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FORT SASKATCHEWAN
ALBERTA

Consolidated Financial Statements

For the year ended December 31, 2022

City of Fort Saskatchewan
Consolidated Financial Statements
For the year ended December 31, 2022

Table of Contents

Management's Responsibility for Financial Reporting	1
Auditor's Report	2
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows.....	8
Notes to Consolidated Financial Statements:	
1. Significant Accounting Policies.....	9
2. Cash and Cash Equivalents	15
3. Property Taxes Receivable	15
4. Government Transfers Receivable	15
5. Trade and Other Receivables.....	15
6. Inventory Held for Resale	16
7. Investments	16
8. Employee Benefit Obligations.....	16
9. Liability for Contaminated Sites	18
10. Deferred Revenue	18
11. Long Term Debt	18
12. Debt Limits	19
13. Tangible Capital Assets.....	20
14. Accumulated Surplus.....	21
15. Property Taxes	21
16. Expenses by Object.....	22
17. Segmented Disclosure	23
18. Purchases from Other Governments.....	25
19. Budget Data	25
20. Salaries and Benefits Disclosure	26
21. Transactions with Related Parties	27
22. Contingent Assets.....	27
23. Contractual Rights.....	27
24. Letters of Credit	27
25. Commitments and Contingent Liabilities	27

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the City of Fort Saskatchewan ("City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the City of Fort Saskatchewan

Opinion

We have audited the consolidated financial statements of the City of Fort Saskatchewan (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 Financial Statements**" section of our auditor's report.

We are independent of the City 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.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in "Annual Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 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 City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 City'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 City'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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

April 25, 2023

City of Fort Saskatchewan
Consolidated Statement of Financial Position (in thousands of dollars)
As at December 31, 2022

	Note	2022	2021
Financial Assets			
Cash and Cash Equivalents	2	6,635	46,763
Revenues Receivable			
Property Taxes Receivable	3	2,019	1,471
Government Transfers Receivable	4	1,589	2,841
Trade and Other Receivables	5	5,319	4,117
Inventory Held for Resale	6	1,441	1,268
Investments	7	70,977	29,491
		87,980	85,951
Liabilities			
Accounts Payable and Accrued Liabilities			
Trade Payables		(7,789)	(9,013)
Employee Benefit Obligations	8	(1,603)	(1,489)
Payroll and Remittances		(1,218)	(1,154)
Interest Payable		(136)	(167)
Liability for Contaminated Sites	9	(1,366)	(1,420)
Deposits on Account		(1,783)	(1,953)
Deferred Revenue	10	(8,273)	(7,011)
Long-Term Debt	11,12	(24,972)	(28,324)
		(47,140)	(50,531)
Net Financial Assets		40,840	35,420
Tangible Capital Assets	13	517,929	514,483
Prepaid Expenses		811	469
Inventory of Supplies		624	681
		519,364	515,633
Accumulated Surplus	14	560,204	551,053

Additional information

Commitments and Contingencies – Note 25

These Consolidated Financial Statements were approved by Council on April 25, 2023.

City of Fort Saskatchewan
Consolidated Statement of Operations and Accumulated Surplus (in thousands of dollars)
For the year ended December 31, 2022

	Note	Budget (Note 19)	2022	2021
Revenue				
Property Taxes	15	51,038	51,982	48,322
Utility User Rates		19,551	20,499	19,232
User Fees and Charges		6,357	7,411	5,731
Fines and Penalties		3,041	2,212	2,298
Investment Income		1,052	2,129	1,133
Government Transfers - Operating		1,820	2,272	2,011
Other Revenue		30	686	274
		82,889	87,191	79,001
Expenses				
Infrastructure and Planning Services				
Public Works		(18,132)	(19,916)	(17,507)
Fleet, Facilities, and Engineering		(10,197)	(8,879)	(7,774)
Planning and Development		(2,162)	(1,553)	(1,816)
Economic Development		(878)	(920)	(855)
		(31,369)	(31,268)	(27,952)
Community and Protective Services				
Culture and Recreation		(9,364)	(9,480)	(6,867)
Protective Services		(9,270)	(8,150)	(8,664)
Fire		(4,018)	(4,018)	(3,912)
Family and Community Support Services		(1,321)	(1,323)	(1,297)
		(23,973)	(22,971)	(20,740)
Corporate Services				
Information Technology		(3,314)	(3,242)	(3,050)
Legislative Services		(1,739)	(1,781)	(1,725)
Financial Services		(1,552)	(1,480)	(1,378)
People Services		(1,480)	(1,482)	(1,264)
Corporate Communications		(818)	(759)	(627)
		(8,903)	(8,744)	(8,044)
Senior Leadership		(2,188)	(2,200)	(1,950)
Elected Officials		(517)	(466)	(414)
Fiscal Services		(900)	(2,783)	(2,018)
Utility Operations		(18,459)	(18,919)	(18,196)
Public Library		(1,266)	(1,442)	(1,298)
		(87,575)	(88,793)	(80,612)
Deficit Before Other Items				
		(4,686)	(1,602)	(1,611)
Other Items				
Contributed Tangible Capital Assets		3,460	4,089	7,866
Government Transfers - Capital		5,296	4,543	9,264
Developer Levies		-	1,444	1,864
Other Capital Funding		-	625	-
Gain from Annexation		-	52	-
		8,756	10,753	18,994
Surplus from Operations				
		4,070	9,151	17,383
Accumulated Surplus, Beginning				
		551,053	551,053	533,670
Accumulated Surplus, Ending				
		555,123	560,204	551,053

