

Town of Slave Lake

Consolidated Financial Statements

For the Year Ended December 31, 2022

Town of Slave Lake

December 31, 2022

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Town of Slave Lake

2022 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, 2022 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.

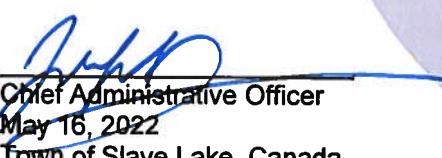
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable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

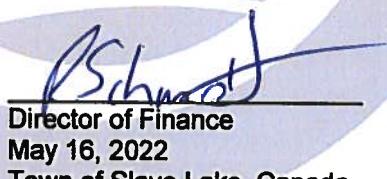
These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

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.


John D. Schmitz
Chief Administrative Officer
May 16, 2022
Town of Slave Lake, Canada


John D. Schmitz
Director of Finance
May 16, 2022
Town of Slave Lake, Canada

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a Professional Corporation

11210 – 107 Avenue N.W.
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, 2022, 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, 2022, 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.

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.

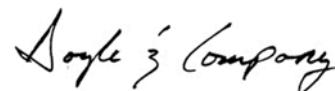
Report on Other Legal and Regulatory Requirements

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
May 16, 2023

Chartered Professional Accountants

Town of Slave Lake

Consolidated Statement of Financial Position

December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	9,912,329	10,253,179
Receivables		
Trade and other receivables (Note 3)	4,099,907	4,839,842
Taxes and grants in place of taxes (Note 3)	694,333	659,574
Investments (Note 4)	11,605,536	10,622,772
Other long term assets	-	115,263
TOTAL FINANCIAL ASSETS	26,312,105	26,490,630
LIABILITIES		
Temporary bank indebtedness	-	523,985
Accounts payable and accrued liabilities	2,578,782	1,860,044
Employee benefit obligations (Note 23)	306,348	262,780
Deposit liabilities (Note 5)	341,491	304,869
Deferred revenue (Note 6)	4,600,472	6,578,467
Long-term debt (Note 7)	23,389,479	25,594,407
Capital Lease Obligations (Note 25)	244,790	326,386
Provision for landfill closure and post-closure costs (Note 9)	134,002	139,138
Other environmental liabilities (Note 10)	174,492	211,778
TOTAL LIABILITIES	31,769,856	35,801,854
NET FINANCIAL ASSETS (DEBT)	(5,457,751)	(9,311,224)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	172,871,777	155,234,922
Inventory for consumption	290,768	287,951
Prepaid expenses	169,346	-
TOTAL NON-FINANCIAL ASSETS	173,331,891	155,522,873
ACCUMULATED SURPLUS (Schedule 1, Note 15)	167,874,140	146,211,649

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, 2022

	Budget \$	2022 \$	2021 \$
REVENUES			
Net municipal taxes (Schedule 3)	9,370,734	9,688,283	9,030,098
User fees and sales of goods	6,591,731	5,653,496	5,288,412
Interest income	190,000	253,433	178,457
Government transfers for operating (Schedule 4)	2,040,922	2,499,760	2,239,174
Development levies	-	2,287	-
Licenses and permits	149,724	109,630	120,296
Fines	380,500	292,469	349,340
Franchise and concession contracts	1,401,364	1,459,464	1,208,197
Rental income	3,009,103	3,192,403	3,017,974
Other revenue (Note 22)	364,000	349,058	1,538,127
TOTAL REVENUE	23,498,078	23,500,283	22,970,075
EXPENSES			
General Government			
Council and Other Legislative	296,750	305,092	391,253
General Administration	2,618,218	2,627,331	2,065,473
Protective services			
Bylaw enforcement	473,058	401,813	436,149
Police	2,283,688	2,162,607	2,286,051
Fire	1,576,229	1,644,287	1,623,568
Transportation			
Roads, streets, walks and lighting	2,355,420	2,171,750	2,113,512
Environmental Use and Protection			
Water supply and distribution	1,235,822	1,340,218	1,213,144
Wastewater treatment and disposal	924,209	904,554	1,058,231
Waste management	695,094	659,313	627,595
Public Health and Welfare			
Family and community supports	263,357	236,459	150,058
Cemetery	17,180	18,582	33,297
Planning and development			
Land use planning, zoning and development	638,508	458,994	308,354
Commercial Properties	1,463,819	1,562,940	1,565,839
Recreation and culture			
Parks and recreation	2,880,090	2,644,492	2,182,413
Libraries, halls	657,455	562,849	459,689
Amortization expense	5,656,207	5,612,596	5,063,484

