

Vulcan County

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

VULCAN COUNTY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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April 19, 2023

To the Reeve and Council Members of Vulcan County

Re: Management's Responsibility for Reporting

Management of Vulcan County is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2022, and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards. Financial statements are not precise, since they 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 maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained and assets are properly accounted for and safeguarded.

County Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for authorizing the appointment of the County's external auditors.

The financial statements have been audited by the independent firm of BDO Canada, LLP. Their report to the members of Vulcan County Council, stating the scope of their examination and opinion on the financial statements follows.

Respectfully,

A handwritten signature in blue ink, appearing to read "Nels Petersen".

Nels Petersen
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read "Mark DeBoer".

Mark DeBoer
Director of Corporate Services



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Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

Opinion

We have audited the financial statements of Vulcan County (the County), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2022, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

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

Management is responsible for the preparation and fair presentation of these 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 County'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 County or 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.

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 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 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 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 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 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.

 BDO Canada LLP

BDO Canada LLP
Chartered Professional Accountants

Lethbridge, Alberta
April 19, 2023

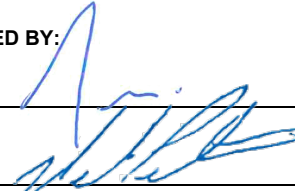
VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and equivalents (note 2)	\$ 1,932,025	\$ 2,138,809
Taxes and grants in lieu receivables (note 3)	763,379	913,671
Trade and other receivables (note 4)	619,150	7,564,208
Portfolio investments (note 5)	36,862,064	31,200,486
Inventory held for resale	72,337	44,199
Long term investments (note 6)	2,056,265	-
Loans and notes receivable (note 7)	219,500	207,195
Other	16,430	14,488
	42,541,150	42,083,056
LIABILITIES		
Accounts payable and accrued liabilities	661,559	1,218,290
Deferred revenue (note 8)	1,840,432	4,450,477
Employee benefit obligations (note 9)	278,408	265,860
Long term debt (note 10)	1,252,044	1,382,720
Other liabilities	514,524	648,000
	4,546,967	7,965,347
NET FINANCIAL ASSETS	37,994,183	34,117,709
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 12)	108,066,893	107,104,734
Inventory for consumption (note 13)	9,103,226	7,847,867
Prepaid expenses	428,289	236,861
	117,598,408	115,189,462
ACCUMULATED SURPLUS (schedule 1, note 15)	\$ 155,592,591	\$ 149,307,171

Contingencies and commitments - See note 22 & 23.

APPROVED BY:



VULCAN COUNTY

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2022

	Budget (note 16)	2022	2021
REVENUE			
Net municipal taxes (schedule 3)	\$ 14,710,373	\$ 15,079,227	\$ 14,189,795
Government transfers (schedule 4)	919,889	1,403,059	535,535
Return on investments	277,876	1,022,438	353,865
Sale of goods, services and user charges	778,119	888,685	1,562,870
Rental income	318,980	319,129	338,373
Community aggregate levy	137,363	212,993	241,318
Penalties and costs of taxes	194,000	228,725	502,498
Gain on disposal of tangible capital assets	1,053,000	1,430,054	2,427,982
Other revenues	30,382	240,385	34,697
TOTAL REVENUE	18,419,982	20,824,695	20,186,933
EXPENSES			
Legislative	496,092	447,807	399,079
Administration	2,097,574	2,041,445	1,743,816
Protective services	2,342,785	2,045,574	1,918,900
Transportation services	11,256,635	10,548,916	10,366,739
Agricultural services	757,729	649,718	722,417
Planning and development services	562,111	544,723	643,074
Family and community support	238,767	217,118	236,248
Parks and recreation	687,136	671,001	937,291
Tourism and economic development	44,588	24,040	125,537
Utility Services	1,039,856	1,021,923	952,000
Other	32,670	621,097	3,725,273
TOTAL EXPENSES	19,555,943	18,833,362	21,770,374
OPERATING SURPLUS - BEFORE OTHER	(1,135,961)	1,991,333	(1,583,441)
OTHER			
Contributed tangible capital assets	-	-	-
Government transfers for capital (schedule 4)	4,667,397	4,294,087	2,672,336
ANNUAL SURPLUS	3,531,436	6,285,420	1,088,895
ACCUMULATED SURPLUS, BEGINNING OF YEAR	149,307,171	149,307,171	148,218,276
ACCUMULATED SURPLUS, END OF YEAR	\$ 152,838,607	\$ 155,592,591	\$ 149,307,171

