



ANNUAL FINANCIAL REPORT 2023

FOR FISCAL YEAR ENDED DECEMBER 31, 2023
VULCAN COUNTY, ALBERTA, CANADA



Vulcan County
Box 180, 102 Centre Street
Vulcan, Alberta T0L 2B0
www.vulcancounty.ab.ca



Realizing opportunity and growth through collaborative leadership and accessible administration.

- Vision Statement

Through proactive municipal leadership and partnerships, we will balance traditional planning with innovation to realize economic development and community growth for future prosperity.

-Purpose Statement

Save Paper, view our report online.

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in your PDF reader.





ANNUAL FINANCIAL REPORT

2023

FOR FISCAL YEAR ENDED DECEMBER 31, 2023
VULCAN COUNTY, ALBERTA, CANADA

PREPARED BY VULCAN COUNTY
CORPORATE SERVICES DEPARTMENT
JUNE 2024

Box 180, 102 Centre Street
Vulcan, Alberta, Canada T0L 2B0
www.vulcancounty.ab.ca



Welcome to Our Financial Report



It is our pleasure to submit Vulcan County's 2023 Annual Financial Report.

The purpose of the Annual Financial Report is to provide our community with a clear and transparent insight into the financial information and results for the County. It also provides an opportunity to analyze and comment on the financial highlights and information of the County, its finances, and the outlooks for the future.

The Annual Financial Report is divided into three (3) major sections:

- 1) Introductory Section
 - 1A) Financial Discussion & Analysis
- 2) Financial Statements
- 3) Statistics, Ratios, & Information

Note that the "Financial Discussion & Analysis" is part of the Introductory Section; however, is separated as a sub-section so that this information may be highlighted for the reader of the report.

Vulcan County believes in fiscal accountability and transparency through regular financial monitoring and reporting. In an attempt to further improve the transparency of the County's finances, we have developed this Annual Financial Report to assist in providing additional details and hope that this report assists you in understanding the County's financial statements and related financial information.

2023 Significant Factors:

The 2023 financial statements were impacted by some of the following major factors:

- There have been some significant new accounting standards that were required for the 2023 fiscal year, including but not limited to PS3280 for Asset Retirement Obligations (AROs). The ARO implementation was a significant process that has been in the "works" for the last couple years, including contracting out environmental experts to evaluate and provide reclamation estimates for all buildings and facilities throughout the County. An ARO liability has been added to the Financial Statements, including a prior period restatement for the related effects. See the ["New PSAS Accounting Standards Implemented"](#) within the Financial Statement Discussion & Analysis section for more information.
- During early-2023, a large solar farm (Travers Solar Project - 465 Megawatt) was completed and deemed to be fully commissioned; whereas, in preparation of this large linear assessment being commissioned, the County authorized a supplementary assessment roll (for mid-year additions) and the supplementary tax rate bylaw (including due dates and penalties). This allowed the County to obtain tax revenues on this project on a pro-rated basis (from date of being commissioned). This supplementary assessment supported with the County maintaining service levels while reducing the general municipal tax rates, see the ["2023 Tax Rates & Assessment Information"](#) infographic for more information (including 40.0% reduction for residential and 5.5% reduction for non-residential).

As the assessment and commission date was not known at the time of Budget 2023, the County took a conservative approach in which an estimated \$1.78 million was budgeted for supplementary tax revenues; whereas, the actual total supplementary revenues were \$3.81 million (payment not due until early 2024). The resulting \$2.0 surplus was allocated to specific reserves, including establishing a \$1.67 million "Assessment Contingency" reserve to support with potential future large scale linear-based projects, should a supplementary assessment be required (or other assessment changes).

- Rate changes and inflation have significant impacts on the variable costs for the County. Although increases in oil prices support in tax collections, they also have direct impacts on the costs of fuel/diesel which is a large variable cost for the County's fleet and heavy-duty equipment.

Changes to the banking rates (prime rate) also had impacts to the County. The County's investment income was able to be significantly increased as most of the current investments are factored based on the banking prime rates; whereas, in early-2023 the County also locked in some multi-year investments to take advantage of the higher rates available to the County. The County has minimal debt and the only long-term debenture debt has locked-in rates for the duration of its term, so the borrowing rates changes had minimal impacts on interest expenses; however, effective borrowing rates are used in a couple net present value (NPV) calculations for specific liabilities.

- The County's long-term planning has supported the budgeting during years of reductions and uncollectable tax accounts, the fluctuations of capital, and other unexpected changes.

The County makes use of long-term budgets to carefully plan out future revenues and expenditures. The County has developed a 3-year written plan for budgeting operating activities and a 5-year written plan for budgeting capital acquisitions (included within the County's 20-year capital plan). These plans allow the County to strategically plan for the future and can minimize the effects on changes in tax rates to cover these changes from year-to-year. The use of operating and capital reserves can be used as a "buffer" to maintain municipal services while avoiding significant fluctuations to the County's property tax rates.

Although the County had some significant challenges over the past couple years, such as the economic factors for oil and gas industry and the COVID-19 pandemic, the County was able to still provide the municipal services to our ratepayers. Long-term and strategic planning supported the County while avoiding significant fluctuations from year-to-year.

It is my pleasure to serve this community.

Respectfully submitted,



Mark DeBoer, CPA, CA, SFO
Director of Corporate Services
June 24, 2024

Financial Reporting Recognition

Government Finance Officers Association of the United States and Canada (GFOA)

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting (CANFR) to Vulcan County for its annual financial report for the fiscal year ended December 31, 2022. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.



In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principals and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirement, and we are submitting it to the GFOA to determine its eligibility for another award.

Notes Regarding this Report

This Annual Financial Report has been designed to act as a resource for the public, local businesses and community, and employees. The purpose of the Annual Financial Report is to provide our community with a clear and transparent insight into the financial information and results for the County. It also provides an opportunity to analyze and comment on the financial highlights and information of the County, its finances, and the outlooks for the future. The 2023 fiscal year representing the period from January 1st, 2023 to December 31st, 2023.

The electronic/PDF copy of this report is designed to be interactive for the readers of the report. The table of contents are hyperlinked to the related sections. The side tabs, as shown later in this report, are hyperlinked to the start of the related sections. There are also hyperlinks throughout the report to the County's website, social media, and other sources to provide the reader additional information. The PDF copy also maintains comprehensive electronic bookmarks on each of the major sections and sub-sections of the report.



Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

Vulcan County

Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO



Vulcan County

2023 Annual Financial Report Condensed Table of Contents:

The following is a condensed table of contents for the County's Annual Financial Report including all of the major sections and categories of the report. A detailed table of contents is also included on the cover pages of each of the major sections.

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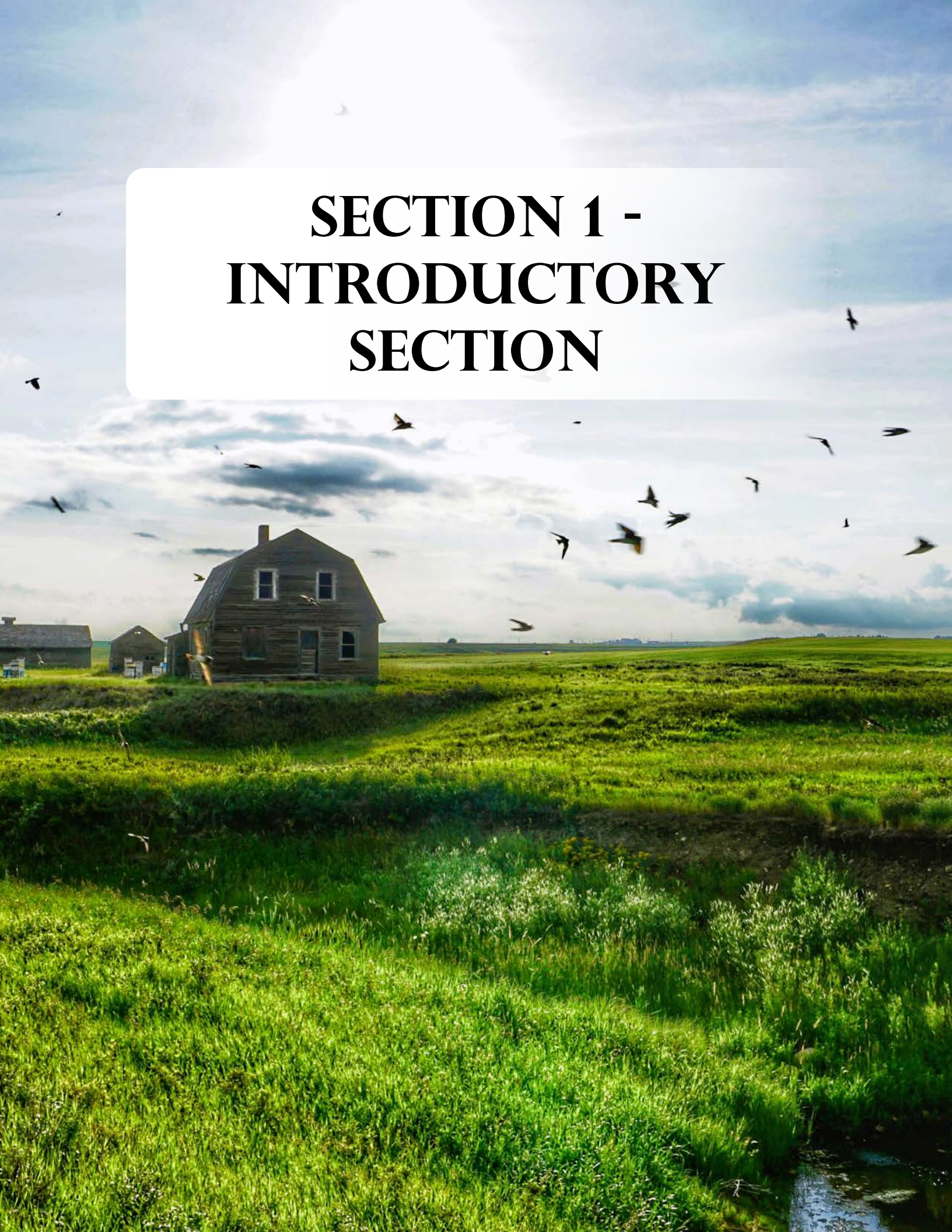
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Section 1 - INTRODUCTORY SECTION

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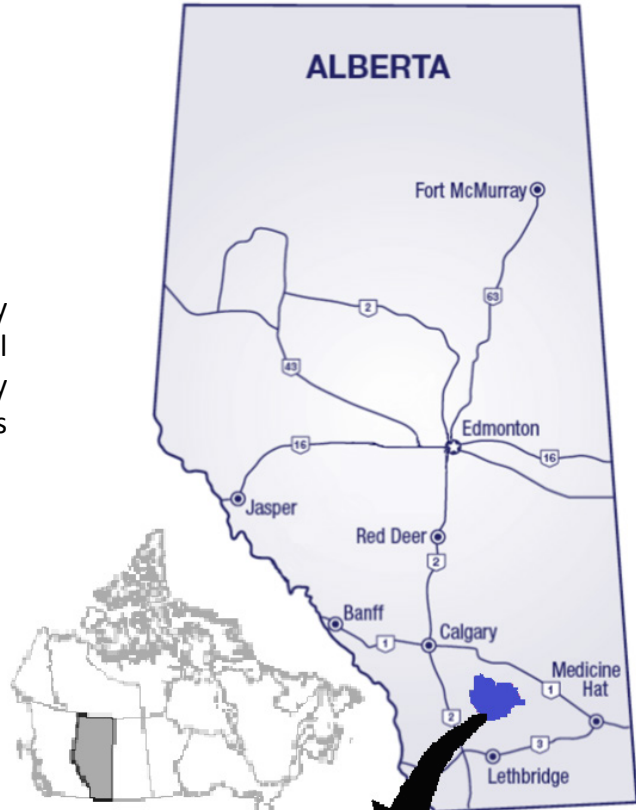
COUNTY PROFILE



Vulcan County is a rural municipality within Southern Alberta with a population of approximately 4,237 and is conveniently located one hour from both Calgary and Lethbridge. The County covers an area of 563,420 hectares and encompasses the following:

- Town of Vulcan
- Villages of Carmangay, Champion, Lomond, Milo, and Arrowwood
- Hamlets of Brant, Ensign, Kirkcaldy, Shouldice, Queenstown, Mossleigh, Herronton, and Travers

Vulcan County is a municipal government entity established under authority of the Municipal Government Act; whereas, the County is chosen by and is accountable to the local community by means of local elections (elected County Council).



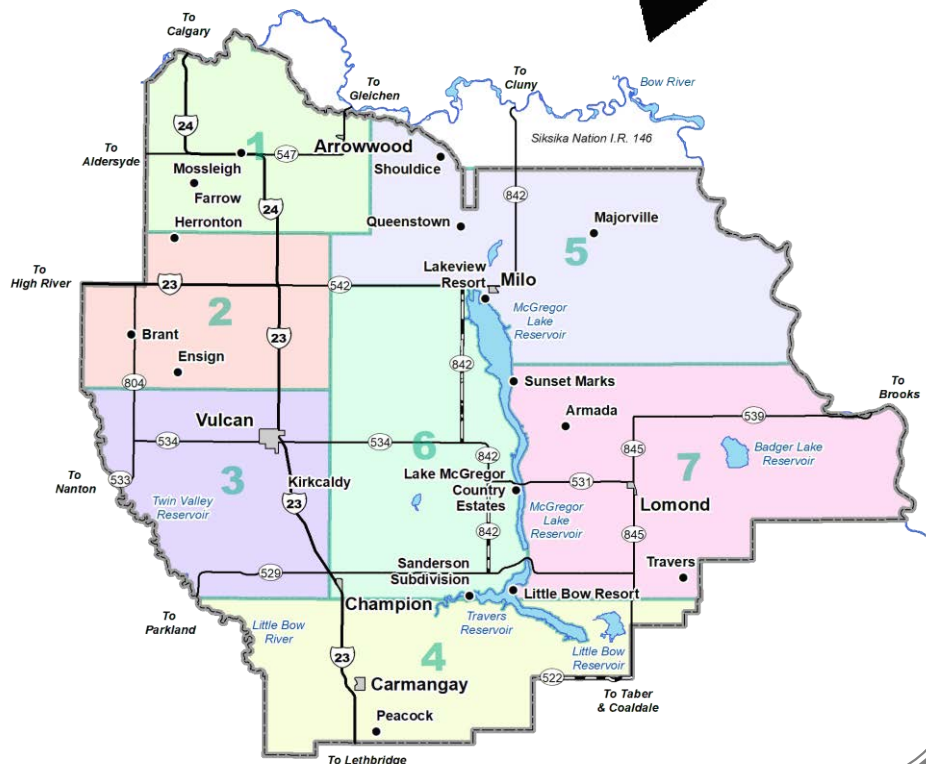
Geographical Location

Vulcan County is a rural municipality located within Southern Alberta.

Major Highways:
Highway 23 & 24

Secondary Highways:
Highway 529, 531, 534, 539, 542, 547, 804, 842, 845

Distance to Major Areas:
 - 129 km (81 miles) to Calgary
 - 94 km (59 miles) to Lethbridge
 - 200 km (125 miles) to Coutts / Sweetgrass USA Border Crossing



Welcome to Vulcan County



County Services

Vulcan County provides a number of services to its residents, either directly or jointly with other municipalities and commissions. These services include the following:

- **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** - 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 Officers.
- **Transportation Services** - 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** - provides advice and expertise with respect to weed and pest control, as well as soil and water conservation, and rental of specialized equipment. Working in conjunction with Alberta Agriculture, this department also provides field trials (i.e., insect counts, disease investigations, etc.).
- **Planning and Development Services** - facilitates development in accordance with the Land Use Bylaw as approved by County 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** - including many community service organizations, such as the local Family Community Support Services (FCSS), daycare and public health, tourism and economic development, recreation boards, cultural programs and library boards.
- **Utility Services** - including garbage disposal (with the Vulcan and District Waste Commission) and water services (with Twin Valley Regional Water Commission and Mossleigh Water Coop).

Economics of the County

The largest industry in Vulcan County is agriculture, encompassing approximately 444,000 hectares of farmland. The County is a member of the Foothills Little Bow Association and is part of the Bow River Irrigation District. There are three operational inland grain terminals in Vulcan County; two just south of the Town of Vulcan, and one southwest of the Village of Carmangay.

Geophysical drilling and pipeline activity have become increasingly important in recent years, with many oil and gas deposits put into production. Likewise, renewable energy is a rapidly growing industry in the County due to our ideal location for wind and solar farms. Some of the largest wind and solar farms in western Canada are situated in the County and provide significant economic benefit to our region and is projected to produce approximately 900 megawatt (MW) of clean energy. There are also additional renewable energy projects being developed.



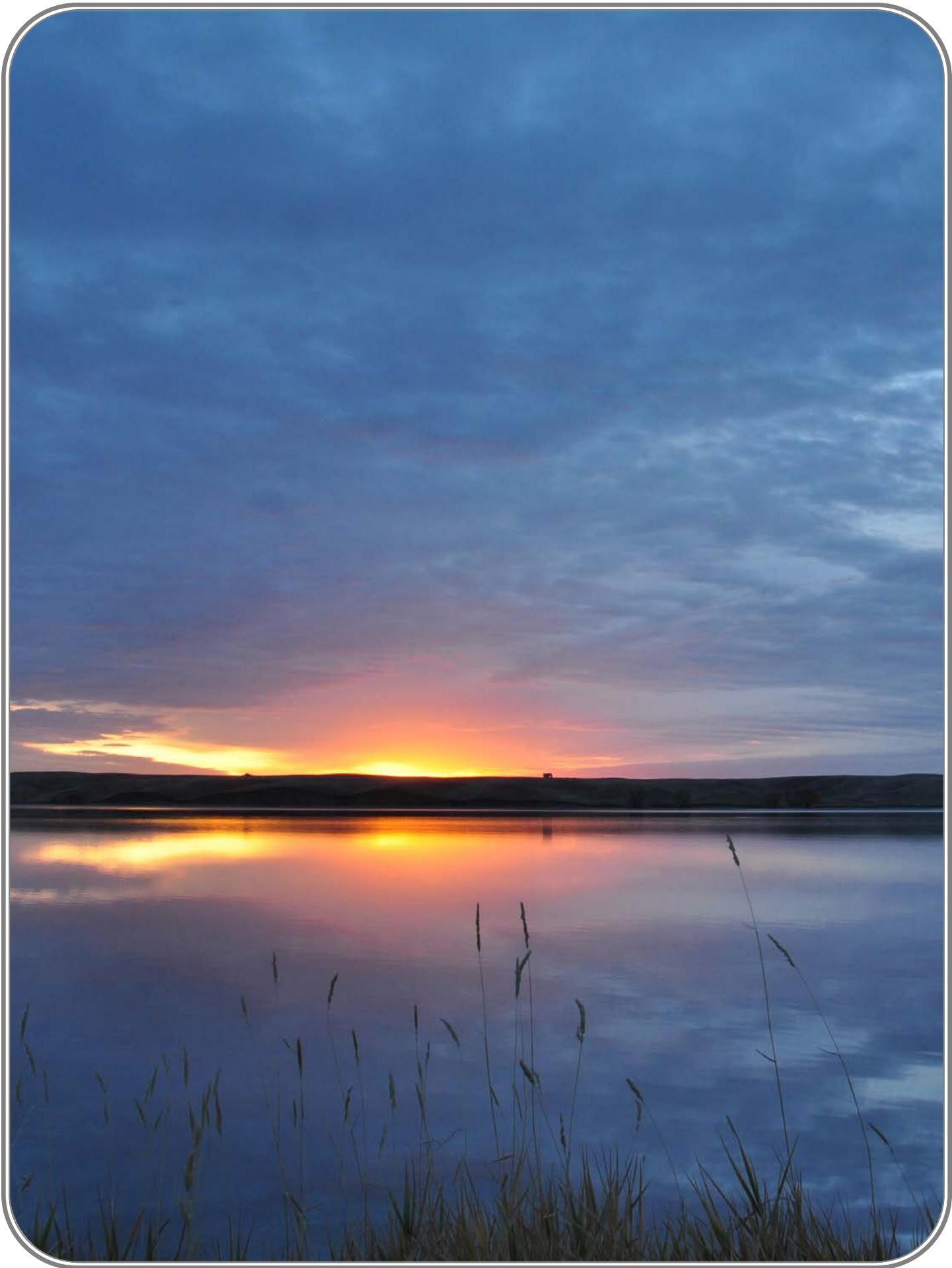
Recreation and Attractions



Throughout the County, communities have a wide range of recreational facilities, including playgrounds, community centres, senior citizens drop-in centres, golf courses, ice arenas, swimming pools, and rodeo arenas.