City of Fort Saskatchewan
Consolidated Statement of Changes in Net Financial Assets (in thousands of dollars)
For the year ended December 31, 2022

	Note	Budget (Note 19)	2022	2021
Surplus from Operations		4,070	9,151	17,383
Changes due to Tangible Capital Assets				
Purchased Additions	13	(14,163)	(16,623)	(20,815)
Contributed Additions	13	(3,460)	(4,089)	(7,866)
Amortization Expense	13,16	15,176	16,597	15,789
Loss on Disposals	13,16	-	242	405
Proceeds from Disposals		-	307	273
Gain from Annexation		-	(52)	-
Tangible Capital Assets Reclassified Held for Resale		-	172	-
		(2,447)	(3,446)	(12,214)
Changes due to Other Non-Financial Assets				
Purchased Materials and Supplies		(3,506)	(2,941)	(2,790)
Use of Materials and Supplies		3,506	2,998	2,856
Prepayment of Expenses		-	(811)	(469)
Use of Prepaid Expenses		-	469	398
		-	(285)	(5)
Increase in Net Financial Assets		1,623	5,420	5,164
Beginning Net Financial Assets		35,420	35,420	30,256
Ending Net Financial Assets		37,043	40,840	35,420

City of Fort Saskatchewan
Consolidated Statement of Cash Flows (in thousands of dollars)
For the year ended December 31, 2022

	Note	2022	2021
Cash Provided by Operating Activities			
Surplus from Operations		9,151	17,383
Items Not Involving Cash			
Amortization of Tangible Capital Assets	13,16	16,597	15,789
Contributed Tangible Capital Assets	13	(4,089)	(7,866)
Loss on Disposal of Tangible Capital Assets	13,16	242	405
Gain from Annexation		(52)	
Tangible Capital Assets Reclassified Held for Resale		172	
Changes in Non-Cash Assets and Liabilities			
Revenues Receivable		(482)	(3,267)
Inventory Held for Resale		(173)	1
Accounts Payable and Accrued Liabilities		(1,131)	2,347
Deposits on Account		(170)	579
Deferred Revenue		1,262	(776)
Inventory of Supplies		57	66
Prepaid Expenses		(342)	(71)
Net Cash Generated from Operating Activities		21,042	24,590
Cash Provided by Investing Activities			
Purchase of Investments		(94,275)	(8,503)
Proceeds from Sale of Investments		52,773	6,000
Net Cash Used for Investing Activities		(41,502)	(2,503)
Cash Provided by Financing Activities			
Repayment of Long Term Debt		(3,500)	(3,401)
Proceeds from Long Term Debt		148	-
Net Cash Used for Financing Activities		(3,352)	(3,401)
Cash Provided by Capital Activities			
Acquisition of Tangible Capital Assets	13	(16,623)	(20,815)
Proceeds on Disposal of Tangible Capital Assets		307	273
Net Cash Used for Capital Activities		(16,316)	(20,542)
Net Decrease in Cash and Cash Equivalents		(40,128)	(1,856)
Beginning Cash and Cash Equivalents		46,763	48,619
Ending Cash and Cash Equivalents		6,635	46,763
Cash paid for interest		953	1,079
Cash received from interest		1,445	666

1. Significant Accounting Policies

a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards that are applicable for governments.

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and are measurable. Expenses are recognized as they are incurred and are 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.

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 fees and charges 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 capital assets are acquired.

Property tax revenue is recognized on the accrual basis using the approved tax mill rates and the anticipated assessment related to the current year.

b. Reporting Entity

These consolidated financial statements are prepared for the City of Fort Saskatchewan ("City") and reflect the consolidated assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity.

The reporting entity includes all divisions and departments that comprise City operations and the City of Fort Saskatchewan Library Board ("Library Board"). Inter-departmental and inter-entity transactions have been eliminated.

The City is a member of various other boards, commissions and other organizations that are not part of the government reporting entity, including but not limited to the Heartland Housing Foundation, the Alberta Capital Region Wastewater Commission, the Capital Region Northeast Water Services Commission, the Capital Region Assessment Services Commission, the Edmonton Metropolitan Region Board and the Edmonton Metropolitan Transit Services Commission.

