

Town of Slave Lake

Consolidated Financial Statements

For the Year Ended December 31, 2021

Town of Slave Lake

December 31, 2021

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Town of Slave Lake

2021 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, 2021 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
April 19, 2022
Town of Slave Lake, Canada

Director of Finance
April 19, 2022
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, 2021, 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, 2021, 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.

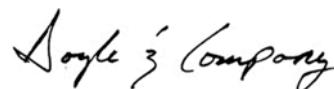
Report on Other Legal and Regulatory Requirements

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 note 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
April 19, 2022

Chartered Professional Accountants

Town of Slave Lake

Consolidated Statement of Financial Position

December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	10,253,179	7,631,053
Receivables		
Trade and other receivables (Note 3)	4,839,842	5,029,851
Taxes and grants in place of taxes (Note 3)	659,574	757,800
Inventory for Resale	-	202,426
Investments (Note 4)	10,622,772	10,505,048
Other long term assets	115,263	115,263
TOTAL FINANCIAL ASSETS	26,490,630	24,241,441
LIABILITIES		
Temporary bank indebtedness	523,985	523,985
Accounts payable and accrued liabilities	1,860,044	3,292,177
Employee benefit obligations (Note 23)	262,780	239,673
Deposit liabilities (Note 5)	304,869	369,275
Deferred revenue (Note 6)	6,578,467	5,308,869
Long-term debt (Note 7)	25,594,407	28,134,123
Capital Lease Obligations (Note 24)	326,386	407,982
Provision for landfill closure and post-closure costs (Note 9)	139,138	147,798
Other environmental liabilities (Note 10)	211,778	229,883
TOTAL LIABILITIES	35,801,854	38,653,765
NET FINANCIAL ASSETS (DEBT)	(9,311,224)	(14,412,324)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	155,234,922	156,635,341
Inventory for consumption	287,957	324,757
TOTAL NON-FINANCIAL ASSETS	155,522,879	156,960,098
ACCUMULATED SURPLUS (Schedule 1, Note 15)	146,211,655	142,547,774

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, 2021

	Budget \$	2021 \$	2020 \$
REVENUES			
Net municipal taxes (Schedule 3)	8,854,689	9,030,098	8,773,808
User fees and sales of goods	5,789,540	5,288,412	5,314,701
Interest income	183,000	178,457	273,120
Government transfers for operating (Schedule 4)	2,058,660	2,239,174	2,612,557
Licenses and permits	112,423	120,296	127,793
Fines	406,000	349,340	280,942
Franchise and concession contracts	1,262,742	1,208,197	1,142,699
Rental income	2,979,354	3,017,974	2,815,131
Other revenue (Note 22)	220,000	1,538,127	609,282
TOTAL REVENUE	21,866,408	22,970,075	21,950,033
EXPENSES			
General Government			
Council and Other Legislative	277,590	391,253	233,487
General Administration	2,246,059	2,065,473	2,178,222
Protective services			
Bylaw enforcement	492,314	436,149	363,291
Police	2,046,595	2,286,051	1,910,990
Fire	1,547,044	1,623,568	1,628,624
Transportation			
Roads, streets, walks and lighting	2,252,001	2,113,512	2,157,411
Environmental Use and Protection			
Water supply and distribution	1,270,942	1,213,144	1,154,350
Wastewater treatment and disposal	776,429	1,058,231	722,029
Waste management	686,511	627,595	660,793
Public Health and Welfare			
Family and community supports	257,078	150,058	267,490
Cemetery	25,162	33,297	26,768
Planning and development			
Land use planning, zoning and development	565,654	308,354	902,136
Commercial Properties	1,600,719	1,565,839	1,510,646
Recreation and culture			
Parks and recreation	2,717,681	2,182,413	2,136,969
Libraries, halls	577,350	459,689	566,520
Amortization expense	6,134,125	5,063,478	5,204,481
TOTAL EXPENSES	23,473,254	21,578,104	21,624,207

