

FLAGSTAFF COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

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**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of Flagstaff County is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the county's financial position as at December 31, 2023 and the results of its operations for the year then ended.

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

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

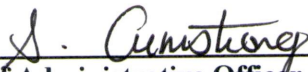
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable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

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

The county Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

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



Chief Administrative Officer



Financial Officer

March 27, 2024
Date

March 27, 2024
Date



*Peggy Weinzierl, CPA, CA *Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA

INDEPENDENT AUDITORS' REPORT

TO: Reeve and Council
Flagstaff County

Opinion

We have audited the financial statements of Flagstaff County, which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the county as at December 31, 2023, the results of its operations, change in its net financial assets (debt) and 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 *Auditors' Responsibilities for the Audit of the Municipal Financial Statements* section of our report. We are independent of the county 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

Significant areas requiring the use of management's estimates were the gravel inventory and the gravel reclamation valuation and the useful life of the county's tangible capital assets. Significant changes in the value of gravel and reclamation costs could result in changes in inventory and liability amounts. Significant changes in the useful life of the tangible capital assets would affect the carrying value of these assets and equity in tangible capital assets.

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 ability of the county 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 cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 purposes of expressing an opinion on the effectiveness of the county'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 county's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 the auditors' report. However, future events or conditions may cause the county 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stettler, Alberta
March 27, 2023

Gitzel & Company
CHARTERED PROFESSIONAL ACCOUNTANTS

FLAGSTAFF COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	Restated (Note 3) 2022
FINANCIAL ASSETS		
Cash and short term investments (Note 4)	\$ 66,023,452	\$ 58,722,944
Taxes and grants in place of taxes receivable (Note 5)	1,869,436	1,011,473
Trade and other receivables	8,177,412	7,382,510
Long-term investments (Note 6)	<u>1,292,245</u>	<u>732,907</u>
	<u>77,362,545</u>	<u>67,849,834</u>
 LIABILITIES		
Accounts payable and accrued liabilities	1,022,898	894,519
Deposit liabilities	25,000	50,000
Employee future benefit obligation (Note 7)	396,941	447,683
Trust funds (Note 8)	79,672	79,171
Deferred revenue (Note 9)	10,579,325	10,871,508
Gravel reclamation liability (Note 10)	957,996	927,640
Capital lease obligation (Note 11)	95,190	147,111
Asset retirement obligation (Note 13)	<u>860,996</u>	<u>775,742</u>
	<u>14,018,018</u>	<u>14,193,374</u>
 NET FINANCIAL ASSETS (DEBT)	 <u>63,344,527</u>	 <u>53,656,460</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	76,991,091	78,622,943
Inventory of materials and supplies	20,958,640	20,636,142
Prepaid expenses	271,514	231,289
Inventory for resale	<u>46,840</u>	<u>38,176</u>
	<u>98,268,085</u>	<u>99,528,550</u>
 ACCUMULATED SURPLUS (Schedule 1)	 \$ <u>161,612,612</u>	 \$ <u>153,185,010</u>

Contingencies - See Note 20

APPROVED ON BEHALF OF THE COUNCIL:



FLAGSTAFF COUNTY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	Restated (Note 3) 2022
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 22,590,455	\$ 22,574,544	\$ 22,202,676
Sales and user fees	933,700	938,202	866,268
Government transfers for operating (Schedule 4)	730,000	824,383	1,624,426
Investment income	600,000	3,320,576	1,119,918
Penalties and costs on taxes	1,500,000	2,459,177	1,913,912
Licenses and permits	29,000	39,621	17,028
Rentals	29,000	26,301	18,588
Gain on disposal of tangible capital assets	-	215,991	182,918
Fines and other	<u>89,425</u>	<u>83,346</u>	<u>246,193</u>
Total revenue	<u>26,501,580</u>	<u>30,482,141</u>	<u>28,191,927</u>
EXPENSES (Schedule 5)			
Legislative	436,450	395,444	421,468
Administration	3,465,500	3,097,386	3,039,999
Protective services	1,628,000	1,467,467	1,509,297
Public works and airport	14,154,300	12,077,915	13,055,590
Water and Waste management	980,850	980,281	915,188
Family, Community and Public Health	448,500	454,887	465,921
Ag services and development	1,906,050	1,806,615	1,605,988
Recreation, parks and culture	1,027,900	1,032,068	851,597
Provision for uncollectable taxes	<u>2,500,000</u>	<u>2,762,178</u>	<u>2,962,061</u>
Total expenses	<u>26,547,550</u>	<u>24,074,241</u>	<u>24,827,109</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER	(45,970)	6,407,900	3,364,818
OTHER			
Government transfers for capital (Schedule 4)	<u>2,519,500</u>	<u>2,019,702</u>	<u>1,256,807</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>2,473,530</u>	<u>8,427,602</u>	<u>4,621,625</u>
ACCUMULATED SURPLUS – BEGINNING OF YEAR			
As previously reported		153,940,489	149,278,770
Prior period restatement for Asset Retirement Obligations (Note 3)		<u>(755,479)</u>	<u>(715,385)</u>
As restated		<u>153,185,010</u>	<u>148,563,385</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>161,612,612</u>	\$ <u>153,185,010</u>

FLAGSTAFF COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	Restated (Note 3) 2022
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>2,473,530</u>	\$ <u>8,427,602</u>	\$ <u>4,621,625</u>
Acquisition of tangible capital assets	(3,247,500)	(3,831,168)	(1,907,029)
Proceeds on disposal of tangible capital assets	802,735	801,883	673,500
Amortization of tangible capital assets	4,730,850	4,512,161	4,593,011
Net (Gain) loss on sale of tangible capital assets	<u>-</u>	<u>148,975</u>	<u>(115,317)</u>
	<u>2,286,085</u>	<u>1,631,851</u>	<u>3,244,165</u>
Net use (acquisition) of supplies inventories	-	(322,497)	551,977
Net use (acquisition) of prepaid assets	-	(40,225)	82,145
Net disposition (acquisition) of land for resale	<u>-</u>	<u>(8,664)</u>	<u>1,631</u>
	<u>-</u>	<u>(371,386)</u>	<u>635,753</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	\$ <u>4,759,615</u>	9,688,067	8,501,543
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR (as restated Note 3)		<u>53,656,460</u>	<u>45,154,917</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR		\$ <u>63,344,527</u>	\$ <u>53,656,460</u>