Water recreation areas in the County include the Travers Dam, Lake McGregor, Williams Lake and Badger Lake. Provincial Parks include the Little Bow Provincial Park, Little Bow Reservoir Provincial Recreation Area, McGregor Reservoir Provincial Recreation Area, Travers Reservoir Provincial Recreation area, and the Wyndham-Carseland Provincial Park.

County historical attractions that focus on the First Nations heritage are the Carmangay Tipi Rings, the Majorville Medicine Wheel, and the Sundial Medicine Wheel; while the aviation related attractions include the Royal Canadian Air Force Monument at the Vulcan Industrial Airport.



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

MUNICIPAL GOVERNANCE

County Council

Vulcan County is governed by a seven-person County Council, which is elected every four (4) years (previously three years) effective for the 2013 elections. All Councillors elected from each of the seven (7) electoral divisions of Vulcan County. The most recent municipal election took place in October 2021.



The County Council (the “Council”) of Vulcan County operates under the authority of the Municipal Government Act (Revised Statutes of Alberta, 2000, Chapter M-26) and policies and regulations pursuant to that legislation.

The position of Reeve and Deputy Reeve are determined at each of the annual Organizational Meetings held in October of each year.

Council holds two types of meetings:

- Council Meetings and Governance
- Priorities Committee Meetings

Council Meetings are more formal and where Council makes the actual decisions on important matters in the community. These Council Meetings are typically held on the 1st and 3rd Wednesday of each month and are always open to the public and media.

Governance & Priorities Committee Meetings are typically less formal and provide Administration opportunities to share information, discuss issues, and obtain direction from Council. This can include, but is not limited to, Budget Committee Meetings and Organizational Meetings.

[Click the Pictures to go to their Profiles](#)

Vulcan County - Council Members:



Jason Schneider
Reeve / Division 3
2013-date



Shane Cockwill
Deputy Reeve / Division 2
2017-date



Jodie Gateman
Councillor / Division 1
2021-date



Laurie Lyckman
Councillor / Division 4
2017-date



Kelly Nelson
Councillor / Division 5
2021-date



Christopher Northcott
Councillor / Division 6
2021-date



Doug Logan
Councillor / Division 7
2017-date

Vulcan County Council also establishes a number of policies and bylaws that provide governance on the County and its operations. Click on the binders below:



Council policies layout direction on governance, programs, and services delivered by Vulcan County in order to provide a consistent approach to operations. Council bylaws are the laws established by the County in accordance with the powers delegated under the Municipal Government Act (MGA) by the Province of Alberta.



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

County Administration



Nels Petersen
Chief Administrative Officer (CAO)

The position of Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to the County Council.

Reporting to the CAO are the four (4) Directors in charge of each of the County's departments and the Managers of Development Services, Engineering & Infrastructure Services, and Legislative Services. The following are the departments of the County:

- **Operations** - department includes road construction, road maintenance, graveling, bridge construction, and fleet maintenance.
- **Corporate Services** - department includes information technology, geographic information systems (GIS), and finance (assessment, taxation, receivables, payables and payroll).
- **Protective Services** - department includes fire protection services and bylaw enforcement.
- **Agricultural Services** - department includes seeding, weed control, spraying, pest control and agricultural rentals.



Mike Kiemele
Director of Operations



Mark DeBoer
Director of Corporate Services



Doug Hendricks
Director of Protective Services



Deanna Heather
Director of Agricultural Services



Anne Erickson
Manager of Development Services



Nathan Forsyth
Manager of Engineering & Infrastructure



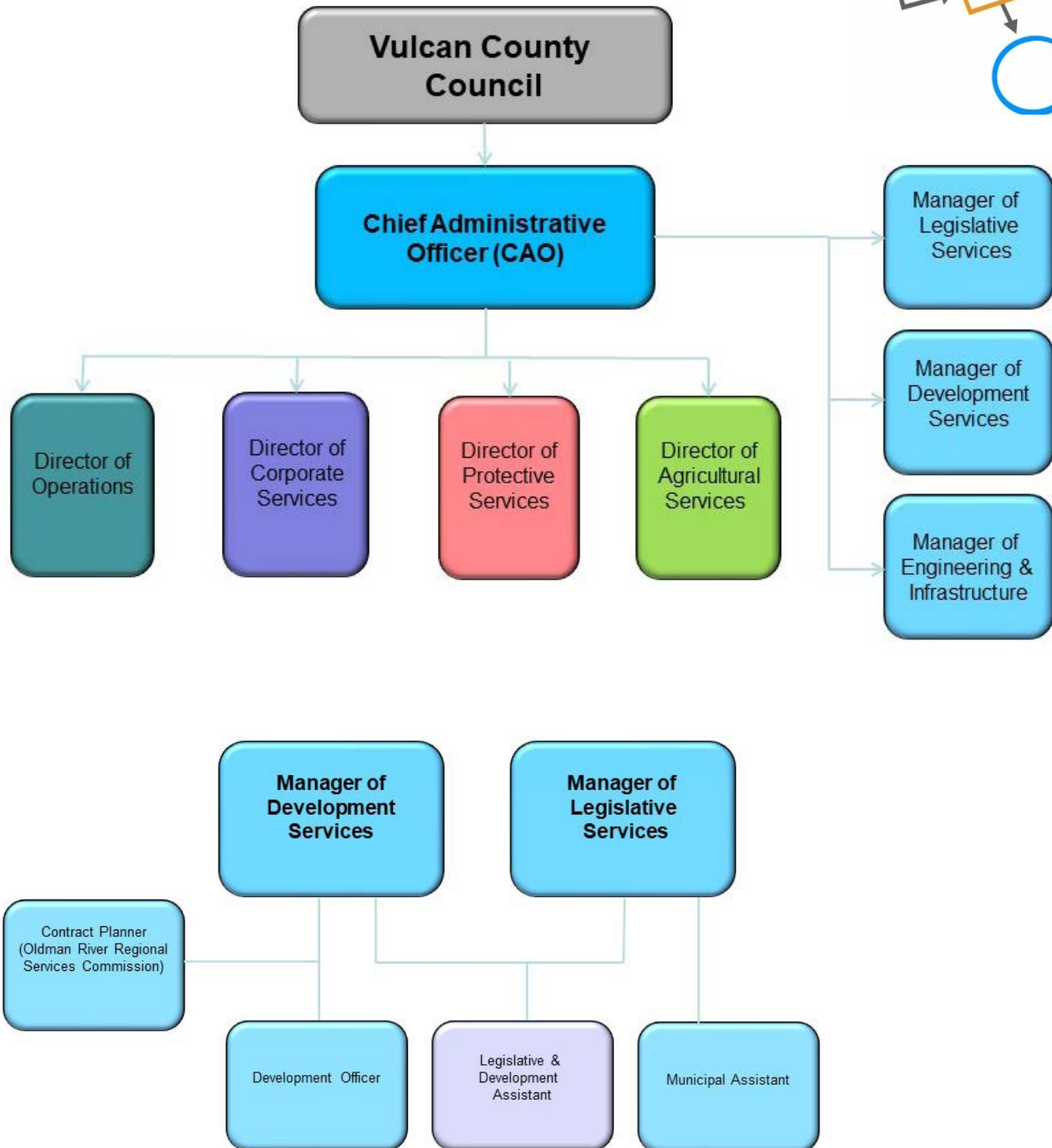
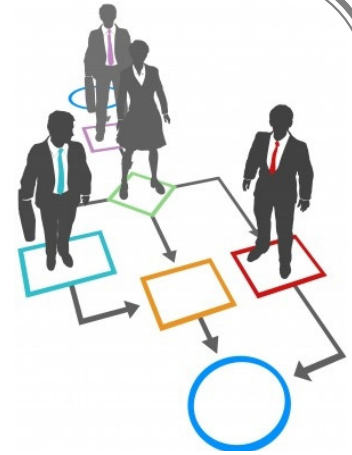
Lansey Middleton
Manager of Legislative Services

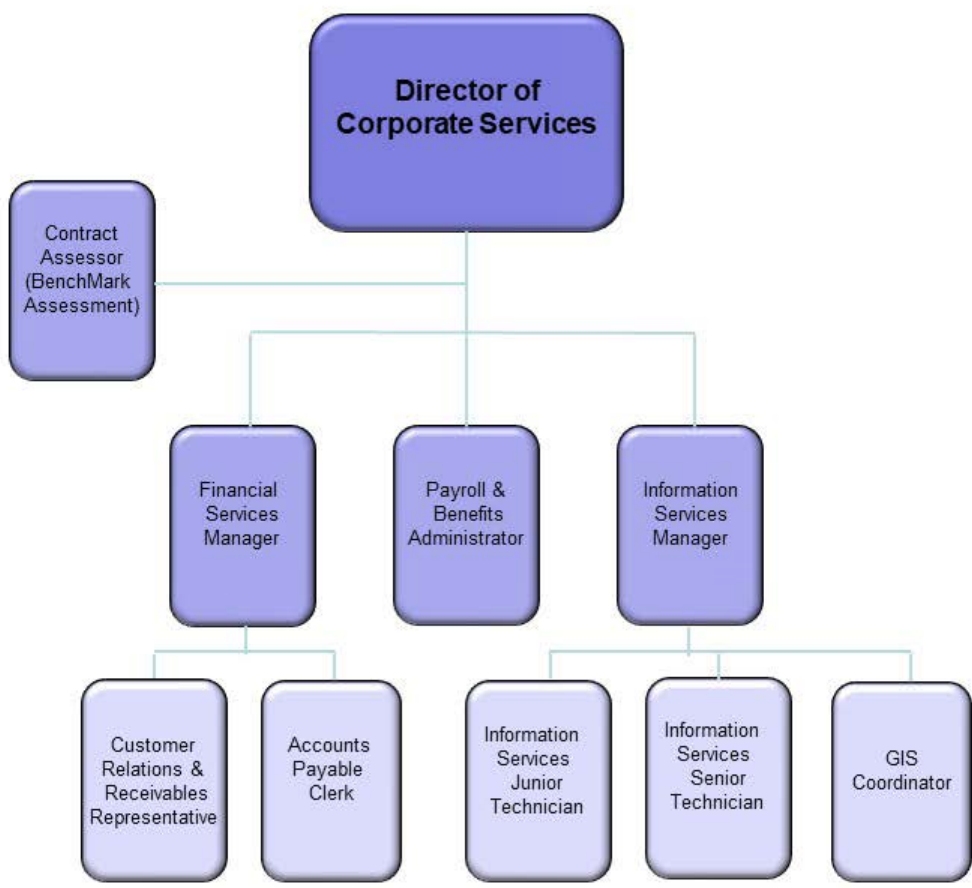
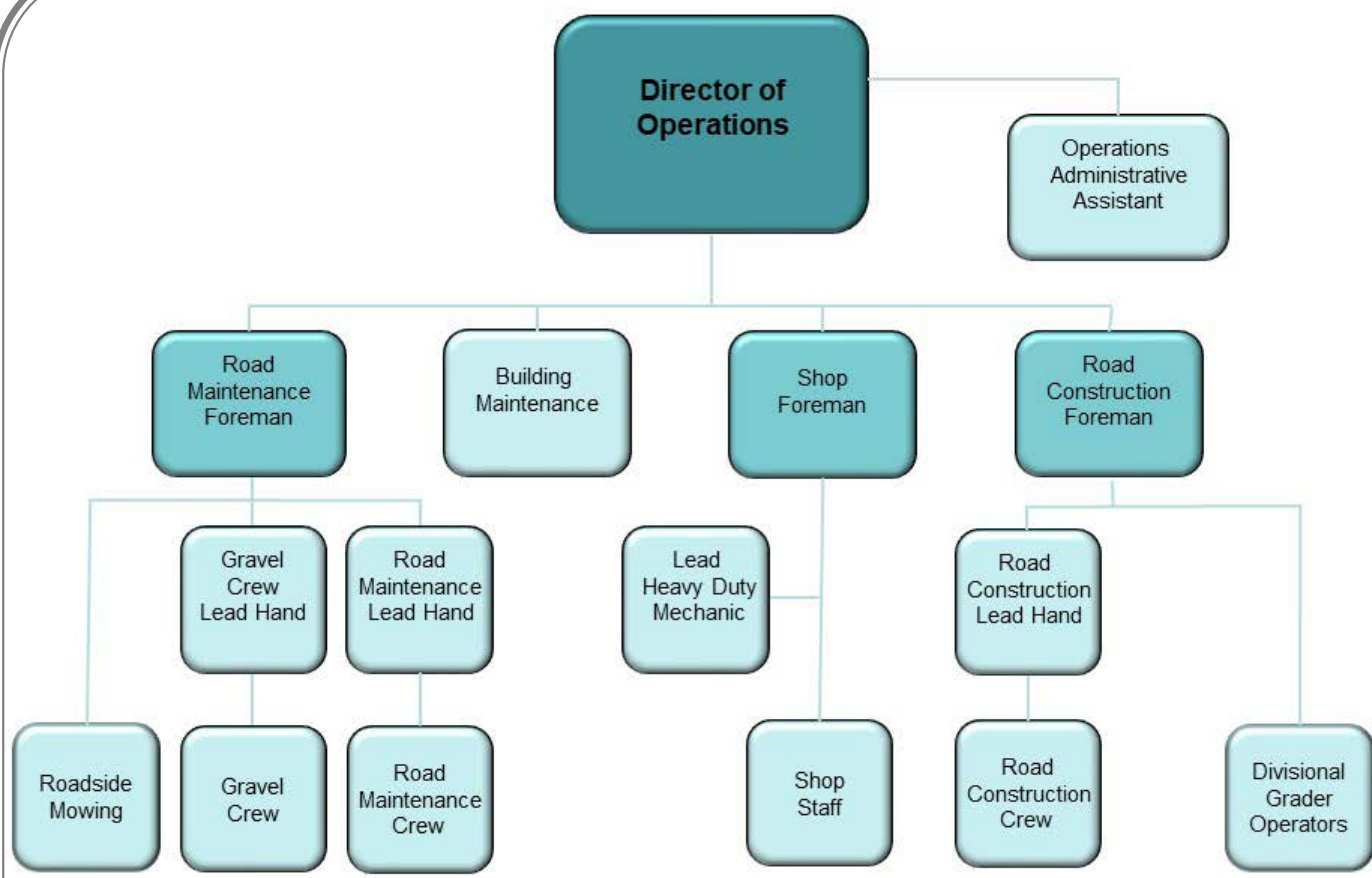
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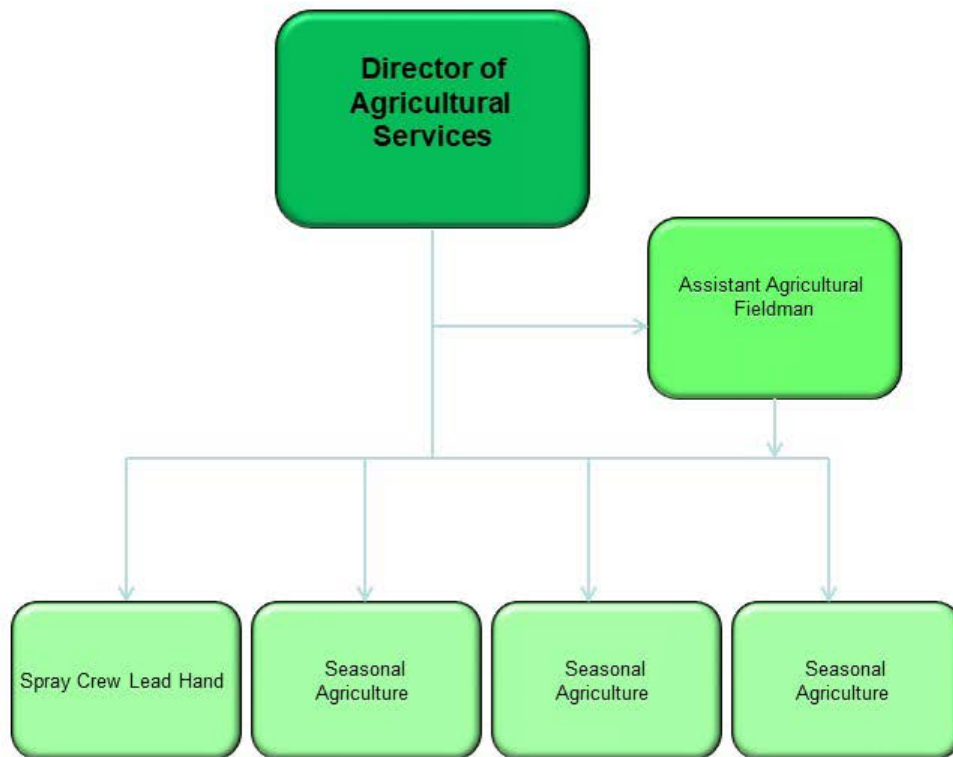
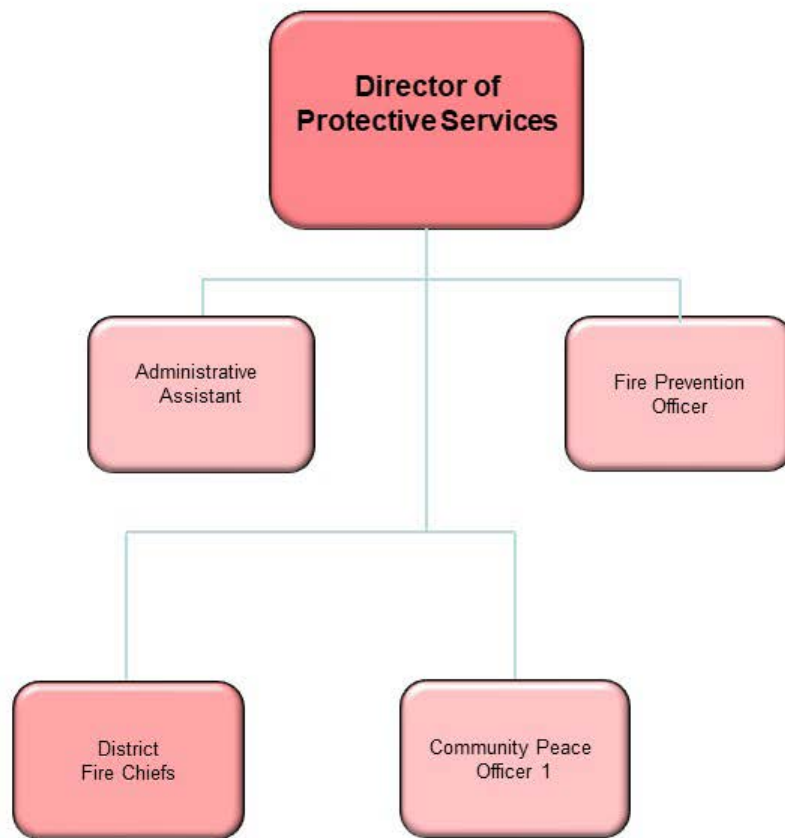
Organizational Structure/Charts

The organizational structure of Vulcan County aligns with each of County Departments represented within the County Services.