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, 2021

	Budget \$	2021 \$	2020 \$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(1,606,846)	1,391,971	325,826
OTHER			
Government Transfers for Capital (Schedule 4)	4,013,934	2,271,910	4,548,497
Gains on disposal	-	-	4,956
EXCESS OF REVENUE OVER EXPENSES	2,407,088	3,663,881	4,879,279
ACCUMULATED SURPLUS, BEGINNING OF YEAR	142,547,774	142,547,774	137,668,495
ACCUMULATED SURPLUS, END OF YEAR	144,954,862	146,211,655	142,547,774

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, 2021

	Budget	2021	2020
	\$	\$	\$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	2,407,088	3,663,881	4,879,279
Acquisition of tangible capital assets	(6,528,300)	(3,663,062)	(6,175,432)
Proceeds on disposal of tangible capital assets	-	-	101,500
Amortization of tangible capital assets	6,134,125	5,063,484	5,204,481
(Gain) loss on sale of tangible capital assets	-	-	(4,956)
	(394,175)	1,400,422	(874,407)
Use (Acquisition) of inventories	-	36,797	(1,762)
DECREASE (INCREASE) IN NET DEBT	2,012,913	5,101,100	4,003,110
NET FINANCIAL DEBT, BEGINNING OF YEAR	(14,412,324)	(14,412,324)	(18,415,434)
NET FINANCIAL DEBT, END OF YEAR	(12,399,411)	(9,311,224)	(14,412,324)

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, 2021

	2021	2020
	\$	\$
Excess (shortfall) of revenues over expenses	3,663,880	4,879,281
Non-Cash items included in excess (shortfall) of revenues over expenditures:		
Amortization of tangible assets	5,063,484	5,204,481
Loss (gain) on disposal of tangible capital assets	-	(4,956)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	98,226	(151,897)
Decrease (increase) in trade and other receivables	190,009	(297,915)
Decrease (increase) in inventory for consumption	239,235	(204,184)
Increase (decrease) in accounts payable and accrued liabilities	(1,409,036)	(1,858,287)
Increase (decrease) in deferred revenue	1,269,598	(1,939,644)
Increase (decrease) in environmental liability and landfill	(26,765)	(43,521)
Increase (decrease) in other liabilities	(64,406)	(9,205)
Cash provided by operating transactions	9,024,225	5,574,153
INVESTING		
Decrease (increase) in long-term investments	(117,724)	(208,726)
Cash provided by investing transactions	(117,724)	(208,726)
FINANCING		
Long-term debt repaid	(9,072,041)	(1,455,302)
Long-term debt issued	6,450,729	-
Proceeds from other debt	-	523,985
Cash provided by (applied to) financing transactions	(2,621,312)	(931,317)
CAPITAL		
Acquisition of Tangible Capital Assets	(3,663,063)	(6,175,430)
Sale of tangible capital assets	-	101,500
Cash provided by capital transactions	(3,663,063)	(6,073,930)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	2,622,126	(1,639,820)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,631,053	9,270,873
CASH AND CASH EQUIVALENTS, END OF YEAR	10,253,179	7,631,053

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, 2021

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	2,082,309	12,372,229	128,093,236	142,547,774	137,668,495
Excess (deficiency) of revenues over expenses	3,663,881	-	-	3,663,881	4,879,279
Unrestricted funds designated for future use	(3,430,860)	3,430,860	-	-	-
Restricted funds used for tangible capital assets	-	(1,391,152)	1,391,152	-	-
Current year funds used for tangible capital assets	(2,271,910)	-	2,271,910	-	-
Annual amortization expense	5,063,478	-	(5,063,478)	-	-
Long term debt issued	6,450,729	-	(6,450,729)	-	-
Long-term debt repaid	(9,072,038)	-	9,072,038	-	-
Change in accumulated surplus	403,280	2,039,708	1,220,893	3,663,881	4,879,279
BALANCE, END OF YEAR	2,485,589	14,411,937	129,314,129	146,211,655	142,547,774