FLAGSTAFF COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	Restated (Note 3) 2022
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 8,427,602	\$ 4,621,625
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	4,512,161	4,593,011
Net (gain) loss on disposal of tangible capital assets	148,975	(115,317)
Non-cash changes to operations (net change):		
Taxes and receivables	(1,652,863)	3,031,476
Prepaid expenses	(48,889)	83,776
Inventory	(322,498)	551,977
Accounts payable and accrued liabilities	52,636	(279,266)
Trust funds	501	10,414
Deferred revenue	(292,183)	(82,412)
Gravel reclamation liability	30,356	(5,590)
Net cash provided by (used in) operating activities	<u>10,855,798</u>	<u>12,409,694</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,831,168)	(1,907,029)
Proceeds on sale of tangible capital assets	801,883	673,500
Cash applied to capital transactions	<u>(3,029,285)</u>	<u>(1,233,529)</u>
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash or cash equivalents	1,073,182	(2,166,169)
Long term investments	<u>(559,338)</u>	<u>(101,139)</u>
Net cash provided by (used in) investing activities	<u>513,844</u>	<u>(2,267,308)</u>
FINANCING ACTIVITIES		
Asset retirement obligation	85,254	36,935
Repayment of debenture debt	-	(834,317)
Issue of capital lease obligation	-	122,502
Repayment of capital lease obligation	<u>(51,921)</u>	<u>(50,627)</u>
Net cash provided by (used in) financing activities	<u>33,333</u>	<u>(725,507)</u>
CHANGE IN CASH AND CASH EQUIVALENTS		
– DURING THE YEAR	8,373,690	8,183,350
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>54,907,812</u>	<u>46,724,462</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>63,281,502</u>	<u>54,907,812</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and short term investments (Note 4)	66,023,452	58,722,944
Less: Restricted portion of cash and short term investments (Note 4)	<u>(2,741,950)</u>	<u>(3,815,132)</u>
	<u>\$ 63,281,502</u>	<u>\$ 54,907,812</u>

FLAGSTAFF COUNTY

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	Restated (Note 3) 2022
BALANCE - BEGINNING OF YEAR					
As previously reported	\$ 20,255,134	\$ 55,229,786	\$ 78,455,569	\$ 153,940,489	\$ 149,278,770
Prior period restatement for Asset Retirement Obligations (Note 3)	<u>-</u>	<u>-</u>	<u>(755,479)</u>	<u>(755,479)</u>	<u>(715,385)</u>
As restated	<u>20,255,134</u>	<u>55,229,786</u>	<u>77,700,090</u>	<u>153,185,010</u>	<u>148,563,385</u>
Excess (deficiency) of revenues over expenses	8,427,602	-	-	8,427,602	4,621,625
Unrestricted funds designated for future use	(9,487,850)	9,487,850	-	-	-
Restricted funds used for operations	241,070	(241,070)	-	-	-
Restricted funds used for tangible capital assets	-	(801,883)	801,883	-	-
Current year funds used for tangible capital assets	(2,982,812)	-	2,982,812	-	-
Disposal of tangible capital assets	148,975	801,883	(950,858)	-	-
Accretion of Asset Retirement Obligations	38,782	-	(38,782)	-	-
Annual amortization expense	4,512,161	-	(4,512,161)	-	-
Capital lease obligation repaid	<u>(51,921)</u>	<u>-</u>	<u>51,921</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>846,007</u>	<u>9,246,780</u>	<u>(1,665,185)</u>	<u>8,427,602</u>	<u>4,621,625</u>
BALANCE - END OF YEAR	<u>\$ 21,101,141</u>	<u>\$ 64,476,566</u>	<u>\$ 76,034,905</u>	<u>\$ 161,612,612</u>	<u>\$ 153,185,010</u>

FLAGSTAFF COUNTY
SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Land and Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	Restated (Note 3) 2022
COST:							
BALANCE - BEGINNING OF YEAR							
As previously reported	\$ 1,811,442	\$ 20,137,017	\$ 140,577,919	\$ 16,629,606	\$ 4,641,307	\$ 183,797,291	\$ 183,526,875
Retirement Obligations (Note 3)	<u>-</u>	<u>133,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,979</u>	<u>133,979</u>
As restated	1,811,442	20,270,996	140,577,919	16,629,606	4,641,307	183,931,270	183,660,854
Transfer of assets	17,844	44,417	(62,261)	-	-	-	-
Acquisition of tangible capital assets	67,527	146,661	1,764,946	1,729,198	122,836	3,831,168	1,907,029
Disposal of tangible capital assets	<u>-</u>	<u>(12,394)</u>	<u>(1,209,624)</u>	<u>(1,426,930)</u>	<u>-</u>	<u>(2,648,948)</u>	<u>(1,636,613)</u>
BALANCE - END OF YEAR	<u>1,896,813</u>	<u>20,449,680</u>	<u>141,070,980</u>	<u>16,931,874</u>	<u>4,764,143</u>	<u>185,113,490</u>	<u>183,931,270</u>
ACCUMULATED AMORTIZATION:							
BALANCE - BEGINNING OF YEAR							
As previously reported	382,572	5,313,800	87,245,815	8,845,948	3,406,476	105,194,611	101,683,189
Retirement Obligations (Note 3)	<u>-</u>	<u>113,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,716</u>	<u>110,557</u>
As restated	382,572	5,427,516	87,245,815	8,845,948	3,406,476	105,308,327	101,793,746
Annual amortization	46,385	449,707	2,634,627	1,160,140	221,302	4,512,161	4,593,011
Accumulated amortization on disposals	<u>-</u>	<u>(8,924)</u>	<u>(848,367)</u>	<u>(840,798)</u>	<u>-</u>	<u>(1,698,089)</u>	<u>(1,078,430)</u>
BALANCE - END OF YEAR	<u>428,957</u>	<u>5,868,299</u>	<u>89,032,075</u>	<u>9,165,290</u>	<u>3,627,778</u>	<u>108,122,399</u>	<u>105,308,327</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,467,856</u>	<u>14,581,381</u>	<u>52,038,905</u>	<u>7,766,584</u>	<u>1,136,365</u>	<u>76,991,091</u>	<u>\$ 78,622,943</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,428,870</u>	<u>\$ 14,843,480</u>	<u>\$ 53,332,104</u>	<u>\$ 7,783,658</u>	<u>\$ 1,234,831</u>	<u>\$ 78,622,943</u>	

FLAGSTAFF COUNTY

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 7,808,875	\$ 7,794,922	\$ 7,632,404
Linear, designated industrial and machinery And equipment property taxes	18,591,350	18,565,471	18,547,494
Government grants in place of property taxes	<u>300</u>	<u>321</u>	<u>283</u>
	<u>26,400,525</u>	<u>26,360,714</u>	<u>26,180,181</u>
REQUISITIONS			
Flagstaff Foundation	191,450	191,450	191,500
Alberta Education Funds	3,549,800	3,547,723	3,717,006
Provincial assessment	<u>68,820</u>	<u>46,997</u>	<u>68,999</u>
	<u>3,810,070</u>	<u>3,786,170</u>	<u>3,977,505</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 22,590,455</u>	<u>\$ 22,574,544</u>	<u>\$ 22,202,676</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING:			
Provincial government	\$ 730,000	\$ 799,383	\$ 1,474,499
Federal government	<u>-</u>	<u>25,000</u>	<u>149,927</u>
	<u>730,000</u>	<u>824,383</u>	<u>1,624,426</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>2,519,500</u>	<u>2,019,702</u>	<u>1,256,807</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,249,500</u>	<u>\$ 2,844,085</u>	<u>\$ 2,881,233</u>