Property taxes levied include requisitions for education, affordable housing, and the assessment of designated industrial properties, which are collected on behalf of organizations that are not part of the reporting entity.

c. Inter Entity Transactions

Inter entity transactions between the City and the Library Board have been eliminated upon consolidation.

d. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

Significant financial statement areas requiring the use of management estimates include:

- accrued receivables;
- allowances for doubtful accounts;
- valuation of inventory;
- accrued liabilities;
- employee benefit obligations;
- liabilities for contaminated sites;
- useful life of tangible capital assets; and
- valuation of contributed tangible capital assets.

e. Future Accounting Standards

The following summarizes upcoming substantial changes to Public Sector Accounting Standards and their expected impact on the City's financial statements. Early adoption is permitted, however certain standards must be adopted concurrently.

i. Amendments effective for years beginning on or after April 1, 2022:

Standard	Details	Expected Impact
PS3280 – Asset Retirement Obligations	Establishes standards on how to account for and report a liability for asset retirement obligations	Impact is being assessed.
PS1201 – Financial Statement Presentation PS2601 – Foreign Currency Translation PS3450 – Financial Instruments	Establishes new recognition, measurement, and disclosure requirements for financial instruments and the presentation of associated gains and losses, as well as related amendments. These standards must be adopted concurrently.	Impact is being assessed.
PS3041 – Portfolio Investments	Replaces PS3030 – Temporary Investments and PS3040 – Portfolio Investments, expands scope to include interests in pooled investment funds. Effective upon adoption of PS1201, PS2601, and PS3450.	Impact is being assessed.

ii. Amendments effective for years beginning on or after April 1, 2023:

Standard	Details	Expected Impact
PS3400 – Revenue	Establishes standards on how to account for and report revenue.	Impact is being assessed.
PSG-8 – Purchased Intangibles	Establishes new recognition and disclosure requirements for purchased intangibles.	Impact is being assessed.
PS3160 – Public Private Partnerships	Establish new recognition and disclosure requirements for public private partnership infrastructure assets.	Impact is being assessed.

f. Financial Instruments

The City's financial instruments consist of cash and cash equivalents, revenues receivable, investments, accounts payable and accrued liabilities, and long-term debt.

The City is subject to credit risk with respect to property taxes and other revenues receivables. Credit risk arises from the possibility that property tax payers and customers who use municipal services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of property tax payers and customers, coupled with collection measures available to the City under the Municipal Government Act minimizes the risk.

The City is also subject to interest rate risk arising from cash and cash equivalents and investments. The City mitigates interest rate risk on its investments by investing in securities that mature at various times and earn a fixed rate of interest. However, the City's cash and cash equivalents are held for short term cash flow purposes and earn variable rates of interest.

The City is not exposed to significant liquidity risk or other market risks arising from its financial instruments.

Unless otherwise noted, the carrying values of all the City's financial instruments approximate their fair value.

g. Cash and Cash Equivalents

Cash includes cash equivalents, which are highly marketable securities with a maturity of three months or less when purchased. Cash equivalents are held to maturity and valued at cost.

h. Inventory Held for Resale

Inventory held for resale are items that are held for resale in the ordinary course of operations and, therefore, are expected to provide resources to discharge existing liabilities or finance future operations.

Land and other assets may be classified as inventory held for resale when Council commits to selling the assets, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place to sell the asset, and it is reasonably expected that the asset will be sold to a purchaser external to the City within one year of the financial statement date. Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

i. Investments

Investments are recorded at amortized cost less amounts written off to reflect other than temporary declines in value. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. The City

invests its funds pursuant to authorized investments allowed by the Municipal Government Act.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income on deferred revenue forms part of the deferred revenue balance.

j. Employee Future Benefits

The City is a member of defined benefit multiemployer and multiple-employer pension plans.

Multiemployer pension plans are accounted for similarly to defined contribution plans where contributions are recorded as expenses in the year in which they become due.

Multiple-employer pension plans are accounted for as defined benefit plans. As employees render services, the value of the retirement benefits attributed to those services are recorded as a liability within accounts payable and accrued liabilities and expensed within salaries, wages, and benefits along with other forms of current compensation. The value of the pension liability is determined actuarially using the projected benefit method. Actuarial gains and losses are amortized over the average estimated remaining years of service of the employees.

k. Deferred Revenue

Deferred revenue represents amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenues in the period that the activities are performed.

l. Contaminated Site Liabilities

The City recognizes contaminated sites liabilities when sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination being introduced in air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

The City records a liability at the estimated cost of remediation of these sites when contamination exceeds an existing environmental standard, either the City is directly responsible or it accepts responsibility for the contamination, and a reasonable estimate of the amount can be made.

m. Non-Financial Assets

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, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land Improvements	15 - 25
Engineering Structures	5 - 80
Buildings	10 - 50
Machinery and Equipment	3 - 25
Vehicles	10 - 25

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 their fair value at the date of receipt and also are recorded as revenue.

iii. Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

iv. Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of the property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

v. Inventory of Supplies

Inventory of supplies held for consumption are recorded at the lower of cost and replacement cost.

n. Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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 from the prior year.

o. 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 that the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met by the City, and reasonable estimates of the amounts can be made. Amounts to be recognized in future periods are recorded as deferred revenue.

p. Segmented Disclosure

The segmented information in note 17 has been identified based on the types of services provided by the City to its residents. The types of services provided are identified in the Consolidated Statement of Operations. The total revenue for all segments reconciles to the revenue per the Statement of Operations, the total expenses for each segments reconciles to the expenses per the Statement of Operations, and the total expenses by object for all segments reconciles to note 16.