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, 2022

	Budget \$	2022 \$	2021 \$
TOTAL EXPENSES	24,035,104	23,313,877	21,578,110
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	(537,026)	186,406	1,391,965
OTHER			
Government Transfers for Capital (Schedule 4)	5,145,045	4,015,306	2,271,910
Gains on disposal	-	324,168	-
Contributed assets	-	17,136,611	-
EXCESS OF REVENUE OVER EXPENSES	4,608,019	21,662,491	3,663,875
ACCUMULATED SURPLUS, BEGINNING OF YEAR	142,547,774	146,211,649	142,547,774
ACCUMULATED SURPLUS, END OF YEAR	147,155,793	167,874,140	146,211,649

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, 2022

	Budget	2022	2021
	\$	\$	\$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	4,608,019	21,662,491	3,663,881
Acquisition of tangible capital assets	(11,626,920)	(23,892,084)	(3,663,062)
Proceeds on disposal of tangible capital assets	-	966,800	-
Amortization of tangible capital assets	5,656,207	5,612,597	5,063,484
(Gain) loss on sale of tangible capital assets	-	(324,168)	-
	(5,970,713)	(17,636,855)	1,400,422
Use (Acquisition) of inventories	-	(2,826)	36,797
Use (Acquisition) of prepaid assets	-	(169,337)	-
	-	(172,163)	36,797
DECREASE (INCREASE) IN NET DEBT	(1,362,694)	3,853,473	5,101,100
NET FINANCIAL DEBT, BEGINNING OF YEAR	(9,311,224)	(9,311,224)	(14,412,324)
NET FINANCIAL DEBT, END OF YEAR	(10,673,918)	(5,457,751)	(9,311,224)

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, 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenues over expenses	21,597,648	3,663,880
Non-Cash items included in excess (shortfall) of revenues over expenditures:		
Amortization of tangible assets	5,231,783	5,063,484
Loss (gain) on disposal of tangible capital assets	(324,168)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(34,759)	98,226
Decrease (increase) in trade and other receivables	785,593	190,009
Decrease (increase) in prepaid expenditures	(169,346)	-
Decrease (increase) in deferred costs	115,263	-
Decrease (increase) in inventory for consumption	(2,826)	239,235
Increase (decrease) in accounts payable and accrued liabilities	762,314	(1,409,036)
Increase (decrease) in deferred revenue	(1,577,995)	1,269,598
Increase (decrease) in environmental liability and landfill	(42,422)	(26,765)
Increase (decrease) in other liabilities	36,622	(64,406)
Cash provided by operating transactions	26,377,707	9,024,225
INVESTING		
Decrease (increase) in long-term investments	(982,764)	(117,724)
Cash provided by investing transactions	-	-
FINANCING		
Long-term debt repaid	(2,286,524)	(9,072,041)
Long-term debt issued	-	6,450,729
Proceeds from other debt	(523,985)	-
Cash provided by (applied to) financing transactions	(2,810,509)	(2,621,312)
CAPITAL		
Acquisition of Tangible Capital Assets	(23,892,084)	(3,663,063)
Sale of tangible capital assets	966,800	-
Cash provided by capital transactions	(22,925,284)	(3,663,063)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(340,850)	2,622,126
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,253,179	7,631,053
CASH AND CASH EQUIVALENTS, END OF YEAR	9,912,329	10,253,179