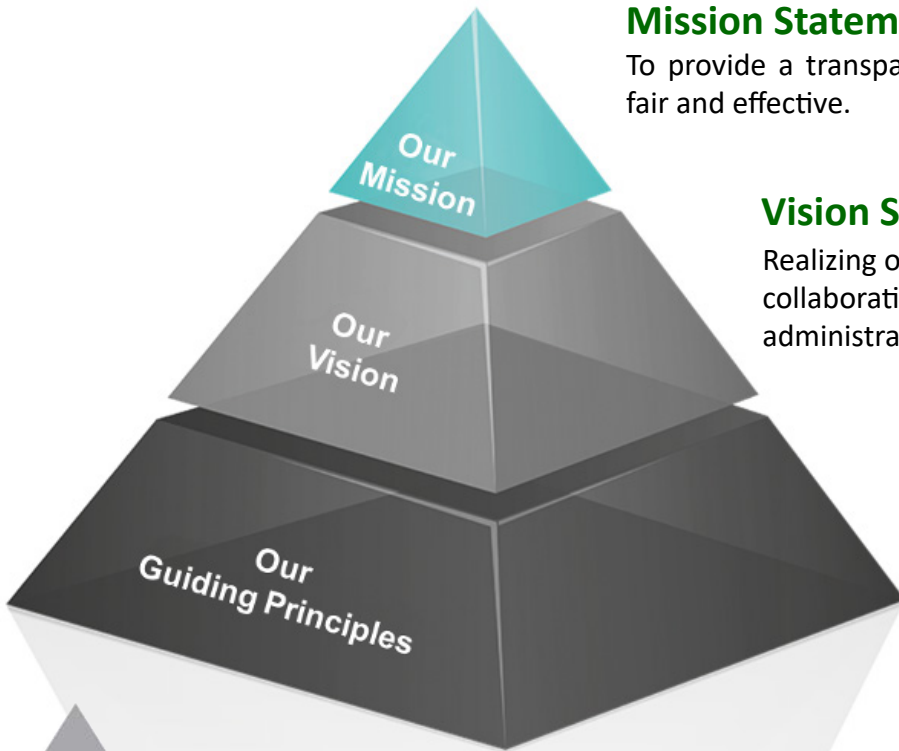
The following is the administrative/management structure of the County:







VISION, MISSION STATEMENT, & GUIDING PRINCIPLES

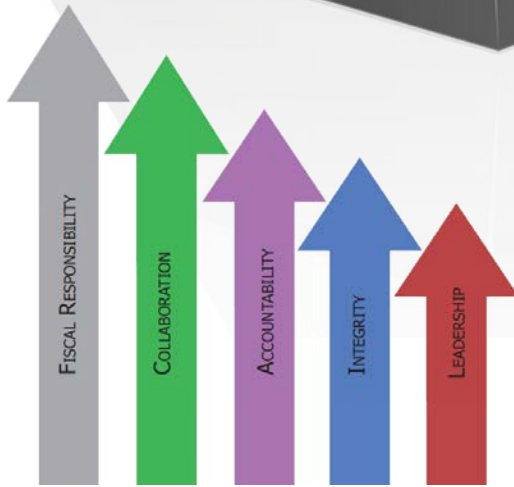


Mission Statement

To provide a transparent government that is fair and effective.

Vision Statement

Realizing opportunity and growth through collaborative leadership and accessible administration.



Guiding Principles & Values

- To provide a transparent government that is fair, reasonable, accountable and effective;
- A diligent Council and Administration that seeks the best long term outcomes for our ratepayers;
- Sound fiscal decisions that ensure sustainability of the County into the future;
- Values of the County include:
 - > Fiscal Responsibility
 - > Collaboration
 - > Accountability
 - > Leadership & Integrity



Every four years, as a new Council is elected, Vulcan County develops a new strategic plan and priorities that provide the roadmap and direction of what the County needs to achieve for the next four-year period and beyond.

During 2022, Vulcan County developed its next Strategic Plan “**Advance Successes**” which was adopted in late 2022. This Strategic Plan is for 2022-2026.

STRATEGIC PLAN AND PRIORITIES

Vulcan County Strategic Plan 2022-2026: Advancing Successes is intended to provide any interested persons or organizations a brief overview of the County's vision, values and strategic themes.

The purpose of Vulcan County's Strategic Plan is to create a "blue print" for the future. Putting the right strategy together and developing a clear action plan for effective implementation is vital to the success of Vulcan County. To achieve this, Vulcan County developed the 2022-2026 Strategic Plan, which includes the following seven (7) key goals:



Economic Resiliency



Continued Collaboration with Regional Partners



Continued Investment into Infrastructure & Equipment



Responsible & Transparent Leadership and Governance



Continued Support of our Agricultural Industry



Safe Communities



Attract, Engage, and Retain New & Existing Employees



[Click the Report to go to the Strategic Plan](#)



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios



Economic Resiliency

1) Economic Resiliency

We will actively pursue opportunities to diversify our assessment base to support the services we provide to our residents. To realize this goal, Vulcan County Council has committed to:

- Provide County staff with the resources and training to develop programs and initiatives.
- Rewrite of the Vulcan County Municipal Development Plan.
- Rewrite the Wyndham Carseland Area & Mossleigh Area Structure Plans.
- Complete and promote the Vulcan County Industrial Park build and explore other opportunities for similar developments.
- Continue to encourage businesses to register in the Vulcan County business directory. Create and maintain an online business directory.
- Develop online education page for development permit applications to assist applicants and free up staffing resources.
- Standardized requirements of what is considered a complete development application.
- Continue to explore Marina Development on MacGregor Reservoir.
- Procure additional water licencing through water allocation transfers to support economic growth.



Continued Collaboration with Regional Partners

2) Continued Collaboration with Regional Partners

We recognise that we cannot action all our objectives alone. To realize these goals Vulcan County has begun undertaking the following measures:

- Review of Intermunicipal Development Plans and Intermunicipal Collaborative Frameworks with municipal neighbours.
- Reinstigate annual meetings with the Bow River Irrigation District.
- Review and establish cost sharing formulas for funding that are equitable to all parties.
- Institute annual meetings with the Siksika Nation to investigate opportunities for partnerships.
- Explore opportunities and options with the Vulcan District Waste Commission which will allow for cost savings and stable requisitions.
- Build Upon community relationships and have more of a non-emergency presence at events.
- In collaboration with Siksika Nation, Arrowwood and Wheatland County, continue to pressure for bridge improvements on HWY's 547 & 842.
- Seek joint development areas with urban neighbors.



Continued Investment into Infrastructure & Equipment

3) Continued Investment into Infrastructure and Required Equipment

As a County, the majority of municipal activities typically relate to road and bridge infrastructure, making up approximately 43% of County expenditures. Vulcan County is committed to maintaining these assets by using the following strategies:

- Continued refinement and review of the 5 and 20 year capital plans for equipment and infrastructure construction and replacement.
- Review and approve 4-year road and bridge construction programs that recognize efficiencies in engineering, construction, and project tendering
- Continue capital equipment replacement based on life cycle asset management that ensures a balance between maintenance costs and down time.
- As capital equipment is replaced, considerations shall be given to future projects which may require larger equipment to undertake these projects. (i.e., bridge projects)
- Further investigate potential new aggregate sources to secure gravel requirements
- Create interactive mapping which provides information and grading and graveling programs.
- Undertake cost analysis for replacement of County building infrastructure.
- Lobby the Provincial Government for increased infrastructure funding
- Provide some minimal maintenance on undeveloped road allowances in support of farming operations based on budget availability and staff capacity.



Responsible & Transparent Leadership and Governance

4) Responsible & Transparent Leadership and Governance

Vulcan County will continue to endeavor to be a municipality which operates in a transparent and responsible manner. Key objectives to advance this priority are:

- Provide levels of service that balance ratepayer needs with organizational capacity.
- Build community confidence through responsible governance for long-term sustainability
- Continue to promote excellence through the production and submission of Annual Budget Reports and Annual Financial Reports to the Government Finance Officers Association.
- Improve public communication through our website, social media accounts, and printed media.
- Continued review of taxation rates as to remain competitive with our rural neighbours.
- Maintain our COR (Certificate of Recognition) certification which was achieved in 2020.
- Modernize the County website, allowing for easier navigation, updated content and a fresh look.
- Develop Environmental and Municipal Reserve Policy.
- Improved communication from Council regarding the ongoings of committees and boards.





Continued Support of our Agricultural Industry

5) Continued Support of our Agricultural Industry

Vulcan County recognizes that our main industry within our borders is agriculture. As such, the County is committed to supporting this industry by implementing the following strategies:

- Continue to have an active and engages Agricultural Service Board that reviews and investigates new programming and services which are of benefit to the agricultural industry.
- Marginal Land Recovery Grant -This program will help landowners with seeding marginal lands to grass and forages.
- Investigate and purchase specialized agricultural equipment.
- Work with Alberta Agriculture to assist them with the annual field scouting and inspection of various crop disease and insects.
- Work with companies wishing to bring business to Vulcan County to ensure their projects are a long-term benefit and that they have protocols in place to protect the land.
- Continue to enforce the Weed Act of Alberta, Soil Conservation Act, and the Agricultural Pests Act, while increasing weed control measures and awareness throughout Vulcan County.
- Develop a digital weed database for Vulcan County.



Safe Communities

6) Safe Communities

Protection of our community is accomplished by 6 fire departments, 5 RCMP detachments, and the Vulcan County Community Peace Officer Program. To provide safe communities, the County will undertake the following initiatives:

- Continue with education as a primary value in regard to enforcement.
- Training and exercises through the Vulcan County Regional Emergency Response Partnership.
- Engage RCMP on comprehensive policing and crime prevention strategy for the County.
- Continue to pressure the Province for better rural ambulance servicing in our region.
- Continue to be fully compliant with the NFPA standards.
- Explore Firefighter recruitment incentives to ensure sufficient staffing at all fire halls.
- Increase the delivery of prevention, and preparedness amongst our aging population.
- Build out the investigation program by purchasing equipment that will speed up the process and provide for in-depth reports.
- Develop Council awareness of the Incident Command System, as well as Council awareness of obligations regarding emergency management in legislation.



Attract, Engage, and Retain New & Existing Employees

7) Attract, Engage, and Retain New & Existing Employees

To ensure there is staff talent and capacity to provide the services the municipality is accustomed too, Vulcan County will undertake the following objectives to recruit and retain staff:

- Provide appropriate cross-training opportunities which will benefit staffing capacity and succession planning.
- Enhance the performance review tools for supervisors.
- Undertake compensation reviews to ensure Vulcan County is competitive within the market.
- Ensure adequate staffing to provide appropriate levels of service.

This Strategic Plan is a roadmap to the future and sets the direction for Administration to build work plans that will reach the fundamental vision as set by Vulcan County Council.

This plan sets the priorities and direction for the County while balancing the needs of infrastructure requirements, community growth and service provisions. The success of this plan will be measured on a quarterly basis through review of executed items, realized agreements and budgetary/financial impacts.

By Council's adoption of this plan, we commit to conscientiously work towards the best outcome for our ratepayers and community.



Strategic Plan "Advancing Successes"





**SECTION 1A
- FINANCIAL
DISCUSSION &
ANALYSIS**

Section 1A - FINANCIAL DISCUSSION & ANALYSIS

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Note: The “Financial Discussion & Analysis” is part of the Introductory Section; however, is separated as a sub-section so that this information may be highlighted for the reader of the report.



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Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

It is our pleasure to submit Vulcan County's Annual Financial Report for the year ended December 31, 2023. The purpose of this Annual Financial Report is to provide our ratepayers with clear and transparent insight into the financial information and results of the County. The report also gives us an opportunity to analyze and provide commentary on the financial information contained within.



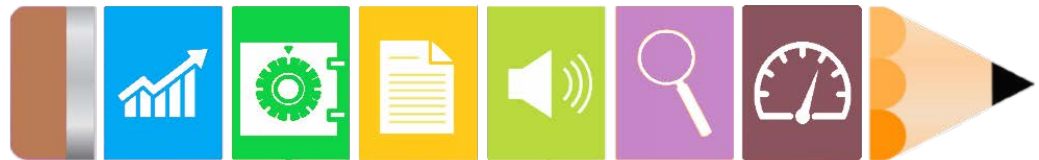
Mark DeBoer
CPA, CA, SFO
Director of
Corporate Services

This section of the Annual Financial Report provides the County an opportunity to analyze and comment on the financial highlights and information of the County. This includes information on the **internal financial controls** utilized by the County and provides a **Financial Statement Discussion and Analysis (FSD&A)** for the 2023 fiscal year.

The FSD&A is a supplement to the 2023 audited financial statements that are contained in this report. The FSD&A is provided to enhance the understanding of the County's financial position and provide additional insight in the County's operations.

The FSD&A should be read in conjunction with the annual financial statements and accompanying notes. The annual financial statements are prepared in accordance with the Canadian Public Sector Accounting Standard (PSAS). Vulcan County's management is responsible for the preparation and presentation of these statements.

KPMG LLP has audited Vulcan County's 2023 Financial Statements and provided an unqualified opinion. County Council approved the audited financial statement on April 17, 2024.



INTERNAL FINANCIAL CONTROLS

Vulcan County maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. The controls are subject to regular reviews and revisions (as required).

These controls include, but are not limited to, the financial policies set by Council, administrative procedures, external audits, and the budgeting process.

Financial Policies

Vulcan County has a number of policies relating to the financials that are reviewed and approved by Council. These policies are designed to ensure that there are appropriate controls in place to safeguard the County and to ensure that the County is compliant with the Alberta Municipal Government Act, Canadian Public Sector Accounting Standards, and all other applicable legislation. Some of the key areas addressed by current policies are:

The County's Policies are organized by the major categories:

12-1 - Legislative	26-1 - Safety Policies
12-2 - Financial Records	32-1 - Road Transportation
12-3 - Personnel	62-1 - Agricultural Services
21-1 - Community and Protective Services	69-1 - Land & Other Property

The following are some of the financial policies that are in place:



- Signing Authority (Policy 12-2001)
- Fraud Prevention, Identification, and Reporting Policy (Policy 12-2201)
- Purchasing Authority and Procurement Policy (Policy 12-2203)
- Investment Policy (Policy 12-2204)
- Corporate Credit Card (Policy 12-2205)
- Loan Policy (Policy 12-2211)
- Tangible Capital Assets (Policy 12-2214) *
- Reserve Policy (Policy 12-2218)

* Policy 12-2214 - *Tangible Capital Assets (TCA) policy was recently updated/amended to include formal guidance on the implementation and guidelines on Asset Retirement Obligations (ARO) related to the County's TCA.*

Administrative Procedures

Vulcan County has a number of internal procedures that are used to document the steps and methods required to perform many of the financial tasks in the County's administration. These internal procedures ensure that the proper steps are taken for the recording of financial transactions to promote accuracy, consistency, and that policies are being followed appropriately.



The County utilizes a centralized accounting process. In this process, the Corporate Services Department is responsible for all common financial and computer systems used to record financial information. This information is then used to provide financial reports to Council, and is also used to create the County's year end financial statements which are audited by an external audit firm.

There are many Policies and Procedures that are publicly available on our website:
www.vulcancounty.ab.ca/Your Government/Policies

Budget Process

In accordance with Sections 242 and 245 of the Municipal Government Act, County Council approves an operating and capital budget on an annual basis. Typically, the majority of the budget is developed in September to November of the year prior to the budget, and approved as the Interim Budget in December. The Final Budget is usually approved in April when the last budget items are received, property assessments are finalized, and requisitions for schools and senior foundations are available.

There is currently a 20-year Capital Plan which assists in the development of the annual capital budget by outlining the County's long-term capital replacement requirements. The Plan is currently funded by existing capital reserves and projected contributions to those reserves. This methodology of long-term budgeting allows for more stable tax rates over time since rates would not have to be increased in years when large projects must be completed.

The County prepares a 3-year operating budget each year. The upcoming year is planned in great detail, with the 2 subsequent years being based on estimates. As each subsequent year arrives, it is also reviewed in detail before being implemented. The County takes into account several factors while budgeting including current economic conditions, provincial policy changes, and service requirements within the County.

After the budget is approved by Council, expenditures are controlled by formal purchasing policies, financial systems, and financial reporting designed to prevent budget overruns.



External Audits

In accordance with Section 280 of the Municipal Government Act, County Council appoints an independent auditor, KPMG LLP, to report on the annual financial statements of the County. The auditors' responsibility is to express an opinion on whether or not the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

The auditors have full access to all of the County's financial records and information, and will meet with staff, management, and the Reeve to discuss matters relating to the audit. The auditors also provide the County with a management letter providing comments on the internal controls.



For the 2023 Financial Statement audit, our auditors expressed a “clean” audit opinion, indicating that the financial statements are presented fairly in all material respects. The auditors did not have any recommendations for improvements to the County's financial internal controls during the 2023 audit, indicating the overall effectiveness of the controls that are already in place.

Historically, the County has had BDO Canada LLP as its external auditor; however in 2023, the County put out a Request for Proposals (RFP) for audit services and KPMG LLP was the successful qualified proponent for the 2023-2027 audits.

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Vulcan County's 2023 financial statements are prepared by management in accordance with the Canadian Public Sector Accounting Standards (PSAS). 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 following Financial Statement Discussion and Analysis (FSD&A) is also prepared by management and is intended to expand on and explain information in the financial statements. The discussion & analysis is not part of the actual financial statement and therefore is not specifically audited.



As shown above in the pencil infographic, the Financial Statement Discussion & Analysis (FSD&A) is divided into six (6) major sections:



Click the Icons to go to the related section

NEW

New PSAS Accounting Standards Implemented

The 2023 fiscal year had some significant changes in the Public Sector Accounting Standards (PSAS). These include the implementation of PS3280 - Asset Retirement Obligations (ARO) and PS1201 - Financial Statement Presentation. The following is an overview of these new standards and the impact on the County's 2023 Financial Statements.

PS3280 - Asset Retirement Obligations (ARO)

Effective January 1, 2023, the County adopted the new ARO standard using the **Modified Retroactive Approach** (using present value technique) with restatement of prior year comparative information. As part of the implementation of the ARO standard, the County included the following:

- Recording the estimated ARO liabilities
- Recognizing capitalized ARO costs and the related accumulative amortization

The AROs mostly related to asbestos and other hazardous materials within the County owned facilities, which would be required to be removed when the buildings and facilities are "retired". Other AROs relate to the reclamation of County "owned" gravel pits. The County does not own/control any landfills or waste transfer site (these are owned by Vulcan & District Waste Commission - separate legal entity).



The County contracted environmental experts to determine the estimated reclamation costs of the buildings and facilities; whereas, the ARO liabilities and costs are calculated using Present Value (PV) techniques. The following is a summary of the ARO transactions using the Modified Retroactive Approach:

	2023 Yearend	2022 Yearend	2022 Opening
ARO Liability Transactions:			
ARO Liability	525,354	522,882	504,869
Gravel Reclamation Liability	-	(8,399)	(8,399)
Accretion Expense	19,291	18,012	N/A
ARO Remeasurement	(16,819)	-	N/A
Capitalized ARO Transactions:			
Capitalized ARO	69,799	69,799	69,799
Accumulative Amortization	(51,568)	(50,453)	(49,338)
Amortization of ARO Tangible Capital Assets	1,115	1,115	N/A
Accumulated Surplus Transactions:			
Equity in Tangible Capital Assets	-	503,536	484,408
Unrestricted Surplus	-	(8,399)	(8,399)

The ARO transactions are calculated using Present Value (PV) techniques; whereas, the estimated future reclamation costs of the buildings/facilities and the controlled gravel pits is a total of \$1.178 million at the date of reclamation (based on 2023 factors and information). These estimates are based on a current valuation of \$965,400 and estimated annual inflationary factors of 0.50% for buildings/facilities and 4.14% for gravel reclamation costs (remaining useful life ranging from 3 to 45 years).

In relation to the gravel pit reclamations, the County is legally/contractually responsible for the reclamation of gravel pits that include bot pits that are owned/controlled by the County and other pits that are not under the County's control.

- For gravel pits that are owned/controlled by the County - these fall under the ARO standards and are now included within the ARO liabilities. As part of the ARO implementation, the prior liabilities for reclamation were removed/de-recognized and re-recognized under the ARO standard (previously recorded within "other liabilities") which this impacted the "unrestricted surplus" in the accumulated surplus.
- The gravel pit sites that are not under the County's control are still recognized as gravel reclamation liabilities under "other liabilities".

See the following financial statement notes for additional information:

- Note 2 - Change in Accounting Policy
- Note 12 - Asset Retirement Obligations
- Note 14 - Other Liabilities

PS1201 - Financial Statement Presentation

The implementation of this standard required a new "Statement of Remeasurement Gains and Losses" which has been added to the 2023 Financial Statements. This Statement indicates the unrealized changes in the value of financial instruments (such as investment) being measured in the financial statements at fair market value.

Currently, the County does not have any applicable changes in unrealized gains/losses on financial instruments as the only applicable investment that the County holds is a principal protected note/bond; however, this investment was acquired at yearend and the cost base currently equals the fair market value of the investment (so no unrealized changes). This Statement is likely to be utilized in subsequent years with the fluctuating changes in the fair market values.