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, 2021

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Equipment under Capital Lease	Machinery and Equipment	Vehicles	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:										
BALANCE, BEGINNING OF YEAR	2,804,024	12,910,837	58,482,975	204,102	158,836,127	543,971	7,099,828	3,509,947	244,391,811	239,236,731
Transfers	-	-	-	(1,497,480)	1,497,480	-	-	-	-	-
Acquisition of tangible capital assets	-	152,662	677,791	1,759,984	860,621	-	161,526	50,478	3,663,062	6,175,432
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(1,020,350)
BALANCE, END OF YEAR	2,804,024	13,063,499	59,160,766	466,606	161,194,228	543,971	7,261,354	3,560,425	248,054,873	244,391,813
ACCUMULATED AMORTIZATION										
BALANCE, BEGINNING OF YEAR	-	4,405,132	12,474,583	-	65,516,064	58,283	3,376,768	1,925,643	87,756,473	83,475,799
Annual amortization	-	505,901	1,178,459	-	2,642,055	38,855	471,424	226,784	5,063,478	5,204,479
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	(923,806)
BALANCE, END OF YEAR	-	4,911,033	13,653,042	-	68,158,119	97,138	3,848,192	2,152,427	92,819,951	(87,756,472)
2021 NET BOOK VALUE OF TCA	2,804,024	8,152,466	45,507,724	466,606	93,036,109	446,833	3,413,162	1,407,998	155,234,922	156,635,341
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	-

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, 2021

	Budget \$	2021 \$	2020 \$
TAXATION			
Real property taxes	8,300,994	8,384,482	8,290,672
Education Tax Collection	2,458,127	2,458,102	2,508,445
Seniors Foundation Collection	275,928	275,928	293,119
Linear property taxes	164,360	164,360	157,955
Government grants in place of property taxes	279,360	279,359	235,204
Penalties and costs	110,940	201,897	89,977
	11,589,709	11,764,128	11,575,372
REQUISITIONS			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,458,127	2,458,102	2,508,445
Lesser Slave Lake Regional Housing Authority	275,928	275,928	293,119
Designated Industrial	965	-	-
	2,735,020	2,734,030	2,801,564
NET MUNICIPAL TAXES	8,854,689	9,030,098	8,773,808

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, 2021

	Budget \$	2021 \$	2020 \$
TRANSFERS FOR OPERATING			
Provincial Government	749,096	952,462	1,586,374
Federal Government	256,756	253,208	182,400
Local Government	1,052,808	1,033,504	843,783
	2,058,660	2,239,174	2,612,557
TRANSFERS FOR CAPITAL			
Provincial Government	3,920,185	2,152,587	4,548,497
Federal Government	8,751	71,790	-
Local Government	84,998	47,533	-
	4,013,934	2,271,910	4,548,497
TOTAL GOVERNMENT TRANSFERS	6,072,594	4,511,084	7,161,054

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, 2021

	Budget \$	2021 \$	2020 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,033,707	5,949,163	6,162,337
Contracted and general services	5,851,350	6,058,627	6,063,503
Materials, goods and utilities	2,763,699	2,933,595	2,541,073
Transfers to individuals and organizations	469,057	453,357	425,468
Bank charges	14,872	23,730	12,461
Interest on bonds and debentures	1,205,982	1,096,148	1,205,375
Amortization of tangible capital assets	6,134,125	5,063,484	5,204,481
Other operating expenses	1,000	-	9,509
	23,473,792	21,578,104	21,624,207