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

VULCAN COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2022

	Budget (note 16)	2022	2021
ANNUAL SURPLUS	\$ 3,531,436	\$ 6,285,420	\$ 1,088,895
Acquisition of tangible capital assets	(7,441,825)	(6,521,313)	(4,947,815)
Proceeds on disposal of tangible capital assets	193,596	1,441,515	2,788,761
Amortization of tangible capital assets	4,684,267	4,818,615	4,615,232
Net Gain on disposal of tangible capital assets	-	(700,976)	(1,575,179)
	(2,563,962)	(962,159)	880,999
Net change in inventory for consumption	-	(1,255,359)	(594,192)
Acquisition of prepaid expenses	-	(428,289)	(236,861)
Use of prepaid expenses	-	236,861	262,666
	-	(1,446,787)	(568,387)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	967,474	3,876,474	1,401,507
NET FINANCIAL ASSETS, BEGINNING OF YEAR	34,117,709	34,117,709	32,716,202
NET FINANCIAL ASSETS, END OF YEAR	\$ 35,085,183	\$ 37,994,183	\$ 34,117,709

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

VULCAN COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	\$ 6,285,420	\$ 1,088,895
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	4,818,615	4,615,232
Net Gain on disposal of tangible capital assets	(700,976)	(1,575,179)
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	150,292	2,561,554
Increase in trade and other receivables	6,945,058	(6,947,935)
Decrease in inventory held for resale	(28,138)	(6,950)
Decrease (increase) in loans receivable	(12,305)	(93,048)
Decrease (increase) in other financial assets	(1,942)	162,836
Increase in inventory for consumption	(1,255,359)	(594,192)
Decrease (increase) in prepaid expenses	(191,428)	25,805
Increase (decrease) in accounts payable	(556,731)	1,001,389
Increase (decrease) in deferred revenue	(2,610,045)	1,957,437
Increase (decrease) in employee benefit obligations	12,548	(42,143)
Decrease in obligations under capital lease	-	(1,212)
Increase (decrease) in other liabilities	(133,476)	174,253
	12,721,533	2,326,742
Cash provided by operating transactions		
CAPITAL		
Acquisition of tangible capital assets	(6,521,313)	(4,947,815)
Proceeds on disposal of tangible capital assets	1,441,515	2,788,761
	(5,079,798)	(2,159,054)
Cash applied to capital transactions		
INVESTING		
Increase in portfolio investments	(7,717,843)	(121,294)
	(7,717,843)	(121,294)
Cash applied to investing transactions		
FINANCING		
Long term debt repaid	(130,676)	(127,472)
	(130,676)	(127,472)
Cash applied to financing transactions		
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(206,784)	(81,078)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,138,809	2,219,887
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,932,025	\$ 2,138,809

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

VULCAN COUNTY

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2022

				<i>SCHEDULE 1</i>	
	Unrestricted Surplus	Restricted Surplus (note 17)	Equity in Tangible Capital Assets (note 14)	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 952,521	41,249,916	107,104,734	\$ 149,307,171	\$ 148,218,276
Annual surplus	\$ 6,285,420	-	-	\$ 6,285,420	\$ 1,088,895
Unrestricted funds designated for future use	(8,617,982)	8,617,982	-	-	-
Restricted funds used for operations	2,803,693	(2,803,693)	-	-	-
Restricted funds used for tangible capital assets	-	(427,921)	427,921	-	-
Current year funds used for tangible capital assets	(6,093,392)	-	6,093,392	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	740,539	-	(740,539)	-	-
Annual amortization expense	4,818,615	-	(4,818,615)	-	-
Change in accumulated surplus	\$ (63,107)	5,386,368	962,159	\$ 6,285,420	\$ 1,088,895
BALANCE, END OF YEAR	\$ 889,414	46,636,284	108,066,893	\$ 155,592,591	\$ 149,307,171

VULCAN COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2022	2021
COST:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ 5,744,547	1,750,844	11,616,103	19,242,447	6,796,267	164,646,190	\$209,796,398	\$207,544,329
Acquisition of tangible capital assets	-	-	-	1,448,345	572,129	2,417,838	4,438,312	4,071,063
New construction-in-progress	-	-	-	-	-	2,083,001	2,083,001	876,752
Disposition of tangible capital assets	(11,460)	-	-	-	-	(1,097,311)	(1,108,771)	(2,695,746)
BALANCE, END OF YEAR	<u>5,733,087</u>	<u>1,750,844</u>	<u>11,616,103</u>	<u>20,690,792</u>	<u>7,368,396</u>	<u>168,049,718</u>	<u>215,208,940</u>	<u>209,796,398</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ -	380,199	4,289,670	12,619,188	4,396,395	81,006,212	\$102,691,664	\$ 99,558,596
Annual amortization	-	56,338	281,623	1,697,035	462,590	2,321,029	4,818,615	4,615,232
Accumulated amortization on disposal	-	-	-	-	-	(368,232)	(368,232)	(1,482,164)
BALANCE, END OF YEAR	<u>-</u>	<u>436,537</u>	<u>4,571,293</u>	<u>14,316,223</u>	<u>4,858,985</u>	<u>82,959,009</u>	<u>107,142,047</u>	<u>102,691,664</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,733,087</u>	<u>1,314,307</u>	<u>7,044,810</u>	<u>6,374,569</u>	<u>2,509,411</u>	<u>85,090,709</u>	<u>\$108,066,893</u>	<u>\$107,104,734</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,744,547</u>	<u>1,370,645</u>	<u>7,326,433</u>	<u>6,623,259</u>	<u>2,399,872</u>	<u>83,639,978</u>	<u>\$107,104,734</u>	