FLAGSTAFF COUNTY

SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	Restated (Note 3) 2022
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 7,745,950	\$ 7,312,621	\$ 7,128,854
Contracted and general services	4,491,000	3,514,628	3,604,581
Materials, goods, supplies and utilities	5,308,300	3,791,446	4,640,976
Provision for (recovery of) allowances	2,500,000	2,762,177	2,969,372
Transfers to other governments, local boards and individuals	1,761,450	1,767,299	1,763,144
Bank charges and short-term interest	10,000	10,161	9,258
Interest on long-term debt	-	-	13,377
Accretion of Asset Retirement Obligations	-	38,782	36,935
Amortization of tangible capital assets	4,730,850	4,512,161	4,593,011
Loss on disposal of tangible capital assets	<u>-</u>	<u>364,966</u>	<u>67,601</u>
	\$ <u>26,547,550</u>	\$ <u>24,074,241</u>	\$ <u>24,827,109</u>

FLAGSTAFF COUNTY

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED

	General Government	Protective Services	Transportation	Water & Waste Management	Family, Community & Public Health	Ag Service & Development	Recreation & Parks	Total
REVENUE								
Net municipal taxes	\$ 22,574,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,574,544
Sales and user fees	15,616	900	409,053	421,576	-	73,931	17,126	938,202
Government transfers	240,203	-	1,636,782	364,482	301,920	246,580	54,118	2,844,085
Investment income	3,320,576	-	-	-	-	-	-	3,320,576
Penalties and costs on taxes	2,459,177	-	-	-	-	-	-	2,459,177
Other revenues	68,155	35,987	13,846	125	-	31,155	-	149,268
	<u>28,678,271</u>	<u>36,887</u>	<u>2,059,681</u>	<u>786,183</u>	<u>301,920</u>	<u>351,666</u>	<u>71,244</u>	<u>32,285,852</u>
EXPENSES								
Salaries, wages and benefits	1,755,807	311,882	4,146,949	154,923	-	872,520	70,540	7,312,621
Contract and general services	1,341,254	1,064,156	383,665	64,170	9,554	604,577	47,252	3,514,628
Materials, goods, supplies and utilities	107,285	68,439	3,294,820	41,564	-	226,502	52,836	3,791,446
Transfers	-	-	-	515,307	445,333	13,444	793,215	1,767,299
Provision for allowances	2,762,177	-	-	-	-	-	-	2,762,177
Other expenses	2,217	7,944	-	-	-	-	-	10,161
	<u>5,968,740</u>	<u>1,452,421</u>	<u>7,825,434</u>	<u>775,964</u>	<u>454,887</u>	<u>1,717,043</u>	<u>963,843</u>	<u>19,158,332</u>
NET REVENUE, BEFORE AMORTIZATION, ACCRETION & GAINS OR LOSSES	22,709,531	(1,415,534)	(5,765,753)	10,219	(152,967)	(1,365,377)	(892,599)	13,127,520
Gain on disposal of capital assets	-	-	189,264	-	-	9,876	16,851	215,991
(Loss) on disposal of capital assets	-	-	(338,476)	(26,250)	-	(240)	-	(364,966)
Amortization expense	(286,267)	(22,472)	(3,867,798)	(178,067)	-	(89,332)	(68,225)	(4,512,161)
Accretion of asset retirement obligations	-	(520)	(38,262)	-	-	-	-	(38,782)
EXCESS OF REVENUE OVER EXPENSES	\$ <u>22,423,264</u>	\$ <u>(1,438,526)</u>	\$ <u>(9,821,025)</u>	\$ <u>(194,098)</u>	\$ <u>(152,967)</u>	\$ <u>(1,445,073)</u>	\$ <u>(943,973)</u>	\$ <u>8,427,602</u>

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the council and are owned or controlled by the municipality.

The schedule of taxes levied also includes operating requisitions for many educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred with the exception of pension expenditures as disclosed in Note 1.i.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

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

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(c) Use of Estimates - Continued

Significant areas requiring the use of management's estimates were the gravel inventory and the gravel reclamation valuations. Significant changes in the value of gravel and gravel reclamation costs could result in large changes in inventory and liability amounts.

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

There is measurement uncertainty related to asset retirement obligations. Determining settlement amounts, discount rates and timing of settlement involves estimation. Changes to any of these estimates and assumptions may result in a change to the obligation.

(d) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the county has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(e) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(f) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(g) 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

(h) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for long-term debt interest payable at the end of the year.

(i) Pension Expenditure

The county participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

(j) Taxes and Grants in Place of Taxes Receivables

Current and arrears taxes and grants in place of taxes receivables consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(k) Investments

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

(l) Inventories of Materials and Supplies

Inventories of materials and supplies are valued at the lower of cost and replacement cost with cost determined by the average cost method.

(m) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(n) Gravel Reclamation Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the reclamation of its gravel pits. Closure and post-closure activities include the final clay cover, landscaping and visual inspection. The requirement is being accrued based on the usable tonnes of gravel as it is crushed at these sites and is reduced by reclamation work performed during the year.

(o) Asset retirement obligation

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the county to incur retirement costs, 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.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. 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.

The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the county reviews the carrying amount of the liability. The county recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The county continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(p) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, highly liquid investments.

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(q) 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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(r) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development, improvement, betterment or retirement of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings	25 - 50
Engineered structures	
Roads	40
Bridges	Variable
Machinery and equipment	5 – 15
Vehicles	10 – 25

The annual amortization charge in the year of acquisition is pro-rated based on the number of months that the asset was owned during the year. Assets under construction are not amortized until the asset is available for productive use. Assets are not amortized in the year of disposal.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

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

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED - Continued

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(b) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(c) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

(d) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgment is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(e) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS

The county adopted the recommendations in the CPA Canada Handbook, Section PS 3280, *Asset Retirement Obligations*, on how to account for a liability for the retirement of a tangible capital asset for fiscal years beginning on or after April 1, 2022, applied on a modified retroactive basis with restatement of prior year comparative information. The county chose to apply the amendments at the beginning of the earliest period presented, January 1, 2022.

Adoption of these new standards lead to adjustments to the comparative figures. As of January 1, 2022 the following balance sheet items were adjusted: increase to liabilities due to recording the asset retirement obligation less accumulated accretion up to the day of adoption in the sum of \$738,807 and a corresponding increase in the cost of tangible capital assets of \$133,979. The equity in tangible capital assets was decreased by \$755,479 due to additional amortization expense of \$110,557 and accretion expense of \$644,922 relating to the current year's asset retirement obligation. Overall this decreased ending accumulated surplus by \$755,479.