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, 2021

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Taxes net of requisitions	9,030,098	-	-	-	-	-	-	9,030,098	8,773,808
User fees and sales of goods	24,754	216,915	-	4,813,549	33,625	7,640	191,929	5,288,412	5,315,406
Interest income	178,457	-	-	-	-	-	-	178,457	273,120
Government transfers for operating	479,140	1,425,719	-	-	174,562	55,000	104,753	2,239,174	2,612,557
Government Transfers for Capital	21,718	-	1,770,440	414,894	-	-	64,858	2,271,910	4,548,497
Rental income	23,869	-	-	-	-	2,881,712	112,393	3,017,974	2,815,131
Licenses and permits	80,926	470	-	-	-	38,900	-	120,296	127,793
Fines	-	349,340	-	-	-	-	-	349,340	280,237
Franchise and concession contracts	1,208,197	-	-	-	-	-	-	1,208,197	1,142,699
Gains on disposal of assets	-	-	-	-	-	-	-	-	4,956
Other revenue	209,868	1,780	-	925,655	3,660	79,345	317,819	1,538,127	609,282
	11,257,027	1,994,224	1,770,440	6,154,098	211,847	3,062,597	791,752	25,241,985	26,503,486
EXPENSES									
Salaries, wages and benefits	1,551,818	1,370,123	835,053	676,604	126,250	381,303	1,008,012	5,949,163	6,162,337
Contracted and general services	817,238	2,649,465	427,557	913,865	27,833	515,412	709,866	6,061,236	6,063,503
Materials, goods and utilities	66,543	310,308	735,697	1,092,834	25,772	200,223	502,218	2,933,595	2,541,073
Transfers to individuals and organizations	-	-	112,500	-	3,500	-	337,357	453,357	425,468
Bank charges	23,730	-	-	-	-	-	-	23,730	12,461
Interest on bonds and debentures	-	15,872	2,705	215,667	-	777,255	84,649	1,096,148	1,205,375
Other operating expenses	(2,603)	-	-	-	-	-	-	(2,603)	9,509
	2,456,726	4,345,768	2,113,512	2,898,970	183,355	1,874,193	2,642,102	16,514,626	16,419,726
NET REVENUE BEFORE AMORTIZATION	8,800,301	(2,351,544)	(343,072)	3,255,128	28,492	1,188,404	(1,850,350)	8,727,359	10,083,760
Less: Amortization	730,594	346,924	737,760	2,276,915	59,087	-	912,204	5,063,484	5,204,481
NET REVENUE	8,069,707	(2,698,468)	(1,080,832)	978,213	(30,595)	1,188,404	(2,762,554)	3,663,875	4,879,279

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

Town of Slave Lake

For the Year Ended December 31, 2021

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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that 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, and other external organizations that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. 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, 2021

1. Significant Accounting Policies continued

(d) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities 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.

(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, 2021

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.

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 charged 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.

Town of Slave Lake

For the Year Ended December 31, 2021

1. Significant Accounting Policies continued

(h) Tax 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.

2. Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash	10,251,729	7,629,603
Cash on hand	1,450	1,450
	<u>10,253,179</u>	<u>7,631,053</u>

Town of Slave Lake

For the Year Ended December 31, 2021

3. Receivable - Taxes and Grants in Place of Taxes

	2021	2020
	\$	\$
Property Taxes Receivable		
Current taxes and grants in place of taxes	550,226	1,177,638
Arrears	746,762	217,576
	1,296,988	1,395,214
Less: allowance for doubtful accounts	(637,414)	(637,414)
	659,574	757,800
Other		
Trade accounts receivable	4,813,868	4,926,385
GST receivable	85,974	163,466
Allowance for doubtful accounts	(60,000)	(60,000)
	4,839,842	5,029,851
Total Receivable	5,499,416	5,787,651

4. Long Term Investments

	2021	2020
	\$	\$
RBC Dominion reserve account	10,622,772	10,505,048

The RBC Dominion reserve account consists of eight guaranteed investment certificates with different banks and three Provincial bonds. The investment certificates mature at different dates between 2022 and 2026 and earn interest between 0.5% and 2.05%.

5. Deposit Liabilities

In 2021 \$304,869 (2020 - \$369,275) is related to deposits on account for water utilities and planning and development.