2. Cash and Cash Equivalents

	2022		2021	
		Interest Rate		Interest Rate
Operating Accounts	5,488	4.62%	6,394	0.74%
Short Term Deposits	1,147	5.16%	40,369	0.98%
	6,635	4.71%	46,763	0.95%

Short term deposits require between 31 and 90 days notice of demand to redeem and are held in accounts guaranteed by the Province of Alberta. Interest on short term deposits is accrued daily and paid monthly.

3. Property Taxes Receivable

	2022	2021
Current	1,743	894
Arrears	276	577
	2,019	1,471

4. Government Transfers Receivable

	2022	2021
Federal Government	526	367
Provincial Government	1,063	2,474
	1,589	2,841

5. Trade and Other Receivables

	2022	2021
Utilities Receivable	1,750	1,353
Developer Levies Receivable	303	303
Other Trade Receivables	3,266	2,461
	5,319	4,117

6. Inventory Held for Resale

	2022	2021
Land for Resale	1,416	1,244
Other Inventory for Resale	25	24
	1,441	1,268

7. Investments

	2022		2021	
	Market Value	Book Value	Market Value	Book Value
Guaranteed Investment Certificates	70,031	67,980	28,622	27,480
Corporate Bonds	1,910	1,933	1,982	1,949
Principal Protected Note	1,032	1,000	-	-
Other	64	64	62	62
	73,037	70,977	30,666	29,491

Guaranteed investment certificates had a weighted average interest rate of 3.96% (2021 – 2.45%). Corporate bonds had a weighted average interest rate of 2.61% (2021 – 2.61%). The principal protected note had an interest rate of 5.00%.

8. Employee Benefit Obligations

	2022	2021
Accrued Leave	(1,518)	(1,426)
Other Benefits	(85)	(63)
	(1,603)	(1,489)

The City offers defined retirement benefits to its employees under three plans, the Local Authorities Pension Plan ("LAPP"), the APEX Supplementary Pension Plan ("APEX"), and the MuniSERP Supplemental Executive Employee Retirement Program ("MuniSERP").

LAPP and APEX are multiemployer plans sponsored by the Province of Alberta and Alberta Municipalities respectively. LAPP is available to substantively all of its employees, while APEX is available only to a specified class of employees. Employees and the City each make contributions to the plans based on specified rates set by the sponsors. In 2022, the City recognized current service costs in the statement of operations equal to \$1,826 (2021 - \$2,006) for LAPP and \$26 (2021 - \$25) for APEX. In 2022, the City contributed \$1,827 (2021 - \$1,981) to LAPP and \$26 (2021 - \$25) to APEX. Employees contributed in 2022 \$1,635 (2021 - \$1,794) to LAPP and \$18 (2021 - \$17) to APEX.

City of Fort Saskatchewan
Notes to the Consolidated Financial Statements (in thousands of dollars)
For the year ended December 31, 2022

According to its latest annual report dated December 31, 2021, LAPP held a surplus of net assets available for benefits in the amount of \$11,922,000 (2021 - \$4,961,337). Valuation of LAPP's net assets and benefit obligations are actuarially determined at the beginning of each year basis using the projected benefit method pro-rated on service and extrapolated to year end.

According to Alberta Municipalities latest annual report dated December 31, 2021, APEX held a surplus of net assets available for benefits in the amount of \$2,064 (2020 - (\$2,624)). Valuation of APEX's net assets and benefit obligations are actuarially determined every three years using the projected benefit method pro-rated on service and extrapolated for the current period. The latest actuarial valuation was conducted for December 31, 2018.

MuniSERP is an unfunded Multiple-Employer defined benefit retirement plan managed by the Alberta Municipal Services Corporation ("AMSC"). The plan supplements the LAPP and APEX, providing retirement benefits to a prescribed class of employees in excess of the maximum allowable pensionable amount under the Income Tax Act. Pursuant to an Advance Tax Ruling, the City earmarks assets in an investment fund managed by AMSC equal to the accrued benefit obligation. At December 31, 2022, the City earmarked \$64 (2021 - \$62) in the investment fund.

The MuniSERP liability at December 31 was:

	2022	2021
Accrued Benefit Obligation	92	62
Unamortized Actuarial Gains (Losses)	(12)	1
	80	63

Movements in the accrued benefit obligation are as follows.