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS – Continued

Adoption of this new standard lead to adjustments to the comparative figures:

	As Restated	As Previously Reported	Adjustment
STATEMENT OF FINANCIAL POSITION			
LIABILITIES			
Asset retirement obligation	\$ 775,742	\$ -	\$ 775,742
Total liabilities	14,193,374	13,417,632	775,742
NET FINANCIAL ASSETS (DEBT)	53,656,460	54,432,202	(775,742)
NON-FINANCIAL ASSETS			
Tangible capital assets (Schedule 2)	78,622,943	78,602,680	20,263
Total non-financial assets	99,528,550	99,508,287	20,263
ACCUMULATED SURPLUS (Schedule 1)	153,185,010	153,940,489	(755,479)

STATEMENT OF OPERATIONS

EXPENSES			
Amortization (Schedule 2)	4,593,011	4,589,852	3,159
Accretion (Note 13)	36,935	-	36,935
Total Expenses	24,827,109	24,711,850	115,259
EXCESS OF REVENUE OVER EXPENSES	4,621,625	4,661,719	(40,094)
ACCUMULATED SURPLUS – END OF YEAR	153,185,010	153,940,489	(755,479)

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

EXCESS OF REVENUE OVER EXPENSES			
Amortization of tangible capital assets	4,593,011	4,589,852	3,159
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	8,501,543	8,538,478	(36,935)
NET FINANCIAL ASSETS (DEBT) – END OF YEAR	53,656,460	54,432,202	(775,742)

STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES			
Excess (shortfall) of revenues over expenses	4,621,625	4,661,719	(40,094)
Amortization of tangible capital assets	4,593,011	4,589,852	3,159
Net cash provided by (used in) operating activities	12,409,694	12,446,629	(36,935)
FINANCING ACTIVITIES			
Asset retirement obligations	36,935	-	36,935
Net cash provided by (used in) financing activities	\$ (725,507)	\$ (762,442)	\$ (36,935)

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. CASH AND SHORT TERM INVESTMENTS

	2023	2022
Cash	\$ <u>66,023,452</u>	\$ <u>58,722,944</u>
Included in cash are the following restricted amounts:		
Restricted to cover trust liabilities (Note 8)	79,672	79,171
Received from Provincial grants and held exclusively for approved projects (Note 9)	<u>2,662,278</u>	<u>3,735,961</u>
	\$ <u>2,741,950</u>	\$ <u>3,815,132</u>

5. TAXES RECEIVABLE

	2023	2022
Current	\$ 3,541,542	\$ 3,324,350
Arrears	12,233,135	9,239,878
Allowance for doubtful accounts	<u>(13,905,241)</u>	<u>(11,552,755)</u>
	\$ <u>1,869,436</u>	\$ <u>1,011,473</u>

During the year bad debts expense in the amount of \$2,762,177 (2022 - \$2,962,061) has been recorded relating to management estimates of uncollectable taxes.

6. LONG-TERM INVESTMENTS

	2023	2022
Vision Credit Union - patronage shares	\$ 1,247,238	\$ 691,720
United Farms of Alberta - co-operative equity	2,439	2,439
Sedgewick Co-operative - patronage equity	<u>42,568</u>	<u>38,748</u>
	\$ <u>1,292,245</u>	\$ <u>732,907</u>

7. EMPLOYEE BENEFIT OBLIGATION

	2023	2022
Long term incentive program	\$ 67,177	\$ 143,425
Vacation	<u>329,764</u>	<u>304,258</u>
	\$ <u>396,941</u>	\$ <u>447,683</u>

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits and are entitled to these benefits within the next budgetary year.

An early retirement incentive has been extended to a certain employee under the County's early retirement incentive policy. All liabilities under this incentive are recognized at the date of innovation.

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. TRUST FUNDS

The Flagstaff County administers the following trusts:

	2023	2022
Community Reserve Trust	\$ 69,696	\$ 79,171
FLHAR Trust	<u>9,976</u>	<u>-</u>
	<u>\$ 79,672</u>	<u>\$ 79,171</u>

9. DEFERRED REVENUE

	2023	2022
Other Miscellaneous	\$ 850	\$ 1,991
Historical Sites	1,473	1,473
Municipal Internship	-	20,843
Travel Alberta grant	84,700	-
Watershed Resiliency and Restoration Program	-	35,333
Canada Community Building Fund	1,310,237	1,174,554
Municipal Sustainability Initiative - Operating	480,341	241,829
Municipal Sustainability Initiative – Capital	<u>8,701,724</u>	<u>9,395,485</u>
	<u>\$ 10,579,325</u>	<u>\$ 10,871,508</u>

Deferred revenue funding in the amount of \$10,577,002 (2022 - \$10,868,044) is from provincial grants. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2024. Unexpended funds related to the advance are supported by cash of \$2,662,278 (2022 - \$3,735,961) and accounts receivable of \$7,914,724 (2022 - \$7,132,083) held exclusively for these projects (Note 4).

10. GRAVEL RECLAMATION LIABILITY

The accrued liability has been estimated for the closure and post-closure of gravel sites. This cost has been allocated over the usable tonnes of gravel at these sites and is being accrued at rates of \$0.50 to \$1.50 per tonne and is reduced by reclamation work performed during the year.

11. CAPITAL LEASE OBLIGATION

	2023	2022
Capital lease obligations	\$ <u>95,190</u>	\$ <u>147,111</u>

Principal repayments are due as follows:

	Principal		
2024	\$	51,921	
2025		<u>43,269</u>	
	\$	<u>95,190</u>	

The long term debt was borrowed for capital purposes. Capital leases, bear interest at 0% and mature 2025. They are secured by equipment with a carrying value of \$91,987.

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. DEBT LIMITS

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

	2023	2022
Total debt limit	\$ 45,723,212	\$ 42,287,891
Total debt	<u>95,190</u>	<u>147,111</u>
Amount total debt limit unused	<u>45,628,022</u>	<u>42,140,780</u>
Service on debt limit	7,620,535	7,047,982
Service on debt	<u>51,921</u>	<u>51,921</u>
Amount service on debt limit unused	<u>\$ 7,568,614</u>	<u>\$ 6,996,061</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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 guideline 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. ASSET RETIREMENT OBLIGATION

The county owns certain buildings which contain asbestos and, therefore, the county is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are abatement costs in 2025 to 2029 of \$1,065,467. The estimated total liability of \$860,996 (2022 - \$775,742) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.925% to 5.015% and assuming annual inflation of 2%. The county has not designated assets for settling the abatement activities.

	2023	2022
Balance, beginning of year	\$ 775,742	\$ 738,807
Change in estimated cash flows	46,472	-
Accretion expense	<u>38,782</u>	<u>36,935</u>
	<u>\$ 860,996</u>	<u>\$ 775,742</u>

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

14. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The county's financial instruments consist of cash, receivables, long term investments, accounts payable, deposit liabilities, royalties payable, reclamation liabilities, and capital lease obligation. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks.

The county is exposed to various risks through its financial instruments. The following analysis provides a measure of the county's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the county is not exposed to significant currency or other price risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The county is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the county provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The carrying value of accounts receivable reflects management's assessment of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The county has floating rate investments which are subject to interest rate risk, as the rates will fluctuate as a result of changes in market rates.