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, 2022

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	2,485,589	14,411,937	129,314,129	146,211,649	142,547,768
Excess (deficiency) of revenues over expenses	21,662,491	-	-	21,662,491	3,663,881
Unrestricted funds designated for future use	(6,367,164)	6,367,164	-	-	-
Restricted funds used for operations	56,016	(56,016)	-	-	-
Restricted funds used for tangible capital assets	-	(2,740,167)	2,740,167	-	-
Current year funds used for tangible capital assets	(4,015,306)	-	4,015,306	-	-
Contributed tangible capital assets	(17,136,611)	-	17,136,611	-	-
Disposal of tangible capital assets	642,635	-	(642,635)	-	-
Annual amortization expense	5,612,597	-	(5,612,597)	-	-
Long-term debt repaid	(2,286,527)	-	2,286,527	-	-
Change in accumulated surplus	(1,831,869)	3,570,981	19,923,379	21,662,491	3,663,881
BALANCE, END OF YEAR	653,720	17,982,918	149,237,508	167,874,140	146,211,649

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, 2022

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Equipment under Capital Lease	Machinery and Equipment	Vehicles	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:										
BALANCE, BEGINNING 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	244,391,811
Transfers	-	197,482	-	(458,210)	260,728	-	-	-	-	-
Acquisition of tangible capital assets	-	1,276,648	303,686	19,746	22,016,108	-	139,536	136,360	23,892,084	3,663,062
Disposal of tangible capital assets	(135,000)	-	(731,889)	-	-	-	-	(62,390)	(929,279)	-
BALANCE, END OF YEAR	2,669,024	14,537,629	58,732,563	28,142	183,471,064	543,971	7,400,890	3,634,395	271,017,678	248,054,873
ACCUMULATED AMORTIZATION										
BALANCE, BEGINNING OF YEAR	-	4,911,033	13,653,042	-	68,158,119	97,138	3,848,192	2,152,427	92,819,951	87,756,473
Annual amortization	-	542,386	1,170,296	-	3,160,061	38,855	471,258	229,741	5,612,597	5,063,478
Accumulated amortization on disposals	-	-	(233,615)	-	-	-	-	(53,032)	(286,647)	-
BALANCE, END OF YEAR	-	5,453,419	14,589,723	-	71,318,180	135,993	4,319,450	2,329,136	98,145,901	(92,819,951)
2022 NET BOOK VALUE OF TCA	2,669,024	9,084,210	44,142,840	28,142	112,152,884	407,978	3,081,440	1,305,259	172,871,777	155,234,922
2021 NET BOOK VALUE OF TCA	2,804,024	8,152,466	45,507,724	466,606	93,036,109	466,833	3,413,162	1,407,998	155,234,922	-

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, 2022

	Budget	2022	2021
	\$	\$	\$
TAXATION			
Real property taxes	8,798,244	9,043,175	8,384,482
Education Tax Collection	2,549,718	2,550,603	2,458,102
Seniors Foundation Collection	279,367	279,401	275,928
Linear property taxes	171,097	174,955	164,360
Government grants in place of property taxes	291,449	280,195	279,359
Penalties and costs	110,909	182,961	201,897
	12,200,784	12,511,290	11,764,128
REQUISITIONS			
Education - Alberta School Foundation Fund and Living Waters Catholic Region Division #42	2,549,718	2,549,710	2,458,102
Lesser Slave Lake Regional Housing Authority	279,367	273,297	275,928
Designated Industrial	965	-	-
	2,830,050	2,823,007	2,734,030
NET MUNICIPAL TAXES	9,370,734	9,688,283	9,030,098

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, 2022

	Budget \$	2022 \$	2021 \$
TRANSFERS FOR OPERATING			
Provincial Government	713,581	1,084,775	952,462
Federal Government	256,756	273,208	253,208
Local Government	1,070,585	1,141,777	1,033,504
	2,040,922	2,499,760	2,239,174
TRANSFERS FOR CAPITAL			
Provincial Government	4,591,000	3,669,600	2,152,587
Federal Government	500,000	345,706	71,790
Local Government	54,045	-	47,533
	5,145,045	4,015,306	2,271,910
TOTAL GOVERNMENT TRANSFERS	7,185,967	6,515,066	4,511,084