Town of Slave Lake

For the Year Ended December 31, 2021

6. Deferred Revenue

Deferred revenue consists of the following:

	2021	2020
	\$	\$
Municipal Sustainability Initiative - Capital	2,707,155	2,637,973
Canada Community Building Fund	930,719	234,670
Firesmart Grant	689,291	1,146,668
Government Centre Rent	869,140	869,140
Requisition over-levy	-	8,214
Municipal Stimulus Program	447,494	-
MOST Grant	-	30,000
Cares Grant	-	55,000
Federation of Canadian Municipalities Grant	652,032	-
FCSS Grant	-	15,220
Other	282,636	311,984
	6,578,467	5,308,869

Town of Slave Lake

For the Year Ended December 31, 2021

7. Long Term Debt

Long term debt consists of the following:

	2021	2020
	\$	\$
Tax supported debentures	4,733,415	5,116,083
Special levy and utility supported debentures	7,674,793	1,400,055
Utility supported debentures Royal Bank	-	7,001,781
Government Centre - supported by provincial lease payments	13,186,199	14,616,204
Total debt	25,594,407	28,134,123
Less:		
Current portion of long term debt	(2,204,928)	(9,906,785)
Long term portion of debt	23,389,479	18,227,338

Interest paid on long term debt amounted to \$1,096,148 (2020 - \$1,205,375). Principal and interest repayments are as follows:

	Principal	Interest	Total
			\$
2022	2,204,928	1,081,705	3,286,633
2023	2,304,733	981,901	3,286,634
2024	2,409,105	877,528	3,286,633
2025	2,518,296	768,337	3,286,633
2026	2,402,942	656,307	3,059,249
Thereafter	13,754,403	2,822,049	16,576,452
	25,594,407	7,187,827	32,782,234

Debenture debt is repayable to Alberta Capital Finance Authority and to the Federation of Canadian Municipalities. The debt bears interest at rates ranging from 2.08% to 4.80% per annum and matures in 2042.

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

Town of Slave Lake

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Total Debt Limit	34,455,113	32,925,050
Long term debt	25,594,407	28,134,123
Capital Lease Obligations	326,386	407,982
Operating Loans	523,985	523,985
Less debt related to the Government Centre	(13,186,199)	(14,616,204)
Total debt	13,258,579	14,449,886
Debt Limit Available	21,196,534	18,475,164
Debt Service Limit	5,742,519	5,487,508
Debt Service	3,286,633	9,906,785
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	1,254,174	7,874,326
Debt Service Limit Available	4,488,345	(2,386,818)

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, 2021

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, 2021 is \$139,138 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 \$18,102 has been recorded in 2021 that brings the remaining total liability to \$211,778 as at December 31, 2021. 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.

Town of Slave Lake

For the Year Ended December 31, 2021

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 2021 were \$414,170 (2020 - \$415,327). Total current service contributions by the employees of the Town to the LAPP in 2021 were \$376,221 (2020 - \$374,862).

At December 31, 2020 the LAPP disclosed an actuarial surplus of approximately \$4.96 billion (2019 - \$7.91 billion).

For further information of the amount of LAPP deficiency/surplus information see: www.lapp.ca/page/annual-reports

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

	2021	2020
	\$	\$
Tangible capital assets	248,054,873	244,391,813
Accumulated amortization	(92,819,951)	(87,756,472)
Long term debt	(25,594,407)	(28,134,123)
Capital lease obligations	(326,386)	(407,982)
Equity in Tangible Capital Assets	129,314,129	128,093,236