The county has fixed rate debt which is subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. SEGMENTED DISCLOSURE

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

16. RESTRICTED SURPLUS

Reserves for operating and capital activities changed as follows:

	2022	Increases	Decreases	2023
Operating reserves:				
General	\$ 15,532,979	\$ 850,000	\$ -	\$ 16,382,979
Mill rate stabilization	3,445,400	-	-	3,445,400
Administration	844,296	-	-	844,296
Special projects	7,390,082	1,300,000	-	8,690,082
Public Works Projects	1,081,000	-	-	1,081,000
Agriculture	472,269	-	-	472,269
Public Works (Gravel)	2,651,253	1,000,000	-	3,651,253
Recreation / Parks	269,661	750,000	(20,000)	999,661
Economic Development	1,739,267	-	(159,395)	1,579,872
Cemetery Grants	19,361	-	(14,375)	4,986
Airport	109,187	12,400	-	121,587
Hamlet Water and Sewer	166,100	600,000	-	766,100
	<u>33,720,855</u>	<u>4,512,400</u>	<u>(193,770)</u>	<u>38,039,485</u>
Capital reserves:				
Fleet Management	3,604,142	2,217,000	(47,300)	5,773,842
Engineered Structures - Roads/Streets	10,625,169	1,000,000	-	11,625,169
Engineered Structures - Bridges	4,013,200	870,000	-	4,883,200
Buildings - Municipal Services	1,169,715	750,000	-	1,919,715
Fire Capital	446,855	-	-	446,855
Buildings - Administration	500,000	-	-	500,000
Infrastructure Reserve (Hamlets)	1,149,850	138,450	-	1,288,300
	<u>21,508,931</u>	<u>4,975,450</u>	<u>(47,300)</u>	<u>26,437,081</u>
Total	\$ <u>55,229,786</u>	\$ <u>9,487,850</u>	\$ <u>(241,070)</u>	\$ <u>64,476,566</u>

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

17. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	Restated (Note 3) 2022
Tangible capital assets (Schedule 2)	\$ 185,113,490	\$ 183,931,270
Accumulated amortization (Schedule 2)	(108,122,399)	(105,308,327)
Asset retirement obligation (Note 13)	(860,996)	(775,742)
Capital long term debt (Note 11)	(95,190)	(147,111)
	<u>\$ 76,034,905</u>	<u>\$ 77,700,090</u>

18. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	2023			2022
	Salary(1)	Benefits Allowances(2&3)	Total	Total
Councillor Division 1	\$ 41,681	\$ 665	\$ 42,346	\$ 39,988
Councillor Division 2	41,681	6,668	48,349	45,520
Councillor Division 3	41,681	6,668	48,349	45,537
Councillor Division 4	41,681	4,187	45,868	43,298
Councillor Division 5	45,849	7,339	53,189	50,076
Councillor Division 6	41,681	4,187	45,868	43,298
Councillor Division 7	41,681	6,668	48,349	45,537
Chief Administrative Officer	224,257	12,634	236,891	222,617
Designated Officers	\$ 314,555	\$ 31,543	\$ 346,098	\$ 337,714

- (a) Salary includes regular base pay and gross honoraria.
- (b) Benefits and allowances figures for the Chief Administrative and Designated officers include the employer's share of Canada pension, employment insurance, Local Authorities pension, health care, dental coverage, dependent life insurance, accidental disability and dismemberment insurance, and long term disability insurance.
- (c) Benefits and allowances figures for the councilors include the employer's share of Canada pension, WCB and the additional taxable benefit of group life insurance paid for by the employer as well as the RRSP Contribution County portion.

FLAGSTAFF COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

19. LOCAL AUTHORITIES PENSION PLAN

Employees of the Flagstaff County participate in the Local Authorities Pension Plan (L.A.P.P.), which is covered by the Public Sector Pension Plans Act. The plan serves about 291,259 people and 437 employers. It is financed by employer and employee contributions and investment earnings of the L.A.P.P. Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Flagstaff County is required to make current service contributions to the Plan of 8.45% of pensionable earnings up to the CPP maximum reasonable earnings and 12.23% of any excess earnings. Employees of the Flagstaff County are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current and past service contributions by the Flagstaff County to the Local Authorities Pension Plan in 2023 were \$421,757 (2022 - \$390,735). Total current and past service contributions by the employees of the Flagstaff County to the Local Authorities Pension Plan in 2023 were \$376,012 (2022 - \$349,305).

At December 31, 2022, the Plan disclosed an actuarial surplus of \$12.7 billion (2021 - \$11.9 billion).

20. CONTINGENCIES

The County is a member of the Genesis Reciprocal Insurance Exchange. Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The County is the defendant in a lawsuit related to certain property taxes levied. At present, the outcome is not determinable. The amount of any future settlement would be accounted for as a current transaction in the year of the settlement.

21. COMMITMENTS

The County is committed to the following payments subsequent to year end:

Software systems contracts	\$	266,729
Assessment contract	\$	171,000
Machinery, equipment and vehicles ordered	\$	1,197,230

The County, and all other incorporated municipalities within the geographical boundaries of the County provide funds for the operation of the Waste Management Authority. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the reserves.

FLAGSTAFF COUNTY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

21. COMMITMENTS - Continued

The County through joint agreement provides funds for the operation of the Family and Community Support services. The amounts presented in this financial statement represent only the County portion of contributions made to F.C.S.S.

The County, along with other municipalities in the geographical area, receives requisitions from the Flagstaff Housing Authority. The County unilaterally determines these amounts, and they may vary dependent upon projected funding requirements.