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, 2022

	Budget \$	2022 \$	2021 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,261,010	6,369,112	5,949,163
Contracted and general services	6,650,106	6,458,025	6,061,236
Materials, goods and utilities	2,829,905	3,052,100	2,933,595
Transfers to individuals and organizations	568,649	489,084	453,357
Bank charges	13,000	25,947	23,730
Interest on bonds and debentures	1,056,227	1,088,115	1,096,148
Amortization of tangible capital assets	5,656,207	5,612,596	5,063,484
Other operating expenses	-	218,898	(2,603)
	24,035,104	23,313,877	21,578,110

Town of Slave Lake

Schedule of Segmented Disclosure - Schedule 6

For the Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Taxes net of requisitions	9,688,283	-	-	-	-	-	-	9,688,283	9,030,098
User fees and sales of goods	23,868	209,510	375	4,964,043	56,867	2,300	396,533	5,653,496	5,288,412
Interest income	253,433	-	-	-	-	-	-	253,433	178,457
Government transfers for operating	392,270	1,786,614	-	-	199,923	-	120,953	2,499,760	2,239,174
Government Transfers for Capital	-	-	3,142,453	872,853	-	-	-	4,015,306	2,271,910
Development levies	-	-	-	2,287	-	-	-	2,287	-
Rental income	34,436	-	-	-	-	2,931,776	226,191	3,192,403	3,017,974
Licenses and permits	79,680	720	-	-	-	29,230	-	109,630	120,296
Fines	-	292,469	-	-	-	-	-	292,469	349,340
Franchise and concession contracts	1,459,464	-	-	-	-	-	-	1,459,464	1,208,197
Gains on disposal of assets	-	324,168	-	-	-	-	-	324,168	-
Other revenue	41,832	200	-	17,136,611	13,500	-	293,526	17,485,669	1,538,127
	11,973,266	2,613,681	3,142,828	22,975,794	270,290	2,963,306	1,037,203	44,976,368	25,241,985
EXPENSES									
Salaries, wages and benefits	1,702,047	1,380,112	826,271	711,209	157,528	312,619	1,279,326	6,369,112	5,949,163
Contracted and general services	899,405	2,503,466	459,005	1,002,060	52,004	734,583	810,111	6,460,634	6,061,236
Materials, goods and utilities	88,735	310,585	773,974	899,776	19,259	272,660	687,111	3,052,100	2,933,595
Transfers to individuals and organizations	-	-	112,500	-	26,250	-	350,334	489,084	453,357
Bank charges	25,947	-	-	-	-	-	-	25,947	23,730
Interest on bonds and debentures	-	14,544	-	291,040	-	702,072	80,459	1,088,115	1,096,148
Other operating expenses	216,289	-	-	-	-	-	-	216,289	(2,603)
	2,932,423	4,208,707	2,171,750	2,904,085	255,041	2,021,934	3,207,341	17,701,281	16,514,626
NET REVENUE BEFORE AMORTIZATION	9,040,843	(1,595,026)	971,078	20,071,709	15,249	941,372	(2,170,138)	27,275,087	8,727,359
Less: Amortization	738,030	330,556	810,740	2,731,075	59,087	-	943,108	5,612,597	5,063,484
NET REVENUE	8,302,813	(1,925,582)	160,338	17,340,634	(43,838)	941,372	(3,113,246)	21,662,491	3,663,875

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

Town of Slave Lake

For the Year Ended December 31, 2022

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, 2022

1. Significant Accounting Policies continued

(d) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction 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, 2022

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 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.

Town of Slave Lake

For the Year Ended December 31, 2022

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

	2022	2021
	\$	\$
Cash	9,910,879	10,251,729
Cash on hand	1,450	1,450
	9,912,329	10,253,179

Town of Slave Lake

For the Year Ended December 31, 2022

3. Receivable - Taxes and Grants in Place of Taxes

	2022	2021
	\$	\$
Property Taxes Receivable		
Current taxes and grants in place of taxes	586,815	550,226
Arrears	605,753	746,762
	1,192,568	1,296,988
Less: allowance for doubtful accounts	(498,235)	(637,414)
	694,333	659,574
Other		
Trade accounts receivable	4,073,933	4,736,376
GST receivable	85,974	163,466
Allowance for doubtful accounts	(60,000)	(60,000)
	4,099,907	4,839,842
Total Receivable	4,794,240	5,499,416

4. Long Term Investments

	2022	2021
	\$	\$
RBC Dominion reserve account	11,605,536	10,622,772

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 2023 and 2027 and earn interest between 0.5% and 2.05%.