VULCAN COUNTY

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2022

SCHEDULE 3

	Budget (note 16)	2022	2021
TAXATION			
Real property taxes	\$ 8,832,016	\$ 8,546,195	\$ 8,151,917
Linear taxes	7,393,591	7,254,431	7,410,631
Commercial taxes	1,198,645	1,696,472	1,415,208
Government grants in lieu of taxes	21,310	18,594	21,310
Special levy	1,350,047	1,347,277	1,276,318
Well drilling tax	156	372	187
	<u>18,795,765</u>	<u>18,863,341</u>	<u>18,275,571</u>
REQUISITIONS			
School requisitions	3,283,609	3,054,596	3,404,742
Seniors foundation requisition	500,406	500,406	502,326
RCMP policing requisition	247,331	184,823	123,134
Provincial DIP assessment requisition	54,046	44,289	55,574
	<u>4,085,392</u>	<u>3,784,114</u>	<u>4,085,776</u>
NET MUNICIPAL TAXES	<u>\$ 14,710,373</u>	<u>\$ 15,079,227</u>	<u>\$ 14,189,795</u>

VULCAN COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2022

SCHEDULE 4

	Budget (note 16)	2022	2021
TRANSFERS FOR OPERATING			
Local government transfers	\$ 172,551	\$ 167,446	\$ 68,716
Provincial government transfers	508,791	302,495	456,093
Federal government transfers	238,547	933,118	10,726
	919,889	1,403,059	535,535
TRANSFERS FOR CAPITAL			
Provincial government transfers	4,667,397	4,294,087	2,672,336
TOTAL GOVERNMENT TRANSFERS	\$ 5,587,286	\$ 5,697,146	\$ 3,207,871

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2022

SCHEDULE 5

	Budget (note 16)	2022	2021
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 7,216,498	\$ 6,937,554	\$ 6,470,017
Contracted and general services	2,872,473	2,543,119	2,602,679
Materials, goods and utilities	4,516,260	2,820,479	2,606,600
Provision for allowances	12,670	602,629	3,202,579
Transfers to local boards and agencies	1,881,623	1,893,026	2,020,901
Interest and bank charges	54,468	48,635	48,758
Amortization of tangible capital assets	4,684,267	4,818,615	4,615,232
Machine expenses capitalized for construction	(1,709,808)	(1,639,395)	(1,351,472)
Loss on disposal of tangible capital assets	-	729,078	852,803
Other expenses	27,492	79,622	702,277
	\$ 19,555,943	\$ 18,833,362	\$ 21,770,374

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2022 Total
REVENUE								
Net municipal taxes	\$ 12,885,862	849,512	-	-	-	481,227	862,626	\$ 15,079,227
Government transfers (operating)	11,168	147,835	933,118	123,907	-	187,031	-	1,403,059
Return on investment	1,022,438	-	-	-	-	-	-	1,022,438
Sale of goods, services and user charges	28,529	111,925	354,173	268,133	123,738	-	2,187	888,685
Rental income	7,100	305,641	-	6,388	-	-	-	319,129
Community aggregate levy	-	-	212,993	-	-	-	-	212,993
Penalties and other costs of taxes	228,725	-	-	-	-	-	-	228,725
Gain on disposal of tangible capital assets	1,341,933	88,121	-	-	-	-	-	1,430,054
Other revenues	2,003	18,280	220,102	-	-	-	-	240,385
	15,527,758	1,521,314	1,720,386	398,428	123,738	668,258	864,813	20,824,695
EXPENSES								
Salaries, wages and benefits	1,409,151	553,742	4,252,071	327,272	370,623	7,274	17,421	6,937,554
Contracted and general services	603,599	451,707	1,033,536	44,083	172,384	168,810	69,000	2,543,119
Material, goods and utilities	212,449	226,662	2,210,636	149,573	1,716	5,111	14,332	2,820,479
Provision for allowances	602,629	-	-	-	-	-	-	602,629
Transfers to local boards and agencies	75,114	207,972	8,000	11,872	-	698,192	891,876	1,893,026
Interest and bank charges	15,863	-	-	-	-	32,772	-	48,635
Amortization of tangible capital assets	111,922	605,491	3,954,990	116,918	-	-	29,294	4,818,615
Machine expenses capitalized for construction	-	-	(1,639,395)	-	-	-	-	(1,639,395)
Loss on disposal of tangible capital assets	-	-	729,078	-	-	-	-	729,078
Other expenses	79,622	-	-	-	-	-	-	79,622
	3,110,349	2,045,574	10,548,916	649,718	544,723	912,159	1,021,923	18,833,362
OPERATING SURPLUS - BEFORE OTHER	12,417,409	(524,260)	(8,828,530)	(251,290)	(420,985)	(243,901)	(157,110)	1,991,333
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	1,830,354	571,320	1,892,413	-	-	-	-	4,294,087
ANNUAL SURPLUS	\$ 14,247,763	47,060	(6,936,117)	(251,290)	(420,985)	(243,901)	(157,110)	\$ 6,285,420

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 7

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2021 Total
REVENUE								
Net municipal taxes	\$ 12,146,284	773,205	-	-	-	486,576	783,730	\$ 14,189,795
Government transfers (operating)	16,579	45,000	10,726	123,907	146,982	192,341	-	535,535
Return on investment	351,328	-	2,537	-	-	-	-	353,865
Sale of goods, services and user charges	125,080	293,738	724,590	371,081	21,876	21,668	4,837	1,562,870
Rental income	7,100	325,354	95	5,824	-	-	-	338,373
Community aggregate levy	-	-	241,318	-	-	-	-	241,318
Penalties and other costs of taxes	502,498	-	-	-	-	-	-	502,498
Gain on disposal of tangible capital assets	-	5,100	2,397,382	25,500	-	-	-	2,427,982
Other revenues	-	34,697	-	-	-	-	-	34,697
	13,148,869	1,477,094	3,376,648	526,312	168,858	700,585	788,567	20,186,933
EXPENSES								
Salaries, wages and benefits	1,114,494	566,876	4,007,062	329,200	333,670	98,832	19,883	6,470,017
Contracted and general services	565,792	407,809	940,757	81,117	309,404	205,849	91,951	2,602,679
Material, goods and utilities	273,023	191,099	1,966,944	168,806	-	1,142	5,586	2,606,600
Provision for allowances	3,202,579	-	-	-	-	-	-	3,202,579
Transfers to local boards and agencies	70,782	156,310	8,000	22,359	-	958,164	805,286	2,020,901
Interest and bank charges	13,669	-	-	-	-	35,089	-	48,758
Amortization of tangible capital assets	96,482	574,611	3,793,910	120,935	-	-	29,294	4,615,232
Machine expenses capitalized for construction	-	-	(1,351,472)	-	-	-	-	(1,351,472)
Loss on disposal of tangible capital assets	-	22,195	830,608	-	-	-	-	852,803
Other expenses	531,347	-	170,930	-	-	-	-	702,277
	5,868,168	1,918,900	10,366,739	722,417	643,074	1,299,076	952,000	21,770,374
OPERATING SURPLUS - BEFORE OTHER	7,280,701	(441,806)	(6,990,091)	(196,105)	(474,216)	(598,491)	(163,433)	(1,583,441)
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	110,000	2,262,336	-	-	300,000	-	2,672,336
ANNUAL SURPLUS	\$ 7,280,701	(331,806)	(4,727,755)	(196,105)	(474,216)	(298,491)	(163,433)	\$ 1,088,895

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vulcan County (the "County") have been prepared in accordance with the Chartered Professional Accounting (CPA) Canadian Public Sector Accounting Standards (PSAS). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the County operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to County Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, 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 have been eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 expenses 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.

d) Cash and cash equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

e) Investments

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

g) Taxes and Grants-in-lieu Receivables

Current taxes and grants-in-lieu receivables consist of current tax levies which remain outstanding at December 31. Tax arrears and grants-in-lieu receivables consist of taxes that remain outstanding after December 31 of the year in which they were imposed.

h) Loans and Notes Receivables

Loan and notes receivables consist of loans provided to various non-profit organizations for the purpose of benefiting the County. Loan and notes receivables are recorded at the lower of cost and net recoverable value. Valuation allowances are determined using best estimates available and changes to these allowances are recognized as an expense in the period in which events give rise for the allowance to occur. Interest revenues are recognized when earned.

i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

j) Tax Revenues

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

k) Government Transfers

Government transfers are the transfers 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 as revenues in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations when the stipulation liabilities are settled.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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 (deficiency) of revenue over expenses, provides the Change in Net Financial Assets for the year.

i. Tangible Capital Assets

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

	Years
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Bridges	40 - 120
Communication towers	38
Roads	5 - 75
Machinery and equipment	3 - 25
Vehicles	5 - 20

Assets under construction are not amortized until the asset is available for productive use.