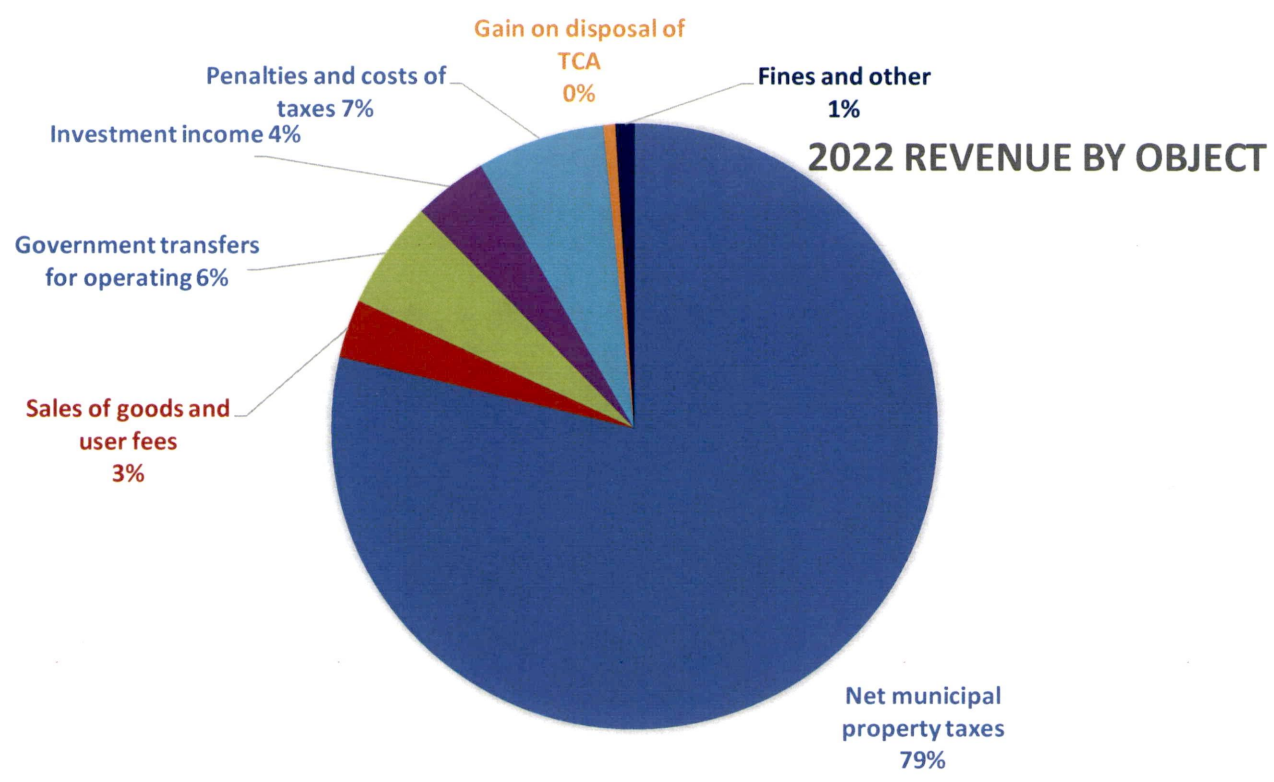
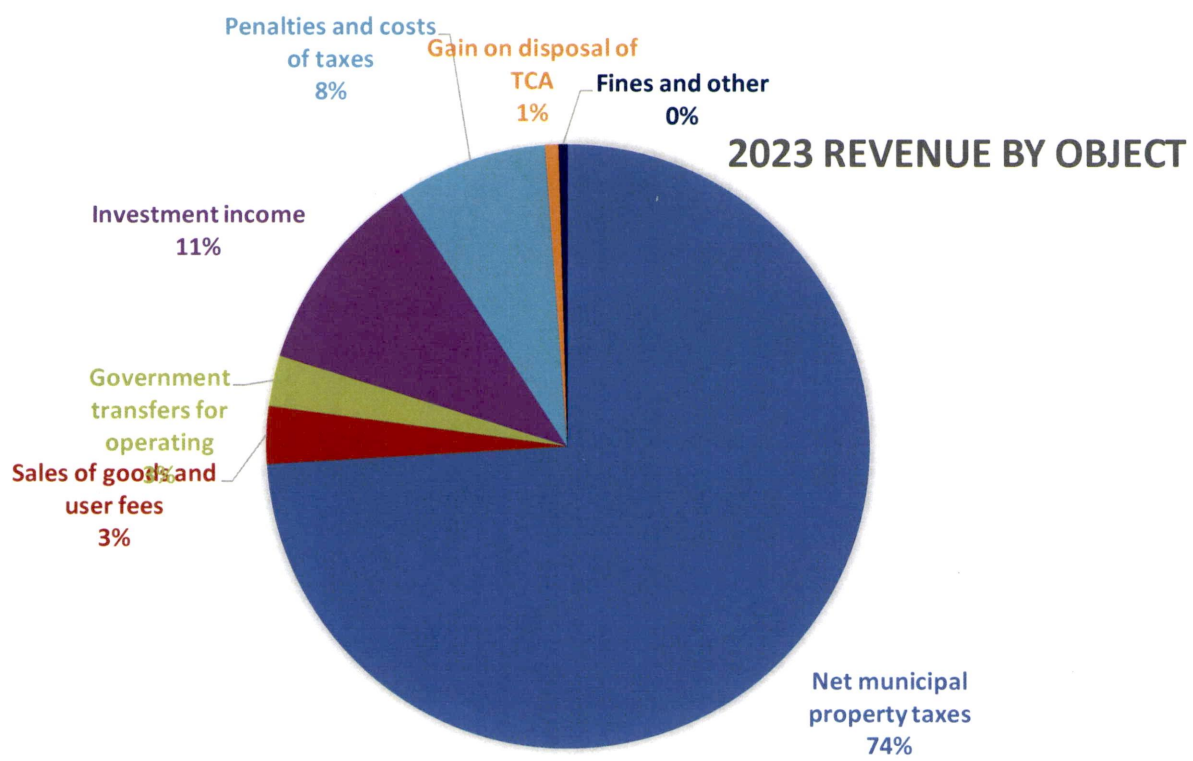
The County, along with other incorporated municipalities within the geographical boundaries of the County, provide funds to assist with firefighting equipment and operations through the Flagstaff Regional Emergency Services Society. The amounts presented in this financial statement represent only the County portion of contributions made to F.R.E.S.S.

22. APPROVAL OF FINANCIAL STATEMENTS

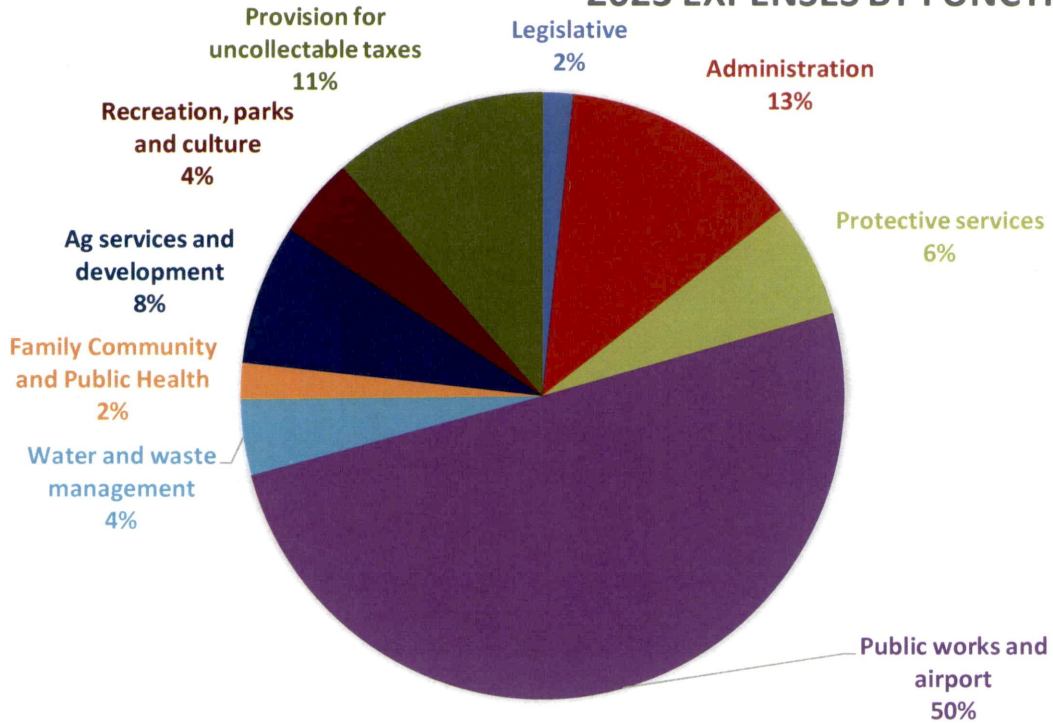
Council and Management have approved these financial statements.