PS3450 - Financial Instruments

Effective January 1, 2023, the County adopted this new accounting standard; however, it was determined that there were no material impacts on the financial statements.

Statement of Financial Position

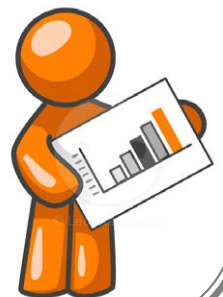


The Statement of Financial Position highlights the financial assets and liabilities, the non-financial assets, and the accumulated surplus. This statement is used to evaluate the County's ability to finance its financial liabilities and commitments. This type of statement is often referred to as a "balance sheet".

	2023	2022 (Restated)	Change
FINANCIAL ASSETS			
Cash and equivalents	1,047,378	1,932,025	(884,647)
Taxes and grants in lieu receivables	4,531,347	763,379	3,767,968
Trade and other receivables	882,094	619,150	262,944
Portfolio investments	27,125,041	36,862,064	(9,737,023)
Inventory held for resale	67,111	72,337	(5,226)
Long term investments	14,855,537	2,056,265	12,799,272
Loans and notes receivable	179,439	219,500	(40,061)
Other	17,071	16,430	641
	48,705,018	42,541,150	6,163,868
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	1,332,939	660,961	671,978
Deferred revenue	1,252,204	1,840,432	(588,228)
Employee benefit obligations	330,337	278,408	51,929
Long term debt	1,118,084	1,252,044	(133,960)
Asset retirement obligations	525,354	522,882	2,472
Other liabilities	906,255	506,723	399,532
	5,465,173	5,061,450	403,723
NET FINANCIAL ASSETS	43,239,845	37,479,700	5,760,145
NON-FINANCIAL ASSETS			
Tangible capital assets	107,687,527	108,086,239	(398,712)
Inventory for consumption	8,720,764	9,103,226	(382,462)
Prepaid expenses	402,198	428,289	(26,091)
	116,810,489	117,617,754	(807,265)
ACCUMULATED SURPLUS	160,050,334	155,097,454	4,952,880

The prior year (2022) comparatives were restated for the following:

- Adding the "Asset retirement obligation" (Financial Liabilities) of \$522,882 for the new standard.
- Decrease to the "Other liabilities" (Financial Liabilities) by \$8,399 for the de-recognition of the controlled gravel pit reclamations (moved to AROs)
- Increase to the "Tangible capital assets" (Non-financial Asset) by \$19,346 which is the addition of the \$69,799 of capitalized ARO and the \$(50,453) of accumulated amortization on these ARO assets.
- Net increase of \$495,137 to "Accumulated Surplus" for the increases in the Equity in Tangible Capital Assets and the reduction to the Unrestricted Surplus.





Financial Assets

Overall, there has been an increase in the County’s financial assets, but not uniformly across all asset types. The main reasons for the various changes from the prior year were:

- Cash and equivalents decreased from the prior year relates to the additional funds transferred to short-term & long-term investments. As per the Statement of Cash Flows, there was a decrease in the “Operating Transactions” as there is a larger outstanding tax receivable on supplementary taxes (as the balances are not due until early 2024) and there some of the deferred revenue funding were used during the 2023 fiscal year.
- Taxes and grants-in-lieu receivables increased from the prior year as the County issued a Supplementary Tax at the end of 2023, which was not payable until early 2024. The total supplementary property tax levies were \$4.033 million (2022 - \$nil) and as at December 31, 2023, there was a balance remaining of \$4.017 million (2022 - \$nil). These balances are to be collected in 2024. Overall the Tax Collection rate increased from 96.97% to 97.40% after excluding the effects of the Supplementary Tax Balances (see the [Financial Indicators & Performance Measures](#) section for additional details).
- Trade and other receivables increased from the prior year with the accrued interest receivable as many of the funds are in GICs that are not paid out to the investment until the end of each year or at maturity. The requisition under-levies were utilized in 2023 with receiving the Provincial Education Requisition Credits (PERC) and the supplementary tax requisition levies.
- Portfolio investments and Long-term investments had a net increased from the prior year as the County was able to “lock-in” some of these short-term funds into long-term investments with higher investment rates; therefore, although there was a \$9.74 million decrease in Portfolio Investments, there was a \$12.80 million increase in long-term investments.
- Loans and notes receivable decreased from the prior year with receiving or invoicing for the applicable loan payments. These loans are unsecured and do not have options for loan forgiveness; whereas, there are no valuation allowances as at December 31, 2023.





Liabilities

Overall, there has been an increase in the financial liabilities of the County. The main reasons for the various changes from the prior year were:

- Accounts payable and accrued liabilities increased from the prior year as there was an increase in the trade A/P with the capital projects being worked on and the timing of the County’s payments. There was also a large increase in the deposits liabilities as there were some significant deposits added on lots sales for the industrial park.
- Deferred revenue has decreased from the prior year as there were some significant MSI Capital funded projects were completed during the year. Remaining MSI Capital balance is mostly the Mossleigh Drainage Project (should be worked on in 2024). The MSI Operating was fully used. MSI grants are moving to the Local Government Funding Framework (LGFF) framework in 2024 so the County wanted to use as much as possible before the transition (allowed to roll forward MSI capital within project guidelines for the existing projects).
- Employee benefit obligations include accrued staff vacation time and allowances. Vacation time is allocated based on the County’s Personnel Policy and/or specific employee contracts. The accrued allowances relates to the carry-forward health & wellness program credits based on the County’s Health & Wellness Policy.
- Long-term debt decreased by the expected amount from two semi-annual debenture repayments during 2023. The debenture relates to the Vulcan Hospital Expansion Project.
- Asset Retirement Obligations (ARO) liabilities are a new accounting standard implemented in 2023 (PS3280) and the prior year balances are fully restated as part of this new standard. These AROs relate to reclamation liabilities for buildings/facilities and controlled gravel pits. The Modified Retroactive Approach was used using present value techniques as outlined in the County’s TCA Policy. See the [“New PSAS Accounting Standards Implemented”](#) for additional details.
- Other liabilities include an estimated liability for gravel reclamation of gravel pit sites (non-controlled), tax sale trust accounts, deposits held for other community organizations, and other liabilities. There was a significant increase in the gravel reclamation liability with the updates in the ARO factors used in implementation.

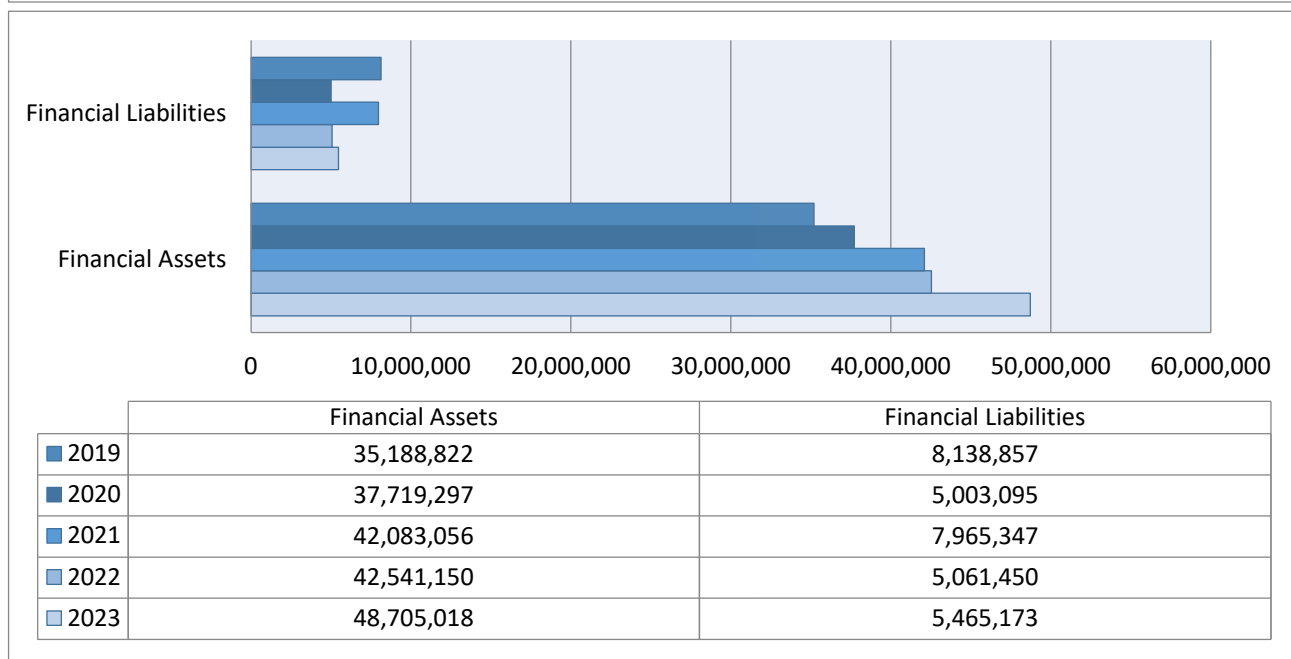
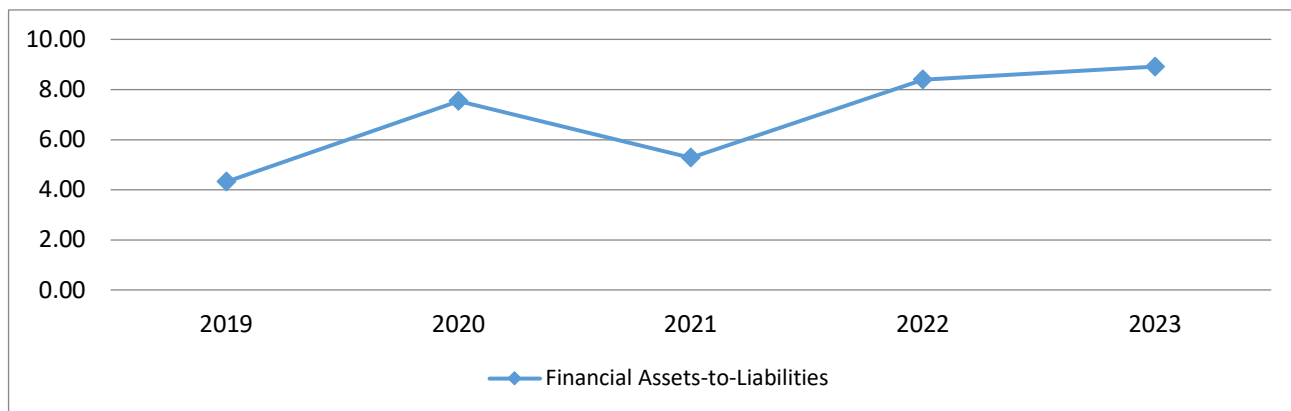
Net Financial Assets

Overall, the County maintains a positive net financial position (financial assets exceeding financial liabilities) of approx. \$43.24 million. This is an increase from the prior year of approx. \$37.48 million. A positive net financial position allows the County to cover its financial liabilities and commitments with its financial assets.

Overall, the Financial Assets-to-Liabilities ratio increase in 2023 with the surplus that was generated, increases to investments, and the use of the Municipal Sustainability Initiative (MSI) grant funding for specific projects. Although there is a co-relation between the Financial Assets-to-Liabilities ratio and the Current/Liquidity ratio, the Current ratio slightly decreased from 15.33 to 12.35 (which are still higher rates) as the County has invested additional funds in long-term investments in early 2023 as the investment rates are where towards the “peak” rates available for the County and allows the County to benefit from higher investment rates for the next 2-5 years (see the [Financial Indicators & Performance Measures](#) section for additional details).



The following is a 5-year trend analysis on the net financial assets:



	Financial Assets	Financial Liabilities
2019	35,188,822	8,138,857
2020	37,719,297	5,003,095
2021	42,083,056	7,965,347
2022	42,541,150	5,061,450
2023	48,705,018	5,465,173

	Financial Assets	Financial Liabilities	Ratio
2019 Financial Statements	35,188,822	8,138,857	4.32
2020 Financial Statements	37,719,297	5,003,095	7.54
2021 Financial Statements	42,083,056	7,965,347	5.28
2022 Financial Statements	42,541,150	5,061,450	8.40
2023 Financial Statements	48,705,018	5,465,173	8.91

The net financial assets and its related ratio is an indicator that the County continually monitors. There is a co-relation between the Financial Assets-to-Liabilities ratio and the Current/Liquidity ratio, which is a specific performance measure for the County.

Non-Financial Assets

Non-financial assets are assets that are not available to “pay off” existing liabilities and are held to provide services for the County. This includes capital assets (road/bridge infrastructure, vehicles, equipment, etc.) and gravel inventory. The following changes occurred during the year:

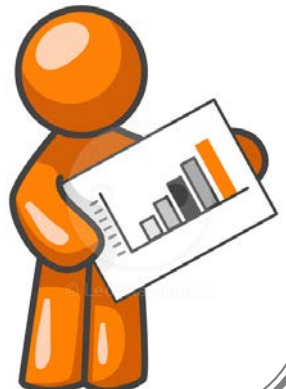


- Capital asset value decreased during the year since annual amortization expense and the sale/disposal of assets was slightly greater than the value of new assets purchased, leading to decreased combined net book value of tangible capital assets. As shown in Schedule 2 (Schedule of Tangible Capital Assets):

Acquisition of Capital	\$ 4,431,496
New Construction in Progress	<u>272,676</u>
New TCA Increase	\$ 4,704,172
Amortization of TCA	\$ 4,877,770
Net Book Value of Disposals	<u>225,114</u>
Net TCA Reductions	\$ 5,102,884
Overall increase (decrease) to TCA	\$ (398,712)
Change in capital debt (leases)*	N/A
Change in AROs	<u>(2,472)</u>
Overall change in Equity in TCA	\$ (401,184)

**Capital leases were repaid during 2021.*

- Inventory for consumption decreased from the prior year; whereas, the majority of the decrease directly relates to use of the gravel inventory for the road gravelling/maintenance programs and road/bridge construction during 2023. There were also some gravel sales in the year (revenue for the County).
- Prepaid expenses decreased from the prior year as a decrease in the “Other Prepaid Costs” from the prior year as 2022 include some larger prepayments on some specific government remittances. This reduction was partially offset by increases in the prepaid insurance.





Accumulated Surplus



The Statement of Financial Position indicates that the Accumulated Surplus is net of the Financial Assets/Liabilities with the Non-Financial Assets. As outlined in Schedule 1 of the Financial Statements, the Accumulated Surplus is then comprised of three (3) main components: Unrestricted Surplus, Restricted Surplus (Operating and Capital Reserves), and the Equity in Tangible Capital Assets.

Schedule 1	2023	2022 (Restated)	Change
Unrestricted Surplus	900,534	897,813	2,721
Restricted Surplus (Reserves)	51,987,627	46,636,284	5,351,343
Equity in Tangible Capital Assets	107,162,173	107,563,357	(401,184)
Accumulative Surplus	160,050,334	155,097,454	4,952,880

Unrestricted Surplus

The Unrestricted Surplus is the accumulation of the County's surpluses from year-to-year that have not been specifically restricted (either internally or externally). Typically, if a surplus (or a portion there of) is restricted, it would be included in the County's operating or capital reserves. An organization normally retains a balance within the Unrestricted Surplus for potential remeasurement of estimates of assets and liabilities (as discussed in the Measurement Uncertainty found within the Summary of Significant Accounting Policies).

As part of the ARO Implementation, the reclamation of owned/controlled gravel pits were removed/de-recognized and re-recognized under the ARO standard (previously recorded within "other liabilities") which this impacted the "unrestricted surplus" in the accumulated surplus for a total of \$8,399.

Restricted Surplus (Reserves)

The Restricted Surplus, otherwise known as Reserves, are internally restricted funds that have been set aside for future activities and projects. Reserves include both capital and operating reserves:

	2023	2022	Change
Capital Reserves	31,681,542	30,030,925	1,650,617
Operating Reserves	20,306,085	16,605,359	3,700,726
Total Restricted Surplus (Reserves)	51,987,627	46,636,284	5,351,343
Net Financial Assets (excluding ARO Liability)	43,765,199	38,002,582	5,762,617
Inventory for Consumption	8,720,764	9,103,226	(382,462)
Total Funding Available	52,485,963	47,105,808	5,380,155

As shown above, the combination of the net financial assets (excluding ARO liabilities) and the inventory for consumption are sufficient to cover all reserves. Therefore, the County's reserves are considered to be "fully funded" reserves.

The following page includes a listing of the specific capital and operating reserves.



RESTRICTED SURPLUS

	2023	2022
Capital Restricted Surplus		
General Government	\$ 125,016	\$ 66,580
Protective Equipment	7,905,341	7,919,875
Transportation Equipment	1,794,527	1,356,500
Road Construction	2,614,730	2,196,971
Bridge Construction	5,531,256	5,028,410
Gravel Crushing	215,355	215,355
Mossleigh Water Treatment Plant - Recovery	(421,717)	(438,255)
Environment Development Equipment	110,754	98,006
Air Transport	20,000	20,000
Capital Acquisition	12,815,598	12,596,801
Capital Contingency	970,682	970,682
	<u>31,681,542</u>	<u>30,030,925</u>
Operating Restricted Surplus		
Assessment Appeal	5,506	5,506
Assessment Contingency	1,660,543	-
Community Enhancement	14,841	14,841
General Government Service	423,338	319,195
Protective Services	1,493,251	1,419,840
Transportation Contingency	1,798,903	1,773,349
Road Construction	843,798	738,011
Road Maintenance	1,008,675	777,244
Gravel Crushing	4,320,122	4,157,695
Uncrushed Gravel Inventory	4,046,215	4,046,215
Bridges	117,907	51,107
Water Management	30,865	36,670
Environment Treatment	225,096	45
Vulcan Hospital Project - Debenture Recovery	(1,134,028)	(1,258,374)
Planning and development	272,295	94,921
Agriculture Services	637,066	504,163
Recreation and Culture	889,670	743,402
Operating Contingency	3,652,022	3,181,529
	<u>20,306,085</u>	<u>16,605,359</u>
Total Restricted Surplus	<u>\$ 51,987,627</u>	<u>\$ 46,636,284</u>

The County’s capital reserves are part of the long-term planning within the County’s 20-Year Capital Plan. This methodology is used to “level out” the annual funding requirements to avoid the highs and lows in capital requirements from year-to-year. The scheduled replacement of the capital is based on the estimated useful lives of the assets which takes into account the costs/benefits of replacing the asset vs. the costs to maintain the assets.

In 2023, the County established an “Assessment Contingency” reserve to support with potential future large scale linear-based projects, should a supplementary assessment be required. This can also support with unexpected changes in assessment to mitigate the effects on tax rates.



A **Performance Measure** for the County is the “Accumulated Operating Surplus (AOS)” as a % of Expenses Ratio is a measure to indicate level Unrestricted Surplus and Reserves that are available to cover the annual costs of operations. The AOS represents the total Accumulated Surplus excluding the Equity in Tangible Capital Assets. This can be an indicator of long-term stability and planning.

The AOS% of Expenses Ratio is calculated by the ratio of combining the Unrestricted Surplus and Reserves and dividing this by the total annual expenses. Reserves can include both specific operating and capital reserves.

Overall the AOS% of Expenses slightly increased from 252.35% to 254.44% as there was both an increase in the AOS and the level of annual expenses from the prior year (see the [Financial Indicators & Performance Measures](#) section for additional details). The County has historically maintained a higher than average AOS% of Expenses ratio (compared to other comparables and provincial averages) as the County believes in long-term stability and planning, including maintaining appropriate levels of operating and contingency reserves and a fully-funded 20-year capital plan to ensure the infrastructure and capital needs are covered while minimizing significant fluctuations from year-to-year.

Equity in Tangible Capital Assets

The Equity in Tangible Capital Assets equates to the net book value (NBV) of the Tangible Capital Assets as described in Schedule 2 (Schedule of Tangible Capital Assets) less the capital debt (Capital Lease Obligation):

	2023	2022 (Restated)	Change
Tangible Capital Assets - cost	218,442,309	215,278,739	3,163,570
Tangible Capital Assets - amortization	(110,754,782)	(107,192,500)	(3,562,282)
Tangible Capital Asset (NBV)	107,687,527	108,086,239	(398,712)
Asset Retirement Obligation	(525,354)	(522,882)	(2,472)
Equity in Tangible Capital Assets	107,162,173	107,563,357	(401,184)

Note: the long-term debt acquired does not relate to the acquisition of tangible capital assets and therefore is not included in the capital debt amount in determining the equity in tangible capital assets. Capital leases were fully repaid during 2021; therefore, no longer has impact on the Equity in Tangible Capital Assets (TCA).