Interest on debt used to purchase tangible capital assets is not capitalized.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property are accounted for as capital leases. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital lease are amortized. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost, with cost determined by the average cost method, except for fuel which is determined by the first-in, first-out method.

m) Restricted Surplus Funds for Future Expenditures

Restricted surplus funds are established at the discretion of Council and by the Municipal Government Act to set aside funds for future operations and capital expenditures.

n) 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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include estimated employee benefit obligations, useful life of capital assets, rates of amortization and the allocation of costs for internally constructed assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

The County maintains a number of gravel pits to service its needs relating to road construction and maintenance. The County is responsible for reclaiming the sites where these pits are located. There is uncertainty with respect to the measurement, where there may be a significant variance between the amount recognized in the financial statements and the actual future reclamation costs.

The County has internally constructed assets, a portion of the costs of which is from the use of the County's employees, machinery and equipment. A formula is used to allocate these costs to the constructed assets. The inputs into the formula are based on expected costs of construction, and are regularly assessed for accuracy. The actual costs of construction may differ from the allocated amounts.

p) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

PS 1201 Financial Statement Presentation (effective January 1, 2023)

The implementation of this standard requires a new statement of remeasurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in a foreign currency.

PS 3280 Asset Retirement Obligations (effective January 1, 2023)

This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The County plans to adopt this standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated.

PS 3450 Financial Instruments (effective January 1, 2023)

This standard provides guidance on how to account for all types of financial instruments and specifically addresses how to account for and report financial instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending on the elections made by Vulcan County. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201 (Financial Statement Presentation). As the County does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the County.

PS 3400 Revenue (effective January 1, 2024)

This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and non-exchange transactions.

Management is currently assessing the impact of these standards on the financial statements.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. CASH AND CASH EQUIVALENTS

	2022	2021
Cash and cash equivalents	\$ 1,932,025	\$ 2,138,809
	\$ 1,932,025	\$ 2,138,809

Cash and cash equivalents includes accounts for the Vulcan County Public Reserves Trust of \$236,641 (2021 - \$163,527) and for the Vulcan County Tax Sale Trust of \$158,977 (2021 - \$155,465).

The County has an available revolving line of credit facility up to \$300,000 with interest payable at prime minus 0.25%, and a credit card limit of \$49,000, with interest payable at 5.0%. As at December 31, 2022 the balance owing on these facilities is \$nil (2021 - \$nil).

3. TAX AND GRANTS IN LIEU RECEIVABLES

	2022	2021
Current taxes and grants in lieu of taxes	\$ 571,143	\$ 772,273
Arrears	272,181	818,755
Allowance for doubtful accounts	(79,945)	(677,357)
	\$ 763,379	\$ 913,671

During 2021 and 2022, Vulcan County had some larger oil and gas organization that went insolvent during the year, which were previously in good standings on their respective property tax payment plan agreements for balances owing on current taxes and arrears. These property taxes were no longer considered to be recoverable and therefore have either been written off or have been setup as an allowance for doubtful accounts. The write-off and allowance of these accounts have been recorded within the general government - provision for allowances.

4. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade receivables	\$ 438,777	\$ 539,557
Requisition under-levies	58,232	58,232
Interest receivable	30,745	1,855
GST receivable	50,606	8,739
Government of Alberta receivable	-	4,736,914
Other receivables	40,790	2,293,772
Allowance for doubtful accounts	-	(74,861)
	\$ 619,150	\$ 7,564,208

As at December 31, 2021, the Government of Alberta receivable of \$4.74 million relates to the Municipal Sustainability Initiative (MSI) Capital Allocations of \$2.13 million from the 2020 allocation and \$2.61 million from the 2021 allocation; whereas, these allocations are receivable as the County has submitted eligible capital projects that were sufficient for the release of the MSI Capital Funding. The 2022 MSI Capital Funding and previous allocations were received in 2022.

As at December 31, 2021, the other receivables includes a \$2.22 million receivable on a land sale that finalized in late 2021 and received in 2022.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

5. PORTFOLIO INVESTMENTS

	2022	2021
Deposits and short-term securities	\$ 24,668,082	\$ 31,200,486
High interest savings	12,193,982	-
	\$ 36,862,064	\$ 31,200,486

Portfolio investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 2.20% to 5.10% (2021 - 1.00% to 1.10%). Included in portfolio investments is a restricted amount of \$1,603,791 (2021 - \$4,276,612) held exclusively for eligible projects and \$nil (2021 - \$nil) held for the obligation to the Vulcan County Health and Wellness Foundation for the Vulcan Hospital Expansion Project.

6. LONG TERM INVESTMENTS

	2022	2021
Guaranteed Investment Certificates	\$ 2,056,265	\$ -

Guaranteed Investment Certificates are long-term deposits with an interest rate at 1.85% with maturity dates in 2024.