23. BUDGET AMOUNTS

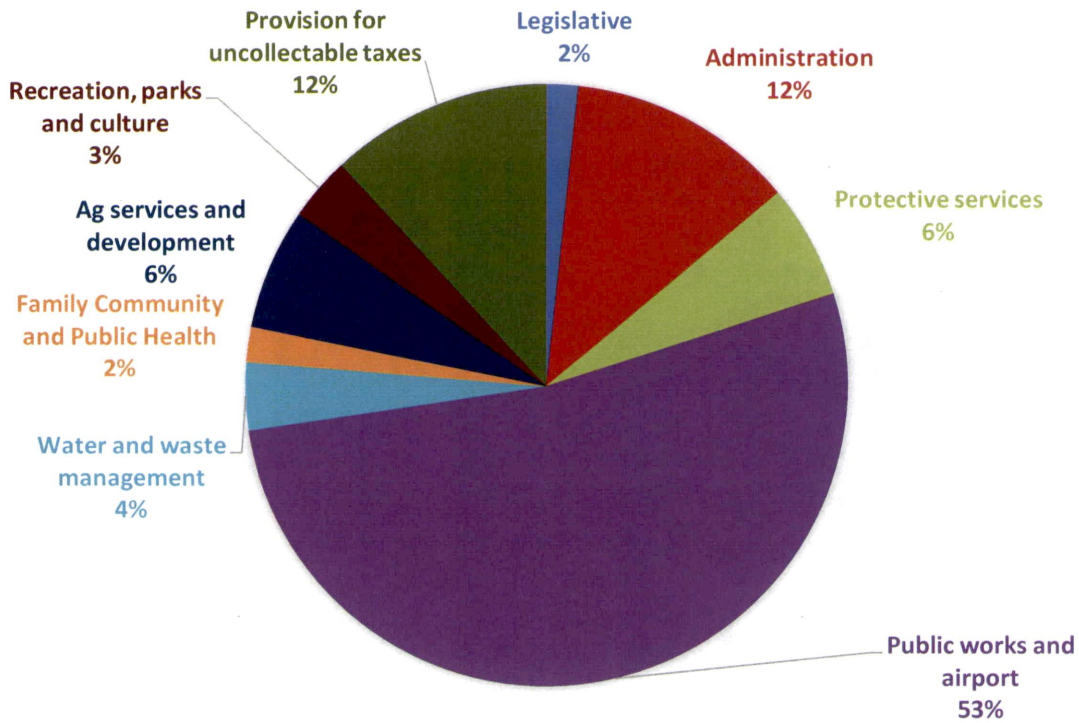
Budget figures for the year ended December 31, 2023 were approved by Council on April 26, 2023 and are for information purposes. These amounts have not been audited.