As part of the ARO Implementation, the “Tangible capital assets” (Non-financial Asset) by \$19,346 which is the addition of the \$69,799 of capitalized ARO and the \$(50,453) of accumulated amortization on these ARO assets. These balances were updated in 2022 balances. The “Equity in Tangible Capital Assets” was also updated to include the effects on the Asset Retirement Obligations (ARO) liabilities as these obligations are a direct result of the related tangible capital assets (TCA), including the 2022 balance of \$522,882. See the [“New PSAS Accounting Standards Implemented”](#) for additional details.



Statement of Operations



The Statement of Operations highlights the revenues and expenses of the County. This statement is mainly used to evaluate County operations as compared to the budget and the prior year.

	2023 - Budget	2023	2022 (Restated)
OPERATING REVENUE			
Net municipal taxes	15,555,033	17,943,837	15,079,227
Government transfers	928,671	1,104,191	1,403,059
Return on investments	576,824	2,063,059	1,022,438
Sale of goods, services and user charges	982,250	1,949,632	888,685
Rental income	321,980	320,565	319,129
Community aggregate levy	140,110	193,171	212,993
Penalties and costs of taxes	194,000	350,624	228,725
Gain on disposal of tangible capital assets	-	26,523	1,430,054
Other revenues	380,000	30,518	240,385
	19,078,868	23,982,120	20,824,695
OPERATING EXPENSES			
Legislative	506,709	478,318	447,807
Administration	2,328,823	2,267,748	2,056,167
Protection services	2,720,932	2,627,286	2,045,659
Transportation services	10,267,864	11,290,788	10,552,481
Agricultural services	830,466	720,976	650,453
Planning and development services	625,747	691,937	544,723
Family and community support	233,282	219,469	217,118
Parks and recreation	695,648	696,646	671,001
Tourism and economic development	35,027	19,922	24,040
Utility Services	1,137,224	1,140,509	1,021,944
Other	32,671	632,309	621,097
	19,414,393	20,785,908	18,852,490
OPERATING SURPLUS	(335,525)	3,196,212	1,972,205
CAPITAL REVENUES			
Contributed tangible capital assets	-	-	-
Government transfers for capital	2,474,235	1,756,668	4,294,087
TOTAL ANNUAL SURPLUS	2,138,710	4,952,880	6,266,292
ADD:			
Proceeds from sale of capital assets	500,000	216,952	1,441,515
Transfers from reserves to operations	4,951,621	3,099,759	3,231,614
Amortization of capital assets & ARO accretion	4,818,615	4,880,242	4,837,743
Net (gain) loss on disposal of capital assets		8,162	(700,976)
LESS:			
Transfer to reserves	(4,178,067)	(8,451,102)	(8,617,982)
Capital expenditures/purchases	(8,230,879)	(4,704,172)	(6,521,313)
NET EFFECT ON UNRESTRICTED SURPLUS	-	2,721	(63,107)

The total net effect of income represents the allocation to the Unrestricted Surplus. As shown above, this is determined by taking the total net income as well as the effects of the transfers to/from reserves and the contributions to/from capital.

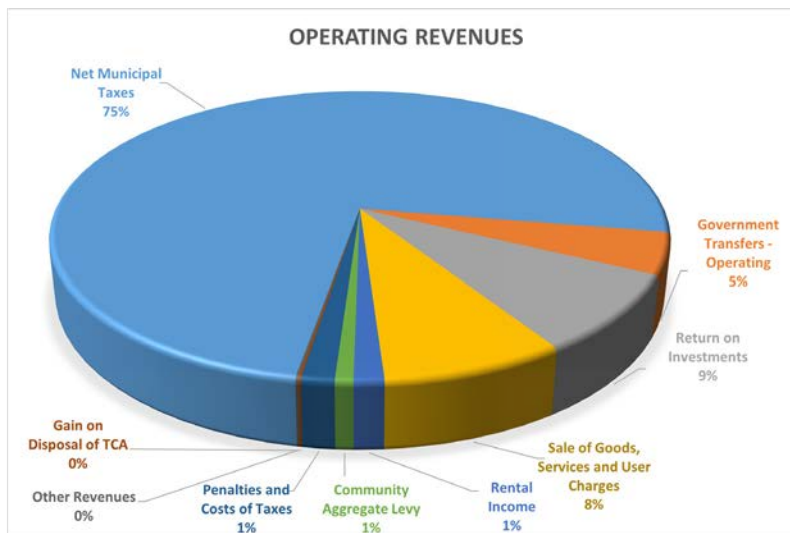
Operating Revenues



Operating revenues include all of the revenues for the County other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), operating grants, and other revenues from the operations of the County (i.e. investment income, user charges, rentals, etc.).

The following is an overview of the Operating Revenues compared to the budget and the prior year:

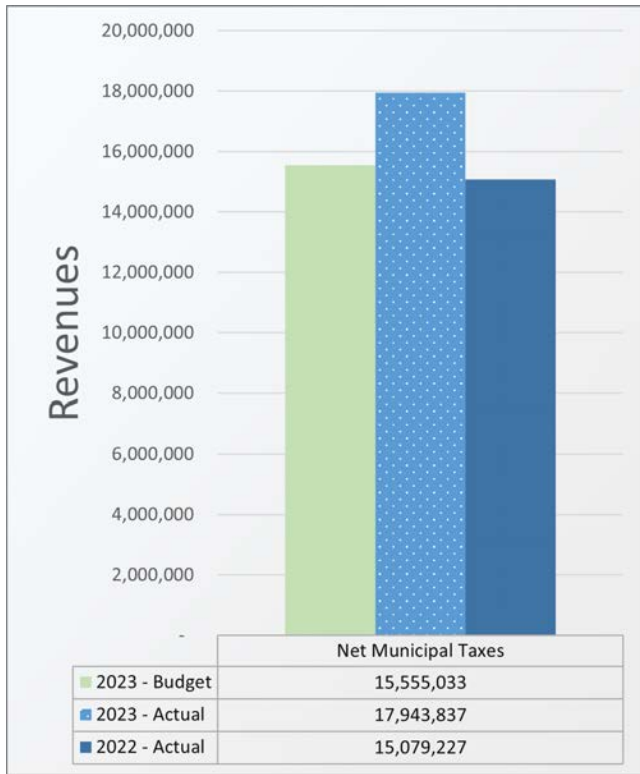
	2023 - Budget	2023	2022
OPERATING REVENUE			
Net municipal taxes	15,555,033	17,943,837	15,079,227
Government transfers	928,671	1,104,191	1,403,059
Return on investments	576,824	2,063,059	1,022,438
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Gain on disposal of tangible capital assets	-	26,523	1,430,054
Other revenues	380,000	30,518	240,385
	19,078,868	23,982,120	20,824,695



The Schedule(s) of Segment Disclosure (Schedule 6 & 7) provides additional analysis on the operating revenues by redisplaying the revenues by both type and segment (i.e., General Government, Protective Services, Transportation Services, Agricultural Services, Planning & Development Services, Community Services, and Utility Services).

See the following [Financial Charts & Graphs](#) section for additional review.

Operating Revenues - Continued



Net Municipal Taxes

Represents the net amount of tax revenues after requisitions for funding municipal operations. The overall net municipal taxes are greater than budget as the Supplementary Tax Levies of \$3.81 million were significantly higher than budgeted of \$1.78 million (budgeted conservatively based on unknown timing of large project being commissioned) and the County received Provincial Education Requisition Credits (PERC) to the ASFF payments. The Supplementary Tax Levies mostly related to linear tax revenues.

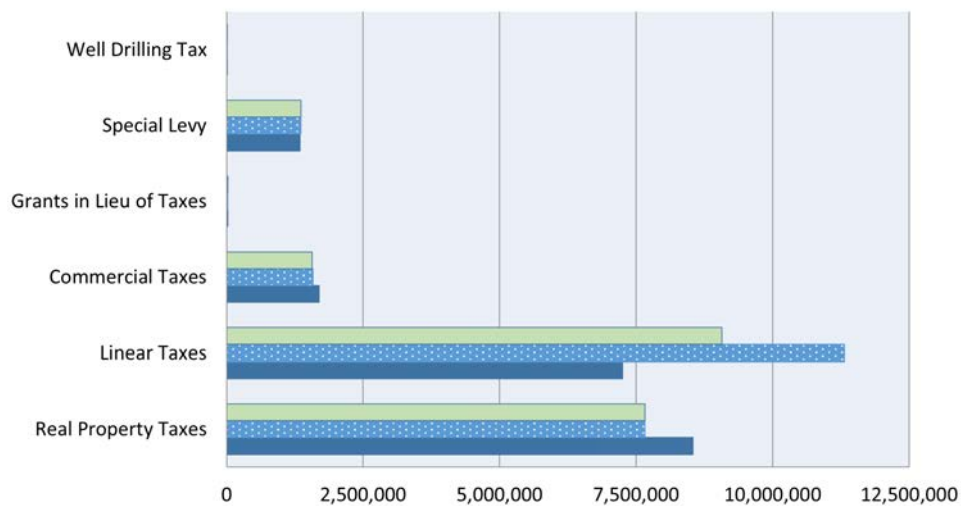
There was an increase in net municipal taxes from the prior year as taxation revenues increased from increase in the County's assessment base from \$1.514 billion to \$1.610 billion and the effects of the additional \$0.382 billion in supplementary assessment being included in 2023 tax year.

With the significant increases in budgeted assessment, and through strategic planning, the County was able to have a 40.0% reduction in the General Municipal Residential Tax Rate and a 5.5% reduction in the General Municipal Non-Residential Tax Rate (while maintaining a balanced budget).

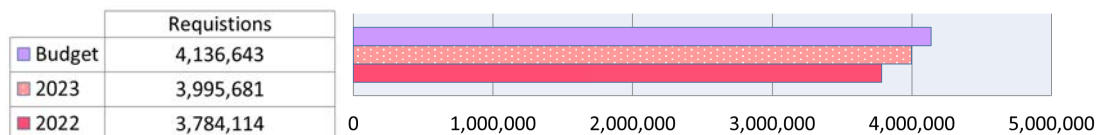
The following is an analysis on the Net Municipal Taxes compared to the budget and the prior year as outlined in the Schedule of Property and Other Taxes (Schedule 3):

	2023 - Budget	2023	2022
TAXATION			
Real Property Taxes	7,666,843	7,661,085	8,546,195
Linear Taxes	9,067,845	11,314,178	7,254,431
Commercial Taxes	1,570,125	1,580,059	1,696,472
Government Grants in Lieu of Taxes	21,507	19,745	18,594
Special Levy	1,365,200	1,364,334	1,347,277
Well Drilling Tax	156	117	372
	19,691,676	21,939,518	18,863,341
REQUISITIONS			
School Requisitions	3,299,142	3,138,040	3,054,596
Seniors Foundation Requisition	541,275	547,654	500,406
RCMP Policing Requisition	241,049	241,049	184,823
Provincial DIP Assessment Requisition	55,177	68,938	44,289
	4,136,643	3,995,681	3,784,114
NET MUNICIPAL TAXES	15,555,033	17,943,837	15,079,227

RCMP - Royal Canadian Mounted Police DIP - Designated Industrial Property



	Real Property Taxes	Linear Taxes	Commercial Taxes	Grants in Lieu of Taxes	Special Levy	Well Drilling Tax
Budget	7,666,843	9,067,845	1,570,125	21,507	1,365,200	156
2023	7,661,085	11,314,178	1,580,059	19,745	1,364,334	117
2022	8,546,195	7,254,431	1,696,472	18,594	1,347,277	372



Tax revenues are recorded as revenue as of May 31st each year, and the associated tax receivables are shown as assets at the same time. Tax penalties are shown as revenue and assets as of the dates outlined in County Bylaw 2022-008 (Tax Payment Due Dates and Penalties Bylaw). Overall the Tax Collection rate increased from 96.97% to 97.40% after excluding the effects of the Supplementary Tax Balances as they as not due for the ratepayers until 2024 (see the [Financial Indicators & Performance Measures](#) section for additional details).

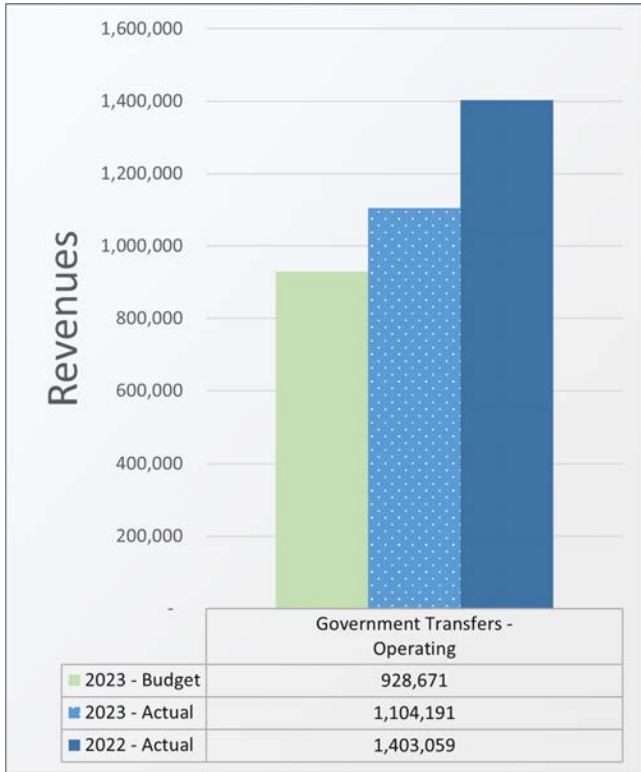
The following are the 2023 Tax Rate Bylaws that authorizes and establish the tax rates to be levied against assessable property:

- Bylaw 2023-011 - General Tax Rate Bylaw (General Municipal, Waste Commission, & Requisitions)
- Bylaw 2023-012 - Fire Protection Tax Rate Bylaw (Special Tax Levy - by district)
- Bylaw 2023-013 - Recreation Tax Rate Bylaw (Special Tax Levy - by district)
- Bylaw 2023-014 - Waterworks Tax Rate Bylaw (Special Tax Levy - by parcel)
- Bylaw 2023-015 - Designated Industrial Property Tax Rate Bylaw
- Bylaw 2023-016 - Supplementary Tax Levies, Due Dates and Penalties Bylaw

See the [Statistics and Ratios](#) section for additional information.



Operating Revenues - Continued



Government Transfers - Operating

Represents operating grants and funding from other levels of governments, including Provincial Grants, Federal Grants, and contributions from other local governments.

Operating government transfers were greater than budget as the County was able to recognize and receive \$117,500 for the Airport Runway Re-Seal Project, which was not known nor included when the County developed the 2023 budget.

The prior year included a significant Canadian Communities Building Fund (CCBF) grant of \$933,118, which is significantly more than the 2023 annual allocation of \$249,405. The CCBF was greater in 2022 as this include multiple years of allocations collected and recognized in 2022 when specific eligible projects were submitted and approved (which were not used in a couple prior years as a one-time update).

MSI Operating allocation also had a significant increase from the prior year going from \$177,958 to \$355,916.

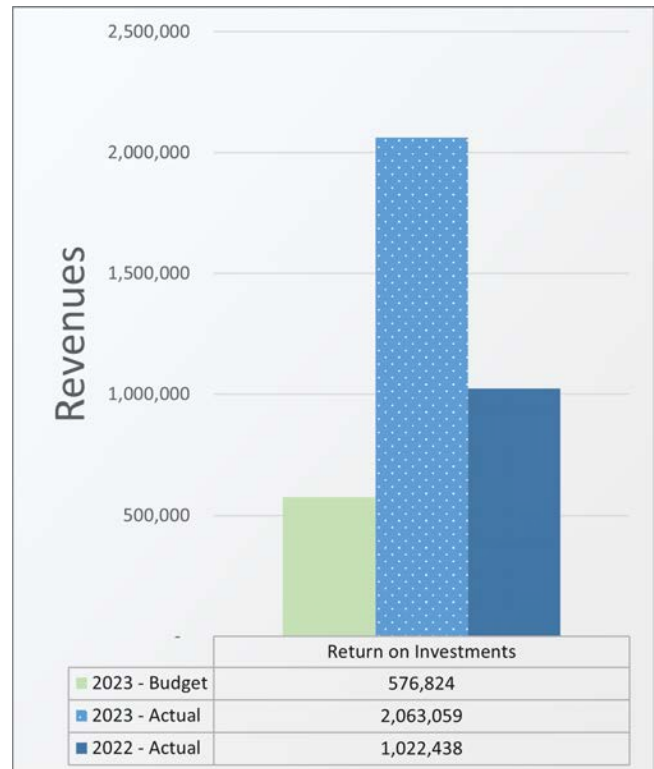
Return on Investments

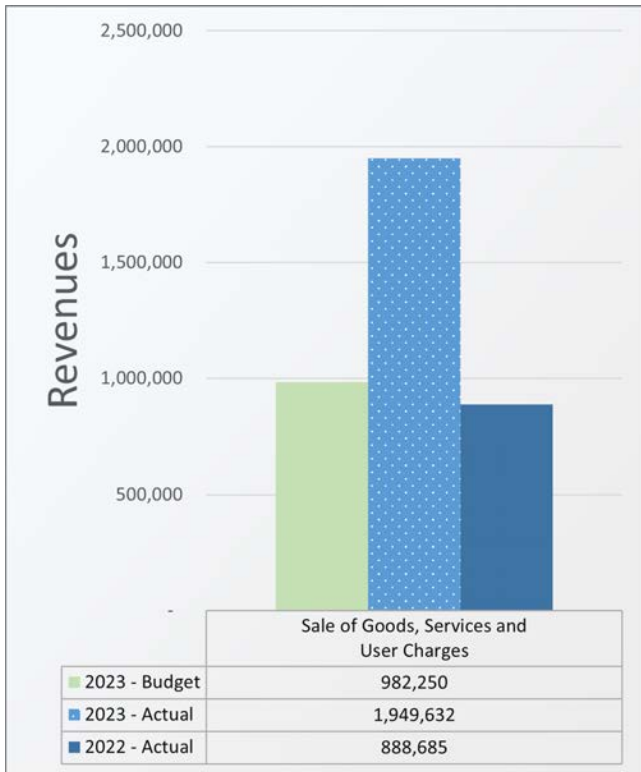
Interest and other investment income earned on the cash and investments held by the County as part of the operating revenues and reserves.

Investment income was significantly greater than budget and the prior year; whereas, most of the short-term investments and their related investment income is directly tied to the bank's prime rate. During 2022 and 2023, the prime rate increased from 2.45% to 7.20%, which in turn provided significant increases to the rate of return on investments. The County was partially able to benefit from the increased rates in 2022; however, many of the higher rates were "locked in" in early 2023 to fully benefit during 2023 and future years.

Typically, the County uses conservative budgeting for uncertainty regarding interest rates

Note that during 2023, the County invested significant funds into long-term investments to "lock-in" some of the higher interest rates as part of the County's investment strategies (at "peak" rates). This will benefit the County for the next 2-5 years with these investments.





Sales of Goods, Services, & User Charges

Sales of Goods, Services, and User Charges relate to the sale of materials and supplies (i.e. gravel sales), surface rights, fees charged for services (i.e. permits, tax certificates, safety codes), and cost recoveries.

Overall, the 2023 actuals were significantly higher than budget as these revenues are budgeted there were significant cost recoveries on a wind farm construction project for road maintenance and dust abatement. There were also significant cost recoveries from the Province for firefighters and equipment being used during the wildfires in the north of the Province.