	2022	2021
Beginning Accrued Benefit Obligation	62	40
Service Costs		
Current Service Costs	14	12
Amortization of Actuarial Gains	-	(1)
Interest Expense	3	2
Defined Benefit Expense Included in Statement of Operations	17	13
Unamortized Actuarial Gains	13	9
Ending Accrued Benefit Obligation	92	62

Significant actuarial assumptions were as follows:

	2022	2021
Discount Rate	4.75%	4.20%
Inflation Rate	2.00%	2.00%

Salary Growth Rate	2.75%	2.75%
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9. Liability for Contaminated Sites

Management completed an internal assessment of its contaminated sites and determined that management's best estimate of the cost of future remediation required an adjustment for inflation compared to prior years and is reflected in the Statement of Operations and Note 16.

	2022	2021
Public Works Yard	(1,205)	(1,192)
Old Snow Dump Site	(161)	(228)
	(1,366)	(1,420)

10. Deferred Revenue

Deferred revenue is comprised of the funds noted below, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

	2021	Received	Recognized	2022
Capital Government Transfers				
Provincial	(1,492)	(6,093)	3,362	(4,223)
Federal	(4,115)	(91)	1,118	(3,088)
	(5,607)	(6,184)	4,480	(7,311)
Operating Government Transfers				
Provincial	(350)	(1,816)	1,996	(170)
Federal	(13)	(271)	283	(1)
	(363)	(2,087)	2,279	(171)
Other Deferred Amounts	(1,041)	(7,262)	7,512	(791)
	(7,011)	(15,533)	14,271	(8,273)

11. Long Term Debt

	2022	2021
Debentures Supported By:		
Property Taxes	(21,904)	(24,545)
Special Levies	(146)	-
Utility User Rates	(2,823)	(3,581)
	(24,873)	(28,126)
Capital Lease Obligations	(99)	(198)
	(24,972)	(28,324)

Debentures are payable in semi-annual or annual amounts up to the year 2042, with accompanying interest rates ranging from 2.226% to 5.750%. Debenture debt is issued on the

credit and security of the City at large. Capital leases have monthly or annual payments up to the year 2024 with implied interest rates ranging from 2.287% to 9.161%.

Principal and interest payment obligations for long term debt are as follows:

	Principal	Interest	Total
2023	3,392	821	4,213
2024	2,133	688	2,821
2025	2,180	621	2,801
2026	2,250	552	2,802
2027	2,049	482	2,531
Subsequent	12,968	1,514	14,482
	24,972	4,678	29,650

12. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt limits as defined by regulation for the City be disclosed as follows:

	2022	2021
Debt Limit	133,968	121,298
Outstanding Debentures	(24,873)	(28,126)
Debt Limit in Excess of Outstanding Debt	109,095	93,172

	2022	2021
Service on Debt Limit	22,328	20,216
Service on Outstanding Debentures	(4,131)	(4,343)
Service on Debt Limit in Excess of Service on Outstanding Debt	18,197	15,873

The debt limit is calculated at 1.5 times revenue of the City (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. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality; rather, the financial statements must be interpreted as a whole.

13. Tangible Capital Assets

Historic Cost	2021	Additions	Disposals & Reclassifications	2022
Engineering Structures				
Roadway Systems	221,150	9,828	(901)	230,077
Water Systems	62,910	4,497	(112)	67,295
Wastewater Systems	64,881	2,978	(116)	67,743
Storm Systems	73,928	4,815	(248)	78,495
Fibre Optics	1,479	6	-	1,485
Buildings	95,962	1,099	(132)	96,929
Machinery and Equipment	25,187	1,898	(43)	27,042
Land	115,327	51	(172)	115,206
Land Improvements	27,763	2,932	(13)	30,682
Vehicles	8,054	208	(70)	8,192
Construction In Progress	14,191	(7,548)	(74)	6,569
	710,832	(20,764)	(1,881)	729,715
Accumulated Amortization	2021	Additions	Disposals	2022
Engineering Structures				
Roadway Systems	(95,980)	(7,874)	782	(102,997)
Water Systems	(13,314)	(987)	42	(14,259)
Wastewater Systems	(14,148)	(1,133)	52	(15,227)
Storm Systems	(13,189)	(1,114)	79	(14,221)
Fibre Optics	(909)	(23)	-	(932)
Buildings	(26,474)	(2,183)	98	(28,559)
Machinery and Equipment	(14,102)	(1,782)	28	(15,856)
Land	-	-	-	-
Land Improvements	(14,665)	(986)	9	(15,642)
Vehicles	(3,568)	(595)	70	(4,093)
Construction In Progress	-	-	-	-
	(196,349)	(16,677)	1,160	(211,786)
Net Book Value	2021			2022
Engineering Structures				
Roadway Systems	125,170			127,080
Water Systems	49,596			53,036
Wastewater Systems	50,733			52,516
Storm Systems	60,739			64,274
Fibre Optics	570			553
Buildings	69,488			68,370
Machinery and Equipment	11,085			11,186
Land	115,327			115,215
Land Improvements	13,098			15,101
Vehicles	4,486			4,029
Construction In Progress	14,191			6,569
	514,483			517,929

14. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and invested in tangible capital assets as follows:

	2022	2021
Equity in Tangible Capital Assets	(492,958)	(486,159)
Financial Reserves	(67,246)	(64,894)
	(560,204)	(551,053)