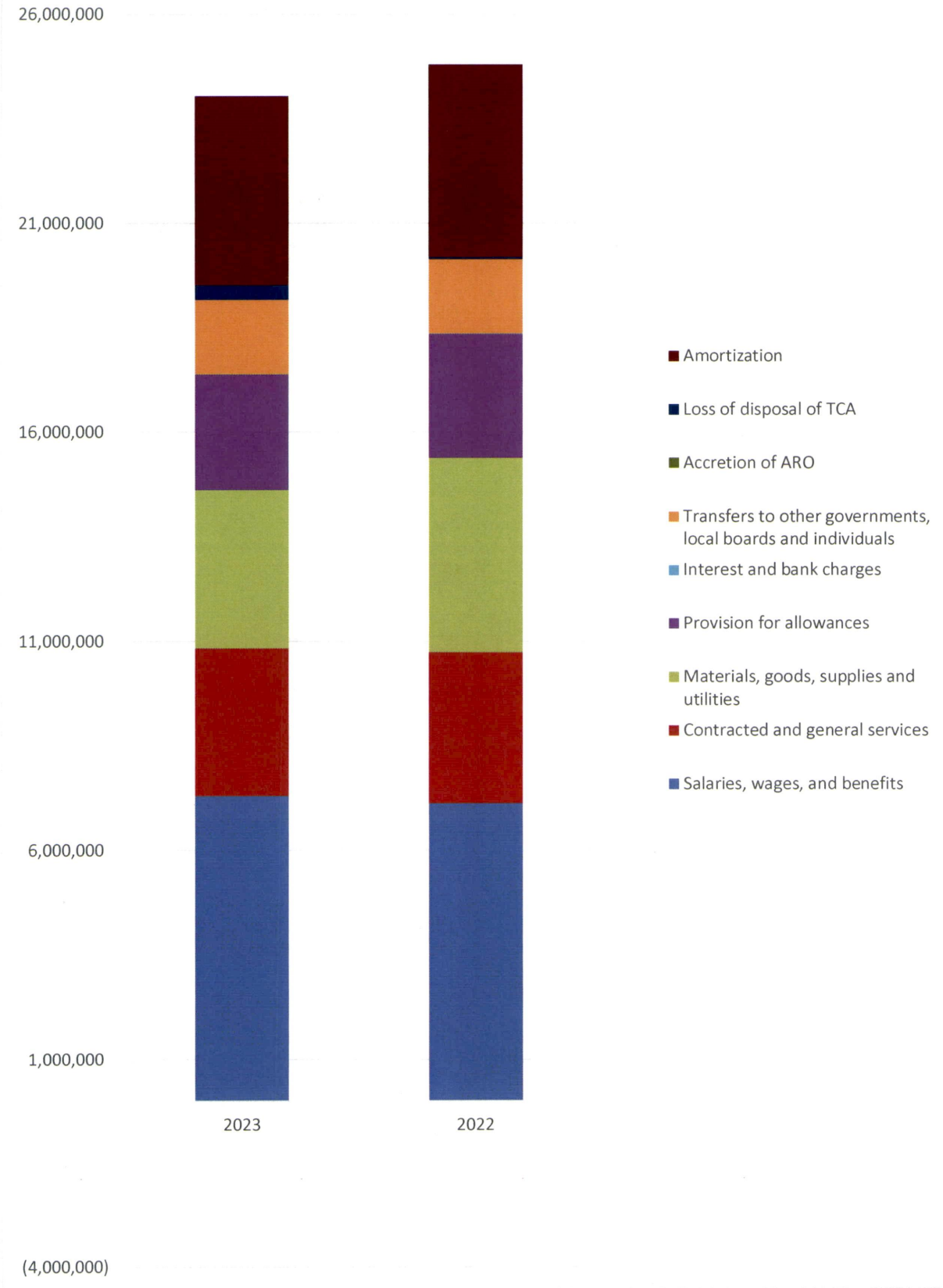
2023 EXPENSES BY FUNCTION



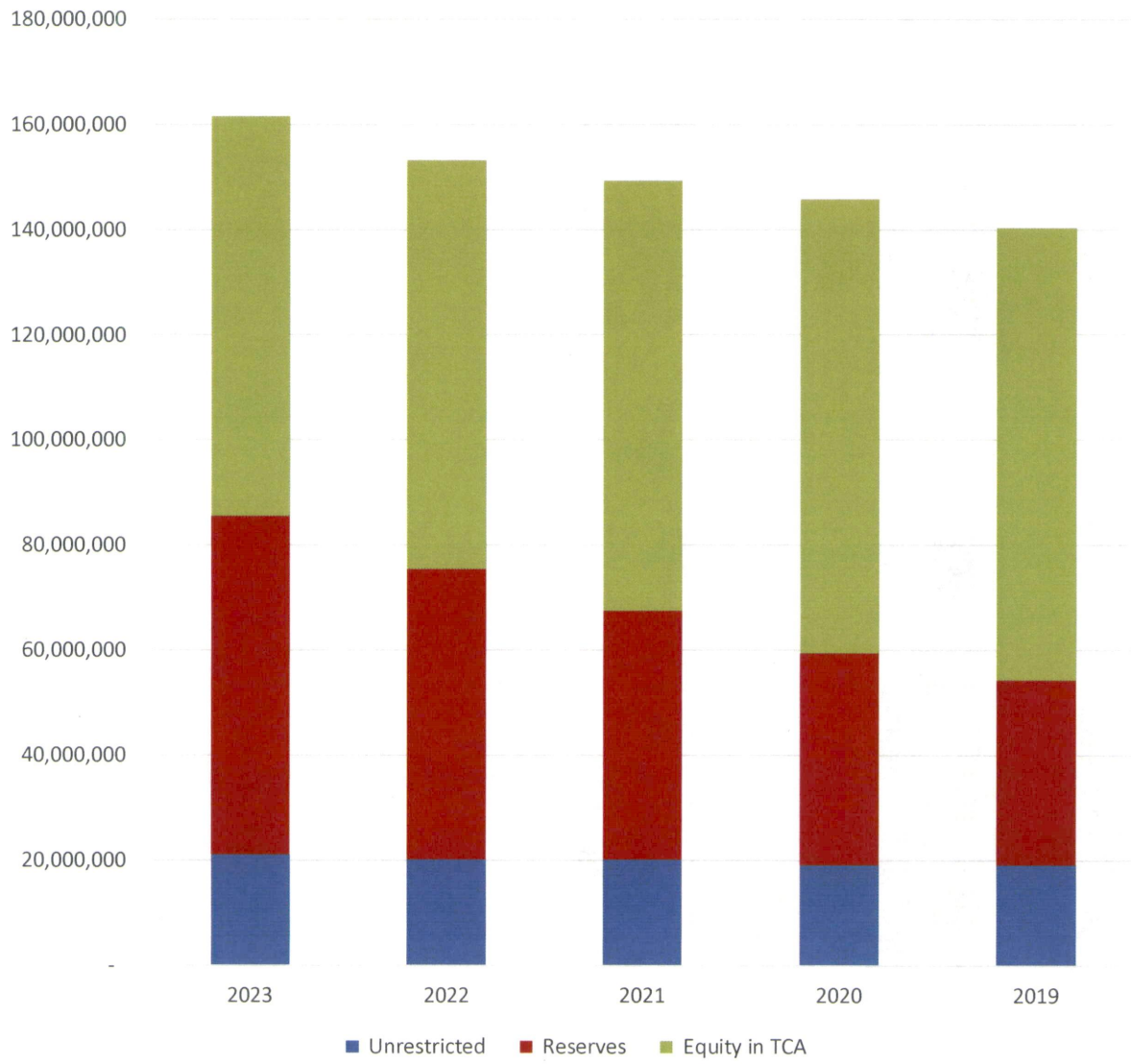
2022 EXPENSES BY FUNCTION



Expenses by Object



Accumulated Surplus

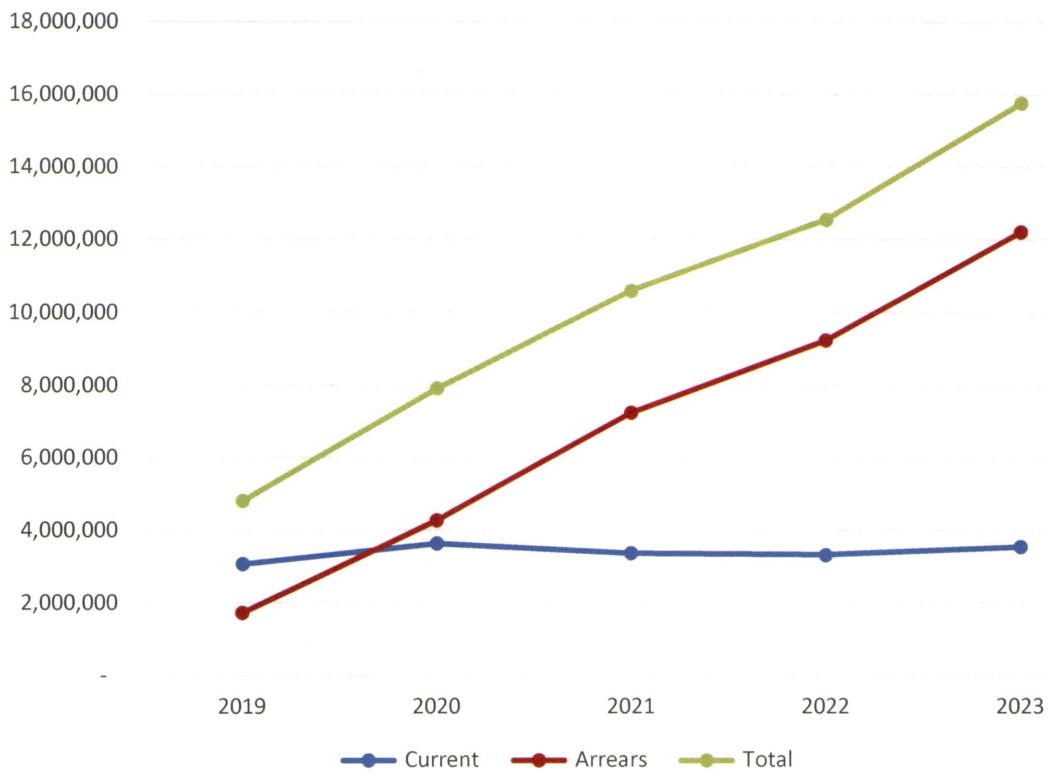


Unrestricted

Reserves

Equity in TCA

Taxes Receivable Before Allowances



Net Book Value

160,000,000

140,000,000

120,000,000

100,000,000

80,000,000

60,000,000

40,000,000

20,000,000

Engineered structures

Buildings

Machinery & equipment

Land improvements

Vehicles

■ 2021 Cost

■ 2021 Accum Amort

■ 2022 Cost

■ 2022 Accum Amort

■ 2023 Cost

■ 2023 Accum Amort