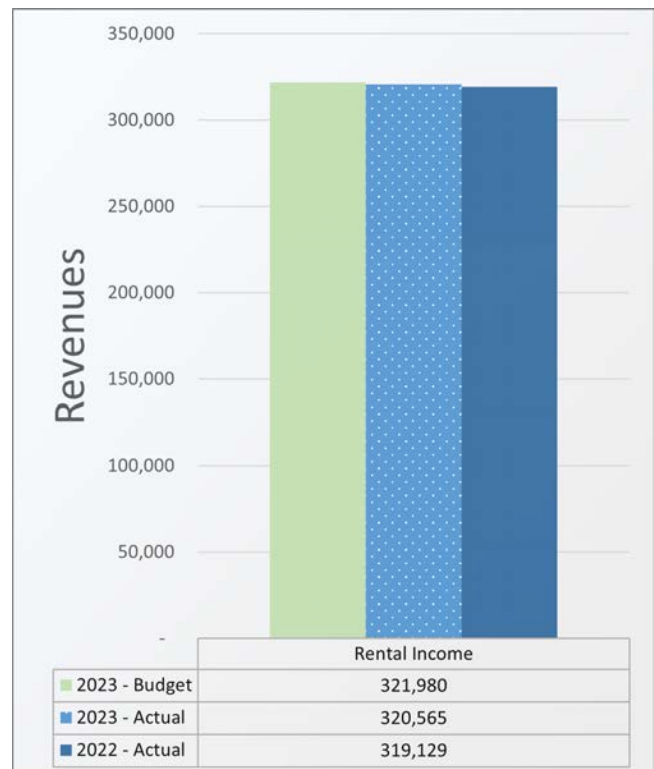
The projects revenues (wind farm construction & wildfires) were not included in prior years as these are one-time revenues; therefore, the actual revenues exceeded the prior year. Note that the cost recoveries on a wind farm construction project for road maintenance and dust abatement will likely continue into 2024. There was also a significant increase in safety code revenues for increased development during the year (which increases the contracted costs of the safety codes).

Rental Income

Rental income is mostly based on the terms held within the rental agreements for County buildings, including rental agreements with the RCMP and Alberta Health Services (AHS). There is also a portion that relates to rentals of the fire training tower and other equipment.

Overall, the rental income is very comparable to the operating budget, with slight increases in the fire training tower rentals. Most of the revenues are tied to building rental agreements, so majority is already determined during budget process.

There was a slight increase from the prior year with increases in the agricultural equipment rental and leases.



Operating Revenues - Continued

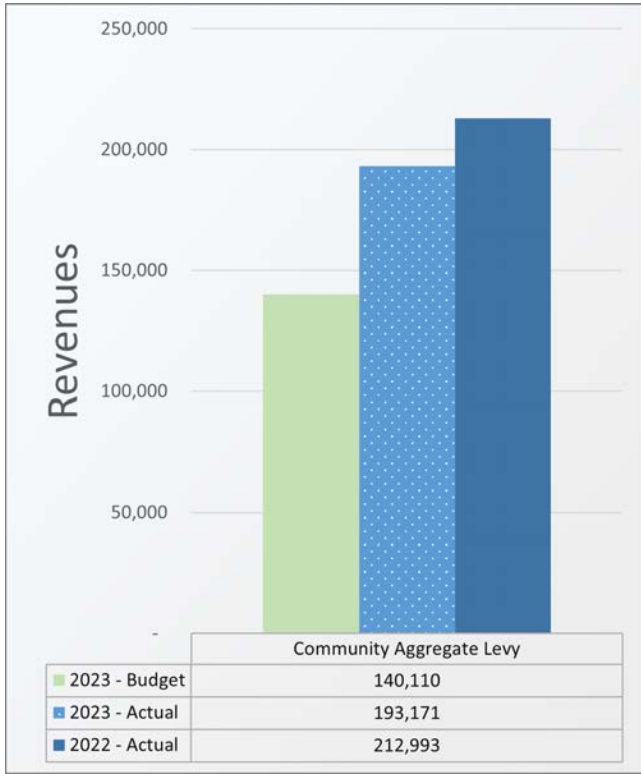


Introductory

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Community Aggregate Levy

The community aggregate levy is the levy for transporting materials such as gravel and sand, where the rate of \$0.25/tonne is set by Bylaw 2017-027.

As the actual community aggregate levies are greater than budget as the amount transported can fluctuate significantly from year-to-year, and is outside of the County’s control, the budget uses a somewhat conservative figure taking into account actual results from prior years.

There was a decrease from the prior year as 2021 and partially 2022 included significant increases in the amount of materials moved throughout the County, likely as a result of previous years being reduced (many other producers and their operations were effected during the COVID-19 pandemic) and resulted in reductions of sane and gravel being hauled prior to 2021/2022 (or at least returned to more normal operations).

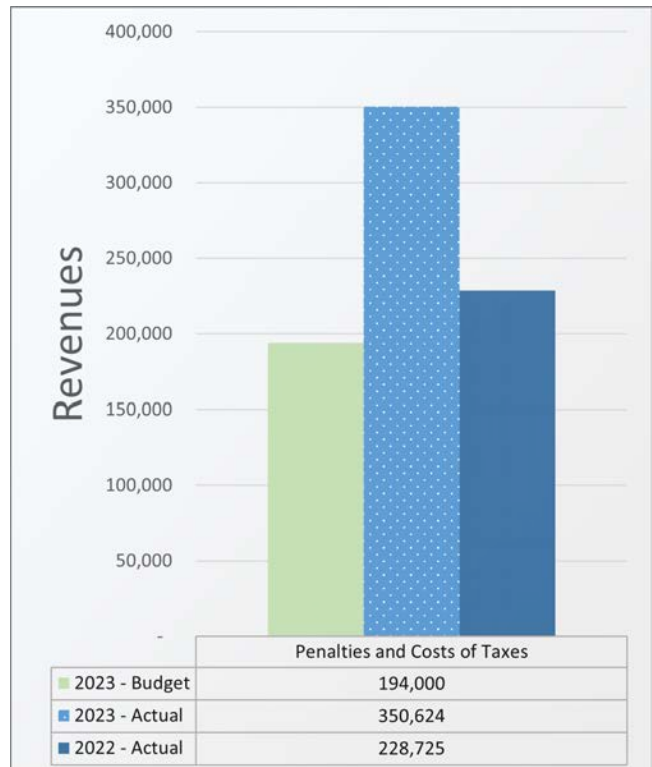
Penalties and Cost of Taxes

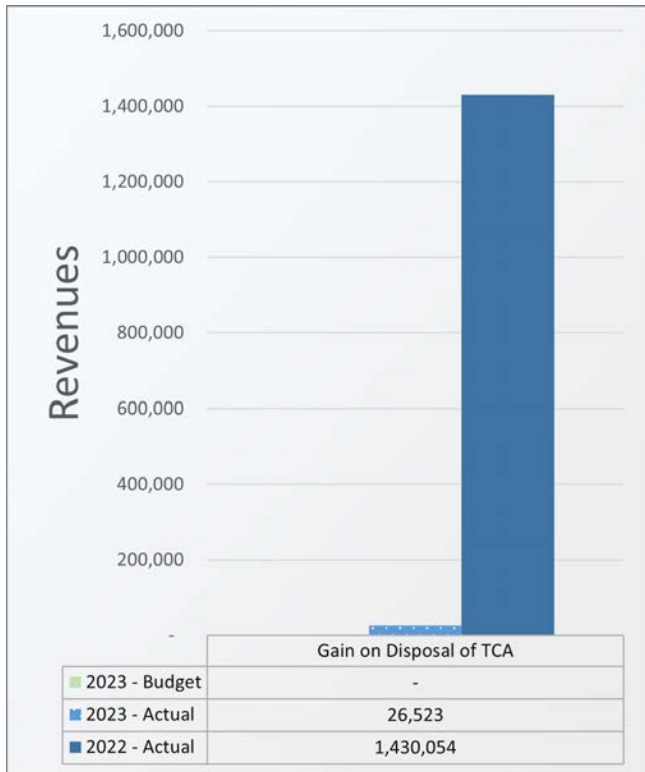
The penalties and costs of taxes are the penalties charged on unpaid taxes and are added to the tax roll. The application of penalties is to provide the County’s ratepayers an incentive to pay on time since County operations depend upon prompt payment of taxes.

Overall, the actual revenues were significantly higher than the operating budget, as 2023 included a large August 1st, 2023 late penalty on a large tax balance by a specific ratepayer; whereas, the tax balance and related penalties were paid in during the year.

Note that these revenues are budgeted on a relatively conservative basis.

In was noted in the prior year that penalties from tax arrears were greater than budget (for multiple oil & gas companies) , but was somewhat offset by reductions on penalties on current year taxes with higher tax collection rates.





Gain on Disposal of TCA

The gain on disposal of tangible capital assets (TCA) relates to when the proceeds on the sale are greater than the net book value (NBV) of the related capital assets being sold. Gains on disposal of assets can vary significantly from year-to-year and are not budgeted for in operating income unless already known before finalization of the budget.

During 2022, the County had some large sales of County owned lands that resulted in large gains on disposals. There were “one-time” sales that resulted from the opportunity to acquire water-rights for these lands and could be sold to farms and/or the individuals that were leasing the lands in prior years. A portion of these sales are allocated into the County’s Capital Reserves for future infrastructure projects.

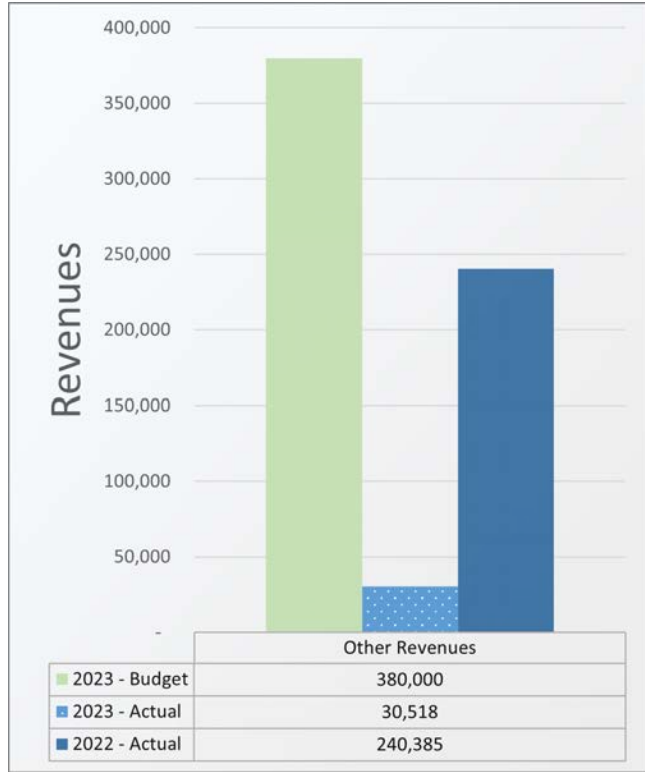
There were minimal gains on disposals in 2023 as majority of the assets disposed were similar or had proceeds less than the net book value of the assets (specifically with road/bridge construction as there are no proceeds on disposals).

Other Revenues

Other revenues include fines, donations, recovery of accounts receivable, and other miscellaneous revenues. Most of these are not able to be projected; therefore, the budget currently only consists of the fines and any other known revenues.

Budget 2023 included a projected land sale in the industrial park; however, this was delayed into 2024 as the industrial park was not subdivided by land titles until early 2024.

The prior year included a one-time Gravel Reclamation Liability was reduction (which creates an operating revenue instead of a negative expense) as the Gravel Reclamation Liability is estimated using a net present value (NPV) method and was impacted by the rates for borrowing. During 2023, the estimated Gravel Reclamation Liability was increased creating an operating expense in lieu of a revenue.



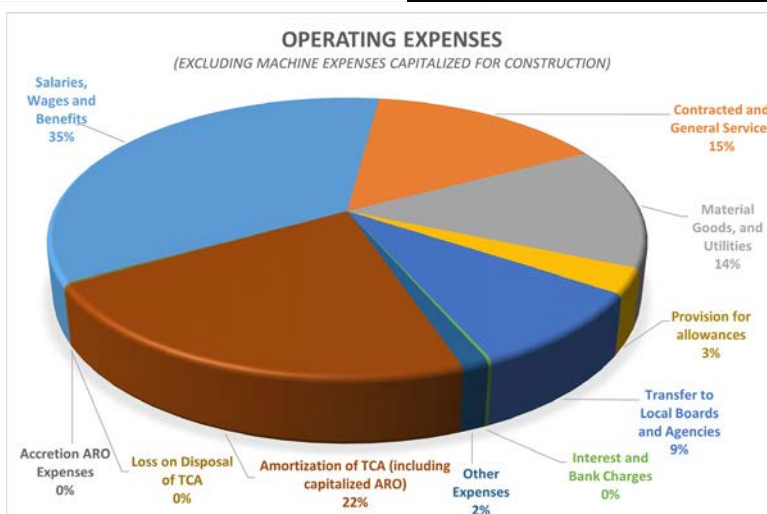


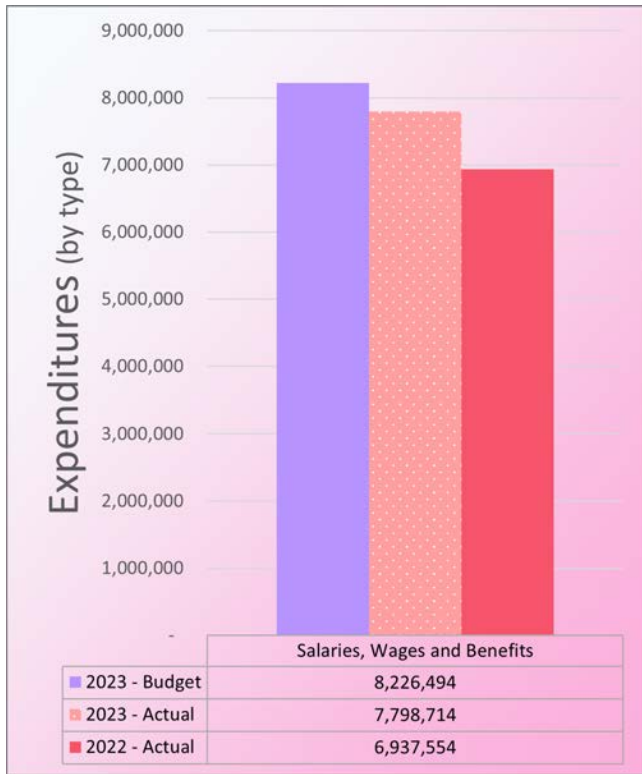
Operating Expenses (by type)

The operating expenses are presented on the Statement of Operations by each separate department. They are also redisplayed by the type of expense in Schedule 5 (Schedule of Expenses by Object/Type). The following is an analysis of the operating expenses compared to budget and the prior year:

	2023 - Budget	2023	2022 (Restated)
OPERATING EXPENSES (by type)			
Salaries, Wages and Benefits	8,226,494	7,798,714	6,937,554
Contracted and General Services	3,094,795	3,378,964	2,543,119
Material Goods, and Utilities	3,240,880	3,149,977	2,820,480
Provision for allowances	12,671	625,434	602,629
Transfer to Local Boards and Agencies	2,015,092	2,002,831	1,893,026
Interest and Bank Charges	45,142	40,642	48,635
Amortization of Tangible Capital Assets	4,818,615	4,876,655	4,818,615
Amortization of ARO Tangible Capital Assets	-	1,115	1,115
Accretion ARO expenses	-	19,291	18,012
Machine expenses capitalized for construction	(2,066,788)	(1,423,600)	(1,639,395)
Loss on Disposal of Tangible Capital Assets	-	34,685	729,078
Other Expenses	27,492	281,200	79,622
	19,414,393	20,785,908	18,852,490

OPERATING EXPENSES (by department)			
Legislative	506,709	478,318	447,807
Administration	2,328,823	2,267,748	2,056,167
Protection services	2,720,932	2,627,286	2,045,659
Transportation services	10,267,864	11,290,788	10,552,481
Agricultural services	830,466	720,976	650,453
Planning and development services	625,747	691,937	544,723
Family and community support	233,282	219,469	217,118
Parks and recreation	695,648	696,646	671,001
Tourism and economic development	35,027	19,922	24,040
Utility Services	1,137,224	1,140,509	1,021,944
Other	32,671	632,309	621,097
	19,414,393	20,785,908	18,852,490





Salaries, Wages, & Benefits

Salary, wages, and benefits includes all of the staff wages & benefits as well as Council per diems.

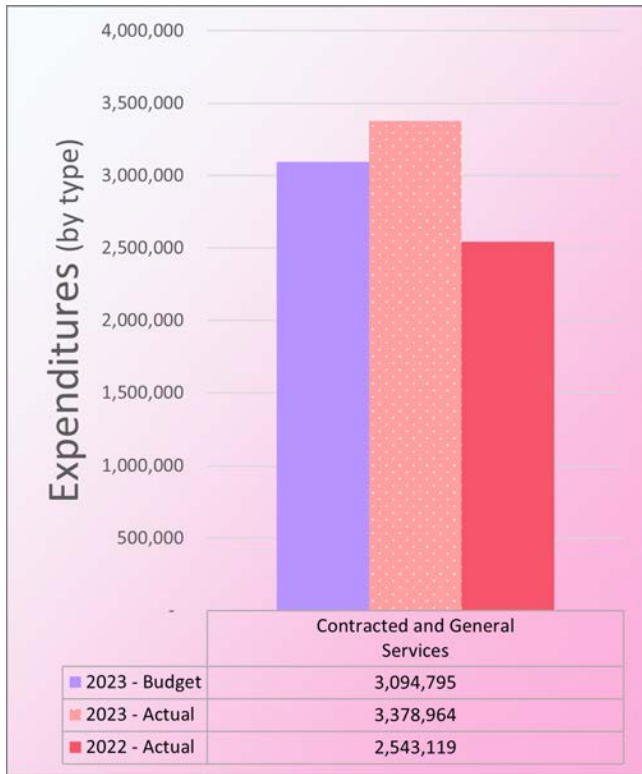
Reduction of staffing expense compared to budget is due to a few factors: newer hires starting lower on the pay grid than departing staff, vacancies caused by departing staff that were not filled, positions being budgeted for a full year but not hired until part way through the year, and less overtime required overall. There was staff vacancies in Transportation Services. There were saving on the volunteer firefighter benefit costs as the County budgets for a full complement at each department. Some increases in per diem costs for firefighters are offset by the increases in the revenues for the wildfires recoveries.

There was an overall increase from the prior years as there were increased for staffing experience grid movement of existing County staff and there was the cost of living adjustment (COLA) adjustment of 5.95% on the related salary grids. Budget 2023 included increases in the full-time equivalent (FTE), including a net increase of 3.30 FTE from the prior budget (Budget 2022).

	2023		Variance from Budget	2022	Variance from Prior Year
	Budget	Actual		Actual	
SALARIES, WAGES AND BENEFITS (sub-categories):					
Salaries - Permanent Staff	5,314,658	4,940,350	374,308	4,658,343	282,007
Overtime - Permanent Staff	193,375	227,528	(34,153)	158,889	68,639
Salaries - Seasonal Staff	602,429	684,731	(82,302)	514,824	169,907
Overtime - Seasonal Staff	80,667	72,035	8,632	69,999	2,036
Health and Pension Benefits / WCB	1,663,771	1,468,029	195,742	1,242,235	225,794
Per Diems / Honorariums	371,594	406,041	(34,447)	293,264	112,777
	8,226,494	7,798,714	427,780	6,937,554	861,160



Operating Expenses (by type) - Continued



Contracted & General Services

Contracted and general services include the costs of repairs and maintenance, consulting services, audit and legal fees, leases, telecommunications, insurance, education/training, and other services.

The increase from the budget is mainly due to the additional contracted service for road repairs including the Airport Runway reseal project (grant funded - not budgeted) and the significant increases in the amount of dust abatement application required on roads (wind farm construction project - cost recoveries fund the increased expenses). There were also increases in the costs of vehicle and equipment repairs including a hydraulic replacement on a unit's sander and plow. These increases were partially offset by savings in other contracted and general services.

The contracted and general services were increased from the prior year with the increase in road costs for the dust abatement program (wind farm construction project which effectively started in 2023), vehicle repairs, and there was a significant increase in safety code revenues/costs (as the service provider takes a percentage of the revenues to cover the service costs).

