end of year	1,060,569	657,658

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:

	2020	2019
	\$	\$
Balance, beginning of year	4,452,919	2,262,976
Revenue	2,071,349	1,995,498
Transfers	-	2,164,929
Expenditures	(693,578)	(2,033,517)
Interest earned	51,418	63,034
Balance, end of year	5,882,108	4,452,920

Town of Slave Lake

For the Year Ended December 31, 2020

18. Salary and Benefits Disclosure

	# of Months	Salary	Benefits and Allowances	2020 Total	2019 Total
		(1) \$	(2) \$	\$	\$
Mayor Warman	12	44,544	355	44,899	45,352
Councilor King	12	29,514	177	29,691	29,623
Councilor Ferguson	12	26,847	177	27,024	30,525
Councilor Gramlich	12	28,872	177	29,049	28,355
Councilor Busk	12	25,087	177	25,264	27,303
Councilor McGregor	12	28,650	177	28,827	36,024
Councilor Brandle	12	26,884	170	27,054	30,838
		210,398	1,410	211,808	228,020
CAO - Brian Vance	2	129,647	4,474	134,121	185,470
CAO - Gordon Lundy	4	52,066	1,867	53,933	-
CAO - David Kim	6	83,084	12,303	95,387	-
Designated officer (1 position) (2019 - 1 position)	12	122,092	1,032	123,124	121,021

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, vision coverage group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

19. Financial Instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivables, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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, 2020

20. Budgeted Figures

The 2020 budgeted figures that appear in the consolidated financial statements are the budgets approved by Council on February 19, 2020 .

21. Segmented Disclosure

The Town of Slave Lake provides a range of services to its ratepayers. 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

	2020	2019
	\$	\$
Other	404,315	200,616
Donations	660	24,975
Management Fees	204,307	
Demolition	-	531,813
Contributions	-	22,500
	609,282	779,904

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 (and are vested) or are entitled to these benefits within the next budgetary year.

	2020	2019
	\$	\$
Vacation and overtime	239,673	195,060

Town of Slave Lake

For the Year Ended December 31, 2020

25. Capital Lease Obligations

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

	2020	2019
	\$	\$
Total Capital Lease Obligations	475,074	566,031
Less: Deferred Finance Charges	(67,092)	(76,458)
	407,982	489,573
Less: Current portion of capital lease	(81,596)	(81,596)
	326,386	407,977

26. Significant Event

During 2020, and subsequent to the date of the financial statements, there is a global outbreak of COVID-19 (Corona Virus) which has had a significant impact on the Commission through the restriction put in place by the Canadian and Provincial governments regarding travel, business operations, and isolation/quarantine orders. At this time, it is unknown the extent of the impact of the COVID-19 outbreak may have on the Commission as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus.