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FORT SASKATCHEWAN
ALBERTA

Consolidated Financial Statements

For the year ended December 31, 2023

City of Fort Saskatchewan
Consolidated Financial Statements
For the year ended December 31, 2023

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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.



KPMG LLP

2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Canada
Telephone 780-429-7300
Fax 780-429-7379

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 "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of 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 Entity as at December 31, 2023, 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 Entity 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 1r. to the financial statements ("Note 1r."), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.



Note 1r. explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 "December 31, 2023, Annual Report" ("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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

June 25, 2024

City of Fort Saskatchewan
Consolidated Financial Statements
As at December 31, 2023

Consolidated Statement of Financial Position

		2023	2022 Restated (Note 1.r)
<i>In thousands of Canadian Dollars</i>	Note		
Financial Assets			
Cash and Cash Equivalents	2	21,593	6,635
Revenues Receivable			
Property Taxes Receivable	3	1,066	2,019
Government Transfers Receivable	4	948	1,589
Trade and Other Receivables	5	6,901	5,319
Inventory Held for Resale	6	1,456	1,441
Investments	7	54,620	70,977
		86,584	87,980
Liabilities			
Accounts Payable and Accrued Liabilities			
Trade Payables		(8,641)	(7,789)
Employee Benefit Obligations	8	(2,648)	(1,603)
Payroll and Remittances		(1,121)	(1,218)
Interest Payable		(124)	(136)
Deposits on Account		(2,162)	(1,783)
Deferred Revenue	9	(6,751)	(8,273)
Liability for Contaminated Sites	10	(1,356)	(1,366)
Asset Retirement Obligations	11	(3,553)	(3,507)
Long-Term Debt	12, 13	(21,618)	(24,972)
		(47,974)	(50,647)
Net Financial Assets		38,610	37,333
Tangible Capital Assets	14	524,821	518,196
Inventory of Supplies		734	624
Prepaid Expenses		558	811
		526,113	519,631
Accumulated Surplus	15	564,723	556,964

Commitments and Contingencies – Note 26

These Consolidated Financial Statements were approved by Council on June 25, 2024.

City of Fort Saskatchewan
Consolidated Financial Statements
For the year ended December 31, 2023

Consolidated Statement of Operations

<i>In thousands of Canadian Dollars</i>	Note	Budget (Note 20)	2023	2022 Restated (Note 1.r)
Revenue				
Property Taxes	16	54,628	54,431	51,982
Utility User Rates		20,437	20,445	20,499
User Fees and Charges		7,567	7,879	7,411
Fines and Penalties		2,987	1,141	2,212
Investment Income		2,532	3,429	2,129
Government Transfers - Operating		2,011	2,369	2,272
Other Revenue		33	583	686
		90,195	90,277	87,191
Expenses	17			
Infrastructure and Planning Services				
Public Works		(18,395)	(19,986)	(19,916)
Fleet, Facilities, and Engineering		(12,813)	(10,347)	(8,936)
Planning and Development		(1,977)	(2,073)	(1,553)
Economic Development		(1,031)	(999)	(920)
		(34,216)	(33,405)	(31,325)
Community and Protective Services				
Culture and Recreation		(10,029)	(10,025)	(9,480)
Protective Services		(9,606)	(9,661)	(8,150)
Fire		(4,472)	(4,820)	(4,018)
Family and Community Support Services		(1,489)	(1,283)	(1,323)
		(25,596)	(25,789)	(22,971)
Corporate Services				
Information Technology		(3,488)	(3,292)	(3,242)
Legislative Services		(1,867)	(1,938)	(1,781)
Financial Services		(1,714)	(1,687)	(1,480)
People Services		(1,916)	(1,590)	(1,482)
Corporate Communications		(808)	(812)	(759)
		(9,793)	(9,319)	(8,744)
Senior Leadership		(2,169)	(2,235)	(2,200)
Elected Officials		(559)	(508)	(466)
Fiscal Services		(2,141)	(3,785)	(2,947)
Utility Operations		(19,699)	(19,111)	(18,938)
Public Library		(1,335)	(1,476)	(1,442)
		(95,508)	(95,628)	(89,033)
Deficit before Capital Revenue		(5,313)	(5,351)	(1,842)
Capital Revenue				
Contributed Tangible Capital Assets		3,460	4,932	4,089
Government Transfers - Capital		11,261	7,295	4,543
Developer Levies		-	871	1,444
Other Capital Funding		-	12	625
Gain from Annexation		-	-	52
		14,721	13,110	10,753
Surplus from Operations		9,408	7,759	8,911

City of Fort Saskatchewan
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For the year ended December 31, 2023

Consolidated Statement of Accumulated Surplus

	Unrestricted Surplus (Deficit)	Financial Reserves	Equity in Tangible Capital Asset	2023	2022 Restated (Note 1.r)
<i>In thousands of Canadian Dollars</i>					
Accumulated Surplus, Beginning	-	67,246	489,718	556,964	548,053
Surplus from Operations	7,759	-	-	7,759	8,911
Funds Designated for Future Use	(13,949)	13,949	-	-	-
Restricted Funds Used for Operations	2,595	(2,595)	-	-	-
Restricted Funds Used for Tangible Capital Assets	-	(12,030)	12,030	-	-
Current Year Funds Used for Tangible Capital Assets	(7,792)	-	7,792	-	-
Contributed Tangible Capital Assets	(4,932)	-	4,932	-	-
Disposal of Tangible Capital Assets	1,349	-	(1,349)	-	-
Annual Amortization Expense	16,873	-	(16,873)	-	-
Accretion of Asset Retirement Obligations	172	-	(172)	-	-
Asset Retirement Obligation Settlements	(154)	-	154	-	-
Long-Term Debt Related to Tangible Capital Assets Repaid	(3,416)	-	3,416	-	-
Changes in Accumulated Surplus	(1,495)	(676)	9,933	7,759	8,911
Accumulated Surplus, Ending	(1,495)	66,570	499,648	564,723	556,964

City of Fort Saskatchewan
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Consolidated Statement of Changes in Net Financial Assets

<i>In thousands of Canadian Dollars</i>	Note	Budget (Note 20)	2023	2022 Restated (Note 1.r)
Surplus from Operations		9,408	7,759	8,911
Changes due to Tangible Capital Assets				
Purchased Additions	14	(29,167)	(19,887)	(16,623)
Contributed Additions	14	(3,460)	(4,932)	(4,089)
Amortization Expense	14,17	19,712	16,873	16,673
Loss on Disposals	14,17	-	775	242
Proceeds from Disposals		-	574	307
Gain from Annexation		-	-	(52)
Tangible Capital Assets Reclassified Held for Resale		-	-	172
Asset Retirement Obligations Change in Estimates		-	(28)	-
		(12,915)	(6,625)	(3,370)
Changes due to Other Non-Financial Assets				
Purchased Materials and Supplies		(4,021)	(4,265)	(2,941)
Use of Materials and Supplies		4,021	4,155	2,998
Prepayment of Expenses		-	(558)	(811)
Use of Prepaid Expenses		-	811	469
		-	143	(285)
Increase (Decrease) in Net Financial Assets		(3,507)	1,277	5,256
Net Financial Assets, Beginning		37,333	37,333	32,077
Net Financial Assets, Ending		33,826	38,610	37,333

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Consolidated Statement of Cash Flows

		2023	2022 Restated (Note 1.r)
<i>In thousands of Canadian Dollars</i>			
Cash Provided by Operating Activities			
Surplus from Operations		7,759	8,911
Items Not Involving Cash			
Amortization of Tangible Capital Assets	14,17	16,873	16,673
Contributed Tangible Capital Assets	14	(4,932)	(4,089)
Loss on Disposal of Tangible Capital Assets	14,17	775	242
Gain from Annexation		-	(52)
Tangible Capital Assets Reclassified Held for Resale		-	172
Accretion of Asset Retirement Obligations		172	164
Changes in Non-Cash Assets and Liabilities			
Revenues Receivable		19	(482)
Inventory Held for Resale		(15)	(173)
Accounts Payable and Accrued Liabilities		1,788	(1,077)
Deposits on Account		379	(170)
Liability for Contaminated Sites		(10)	(54)
Deferred Revenue		(1,522)	1,262
Inventory of Supplies		(110)	57
Prepaid Expenses		253	(342)
		21,429	21,042
Cash Provided by (Used in) Investing Activities			
Purchase of Investments		(29,556)	(94,275)
Proceeds from Investments		45,906	52,773
		16,350	(41,502)
Cash Used in Financing Activities			
Repayment of Long-Term Debt		(3,416)	(3,500)
Proceeds from Long-Term Debt		62	148
		(3,354)	(3,352)
Cash Used in Capital Activities			
Acquisition of Tangible Capital Assets	14	(19,887)	(16,623)
Proceeds on Disposal of Tangible Capital Assets		574	307
Settlement of Asset Retirement Obligations		(154)	-
		(19,467)	(16,316)
Net Increase (Decrease) in Cash and Cash Equivalents		14,958	(40,128)
Cash and Cash Equivalents, Beginning		6,635	46,763
Cash and Cash Equivalents, Ending		21,593	6,635
Cash paid for interest		804	953
Cash received from interest		2,082	1,445

1. Significant Accounting Policies

a. Basis of Accounting

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

The City of Fort Saskatchewan ("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 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").

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-departmental and inter-entity transactions and balances have been eliminated.

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;
- valuation of inventory;
- valuation of investments;
- accrued liabilities;
- employee benefit obligations;
- valuation of liabilities for contaminated sites;
- valuation of asset retirement obligations
- useful life and amortization of tangible capital assets; and
- valuation of contributed tangible capital assets.

e. Financial Instruments

The City's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and Cash Equivalents	Cost
Investments	Fair value or amortized cost
Trade and Other Receivables	Lower of cost and net recoverable value
Accounts Payable and Accrued Liabilities	Cost
Deposit Liabilities	Cost
Long-Term Debt	Amortized cost

Contractual obligations are evaluated for the existence of embedded derivatives. The City measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. An election can be made to either measure the entire contract at fair value or measure the value of the derivative component separately when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself.

Transaction costs related to the acquisition of financial instruments are added to the carrying value of items in the cost or amortized cost category when they are initially recognized. However, transaction costs for financial instruments in the fair value category are expensed in the statement of operations when the instrument is acquired.

The City assesses financial assets for impairment at each financial statement date to determine if there is evidence of impairment. Impairment charges are recognized in the statement of operations when there has been a loss in value in the underlying economic resource, other than a temporary loss.

Financial instruments recorded at fair value are measured using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

f. Cash and Cash Equivalents

Cash includes cash equivalents, which are highly liquid securities with a maturity of three months or less when purchased.

g. 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.

h. 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 and its investment policy.

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.

Investments containing embedded derivatives that were entered into prior to January 1, 2023, are recorded at amortized cost.

i. Employee Benefit Obligations

City employees are entitled to accumulating non-vesting sick leave benefits. The City recognizes a liability and expense for accumulating non-vesting sick leave benefits using an actuarial cost method as the employees render services to earn the benefits. The liability and expense are determined using the projected benefit method which includes management's best estimates of an expected discount rate, inflation, rate of compensation increases, termination and retirement dates, and mortality. Actuarial

gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

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.

j. Deferred Revenue

Deferred revenue represents amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenue in the period when the revenue recognition criteria have been met.

k. Contaminated Site Liabilities

The City recognizes contaminated site 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.

l. Long-Term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transaction costs with interest expense recognized using the effective interest method. Long-term debt is subsequently, measured at amortized cost.

m. Asset Retirement

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the later of the date of acquisition or when a legal obligation arises. When a liability for an asset retirement obligation is recognized, asset retirement costs related to the recognized tangible capital asset in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or those not in productive use are expensed.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability; the liability is adjusted for the passage of time which is recognized as accretion expense in the consolidated statement of operations.

Asset retirement obligations reflect the City's best estimate, at year end, of the amounts of the legal obligations required to retire tangible capital assets. Estimates are made by management using professional judgment, similar contractor costs, and third-party quotes, and are subsequently re-measured taking into account any new information and the appropriateness of assumptions used at each reporting date.

The City continues to recognize asset retirement obligations until they are settled or otherwise extinguished. Disbursements made to settle an obligation are deducted from the reported obligation when they are made.

n. 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, betterment and retirement 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	6 - 20

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 are recorded as revenue.

iii. Cultural and Historical Tangible Capital Assets

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

iv. Leased Tangible Capital Assets

Leases which transfer substantially all 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.

o. 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.

p. 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, and are not 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.

q. Segmented Disclosure

The segmented information in note 18 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 17.

r. Accounting Standards Pronouncements

The following summarizes substantial changes to Public Sector Accounting Standards that the City has adopted in 2023.

i. Financial Statement Presentation

PS1201, Financial Statement Presentation requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this statement are the unrealized gains and losses arising from the remeasurement of financial instruments. No unrealized gains or losses have been recognized in the current period so the City will include the new statement in future years when required.

ii. Foreign Currency Translation

PS2601, Foreign Currency Translation must be adopted in conjunction with PS3450, Financial Instruments. It requires that monetary assets and liabilities be denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. The adoption of this standard did not affect the City's financial statements.

iii. Portfolio Investments

PS3041, Portfolio Investments has removed the distinction between temporary and portfolio investments and was amended to conform to PS3450, Financial Instruments. The adoption of the standard did not affect the City's financial statements.

iv. Financial Instruments

PS3450, Financial Instruments, establishes recognition, fair value measurement and disclosure requirements for derivative and non derivative financial instruments. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification for the de-recognition financial liabilities. Required additional disclosures are provided in Note 27.

Fair value measurement is required for derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the City. The City has adopted the standard prospectively such that the provisions of the standard are applied only to financial instruments entered into on or after January 1, 2023.

v. Asset Retirement Obligations

PS3280, Asset Retirement Obligations refer to the liability for retiring tangible capital assets. PS 3280 outlines when to recognize and measure the liability, and the disclosure requirements for financial statements. On January 1, 2023, the City adopted the standard using the modified retroactive basis at the date of adoption, with restatement of prior year comparative information.

As at January 1, 2022, the City recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of accumulated surplus.

Amounts are measured using information and assumptions where applicable, that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impacts on the prior year comparative information because of the change in accounting policy are presented as follows:

	Previously Presented \$000	2022 Adoption of PS3280 \$000	As Restated \$000
Consolidated Statement of Financial Position			
Asset Retirement Obligations	-	(3,507)	(3,507)
Tangible Capital Assets	517,929	267	518,196
Accumulated Surplus	560,204	(3,240)	556,964
Consolidated Statement of Operations			
Addition of Accretion Expense:			
Fleet Facilities & Engineering	(8,879)	(57)	(8,936)
Fiscal Services	(2,783)	(164)	(2,947)
Utility Operations	(18,919)	(19)	(18,938)
Surplus from Operations	9,151	(240)	8,911
Accumulated Surplus, Beginning	551,053	(3,000)	548,053
Accumulated Surplus, Ending	560,204	(3,240)	556,964
Consolidated Statement of Changes in Net Financial Assets			
Surplus from Operations	9,151	(240)	8,911
Amortization of Tangible Capital Assets	16,597	76	16,673
Increase (Decrease) in Net Financial Assets	5,420	(164)	5,256
Net Financial Assets, Beginning	35,420	(3,343)	32,077
Net Financial Assets, Ending	40,840	(3,507)	37,333
Consolidated Statement of Cash Flows			
Surplus from Operations	9,151	(240)	8,911
Amortization of Tangible Capital Assets	16,597	76	16,673
Accretion Expense	-	164	164
Change in Asset Retirement Obligations	-	164	164
Expenses by Object (Note 17)			
Amortization of Tangible Capital Assets	16,597	76	16,673
Accretion Expense	-	164	164

s. 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, 2023:

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

ii. Amendments effective for years beginning on or after April 1, 2026:

Standard	Details	Expected Impact
The Conceptual Framework for Financial Reporting in the Public Sector	Foundation for public sector financial reporting standard setting.to amend if necessary PS 1000 Financial Statement concepts, PS1100 Financial Statement Objectives and PS1201 Financial Statement Presentation.	Assessing impact.
PS1202 – Financial Statement Presentation	Establishes a revised financial statement presentation to replace PS1201.	Assessing impact.

2. Cash and Cash Equivalents

	2023	2022
	\$000	\$000
Operating Accounts	20,379	5,488
Short Term Deposits	1,214	1,147
	21,593	6,635

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. Short term deposits bare interest at variable rates which is accrued daily and paid monthly.

3. Property Taxes Receivable

	2023	2022
	\$000	\$000
Current	799	1,743
Arrears	267	276
	1,066	2,019

4. Government Transfers Receivable

	2023	2022
	\$000	\$000
Federal Government	404	526
Provincial Government	544	1,063
	948	1,589

5. Trade and Other Receivables

	2023	2022
	\$000	\$000
Utilities Receivable	2,045	1,750
Developer Levies Receivable	303	303
Other Trade Receivables	4,553	3,266
	6,901	5,319

6. Inventory Held for Resale

	2023	2022
	\$000	\$000
Land for Resale	1,416	1,416
Other Inventory for Resale	40	25
	1,456	1,441

7. Investments

	2023 Amortized Cost \$000	2022 Amortized Cost \$000
Guaranteed Investment Certificates	53,500	67,980
Corporate Bonds	-	1,933
Principal Protected Note	1,000	1,000
Other	120	64
	54,620	70,977

Guaranteed investment certificates had a weighted average interest rate of 4.19% (2022 – 3.96%). The principal protected note is a structured financial instrument which yields a variable return based on a referenced index.

The corporate bonds had a market value of \$1,910,000 as at December 31, 2022.

8. Employee Benefit Obligations

	2023 \$000	2022 \$000
Accrued Leave	(2,553)	(1,518)
Other Benefits	(95)	(85)
	(2,648)	(1,603)

Accrued leave includes accruals for vacation leave, time off in lieu of overtime and sick leave. The accruals for vacation and time off in lieu of overtime are comprised of the time banked that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next calendar year. The City has a sick leave program where employees can accumulate a benefit to compensate absences for sick time. The program is non-vesting and the benefit is forfeited upon end of service. The accrued benefit obligation for this non-vesting sick leave benefit has been actuarially determined.

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 2023, the City recognized current service costs in the statement of operations equal to \$1,993,000 (2022 - \$1,826,000) for LAPP and \$20,000 (2022 - \$26,000) for APEX. In 2023, the City contributed \$1,926,000 (2022 - \$1,827,000) to LAPP and \$20,000 (2022 - \$26,000) to APEX. Employees contributed in 2023 \$1,759,000 (2022 - \$1,635,000) to LAPP and \$17,000 (2022 - \$18,000) to APEX.

According to its latest annual report dated December 31, 2022, LAPP held a surplus of net assets available for benefits in the amount of \$12,671,000,000 (2021 - \$11,922,000,000). Valuation of LAPP's net assets and benefit

obligations are actuarially determined at the beginning of each year using the projected benefit method prorated on service and extrapolated to year end.

According to Alberta Municipalities latest annual report dated December 31, 2022, APEX held a surplus of net assets available for benefits in the amount of \$83,474,000 (2021 – \$91,620,000). Valuation of APEX's net assets and benefit obligations are actuarially determined every three years using the projected benefit method prorated on service and extrapolated for the current period. The latest actuarial valuation was conducted for December 31, 2021.