7. LOANS AND NOTES RECEIVABLES

	2022	2021
Carmangay Curling Association	\$ 104,300	\$ 70,500
Mossleigh Water Co-op	17,541	24,094
Vulcan & District Waste Commission	97,659	112,601
	\$ 219,500	\$ 207,195

Loan receivables from Carmangay Curling Association are from two loans which are interest free (contributed by Vulcan County). The initial loan was issued in 2017, repayable over 10 years maturing in 2026, and has an annual payment of \$13,000. During 2022, the County provided an additional loan of \$52,000 to Carmangay Curling Association repayable over 10 years maturing in 2031 and has an annual payment of \$5,200.

Loan receivable from Mossleigh Water Co-op is interest free and has a semi-annual payment of \$3,277. Loan is repayable over 20 years, maturing in 2028.

Loan receivable from Vulcan & District Waste Commission has an interest rate of 2.45% and has an annual payment of \$17,700. Loan is repayable over 8 years, maturing in 2028.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

8. DEFERRED REVENUE

	2021	Externally Restricted Inflows	Revenues Earned	2022
Alberta Municipal Sustainability Initiative - Capital	\$ 3,993,621	\$ 1,118,228	\$ (3,696,544)	\$ 1,415,305
Alberta Municipal Sustainability Initiative - Operating	25,996	177,958	(177,958)	25,996
Inter-Municipal Development Plans - RCP	65,953		(65,953)	-
Canada Community-Building Fund	-	933,118	(933,118)	-
Surface Rights	73,853	78,301	(73,853)	78,301
Development Public Funds	173,865	62,776	-	236,641
Other	117,189	55,258	(88,258)	84,189
Total, invested in short term investments	\$ 4,450,477	\$ 2,425,639	\$ (5,035,684)	\$ 1,840,432

Alberta Municipal Sustainability Initiative - Capital

The Province provides conditional grant funding through this program to assist with various capital expenditures in the County. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Alberta Municipal Sustainability Initiative - Operating

The Province provides conditional grant funding through this program to assist with various operating expenditures in the County. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Inter-Municipal Development Plan - RCP

This Regional Collaboration Program (RCP) grant is for the development of inter-municipal development plans with municipalities that share a border. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Canada Community-Building Fund

This Canada Community-Building Fund (CCBF), which is previously known as the Federal Gas Tax Fund, is a conditional grant funding through this program to assist with various capital expenditures in the County. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Surface Rights

These monies represent amounts paid to the County by resource companies in exchange for surface rights in future periods.

Development Public Funds

These monies represent amounts set aside in the Vulcan County Public Reserves Trust account and funding contributions received for restricted purposes not spent. Municipal reserve funds may be used only for the purposes specified in the Municipal Government Act, section 671(4) Accordingly, these amounts are not available for current operations.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Accrued vacation payable	\$ 278,408	\$ 265,860
	\$ 278,408	\$ 265,860

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

10. LONG TERM DEBT

	2022	2021
Tax supported debentures	\$ 1,252,044	\$ 1,382,720
	\$ 1,252,044	\$ 1,382,720

The current portion of long term debt amounts to \$133,960 (2021 - \$130,676).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 133,960	\$ 30,445	\$ 164,405
2024	137,327	27,077	164,404
2025	140,779	23,626	164,405
2026	144,318	20,087	164,405
2027	147,946	16,459	164,405
Thereafter	547,714	27,703	575,417
	\$ 1,252,044	\$ 145,397	\$ 1,397,441

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.498% per annum and matures on March 15, 2031. Debenture debt is issued on the credit and security of the County at large.

The Municipality has established an authorized overdraft for the purposes of financing operating expenditures with a limit of \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The over draft was undrawn as at December 31, 2022 (2021 - \$nil).

Interest on long term debt amounted to \$32,772 (2021 - \$35,089)

The Municipality's total cash payment for interest in 2022 was \$33,729 (2021 - \$36,933)

As at December 31, 2022, the County has not issued or provided any loan guarantees (2021 - \$nil) within the County nor provided to guarantee any other organizations.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for Vulcan County be disclosed as follows:

	2022	2021
Total debt limit	\$ 31,237,043	\$ 30,280,400
Total debt	1,252,044	1,382,720
Amount of debt limit unused	<u>\$ 29,984,999</u>	<u>\$ 28,897,680</u>
Debt servicing limit	\$ 5,206,174	\$ 5,046,733
Debt servicing	164,405	165,617
Amount of debt servicing limit unused	<u>\$ 5,041,769</u>	<u>\$ 4,881,116</u>

The debt limit is calculated at 1.5 times the 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 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.

12. TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (schedule 2)	\$ 215,208,940	\$ 209,796,398
Accumulated amortization (schedule 2)	(107,142,047)	(102,691,664)
	<u>\$108,066,893</u>	<u>\$107,104,734</u>

Contributed tangible capital assets are recognized at fair value at the date of contribution. In 2022, the County received no contributions toward the purchase of a tangible capital asset (2021 - \$nil).

Capital lease assets are initially recognized at the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. In 2016, the County entered into a capital lease arrangement for a vehicle where a leased tangible capital asset of \$62,764 was recognized. As at December 31, 2022, the leased tangible capital asset had \$43,401 of total accumulated amortization.

13. INVENTORIES FOR CONSUMPTION

	2022	2021
Inventory for consumption - gravel	\$ 8,562,044	\$ 7,212,505
Inventory for consumption - parts	541,182	635,362
	<u>\$ 9,103,226</u>	<u>\$ 7,847,867</u>

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,046,215 (2021 - \$4,351,891).

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (schedule 2, note 12)	\$ 215,208,940	\$ 209,796,398
Accumulated amortization (schedule 2, note 12)	(107,142,047)	(102,691,664)
	\$108,066,893	\$107,104,734

15. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus	\$ 889,414	\$ 952,521
Restricted surplus (note 17)	46,636,284	41,249,916
Equity in tangible capital assets (note 14)	108,066,893	107,104,734
	\$155,592,591	\$149,307,171

16. BUDGET FIGURES

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	2022	2021
ANNUAL SURPLUS	\$ 3,531,436	\$ 136,376
ADD: Proceeds from sale of capital assets	193,596	410,500
ADD: Transfer from restricted surplus to operations	3,286,974	4,594,222
ADD: Amortization of tangible capital assets	4,684,267	4,684,267
LESS: Transfers to restricted surplus	(4,254,448)	(3,834,452)
LESS: Capital expenditures	(7,441,825)	(5,990,913)
	\$ -	\$ -

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

17. RESTRICTED SURPLUS

	2022	2021
Capital Restricted Surplus		
General Government	\$ 66,580	\$ 66,580
Protective Equipment	7,919,875	7,565,964
Transportation Equipment	1,356,500	1,335,283
Road Construction	2,196,971	1,499,580
Bridge Construction	5,028,410	4,091,756
Gravel Crushing	215,355	148,249
Mossleigh Water Treatment Plant - Recovery	(438,255)	(454,793)
Environment Development Equipment	98,006	59,953
Air Transport	20,000	20,000
Capital Acquisition	12,596,801	9,230,371
Capital Contingency	970,682	970,682
	30,030,925	24,533,625
Operating Restricted Surplus		
Assessment Appeal	5,506	5,506
Community Enhancement	14,841	14,841
General Government Service	319,195	359,606
Protective Services	1,419,840	1,254,179
Transportation Contingency	1,773,349	1,674,544
Road Construction	738,011	903,366
Road Maintenance	777,244	645,378
Gravel Crushing	4,157,695	5,428,206
Uncrushed Gravel Inventory	4,046,215	4,351,891
Bridges	51,107	19,912
Water Management	36,670	38,829
Environment Treatment	45	45
Vulcan Hospital Project - Debenture Recovery	(1,258,374)	(1,382,720)
Planning and development	94,921	42,459
Agriculture Services	504,163	389,638
Recreation and Culture	743,402	752,515
Operating Contingency	3,181,529	2,218,096
	16,605,359	16,716,291
Total Restricted Surplus	\$ 46,636,284	\$ 41,249,916

In 2016, the County received a debenture for \$2,046,224 to fund the Vulcan Hospital Project. In 2019, County had contributed a total of \$2,046,224 of these funds towards this project, resulting in no amount remaining to be contributed based on the matching funds raised by the Vulcan County Health and Wellness Foundation. The debenture recovery for the Vulcan Hospital Project is a deficit from these contributions that is to be recovered by general tax levies at the same rate as the debenture principal repayments.

The upgrades to the Mossleigh Water Treatment Plant were a total of \$643,009 as at December 31, 2022. Council applied \$100,000 towards these upgrades, leaving \$543,009 in costs which will be recovered through an annual special water tax levy over a 20 year period. To date, there has been \$104,754 recovered by special water tax levies. The funds held in the Capital Acquisition Reserve were used to fund these upgrades and will be recovered by the special water tax levies.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

18. SEGMENTED INFORMATION

Vulcan County provides numerous services to its citizens, including protective, transportation, agricultural, planning and development, community and utility services. For management reporting and tracking purposes, these services are separated into departments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General Government includes legislative and administrative matters, including Council expenditures and administration costs required to operate Vulcan County. Activities within General Government include: general municipal expenditures, Council expenditures, financial statement preparation and reporting, accounts receivable and payable, payroll, information technology, geographical information systems (GIS), and property assessment and taxation.