15. Property Taxes

	Budget (Note 19)	2022	2021
Revenues			
Residential Land and Improvements	30,937	30,993	29,515
Non-Residential			
Land and Improvements	15,938	15,960	15,646
Machinery and Equipment	16,871	18,033	16,059
Linear Property	1,562	1,563	1,521
Railway	2	2	2
Farm Land	11	11	43
Federal and Provincial Grants in Place of Taxes	680	341	329
Local Improvement Levies	30	111	12
	66,031	67,014	63,127
Requisitions			
Alberta School Fund Foundation	(12,629)	(12,649)	(12,368)
Elk Island Catholic Separate Regional District	(1,635)	(1,636)	(1,711)
Heartland Housing Foundation	(602)	(612)	(603)
Designated Industrial Properties Assessment	(127)	(135)	(123)
	(14,993)	(15,032)	(14,805)
	51,038	51,982	48,322

16. Expenses by Object

	Budget (Note 19)	2022	2021
Salaries, Wages and Benefits	31,676	32,019	28,869
Purchases from Other Governments and Agencies (Note 18)	15,719	15,482	15,868
Amortization of Tangible Capital Assets (Note 13)	15,176	16,597	15,789
Contracted Services	8,214	8,077	5,946
Service Maintenance Contracts	4,441	3,821	3,978
Materials and Supplies	3,506	4,070	2,998
Utilities	2,994	3,173	2,798
Transfers to Individuals and Organizations	1,497	553	532
General Administration	1,019	1,008	933
Interest on Long Term Debt	956	922	1,074
Insurance	819	790	757
Training & Development	719	427	225
Advertising & Printing	576	405	232
Other Expenses	263	196	166
Loss on Disposal of Tangible Capital Assets	-	242	405
Contaminated Sites Revaluation	-	1,011	42
	87,575	88,793	80,612

City of Fort Saskatchewan
Notes to the Consolidated Financial Statements (in thousands of dollars)
For the year ended December 31, 2022

17. Segmented Disclosure

	Municipal Operations							Utility Operations	Public Library	2022
	Infrastructure & Planning Services	Community & Protective Services	Corporate Services	Senior Leadership	Elected Officials	Fiscal Services	Total Municipal Operations			
Revenue										
Property Taxes	-	-	-	-	-	51,982	51,982	-	-	51,982
Utility User Rates	-	-	-	-	-	-	-	20,499	-	20,499
User Fees & Charges	2,941	3,437	2	-	-	87	6,467	933	11	7,411
Fines and Penalties	4	1,696	-	-	-	449	2,149	61	2	2,212
Investment Income	-	-	(12)	-	-	2,116	2,104	-	25	2,129
Government Transfers - Operating	500	1,616	-	-	-	-	2,116	20	136	2,272
Other Revenue	592	40	2	-	-	47	681	1	4	686
Total Revenue	4,037	6,789	(8)	-	-	54,681	65,499	21,514	178	87,191
Expenses										
Salaries, wages and benefits	(8,844)	(12,837)	(5,130)	(1,432)	(417)	-	(28,660)	(2,380)	(979)	(32,019)
Purchases from other Governments	(330)	(4,882)	-	-	-	(410)	(5,622)	(9,758)	(102)	(15,482)
Contracted Services	(4,365)	(1,378)	(1,483)	(72)	-	(45)	(7,343)	(704)	(30)	(8,077)
Service Maintenance Contracts	(829)	(426)	(39)	(22)	-	(1)	(1,317)	(2,484)	(20)	(3,821)
Utilities	(2,429)	(565)	-	-	-	-	(2,994)	(179)	-	(3,173)
Materials and Supplies	(2,096)	(906)	(323)	(115)	(3)	-	(3,443)	(597)	(30)	(4,070)
Transfers to Individuals and Organizations	(33)	(138)	-	(137)	-	(245)	(553)	-	-	(553)
Interest on Long Term Debt	-	-	-	-	-	(831)	(831)	(91)	-	(922)
Insurance	-	(1)	(756)	-	-	-	(757)	(29)	(4)	(790)
Training & Development	(140)	(122)	(77)	(36)	(20)	-	(395)	(24)	(8)	(427)
Advertising & Printing	(58)	(95)	(185)	(12)	(18)	-	(368)	(33)	(4)	(405)
General Administration	(386)	(160)	(153)	(129)	(8)	-	(836)	(96)	(76)	(1,008)
Amortization of Tangible Capital Assets	(11,740)	(1,461)	(592)	(245)	-	-	(14,038)	(2,377)	(182)	(16,597)
Loss on Disposal of Tangible Capital Assets	(18)	-	-	-	-	(73)	(91)	(146)	(5)	(242)
Contaminated Sites Revaluation	-	-	-	-	-	(1,011)	(1,011)	-	-	(1,011)
Other Expenses	-	-	(6)	-	-	(167)	(173)	(21)	(2)	(196)
Total Operating Expenses	(31,268)	(22,971)	(8,744)	(2,200)	(466)	(2,783)	(68,432)	(18,919)	(1,442)	(88,793)
Other Items										
Contributed Tangible Capital Assets	3,614	-	-	-	-	-	3,614	475	-	4,089
Government Transfers - Capital	2,626	-	-	-	-	-	2,626	1,917	-	4,543
Community Capital Funding	625	-	-	-	-	-	625	-	-	625
Developer Levies	1,444	-	-	-	-	-	1,444	-	-	1,444
Loss from Annexation	-	-	-	-	-	52	52	-	-	52
Total Other Items	8,309	-	-	-	-	52	8,361	2,392	-	10,753
Net Operating Results	(18,922)	(16,182)	(8,752)	(2,200)	(466)	51,950	5,428	4,987	(1,264)	9,151