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, 2023, the City earmarked \$120,000 (2022 - \$64,000) in the investment fund.

The MuniSERP liability at December 31 was:

	2023	2022
	\$000	\$000
Accrued Benefit Obligation	123	92
Unamortized Actuarial Losses	(20)	(12)
	103	80

Movements in the accrued benefit obligation are as follows.

	2023	2022
	\$000	\$000
Accrued Benefit Obligation, Beginning	92	62
Service Costs		
Current Service Costs	17	14
Amortization of Actuarial Gains	1	-
Interest Expense	5	3
Defined Benefit Expense Included in Statement of Operations	23	17
Change in Unamortized Actuarial Gains	8	13
Accrued Benefit Obligation, Ending	123	92

Significant actuarial assumptions were as follows:

	2023	2022
Discount Rate	5.00%	4.75%
Inflation Rate	2.00%	2.00%
Salary Growth Rate	2.75%	2.75%

9. 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.

	2022 \$000	Received \$000	Recognized \$000	2023 \$000
Capital Government Transfers				
Provincial	(4,224)	(3,215)	4,028	(3,411)
Federal	(3,088)	(1,703)	3,258	(1,533)
	(7,312)	(4,918)	7,286	(4,944)
Operating Government Transfers				
Provincial	(170)	(2,654)	2,210	(614)
Federal	-	(283)	217	(66)
	(170)	(2,937)	2,427	(680)
Other Deferred Amounts	(791)	(8,002)	7,666	(1,127)
	(8,273)	(15,857)	17,379	(6,751)

10. Liability for Contaminated Sites

	2023 \$000	2022 \$000
Public Works Yard – underground fuel tanks	1,238	1,205
Old Snow Dump Site	118	161
	1,356	1,366

The City has two sites where the soil became contaminated to a level that exceeds standards set by the Government of Alberta, including contamination from underground fuel tanks in the Public Works Yard, and contamination from an old snow dump site. In 2023, Management completed an internal assessment of these sites and adjusted the liability to reflect its current best estimate of the expected cost to remediate the contamination compared to prior years. These estimates are based on quotes from third parties to monitor and remediate the contamination. This adjustment is reflected in the Statement of Operations and Note 17.

11. Asset Retirement Obligations

	2023 \$000	2022 Restated (Note 1.r) \$000
Balance, Beginning	3,507	3,343
Net change for the year		
Accretion expense	172	164
Liabilities Settled	(154)	-
Change in Estimates	28	-
Net change for the year	46	164
Balance, Ending	3,553	3,507

Tangible capital assets with associated retirement obligations include buildings and water systems.

The City has asset retirement obligations to remove various hazardous materials including asbestos, ammonia, antifreeze, lead, mercury, PCBs, and other chemicals from various buildings systems under its control and the City's water tower. Regulations require the City to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when a building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the City to remove the materials when asset retirement activities occur.

The extent of the liability is limited to costs directly attributable to the removal of the listed hazardous materials from various water systems under the City's control in accordance with the legislation establishing the liability. The City estimated the nature and extent of hazardous materials in its buildings primarily based on third party quotations, discounted to the present value using a discount rate of 4.9% (2022 – 4.9%) and an inflation rate of 2.5% (2022 – 2.5%). The liabilities are adjusted for the passage of time and accretion expense is recorded in the consolidated statement of operations. At December 31, 2023, the aggregate undiscounted amount of the estimated future cash flows required to settle the obligations is \$16,552,000 (2022 - \$16,781,000) and are expected to be settled between 2026 and 2077.

Management has determined that the closing balance of \$3,507,000 for December 31, 2022 includes any settlements that would have occurred during the prior year.

12. Long-Term Debt

	2023	2022
	\$000	\$000
Debentures Supported By:		
Property Taxes	(19,151)	(21,904)
Special Levies	(141)	(146)
Utility User Rates	(2,270)	(2,823)
	(21,562)	(24,873)
Capital Lease Obligations	(56)	(99)
	(21,618)	(24,972)

Debentures are payable in semi-annual or annual amounts up to the year 2042, with accompanying interest rates ranging from 2.299% to 5.75%. 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 3.024% to 14.677%.

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

	Principal	Interest	Total
	\$000	\$000	\$000
2024	2,134	697	2,831
2025	2,191	626	2,817
2026	2,262	555	2,817
2027	2,063	484	2,547
2028	2,117	414	2,531
Subsequent	10,851	1,096	11,947
	21,618	3,872	25,490

13. 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:

	2023	2022
	\$000	\$000
Debt Limit	136,740	133,968
Outstanding Debentures	(21,562)	(24,873)
Debt Limit in Excess of Outstanding Debt	115,178	109,095

	2023	2022
	\$000	\$000
Service on Debt Limit	22,790	22,328
Service on Outstanding Debentures	(2,801)	(4,131)
Service on Debt Limit in Excess of Service on Outstanding Debt	19,989	18,197

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.