Town of Slave Lake

For the Year Ended December 31, 2021

15. Accumulated Surplus

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

	2020 Ending Balance \$	2021 Additions to reserve \$	2021 Reductions to reserve \$	2021 Ending Balance \$
Unrestricted surplus(deficit)	2,082,309	-	-	2,485,589
Reserves				
Interest Bearing				
Contingency School Lands	121,968	1,208	-	123,176
Capital Building Reserve	70,330	28,349	(23,100)	75,580
Street Light Reserve	116,859	1,157	-	118,016
Road Rehab Reserve (Note 16)	1,060,569	412,438	(8,479)	1,464,527
Reserve - Main Street Extension	223,697	2,215	-	225,912
Off-Site Levy Reserve	1,011,033	10,009	-	1,021,042
Water - Future Capital Expenditures Reserve (Note 17)	5,882,108	2,351,587	(1,047,116)	7,026,121
Sewer - Off-Sites Reserve	182,307	1,804	-	184,111
Garbage Disposal Reserve	1,100,514	41,437	-	1,187,762
Cemetery- Perpetual Care Reserve	77,455	3,279	-	80,734
Reserve - Caribou Collector	268,651	2,660	-	271,310
Reserve-2nd Avenue NW Road Contribution	206,210	2,041	-	208,251
Intersection Contributions	745,209	7,378	-	752,587
Non-interest Bearing				
Photo Radar Reserve	276,125	113,300	(67,663)	321,762
Tax Stabilization Reserve	80,000	-	-	80,000
Administration Reserve	19,874	79,345	-	99,219
Emergency Road Reserve	60,000	-	-	60,000
Vehicle Replacement Reserve	234,824	280,000	(62,446)	452,378
Economic Development Reserve	251,818	32,492	-	284,310
Fire - Truck & Rescue Unit Reserve	230,366	141,049	(67,254)	304,161
Arena - Capital Equipment Reserve	152,311	105,549	(186,884)	70,977
	12,372,228	3,617,297	(1,462,942)	14,411,936
Equity in tangible capital assets	128,093,236	-	-	129,314,129
Balance, end of year	142,547,773	3,617,297	(1,462,942)	146,211,655

Town of Slave Lake

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Balance, beginning of year	1,060,569	657,659
Revenue	400,000	452,313
Expenditures	(8,480)	(57,951)
Interest earned	12,438	8,548
Balance, end of year	1,464,527	1,060,569

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:

	2021	2020
	\$	\$
Balance, beginning of year	5,882,108	4,452,919
Revenue	2,054,967	2,071,349
Expenditures	(975,326)	(693,578)
Interest earned	64,371	51,418
Balance, end of year	7,026,120	5,882,108

Town of Slave Lake

For the Year Ended December 31, 2021

18. Salary and Benefits Disclosure

	# of Months	Salary (1) \$	Benefits and Allowances (2) \$	2021 Total \$	2020 Total \$
Mayor Warman	12	44,316	355	44,671	44,899
Councilor King	10	24,634	150	24,784	29,691
Councilor Ferguson	12	31,148	178	31,326	27,024
Councilor Gramlich	12	33,649	178	33,827	29,049
Councilor Busk	10	20,344	150	20,494	25,264
Councilor McGregor	10	20,894	150	21,044	28,827
Councilor Brandle	12	30,526	178	30,704	27,054
Councilor Adams	3	8,496	-	8,496	-
Councilor Giroux	3	8,041	-	8,041	-
Councilor Hughes	3	9,115	-	9,115	-
		231,163	1,339	232,502	211,808
CAO - Brian Vance	-	-	-	-	134,121
CAO - Gordon Lundy	-	-	-	-	53,933
CAO - David Kim	12	114,417	20,727	135,144	95,387
Designated officer (1 position) (2020 - 1 position)	12	96,083	15,421	111,504	123,124

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.

Town of Slave Lake

For the Year Ended December 31, 2021

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. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the town manages risk exposure on these items similar to other receivables and payables.

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.

20. Budgeted Figures

The 2021 budgeted figures that appear in the consolidated financial statements are the budgets approved by Council on March 16, 2021.

21. Approval of Consolidated Financial Statements

Council and Management have approved these consolidated financial statements.

22. Other Revenue

	2021	2020
	\$	\$
Other	668,915	404,975
Management Fees	204,719	204,307
Insurance proceeds	113,444	
GMF Grant	551,049	
	1,538,127	609,282

23. 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.

	2021	2020
	\$	\$
Vacation and overtime	262,780	239,673

Town of Slave Lake

For the Year Ended December 31, 2021

24. Capital Lease Obligations

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

	2021	2020
	\$	\$
Total Capital Lease Obligations	384,116	475,074
Less: Deferred Finance Charges	(57,730)	(67,092)
	326,386	407,982
Less: Current portion of capital lease	(81,596)	(81,596)
	244,790	326,386

25. Significant Event

During 2021, 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 Town 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 Town 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.

26. 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 financial statements as disclosed in Note 1.

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

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development, economic development and commercial properties. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation and libraries. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.