City of Fort Saskatchewan

Notes to the Consolidated Financial Statements (in thousands of dollars)

For the year ended December 31, 2022

<i>In thousands of Canadian Dollars</i>	Municipal Operations						Total Municipal Operations	Utility Operations	Public Library	2021
	Infrastructure & Planning Services	Community & Protective Services	Corporate Services	Senior Leadership	Elected Officials	Fiscal Services				
Revenue										
Property Taxes	-	-	-	-	-	48,322	48,322	-	-	48,322
Utility User Rates	-	-	-	-	-	-	-	19,232	-	19,232
User Fees & Charges	2,881	1,773	-	-	-	158	4,812	913	6	5,731
Fines and Penalties	8	1,664	-	-	-	564	2,236	62	-	2,298
Investment Income	-	-	2	-	-	1,121	1,123	-	10	1,133
Government Transfers - Operating	194	1,482	62	-	-	-	1,738	137	136	2,011
Other Revenue	5	42	-	-	-	215	262	-	12	274
Total Revenues	3,088	4,961	64	-	-	50,380	58,493	20,344	164	79,001
Expenses										
Salaries, wages and benefits	(8,209)	(10,807)	(4,827)	(1,364)	(392)	-	(25,599)	(2,427)	(843)	(28,869)
Purchases from other Governments	(322)	(5,601)	-	-	-	(393)	(6,316)	(9,440)	(112)	(15,868)
Contracted Services	(2,773)	(942)	(1,154)	(65)	-	(38)	(4,972)	(951)	(23)	(5,946)
Service Maintenance Contracts	(1,119)	(470)	(54)	(27)	-	(2)	(1,672)	(2,293)	(13)	(3,978)
Utilities	(2,227)	(447)	-	-	-	-	(2,674)	(124)	-	(2,798)
Materials and Supplies	(1,557)	(618)	(276)	(40)	(1)	-	(2,492)	(457)	(49)	(2,998)
Transfers to Individuals and Organizations	(121)	(95)	-	(72)	-	(244)	(532)	-	-	(532)
Interest on Long Term Debt	-	-	-	(1)	-	(958)	(959)	(115)	-	(1,074)
Insurance	-	(1)	(726)	-	-	-	(727)	(26)	(4)	(757)
Training & Development	(52)	(89)	(50)	(12)	(6)	-	(209)	(13)	(3)	(225)
Advertising & Printing	(21)	(60)	(107)	(8)	(9)	-	(205)	(22)	(5)	(232)
General Administration	(338)	(141)	(156)	(128)	(6)	-	(769)	(96)	(68)	(933)
Amortization of Tangible Capital Assets	(11,039)	(1,474)	(688)	(233)	-	-	(13,434)	(2,184)	(171)	(15,789)
Loss on Disposal of Tangible Capital Assets	(174)	-	-	-	-	(200)	(374)	(30)	(1)	(405)
Contaminated Sites Revaluation	-	-	-	-	-	(42)	(42)	-	-	(42)
Other Expenses	-	5	(6)	-	-	(141)	(18)	(18)	(6)	(166)
Total Operating Expenses	(27,952)	(20,740)	(8,044)	(1,950)	(414)	(2,018)	(61,118)	(18,196)	(1,298)	(80,612)
Other Items										
Contributed Tangible Capital Assets	4,029	-	-	-	-	1,738	5,767	2,099	-	7,866
Government Transfers - Capital	6,256	(4)	-	161	-	-	6,413	2,851	-	9,264
Community Capital Funding	-	-	-	-	-	-	-	-	-	-
Developer Levies	1,864	-	-	-	-	-	1,864	-	-	1,864
Total Other Items	12,149	(4)	-	161	-	1,738	14,044	4,950	-	18,994
Net Operating Results	(12,715)	(15,783)	(7,980)	(1,789)	(414)	50,100	11,419	7,098	(1,134)	17,383

18. Purchases from Other Governments and Agencies

	Budget (Note 19)	2022	2021
Wastewater Management Services	(5,391)	(5,444)	(5,108)
Policing Services	(5,135)	(4,809)	(5,528)
Water Supply Services	(4,206)	(4,314)	(4,331)
Commuter Transit Services	(511)	(328)	(321)
Assessment Services	(306)	(409)	(393)
Other	(170)	(178)	(187)
	(15,719)	(15,482)	(15,868)

19. Budget Data

The budget data presented in these consolidated financial statements is based upon the City's 2022 operating and capital budgets approved by Council on December 14, 2021, as amended May 10, 2022, and the 2022 Library budget approved by the Library Board on September 13, 2021. The City's budgets are prepared on a modified cash flows basis in accordance with the Municipal Government Act.