14. Tangible Capital Assets

	2022 Restated (Note 1.r) \$000	Additions \$000	Disposals & Transfers \$000	2023 \$000
Historic Cost				
Engineering Structures				
Roadway Systems	229,931	7,438	(501)	236,868
Water Systems	65,634	1,470	(9)	67,095
Wastewater Systems	69,930	1,027	(30)	70,927
Storm Systems	78,495	3,026	(49)	81,472
Fibre Optics	1,485	-	-	1,485
Buildings	97,573	91	-	97,664
Machinery and Equipment	26,748	3,339	(1,764)	28,323
Land	115,206	3,044	-	118,250
Land Improvements	30,828	2,151	(116)	32,863
Vehicles	8,192	267	(317)	8,142
Construction In Progress	6,530	2,994	(744)	8,780
	730,552	24,847	(3,530)	751,869

	2022 Restated (Note 1.r) \$000	Amortization \$000	Disposals \$000	2023 \$000
Accumulated Amortization				
Engineering Structures				
Roadway Systems	(102,897)	(7,986)	291	(110,592)
Water Systems	(13,706)	(1,116)	13	(14,809)
Wastewater Systems	(15,937)	(1,084)	15	(17,006)
Storm Systems	(14,221)	(1,088)	9	(15,300)
Fibre Optics	(932)	-	-	(932)
Buildings	(28,972)	(2,238)	-	(31,210)
Machinery and Equipment	(15,856)	(1,758)	1,458	(16,156)
Land Improvements	(15,742)	(1,082)	116	(16,708)
Vehicles	(4,093)	(521)	279	(4,335)
	(212,356)	(16,873)	2,181	(227,048)

	2022	2023
Net Book Value		
Engineering Structures		
Roadway Systems	127,034	126,276
Water Systems	51,928	52,286
Wastewater Systems	53,993	53,921
Storm Systems	64,274	66,172
Fibre Optics	553	553
Buildings	68,601	66,454
Machinery and Equipment	10,892	12,167
Land	115,206	118,250
Land Improvements	15,086	16,155
Vehicles	4,099	3,807
Construction In Progress	6,530	8,780
	518,196	524,821

15. Accumulated Operating Surplus

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

	2023	2022 Restated (Note 1.r)
	\$000	\$000
Equity in Tangible Capital Assets	499,648	489,718
Financial Reserves	66,570	67,246
Unrestricted Deficit	(1,495)	-
	564,723	556,964

16. Property Taxes

	Budget (Note 20) \$000	2023 \$000	2022 \$000
Revenues			
Residential Land and Improvements	32,370	32,428	30,993
Non-Residential			
Land and Improvements	16,186	16,131	15,960
Machinery and Equipment	19,231	19,361	18,033
Linear Property	1,605	1,618	1,563
Railway	2	2	2
Farm Land	10	10	11
Federal and Provincial Grants in Place of Taxes	657	330	341
Local Improvement Levies	30	22	111
	70,091	69,902	67,014
Requisitions			
Alberta School Fund Foundation	(12,993)	(12,995)	(12,649)
Elk Island Catholic Separate Regional District	(1,698)	(1,697)	(1,636)
Heartland Housing Foundation	(629)	(630)	(612)
Designated Industrial Properties Assessment	(143)	(149)	(135)
	(15,463)	(15,471)	(15,032)
	54,628	54,431	51,982

17. Expenses by Object

	Budget (Note 20)	2023	2022 Restated (Note 1.r)
	\$000	\$000	\$000
Salaries, Wages and Benefits	34,428	35,793	32,019
Purchases from Other Governments and Agencies (Note 19)	16,434	16,908	15,482
Contracted Services	7,179	8,621	8,076
Service Maintenance Contracts	4,609	3,393	3,821
Materials and Supplies	4,021	4,155	4,070
Utilities	2,996	3,246	3,173
General Administration	1,039	1,096	1,008
Interest on Long-Term Debt	827	792	922
Insurance	821	859	790
Training and Development	733	517	427
Transfers to Individuals and Organizations	650	1,825	553
Advertising and Printing	597	373	405
Contaminated Sites Revaluation	-	11	1,011
Amortization of Tangible Capital Assets	19,712	16,873	16,673
Loss on Disposal of Tangible Capital Assets	-	775	242
Accretion of Asset Retirement Obligations	-	172	164
Other Expenses	1,462	219	197
	95,508	95,628	89,033

City of Fort Saskatchewan
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For the year ended December 31, 2023