5. Deposit Liabilities

In 2022 \$341,942 (2021 - \$304,869) is related to deposits on account for water utilities and planning and development.

Town of Slave Lake

For the Year Ended December 31, 2022

6. Deferred Revenue

Deferred revenue consists of the following:

	2022	2021
	\$	\$
Municipal Sustainability Initiative - Capital	912,486	2,707,155
Canada Community Building Fund	728,725	930,719
Firesmart Grant	1,300,604	689,291
Government Centre Rent	869,140	869,140
Municipal Stimulus Program	-	447,494
CCRF Grant	154,294	-
Federation of Canadian Municipalities Grant	344,770	652,032
Other	290,453	282,636
	4,600,472	6,578,467

Town of Slave Lake

For the Year Ended December 31, 2022

7. Long Term Debt

Long term debt consists of the following:

	2022	2021
	\$	\$
Tax supported debentures	4,426,325	4,733,415
Special levy and utility supported debentures	7,276,366	7,674,793
Government Centre - supported by provincial lease payments	11,686,788	13,186,199
Total debt	23,389,479	25,594,407
Less:		
Current portion of long term debt	(2,304,733)	(9,906,785)
Long term portion of debt	21,084,746	15,687,622

Interest paid on long term debt amounted to \$1,088,115 (2021 - \$1,096,148). Principal and interest repayments are as follows:

	Principal	Interest	Total
			\$
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
2027	2,513,562	545,688	3,059,250
Thereafter	11,240,841	2,276,361	13,517,202
	23,389,479	6,106,122	29,495,601

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, 2022

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:

	2022	2021
	\$	\$
Total Debt Limit	35,250,425	34,455,113
Long term debt	23,389,479	25,594,407
Capital Lease Obligations	244,790	326,386
Operating Loans	-	523,985
Less debt related to the Government Centre	(11,686,788)	(13,186,199)
Total debt	11,947,481	13,258,579
Debt Limit Available	23,302,944	21,196,534
Debt Service Limit	5,875,071	5,742,519
Debt Service	3,286,634	3,286,633
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	1,254,175	1,254,174
Debt Service Limit Available	4,620,896	4,488,345

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, 2022

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 (2021 – 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, 2022 is \$134,002 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 \$x has been recorded in 2022 that brings the remaining total liability to \$174,492 as at December 31, 2022. 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, 2022

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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 12.80% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary, and 11.80% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$369,985 (2021 - \$414,170). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$325,781 (2021 - \$376,221).

At December 31, 2021 the LAPP disclosed an actuarial surplus of approximately \$11.9 billion (2020 - \$5 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

	2022	2021
	\$	\$
Tangible capital assets	271,017,678	248,054,873
Accumulated amortization	(98,145,901)	(92,819,951)
Long term debt	(23,389,479)	(25,594,407)
Capital lease obligations	(244,790)	(326,386)
Equity in Tangible Capital Assets	149,237,508	129,314,129