Protective Services

Protective Services is comprised of emergency management, health and safety, bylaw enforcement and fire services. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. The Protective Services department administers the fire districts within Vulcan County, ensuring compliance as per the Quality Management Plan. Other services with respect to fire include public education and fire prevention. Bylaw enforcement is provided by Vulcan County's Community Peace Officer. This also includes the building rentals to AHS and the RCMP and the related costs to operate these facilities.

Transportation Services

The Transportation Department is responsible for the delivery of municipal public works services relating to the maintenance and construction of roadways and bridges. This department ensures appropriate agreements are in place (i.e. access agreements, pipeline crossings, road and rural addressing signage, etc.) to minimize liability concerns.

Agricultural Services

Agricultural Services provides advice and expertise with respect to weed and pest control, as well as soil and water conservation, campground maintenance and rental of specialized equipment. Working in conjunction with Alberta Agriculture, this department also provides field trials (insect counts, disease investigations, etc.).

Planning and Development Services

Planning and Development Services facilitates development in accordance with the Land Use Bylaw as approved by Vulcan Council. This department ensures compliance of existing development applications with the Land Use Bylaw, offers recommendations to Council for amendments and assists developers with requirements of area structure plans.

Community Services

Vulcan County contributes to many community service organizations, such as: the local Family Community Support Services, daycare and public health, tourism and economic development, recreation boards, cultural programs and library boards.

Utility Services

Vulcan County is a member of the Twin Valley Regional Water Commission and Vulcan District Waste Commission. Operations for the Mossleigh Water Treatment Plant are contracted to Rocky View Utility Corp.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

19. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2022			2021
	Salary / Per Diems	Benefits & Allowances	Total	Total
Councillors				
Division 1 - Gateman (October to December 2021)	\$ 16,725	\$ 4,507	\$ 21,232	\$ 5,802
Division 1 - Donovan (January to October 2021)	-	-	-	13,650
Division 2 - Cockwill	18,981	5,407	24,388	28,124
Division 3 - Schneider	30,090	4,807	34,897	40,217
Division 4 - Lyckman	32,658	4,507	37,165	36,931
Division 5 - Nelson (October to December 2021)	27,300	4,507	31,807	7,085
Division 5 - Monner (January to October 2021)	-	-	-	16,831
Division 6 - Northcott (October to December 2021)	20,955	2,086	23,041	6,605
Division 6 - Smith (January to October 2021)	-	-	-	20,468
Division 7 - Logan	23,634	4,507	28,141	32,218
Chief Administrative Officer - Petersen	\$ 173,760	\$ 31,087	\$ 204,847	\$ 215,013
Designated Officer(s)	131,272	28,868	160,140	156,611

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.

Benefits/allowances figures for Councillors include mileage for travel from their place of residence to the respective regular meetings and the employer's share of Canada Pension Plan and Health Care benefits.

Employer's share of all employee benefits and contributions or payments made on behalf of employees includes retirement pension, Canada Pension Plan, unemployment insurance, health care, group life insurance, accidental disability and dismemberment insurance, long term disability, professional memberships, workers compensation and tuition.

20. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 281,764 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the County to the LAPP in 2022 were \$450,041 (2021 - \$459,202). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2022 were \$405,268 (2021 - \$426,177).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 billion dollars.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

21. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2022 (2021 - \$nil) as a result of this standard.

22. CONTINGENCIES

The County is a member of the Alberta Municipal Authorities 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.

23. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 259,740 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.42 per cubic meter. The estimated liability is based on the sum of discounted future cash flows for restoring the gravel pit; discounted at the County's borrowing rate of 6.20% and assuming annual inflation of 3.34%. The gravel pits have an estimated useful life ranging from 7 to 64 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$270,007 is accrued under the other liabilities in the Statement of Financial Position. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficiently funded gravel reserves to cover the costs of the reclamation.

The County also has the following other commitments and contractual obligations:

	2022	2021
Equipment and Vehicles	\$ 2,142,556	\$ 64,279
Service Providers	472,850	1,877,867
	\$ 2,615,406	\$ 1,942,146

Equipment and Vehicles: The County has committed for purchase orders of capital expenditures of \$2.14 million (2021 - \$64,279) that has been ordered but not received before December 31, 2022.

Service Providers: As of December 31, 2022, the County has \$472,850 (2021 - \$1.88 million) in commitments relating to service contracts, including assessment services, janitorial services, and other contracted services. The prior year included a large commitment relating to the 2021-2022 gravel crushing project.

The scheduled payments not including GST are as follows:

	Equipment and Vehicles	Service Providers
2023	\$ 2,442,556	\$ 223,525
2024	-	191,975
2025	-	57,350
	\$ 2,442,556	\$ 472,850

24. PRIOR YEAR FIGURES

Certain prior year figures have been reclassified to conform to the current year's presentation.

25. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.