18. Segmented Disclosure

	Municipal Operations									
	Infrastructure & Planning Services	Community & Protective Services	Corporate Services	Senior Leadership	Elected Officials	Fiscal Services	Total Municipal Operations	Utility Operations	Public Library	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue										
Property taxes	-	-	-	-	-	54,431	54,431	-	-	54,431
Utility user rates	-	-	-	-	-	-	-	20,445	-	20,445
User fees & charges	2,944	3,949	5	-	-	84	6,982	888	9	7,879
Fines and penalties	23	583	-	-	-	417	1,023	114	4	1,141
Investment income	-	-	11	-	-	3,363	3,374	-	55	3,429
Government transfers - operating	401	1,533	193	-	6	-	2,133	62	174	2,369
Other revenue	289	27	57	-	-	190	563	-	20	583
Total revenue	3,657	6,092	266	-	6	58,485	68,506	21,509	262	90,277
Expenses										
Salaries, wages and benefits	(9,785)	(13,737)	(5,632)	(1,467)	(439)	(1,036)	(32,096)	(2,654)	(1,043)	(35,793)
Purchases from other governments	(343)	(6,593)	(14)	-	-	(435)	(7,385)	(9,436)	(87)	(16,908)
Contracted services	(4,219)	(1,415)	(1,712)	(61)	(6)	(38)	(7,451)	(1,144)	(26)	(8,621)
Service maintenance contracts	(844)	(204)	(38)	(23)	-	-	(1,109)	(2,275)	(9)	(3,393)
Utilities	(2,512)	(567)	-	-	-	-	(3,079)	(167)	-	(3,246)
Materials and supplies	(1,869)	(1,305)	(315)	(77)	-	-	(3,566)	(555)	(34)	(4,155)
Transfers to individuals and organizations	(1,079)	(157)	-	(137)	-	(452)	(1,825)	-	-	(1,825)
Interest on long-term debt	-	-	-	-	-	(718)	(718)	(74)	-	(792)
Insurance	-	-	(825)	-	-	-	(825)	(29)	(5)	(859)
Training & development	(158)	(148)	(87)	(58)	(29)	-	(480)	(33)	(4)	(517)
Advertising & printing	(47)	(100)	(164)	(10)	(21)	-	(342)	(25)	(6)	(373)
General administration	(450)	(148)	(173)	(141)	(13)	-	(925)	(100)	(71)	(1,096)
Contaminated sites	-	-	-	-	-	(11)	(11)	-	-	(10)
Amortization of tangible capital assets	(12,086)	(1,403)	(344)	(261)	-	-	(14,094)	(2,596)	(183)	(16,873)
Loss on disposal of tangible capital assets	(13)	38	-	1	-	(780)	(754)	(16)	(5)	(775)
Accretion of asset retirement obligations	-	-	-	-	-	(172)	(172)	-	-	(172)
Other expenses	-	(50)	(15)	(1)	-	(143)	(209)	(7)	(3)	(219)
Total operating expenses	(33,405)	(25,789)	(9,319)	(2,235)	(508)	(3,785)	(75,041)	(19,111)	(1,476)	(95,628)
Other items										
Contributed tangible capital assets	1,701	-	-	-	-	3,044	4,745	187	-	4,932
Government transfers - capital	7,111	-	-	(41)	-	-	7,070	225	-	7,295
Community capital funding	-	-	-	-	-	-	-	-	12	12
Developer levies	871	-	-	-	-	-	871	-	-	871
Total other items	9,683	-	-	(41)	-	3,044	12,686	412	12	13,110
Surplus from operations	(20,065)	(19,697)	(9,053)	(2,276)	(502)	57,744	6,151	2,810	(1, 202)	7,759

City of Fort Saskatchewan
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<i>In thousands of Canadian Dollars</i>	Municipal Operations							Utility Operations \$000	Public Library \$000	2022 Restated (Note 1.r) \$000
	Infrastructure & Planning Services \$000	Community & Protective Services \$000	Corporate Services \$000	Senior Leadership \$000	Elected Officials \$000	Fiscal Services \$000	Total Municipal Operations \$000			
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 revenues	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)	(29)	(8,076)
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)
Contaminated sites revaluation	-	-	-	-	-	(1,011)	(1,011)	-	-	(1,011)
Amortization of tangible capital assets	(11,797)	(1,461)	(592)	(245)	-	-	(14,095)	(2,396)	(182)	(16,673)
Loss on disposal of tangible capital assets	(18)	-	-	-	-	(73)	(91)	(146)	(5)	(242)
Accretion of asset retirement obligations	-	-	-	-	-	(164)	(164)	-	-	(164)
Other expenses	-	-	(6)	-	-	(167)	(173)	(21)	(3)	(197)
Total operating expenses	(31,325)	(22,971)	(8,744)	(2,200)	(466)	(2,947)	(68,653)	(18,938)	(1,442)	(89,033)
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
Gain from annexation	-	-	-	-	-	52	52	-	-	52
Total other items	8,309	-	-	-	-	52	8,361	2,392	-	10,753
Surplus from operations	(18,979)	(16,182)	(8,752)	(2,200)	(466)	51,786	5,207	4,968	(1,264)	8,911

19. Purchases from Other Governments and Agencies

	Budget (Note 20) \$000	2023 \$000	2022 \$000
Wastewater Management Services	(5,700)	(5,460)	(5,444)
Policing Services	(5,356)	(6,520)	(4,809)
Water Supply Services	(4,344)	(3,976)	(4,314)
Commuter Transit Services	(424)	(342)	(328)
Assessment Services	(413)	(434)	(409)
Other	(197)	(176)	(178)
	(16,434)	(16,908)	(15,482)

20. Budget Data

The budget data presented in these financial statements is based upon the City's 2023 operating and capital budgets approved by Council on December 13, 2022, as amended May 9, 2023, and the 2023 Library budget approved by the Library Board on September 12, 2022. 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 2022 and 2023 annual surpluses from operations for financial statement purposes to the surpluses for operating budget purposes.