	2023		Variance from Budget	2022	Variance from Prior Year
	Budget	Actual		Actual	
CONTRACTED AND GENERAL SERVICES (sub-categories):					
Education and training	159,522	89,238	70,284	82,217	7,021
Travel and subsistence	122,029	86,829	35,200	61,892	24,937
Registrations and memberships	115,101	94,793	20,308	83,180	11,613
Telecommunications	80,059	82,051	(1,992)	65,866	16,185
Legal fees	69,500	38,894	30,606	38,712	182
Doctor retention program	141,460	127,814	13,646	127,266	548
Contracted Services	222,677	160,969	61,708	175,048	(14,079)
Consulting and engineering	525,220	604,805	(79,585)	468,608	136,197
Building repairs and maintenance	157,860	139,637	18,223	92,205	47,432
Equipment repairs and maintenance	287,457	317,706	(30,249)	282,522	35,184
Vehicle repairs and maintenance	208,758	308,820	(100,062)	156,264	152,556
Road repairs and maintenance	218,901	688,504	(469,603)	247,810	440,694
Damages and deductible costs	182,000	82,760	99,240	62,927	19,833
Insurance	199,467	228,826	(29,359)	215,339	13,487
Other services	404,784	327,318	77,466	383,263	(55,945)
	3,094,795	3,378,964	(284,169)	2,543,119	835,845



Material, Goods & Utilities

Materials, goods, and utilities includes the costs of supplies, utilities, information technology, diesel/fuel, gravel, herbicides, culverts, blades, tools, and other materials.

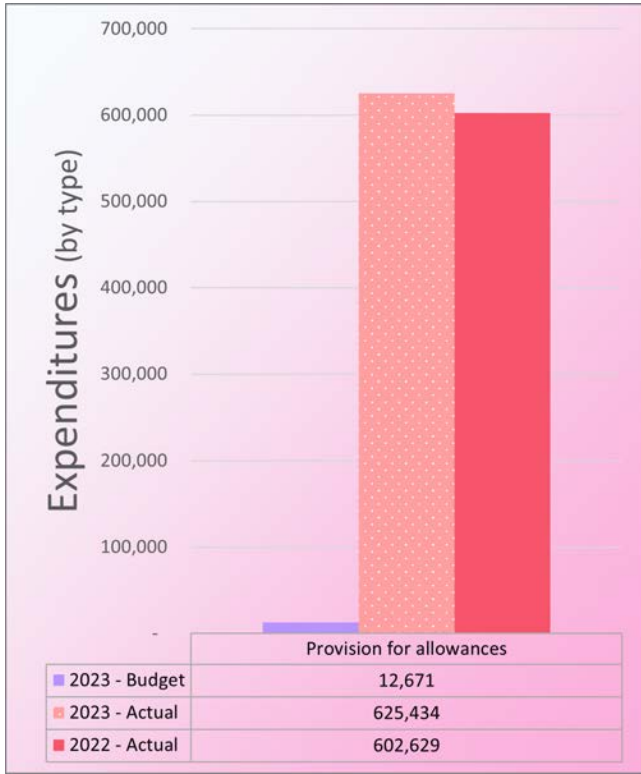
Diesel, fuel, and propane costs were less than budget as the County completed the Industrial Park during the year which somewhat reduced the overall road construction program.

Blades, Tires & Culvert costs were less than budget based on the timing of purchases and recording the use of inventory. Although these were less than the 2023 budget, these costs were increased from the prior year actuals with increases in the costs and use of the of the materials.

The above cost savings were somewhat offset by an increase in the gravel costs from budget with the inventory adjustment for gravel inventory used on the road gravelling and construction projects. This is also a significant increase from the prior year as most of 2022 costs for the industrial part related to re-leveling the land (which did not need gravel).

	2023		Variance from Budget	2022	Variance from Prior Year
	Budget	Actual		Actual	
MATERIAL, GOODS AND UTILITIES (sub-categories):					
Parts and supplies	156,363	200,922	(44,559)	109,024	91,898
IT hardware and software	349,273	242,378	106,895	200,865	41,513
Diesel, fuel, and propane	1,327,515	1,191,729	135,786	1,469,145	(277,416)
Tires	196,067	133,689	62,378	85,273	48,416
Oil and lubricants	80,753	66,351	14,402	41,002	25,349
Gravel, pit run, and rip rap	39,201	451,152	(411,951)	259,051	192,101
Herbicides	105,000	90,106	14,894	73,754	16,352
Utilities	237,330	236,171	1,159	237,710	(1,539)
Culverts	156,220	119,649	36,571	55,868	63,781
Blades	194,127	133,024	61,103	126,152	6,872
Other goods and materials	399,031	284,806	114,225	162,636	122,170
	3,240,880	3,149,977	90,903	2,820,480	329,497

Operating Expenses (by type) - Continued



Provision for Allowances

The provision for allowances relates to the write-offs and reductions in the County's receivables for the estimated uncollectable tax and other receivables. Majority of the uncollectable tax arrears relates to property taxes that do not relate to land (i.e., wells, pipelines, etc.).

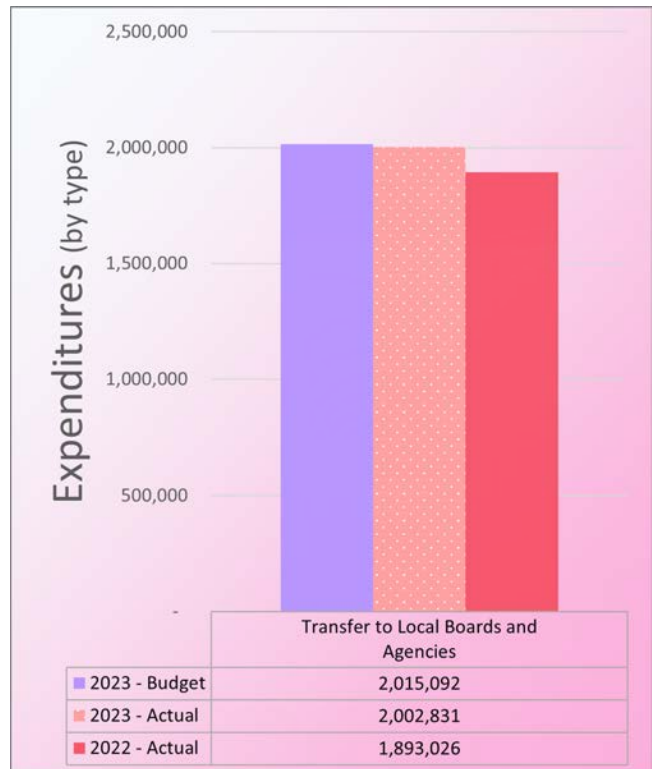
The current year also includes write-offs on some insolvent oil & gas companies for their 2023 property tax levies (which had some residual taxable assessment into 2023 fiscal year as many were also insolvent in prior years). Many of these relates to the same insolvent companies that were written off in 2022. Although there was a reduction in the residual taxable assessment on these companies from 2022 (assessment determined by the Provincial Assessor), the current year also had an allowance for doubtful account (AFDA) setup on an additional oil & gas companies for property taxes which were determined to be likely uncollectable as they were going through creditor protection in early 2024 (previously making payments in a multi-year tax repayment plan agreement).

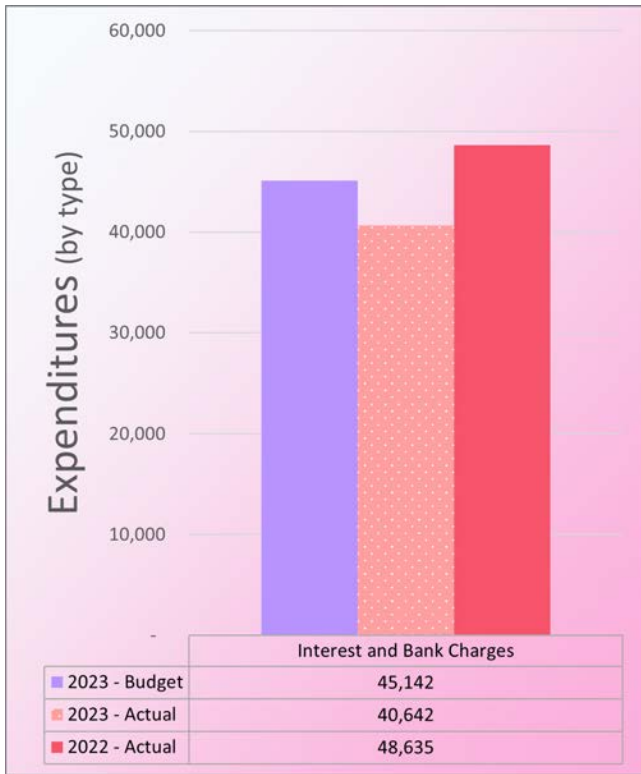
Transfers to Local Boards & Agencies

Transfers to local boards and agencies include contributions to fire associations, recreation boards, tourism, waste and water commissions, and other community groups. The budgets are typically based on approved requests by Council during the budget process.

The actual transfers to local boards and agencies were slightly less than budget as certain conditional agricultural grants or projects were not requested nor started during the year.

There was an increase from the prior year as a result of increases in the funding for the Waste Commission from \$852,300 to \$948,800 and there were approved increases libraries and within the recreation and cultural programming. These increases were partially offset by reductions in funding requested for fire protection services for fire associations.





Interest & Bank Charges

The interest and bank charges include bank and credit card fees, and interest on debentures.

The bank and credit card fee rates were budgeted based on historical actual expenses and the County utilizes a “convenience fee” to recover the credit card fees on property taxes.

Interest on debentures are budgeted based on the debenture repayment schedules; whereas, the estimated interest decrease each year with the reduced principal balance outstanding (as the rates are locked-in for the duration of the debenture).

Overall, interest and bank charges were less than budget and the prior year.

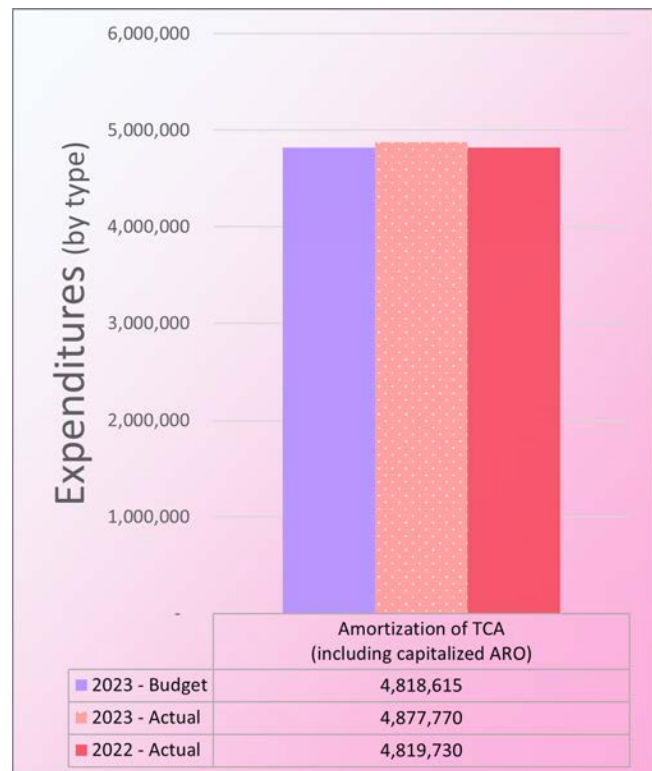
Amortization of TCA (including ARO)

The amortization of Tangible Capital Assets (TCA) expenses are non-cash expenditures to reduce the net book value of the tangible capital assets (roads, buildings, equipment) over the course of their useful lives. To recognize assets and to determine amortization, the County has adopted a Tangible Capital Assets Policy (12-2214) which provides guidance on the estimated useful lives of specific asset classes (based on the productive use of the asset).

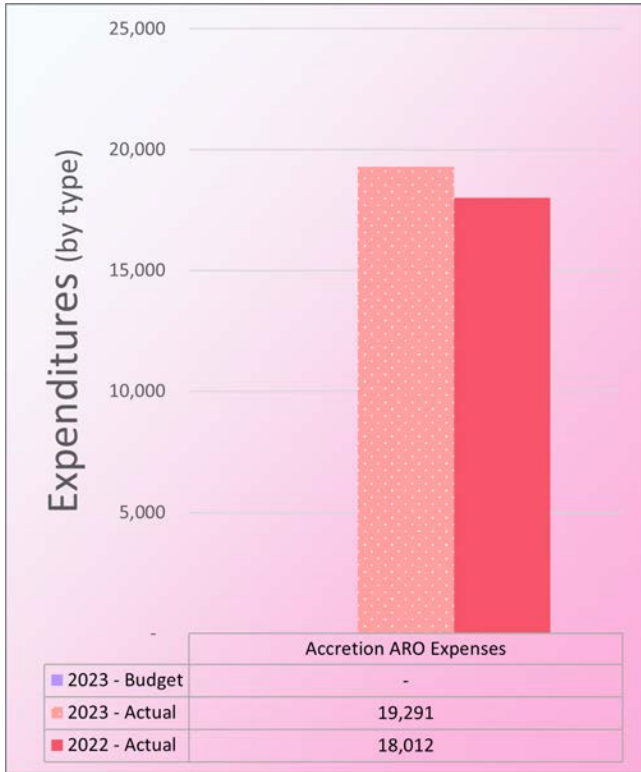
Amortization is currently budgeted based on the historical actuals as this provides a base for the estimated reduction in the net book value of the County’s tangible capital assets.

Amortization on capitalized Asset Retirement Obligations (ARO) was added in 2023 for a total of \$1,115 (included in the total amortization). The prior year was also restated to include this expense in 2022 actuals.

Overall, amortization expense was comparable, but slightly more than budget and the prior year as some new capital was acquired and was added in-service during the fiscal year.



Operating Expenses (by type) - Continued



Accretion ARO Expense

The Accretion ARO expense is the expense relating to the “passage of time” within an increase to the present value method in determining an Asset Retirement Obligation (ARO) liability. A present value calculation uses estimated remaining useful lives as a factor; therefore, as the remaining useful life decreases from year-to-year, this factor results in an increase to the estimated ARO liability from the prior year, which is expensed as an Accretion ARO Expense.

This was added in 2023 for the adoption of the new Asset Retirement Obligation (ARO) accounting standard. The prior year was also restated to include this expense in 2022 actuals.

This was not specifically budgeted in 2023 as the effects of the ARO accounting standard was not known at the time the budget was developed. This will be budgeted in 2024 and future budget years.

Machine Expenses Capitalized

The machine expenses capitalized for construction relates to the capitalization of operating expenses used for the internal construction of roads and bridges. These operating costs are included in the other operating expenses, such as wages/benefits, engineering costs, gravel, culverts, crop damages and other costs relating to the construction. The County breaks this amount out instead of netting the expenditure against what is capitalized.

There was a decrease from the budget as the County completed the Industrial Park during the year which somewhat reduced the overall road construction program as the County completed 4 miles of road and the roads within the Industrial Park (compared to the typical 10 miles per year).

The decrease from the prior year relates to a decrease in the amount of capital projects (including bridges) that were worked on during the year; whereas, in the prior year the County put a substantial amount of work in the construction of the Industrial Park (including re-leveling and building of roads).

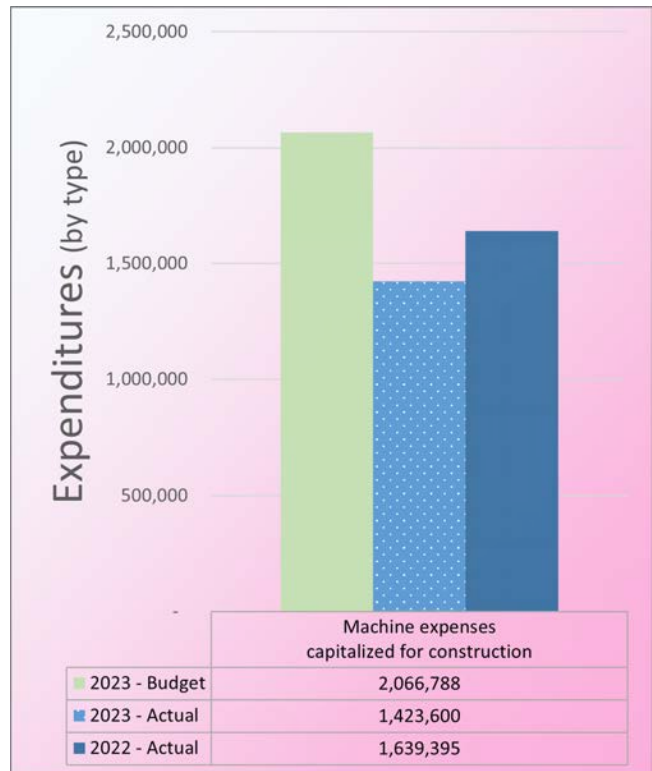
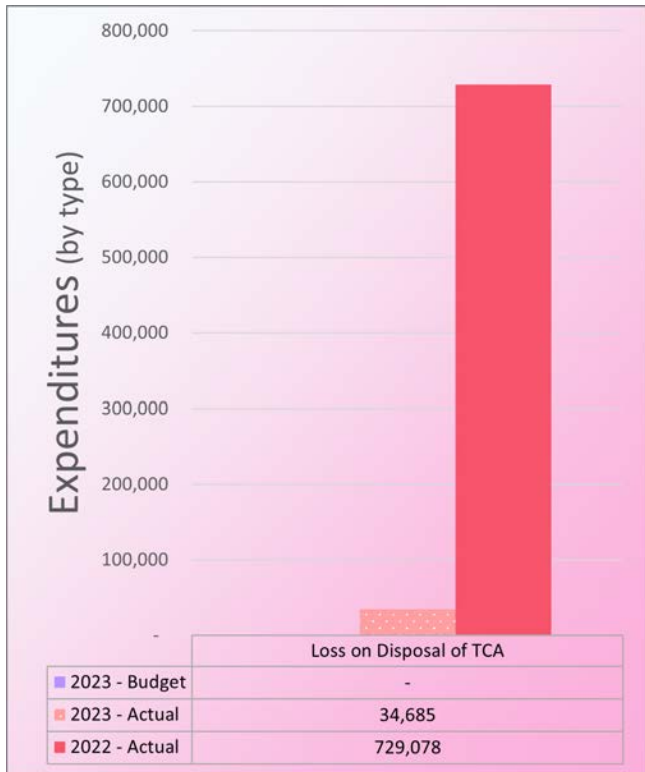


Chart shown in green/blue as it is a credit account.



Loss on Disposal of TCA

The loss on disposal of tangible capital assets (TCA) relates to when the proceeds on the sale (if any) are less than the net book value (NBV) of the related capital assets being sold. Loss on disposal of assets can vary significantly from year-to-year and are not budgeted for in operating income unless already known before finalization of the budget.

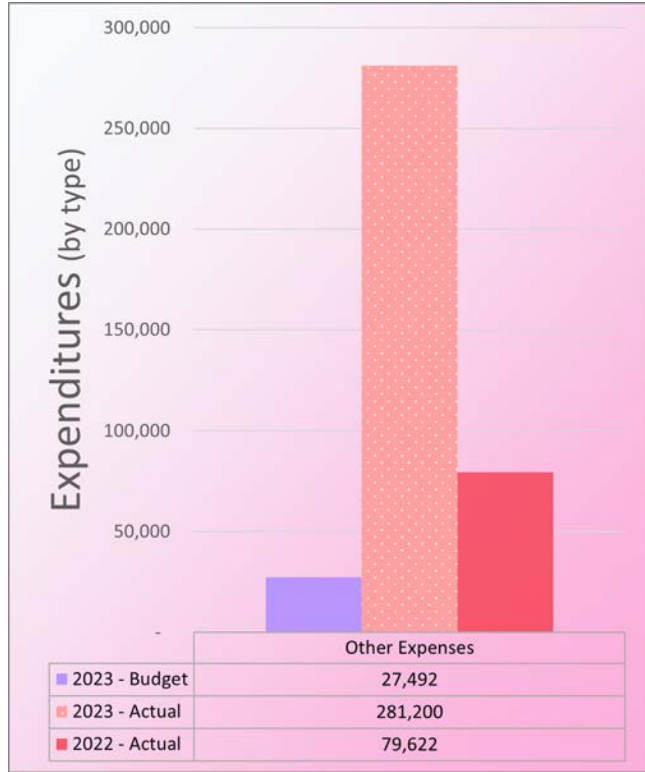
Majority of the losses on disposal of TCA specifically relates to the road and bridge construction; whereas, the prior road/bridge is “de-recognized” as a TCA when being removed and the new TCA is recognized for the newly constructed asset. The loss on disposals specifically relate to the old TCA being “de-recognized” with effectively no proceeds on disposals.