Town of Slave Lake

For the Year Ended December 31, 2022

15. Accumulated Surplus

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

	2021 Ending Balance \$	2022 Additons to reserve \$	2022 Reductions to reserve \$	2022 Ending Balance \$
Unrestricted surplus(deficit)	2,485,589	-	-	653,720
Reserves				
Interest Bearing				
Contingency School Lands	123,176	295	-	123,471
Capital Building Reserve	75,580	991,492	93,733	973,339
Street Light Reserve	118,016	283	-	118,299
Road Rehab Reserve (Note 16)	1,464,527	609,091	132,502	1,941,116
Reserve - Main Street Extension	225,912	541	-	226,453
Off-Site Levy Reserve	1,021,042	3,975	-	1,025,017
Water - Future Capital Expenditures Reserve (Note 17)	7,026,121	1,709,010	1,952,333	6,782,798
Sewer - Off-Sites Reserve	184,111	1,205	-	185,317
Garbage Disposal Reserve	1,187,762	12,804	-	1,200,565
Cemetery- Perpetual Care Reserve	80,734	2,699	-	83,433
Reserve - Caribou Collector	271,310	650	-	271,960
Reserve-2nd Avenue NW Road Contribution	208,251	499	-	208,750
Intersection Contributions	752,587	1,803	-	754,390
Disaster Recovery Reserve	-	200,479	-	200,479
Non-interest Bearing				
Photo Radar Reserve	321,762	79,949	25,782	375,929
Tax Stabilization Reserve	80,000	-	80,000	-
Administration Reserve	99,219	80,000	-	179,219
Future Expenditure Reserve	-	1,485,589	129,621	1,355,969
Emergency Road Reserve	60,000	-	-	60,000
Vehicle Replacement Reserve	452,378	300,000	77,888	674,490
Economic Development Reserve	284,310	-	56,016	228,295
Technology Reserve	-	300,000	37,186	262,814
Fire - Truck & Rescue Unit Reserve	304,161	416,800	153,616	567,344
Arena - Capital Equipment Reserve	70,976	250,000	137,506	183,471
	14,411,935	6,447,164	2,876,183	17,982,918
Equity in tangible capital assets	129,314,129	-	-	149,237,508
Balance, end of year	146,211,653	6,447,164	2,876,183	167,874,147

Town of Slave Lake

For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
Balance, beginning of year	1,464,527	1,060,569
Revenue	604,950	400,000
Expenditures	(132,502)	(8,480)
Interest earned	4,141	12,438
Balance, end of year	1,941,116	1,464,527

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:

	2022	2021
	\$	\$
Balance, beginning of year	7,026,120	5,882,108
Revenue	1,693,132	2,054,967
Expenditures	(1,952,333)	(975,326)
Interest earned	15,879	64,371
Balance, end of year	6,782,798	7,026,120

Town of Slave Lake

For the Year Ended December 31, 2022

18. Salary and Benefits Disclosure

	# of Months	Salary (1) \$	Benefits and Allowances (2) \$	2022 Total \$	2021 Total \$
Mayor Warman	12	44,617	371	44,988	44,671
Councilor King	-	-	-	-	24,784
Councilor Ferguson	12	32,306	178	32,484	31,326
Councilor Gramlich	12	32,991	185	33,176	33,827
Councilor Busk	-	-	-	-	20,494
Councilor McGregor	-	-	-	-	21,044
Councilor Brandle	12	33,427	185	33,612	30,704
Councilor Adams	12	31,945	185	32,130	8,496
Councilor Ward	12	33,088	-	33,088	8,041
Councilor Hughes	12	34,479	185	34,664	9,115
		242,853	1,289	244,142	232,502
CAO - Garry Roth	4	104,736	1,019	105,755	-
CAO - Jeff Simpson	6	99,506	14,047	113,553	-
CAO - David Kim	2	10,377	-	10,377	135,144
Designated officer (1 position)	-	-	-	-	111,504

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, 2022

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 2022 budgeted figures that appear in the consolidated financial statements are the budgets approved by Council on April 5th, 2022 .

21. Approval of Consolidated Financial Statements

Council and Management have approved these consolidated financial statements.

22. Other Revenue

	2022	2021
	\$	\$
Other	41,015	668,915
Contributions & Donations	24,188	
Management Fees	204,306	204,719
Insurance proceeds	79,549	113,444
GMF Grant	-	551,049
	349,058	1,538,127

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.

	2022	2021
	\$	\$
Vacation and overtime	306,348	262,780

Town of Slave Lake

For the Year Ended December 31, 2022

24. Capital Lease Obligations

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

	2022	2021
	\$	\$
Total Capital Lease Obligations	293,158	384,116
Less: Deferred Finance Charges	(48,368)	(57,730)
	244,790	326,386
Less: Current portion of capital lease	(81,596)	(81,596)
	163,194	244,790

25. 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.