	Budget \$000	2023 \$000	2022 Restated (Note 1.r) \$000
Surplus from Operations	9,408	7,759	8,911
Capital Items Affecting Surplus from Operations			
Amortization of Tangible Capital Assets	19,712	16,873	16,673
Loss on Disposal of Tangible Capital Assets	-	775	242
Accretion of Asset Retirement Obligations	-	172	164
Contributed Tangible Capital Assets	(3,460)	(4,932)	(4,089)
Government Transfers - Capital	(11,261)	(7,295)	(4,543)
Developer Levies	-	(871)	(1,444)
Gain from Annexation	-	-	(52)
Tangible Capital Assets Reclassified Held for Resale	-	-	172
Community Capital Funding	-	-	(625)
Other Capital Items	(170)	(152)	(171)
Surplus from Operations before Capital Items	14,229	12,329	15,238
Net Transfers to Reserves	(10,825)	(10,408)	(10,205)
Repayment of Long-Term Debt	(3,404)	(3,416)	(3,500)
Operating Budget Surplus (Deficit)	-	(1,495)	1,533

21. 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)	2023	2022
Elected Officials				
Mayor Katchur	107,243	11,179	118,422	111,994
Councillor Blizzard	46,495	8,222	54,717	53,213
Councillor Kelly	44,895	5,587	50,482	48,129
Councillor Abitoye	45,095	8,139	53,234	50,042
Councillor Makin	46,495	8,222	54,717	53,318
Councillor Harris	47,995	5,587	53,582	49,029
Councillor Noyen	47,695	8,293	55,988	51,733
	385,913	55,229	441,142	417,458
Officers				
Chief Administrative Officer	254,413	58,845	313,258	297,263
Designated Officers (c)	448,292	83,772	532,064	482,616

- 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 2023 and 2022 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.

22. 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. There are no revenues and expenses recognized from transactions with related parties in 2023.

23. Contingent Assets

The City has no material contingent assets as of December 31, 2023 or 2022.

24. Contractual Rights

Contractual rights are rights of the City to economic resources arising from leases, licenses and 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, 2023, the City was entitled to an estimated \$46,508,000 (2022 - \$25,302,000) in future contributed assets and levies as result of existing developer agreements.

The City expects to recognize the following revenues from existing contracts:

	User Fees & Charges \$000
2024	437
2025	325
2026	226
2027	192
2028	153
Subsequent	960
	2,293

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

25. Letters of Credit and Bonds

In 2023, the City held 41 (2022 - 41) Letters of Credit totaling \$11,539,000 (2022 - \$14,142,000), two surety bonds totalling \$1,394,000 (2022 - \$4,359,000) and 42 performance and labour and material bonds totalling \$25,750,000 in the City's favour as security for property development.

26. Commitments and Contingencies

The City is party to various claims and legal proceedings in the normal course of its operations. While the final outcome with respect to the claims and legal proceedings pending at December 31, 2023 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 10).

27. Financial Instruments

The City's financial instruments consist of cash and cash equivalents, revenues receivable, investments, accounts payable and accrued liabilities, deposit 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 taxpayers and customers who use municipal services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of property taxpayers and customers, coupled with collection measures available to the City under the Municipal Government Act minimizes the risk.

The City is subject to cash flow interest rate risk arising from cash and cash equivalents and investments. The City's cash and cash equivalents are held for short term cash flow purposes and earn variable rates of interest. At December 31, 2023, if variable interest rates paid on cash and cash equivalents had increased/decreased by 100 basis points from the period-end rates with all other variables held constant, the surplus from operations for the period would have increased or decreased by approximately \$215,000 (2022 - \$66,000), as a result of higher/lower interest income.

The City's investments are primarily comprised of fixed rate interest bearing securities that mature at various dates. The City mitigates the fair value interest rate risk by generally holding investments to maturity. The City's investments must conform to the investment policy guidelines which includes restrictions on the concentration of institutional and portfolio investments, as well as comply with the Municipal Government Act.

The City is also subject to fair value interest rate risk on its long-term debt. However, as the City intends to settle its long-term debt upon contractual maturity dates, it is not subject to significant fair value risk associated with these debt instruments.

The City is not exposed to significant liquidity risk or other market risks, such as currency and other price risk, arising from its financial instruments.