A reconciliation of the consolidated operating budget, as approved by Council, is prepared on the modified cash flow basis and the budget prepared in these financial statements in accordance with Canadian Public Sector Accounting Standards has been provided in the table below. The table below also includes a reconciliation of the 2021 and 2022 annual surpluses from operations for financial statement purposes to the surpluses for operating budget purposes.

	Budget	2022	2021
Surplus from Operations	4,070	9,151	17,383
Capital Items Affecting Surplus From Operations			
Amortization of Tangible Capital Assets	15,176	16,597	15,789
Loss on Disposal of Tangible Capital Assets	-	242	405
Contributed Tangible Capital Assets	(3,460)	(4,089)	(7,866)
Government Transfers - Capital	(5,296)	(4,543)	(9,264)
Community Capital Funding	-	(625)	-
Developer Levies	-	(1,444)	(1,864)
Gain from Annexation	-	(52)	-
Tangible Capital Assets reclassified held for resale	-	172	-
Other Capital Items	(155)	(171)	189
Surplus from Operations before Capital Items	10,335	15,238	14,772
Net Transfers to Reserves	(6,790)	(10,205)	(8,256)
Repayment of Long Term Debt	(3,545)	(3,500)	(3,401)
Operating Budget Surplus	-	1,533	3,115

20. Salaries and Benefits Disclosure

The following disclosure of salaries and benefits for elected municipal officials, the chief administrative officer, and designated officers is presented on a cash flows basis as required by Supplementary Accounting Principles and Standards Regulation (Alta. Reg. 313/2000).

<i>Rounded to the nearest dollar</i>	Salary ^(a)	Benefits & Allowances ^(b)	2022	2021
Elected Officials				
Mayor Katchur	101,685	10,309	111,994	107,124
Councillor Harris	44,057	4,972	49,029	47,528
Councillor Abitoye	42,757	7,285	50,042	48,688
Councillor Lennox	-	-	-	38,988
Councillor Makin	45,857	7,462	53,318	47,845
Councillor Sperling	-	-	-	37,566
Councillor Kelly	43,157	4,972	48,129	45,303
Councillor Blizzard	45,757	7,456	53,213	9,847
Councillor Noyen	44,357	7,376	51,733	10,269
	367,626	49,832	417,457	393,158

Officers

Chief Administrative Officer	241,726	55,537	297,263	275,098
Designated Officers ^(c)	405,371	77,245	482,616	477,089

- a) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- b) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, employment insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, and long term disability plans. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including car allowances.
- c) The City had the following designated officers in 2022 and 2021: City Treasurer, Assessment Complaints Manager, two Municipal Assessors, Clerk of the Subdivision Development Appeals Board, and one Development Authority. The Assessment Complaints Manager and two Municipal Assessors are paid by the Capital Region Assessment Services Commission and the individual's pay is not separately identifiable.

21. Transactions with Related Parties

The City is a related party with its key management personnel and their close family members. The City may enter into transactions with these entities and individuals in the normal course of operations. The revenues and expenses recognized from transactions with related party have been included in the consolidated statement of operations, but have not been separately quantified. These transactions are:

- The City leases land for nominal annual fees to one not-for-profit organization where a close family member of the City's key management personnel serves as a board member.

22. Contingent Assets

The City has no material contingent assets as of December 31, 2022 or 2021.

23. Contractual Rights

Contractual rights are rights of the City to economic resources arising from existing contracts or agreements that will result in either assets or revenues in the future when the terms of those contracts or agreements are met.

At December 31, 2022, the City was entitled to an estimated \$25,302 (2021 - \$31,278) in future contributed assets and levies as result of existing developer agreements.

Over the next five years, the City expects to recognize the following revenues from existing contracts:

	User Fees & Charges
2023	297
2024	172
2025	153
2026	129
2027	95
Subsequent	215
	<hr/> <hr/> 1,061

This estimate does not include two contracts in which revenue cannot be estimated, as they are dependent on actual sales or costs.

24. Letters of Credit

In 2022, the City held 41 (2021 - 38) Letters of Credit totalling \$14,142 (2021 - \$10,727) and two surety bonds totalling \$4,359 in the City's favour as security for property development.

25. Commitments and Contingent Liabilities

The City is party to various claims and legal proceedings in the normal course of its business. While the final outcome with respect to the claims and legal proceedings pending at

December 31, 2022 cannot be determined at certainty, it is the opinion of management that their resolution will not have material adverse effects on the City's financial position or results of operations.

The City regularly reviews its environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. The City inventoried properties that the City is responsible for to identify potential remediation obligations. All known and measurable liabilities have been recognized (Note 9).