Loss on disposal of assets relating to road/bridge construction can vary significantly from year-to-year, depending on the timing of closing and the replacement of these roads and bridges. The prior year had significant losses on disposal of specific roads as these were replaced before the end of their estimated useful life due to the conditions of those specific roads.

Other Expenses

The other expenditures include contingency expenses, increases in the gravel reclamation liability, contributions of interest to reserves, and other miscellaneous expenses. Most of these are not able to be projected; therefore, the budget currently mainly consists of the contingency accounts and estimated contribution of interest.

The majority of the expenditure relates to the changes in the gravel reclamation liability (relating to non-controlled gravel pits). Once the gravel has been removed, the County is required to reclaim the lands by shaping the lands to have a maximum slope (6:1 ratio). The County utilizes a net present value (NPV) to determine the gravel reclamation liability. These use similar factors to that of the Asset Retirement Obligations (ARO) which include controlled gravel pits. This relates to \$229,000 for the current year with the changes in the factors. This is a significant increase from the prior year as the prior year had a reduced liability which is treated as an operating revenue instead of a negative expense. See “Other Revenues” for additional details.



Operating Expenses (by segment)



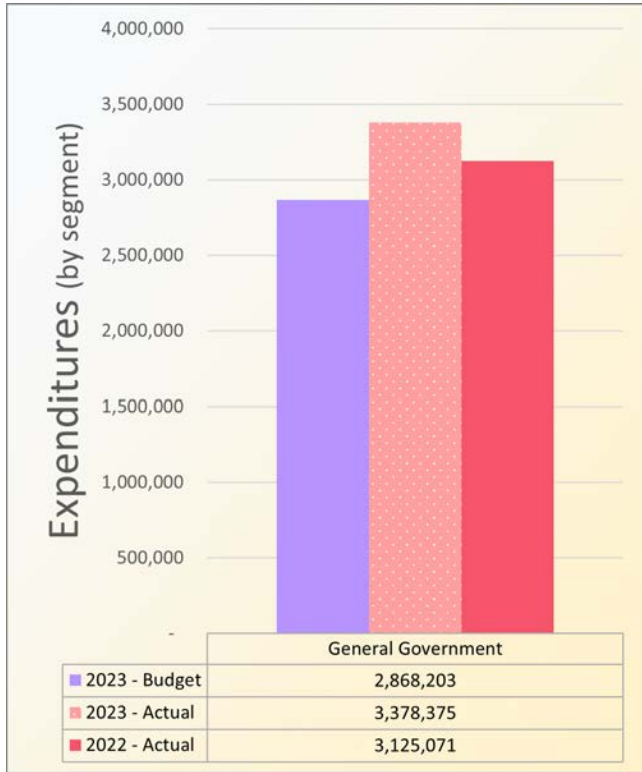
Schedules 6 and 7 (Schedules of Segment Disclosure) present the operating expenses by major segments which are a combination of the departments that have similar activities.

The following is a breakdown of the departments included in each of the major segments, as shown in Schedule 6 and 7 (Schedules of Segmented Disclosure):

	2023 - Budget	2023	2022 (Restated)
GENERAL GOVERNMENT			
Legislative	506,709	478,318	447,807
Administration	2,328,823	2,267,748	2,056,167
Other	32,671	632,309	621,097
	2,868,203	3,378,375	3,125,071
PROTECTIVE SERVICES	2,720,932	2,627,286	2,045,659
TRANSPORTATION SERVICES	10,267,864	11,290,788	10,552,481
AGRICULTURAL SERVICES	830,466	720,976	650,453
PLANNING AND DEVELOPMENT SERVICES	625,747	691,937	544,723
COMMUNITY SERVICES			
Family and community support	233,282	219,469	217,118
Parks and recreation	695,648	696,646	671,001
Tourism and economic development	35,027	19,922	24,040
	963,957	936,037	912,159
UTILITY SERVICES	1,137,224	1,140,509	1,021,944
TOTAL OPERATING EXPENSES	19,414,393	20,785,908	18,852,490

The variances from budget and prior year above are the same as previously discussed in this report. See Schedules 6 and 7 (Schedules of Segmented Disclosure) for a detailed breakdown of each segment by type (both revenues and expenses). See Note 20 to the 2023 Financial Statements for a detailed description of each segment and its activities.

Operating Expenses (by segment) - Continued



General Government

The General Government includes legislative and administrative matters, including Council expenditures and administration costs required to operate the County.

During 2023, there was approximately \$625,400 of tax receivables write-offs on insolvent oil & gas companies for their 2023 property tax levies (which had some residual taxable assessment from the prior year which had a total write-offs of approximately \$602,600). These are significant increase from budget. The County had exhausted all legal options for collection and was advised by legal counsel to complete the write-off.

General Government saw cost saving on contracted services, including consulting, legal fees, memberships, education and training costs. There was also savings on materials, goods and utilities, including IT software implementation projects.

The majority of the increase from the prior year relates to the increased IT software implementation projects, consulting costs, and wages/benefits with increases in staffing grids.

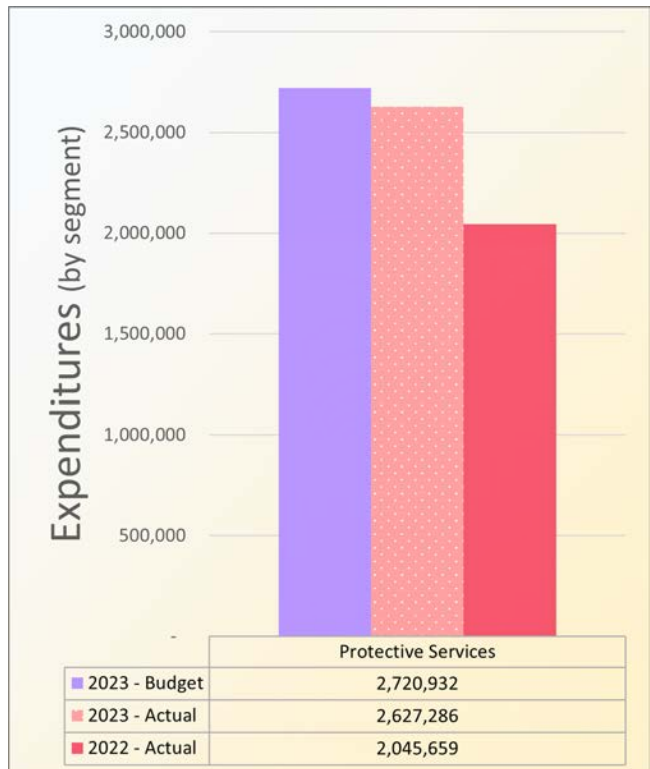
Protective Services

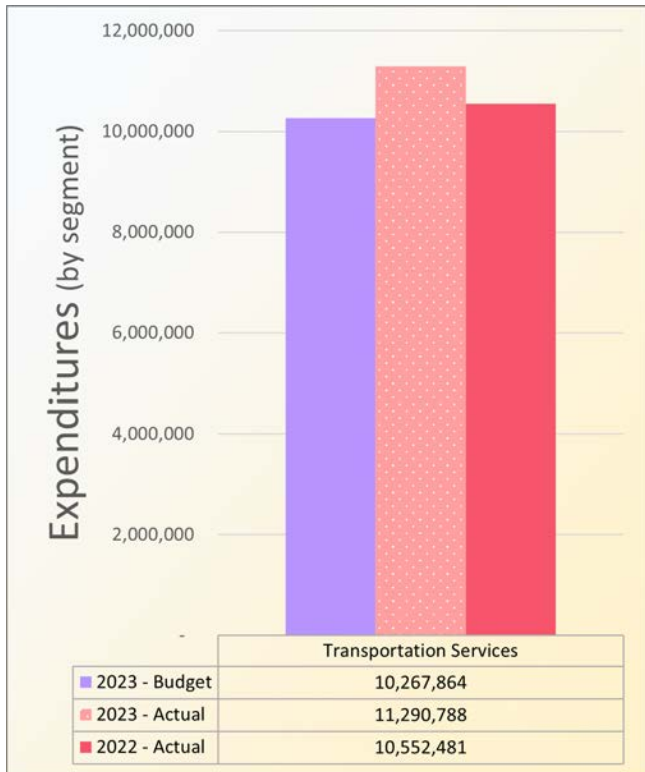
The Protective Services is comprised of emergency management, health and safety, bylaw enforcement and fire services.

There were saving on the volunteer firefighter benefit costs as the County budgets for a full complement at each department. These savings were partially offset by increases in per diem costs for firefighters which are funded by the increases in the revenues for the wildfires recoveries.

There was also savings within contracted/general services and materials/goods/utilities; however, these savings were effectively offset by increases in amortization costs (with increases in new capital assets).

The increase from the prior year mostly relates to increase in the addition of the implementation of volunteer firefighter benefit (health/dental) and increased to wages/benefits with increases in staffing grids. There was also increases in building and vehicle repair costs from the prior year.





Transportation Services

The Transportation Services is responsible for the delivery of municipal public works services relating to the maintenance and construction of roadways and bridges.

The increases from budget mostly relates to increase in contracted/general services, including road repairs including the Airport Runway reseal project (grant funded - not budgeted) and the significant increases in the amount of dust abatement application required on roads (wind farm construction project - cost recoveries fund the increased expenses). There was also a reduction in the “machine expenses capitalized for construction” with the focus on the Industrial Park (reduction in road construction) which increases the net expenses. These cost increases were partially offset by some specific staff vacancies in the department.

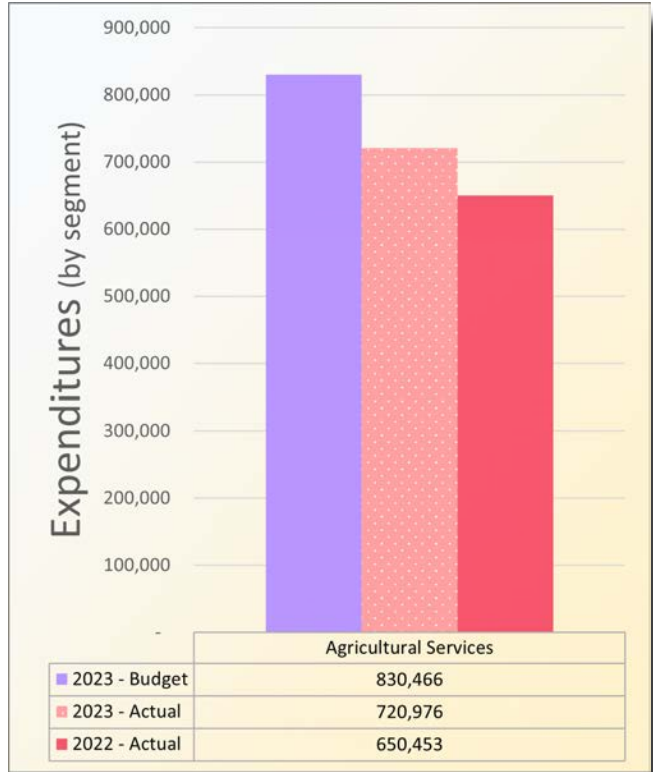
These increase from budget, such as the Airport Runway reseal project, dust abatement for the wind farm construction, and the reduction in the capitalized machine expenses; whereas, these contributed to the increases from the prior year. There were also wages/benefits with increases in staffing grids and staff increases for janitorial staff and a temporary grader driver.

Agricultural Services

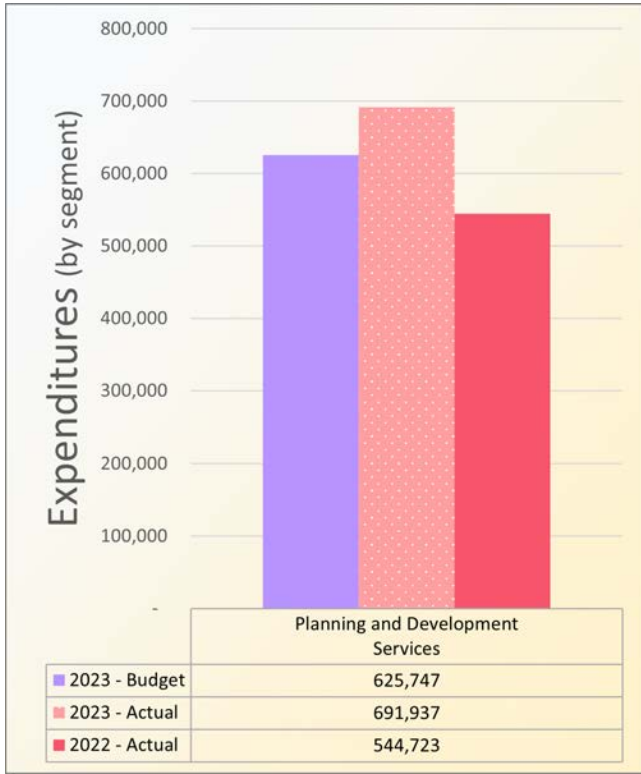
The Agricultural Services provides advice and expertise with respect to weed and pest control, as well as soil and water conservation, and rental of specialized equipment.

The decreases from the budget related to saving on wages/benefits, material/goods/utilities, and the transfers to board/agencies. The savings on wages/benefits relate savings on seasonal staffing than budgeted. The savings on material/goods/utilities relates to savings on herbicides and parts/supplies. The actual transfers to local boards and agencies were slightly less than budget as certain conditional agricultural grants or projects were not requested nor started during the year.

The increase from the prior year mostly relates wages/benefits with increases in staffing grids, contracted/general services (including equipment/vehicle repairs), and other cost increases.



Operating Expenses (by segment) - Continued



Planning and Development Services

The Planning and Development Services facilitates development in accordance with the Land Use Bylaw as approved by County Council.

There was an increase from budget as there was a significant increase in safety code revenues/costs (as the service provider takes a percentage of the revenues to cover the service costs); whereas, this increases the related service costs.

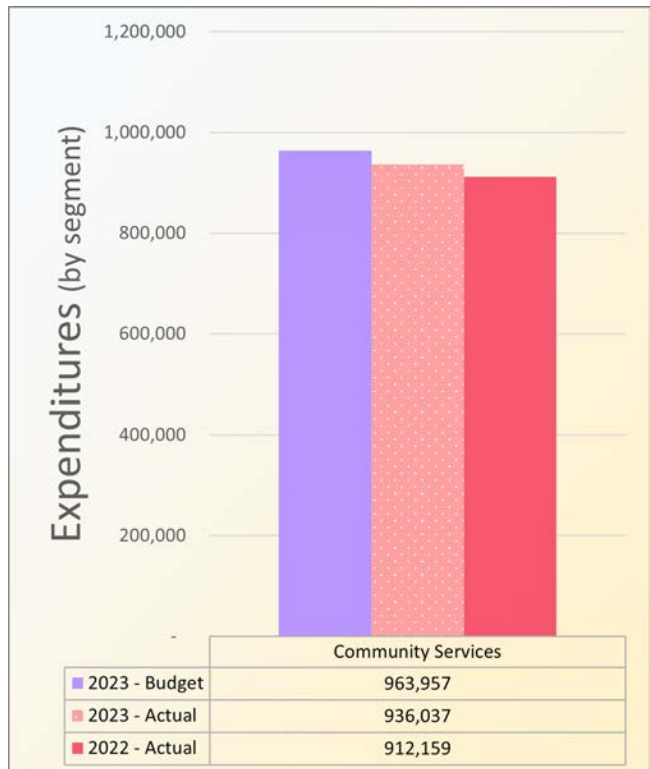
There were increases from the prior year with the significant increases in the safety codes program (increases in revenues and contracted services costs). There was also increases relating to wages/benefits with increases in staffing grids.

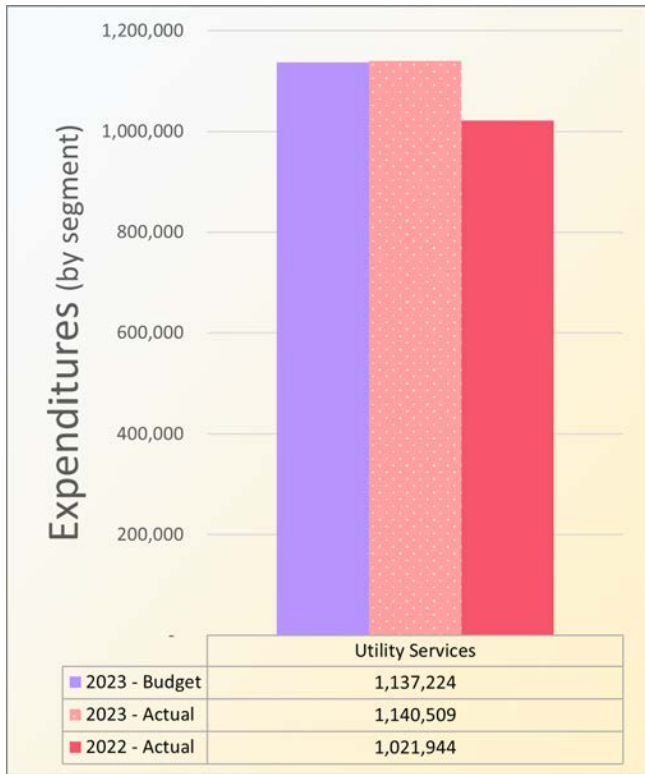
Community Services

The Community Services 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.

Overall, the actual costs are very comparable to budget as the vast majority of the costs were in-line with the budget; whereas, the variances related to the savings on the Doctor Retention Program as the actual costs were less than originally budgeted.

The increase from the prior year relates to the transfers to boards/agencies for library support and transfers to recreation & culture activities. These include additional \$51,000 contribution towards Vulcan Ice Arena's re-surfacer replacement and other increases throughout the recreation & culture programming.





Utility Services

The Utility Services includes membership of the Twin Valley Regional Water Commission and the Vulcan District Waste Commission. Operations for the Mossleigh Water Treatment Plant are contracted to Rocky View Utility Corporation.

Overall, the utility service costs are comparable to the prior year, as most of these costs are specifically determined as funding transfers in the budget process.

The increase from the prior year mostly relates to the contribution to the increases in the 2023 Waste Commission contributions and increases in water costs of supplying bulk water in the Industrial Park (which is recovered by supply revenues).



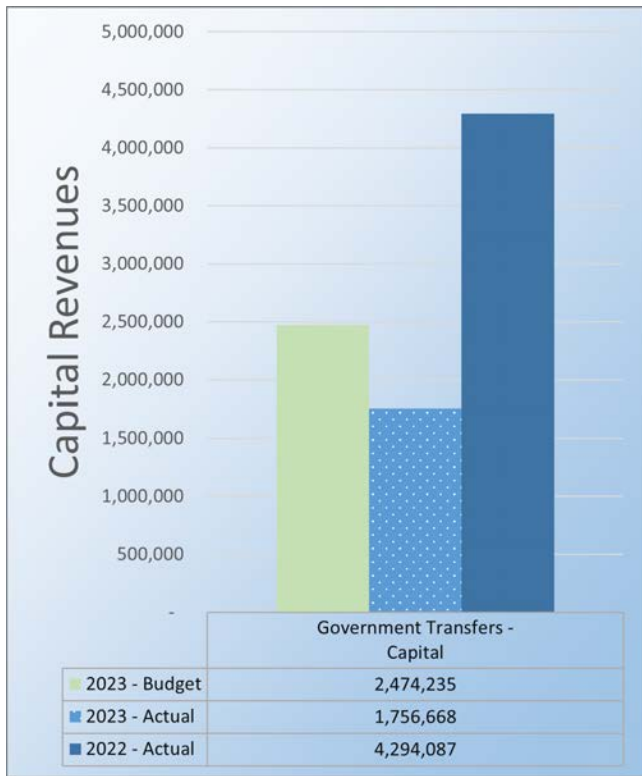
Capital Revenues & Expenses

The “Other” section on the Statement of Operations include the capital revenues for the County, including government transfers for capital and contributed tangible capital assets.



The following is an overview of the Capital Revenues compared to the budget and the prior year:

	2023 - Budget	2023	2022
CAPITAL REVENUE			
Contributed tangible capital assets	-	-	-
Government transfers for capital	2,474,235	1,756,668	4,294,087
	2,474,235	1,756,668	4,294,087



Government Transfers - Capital

Represents capital grants and funding from other levels of governments, including Provincial Grants, Federal Grants, and contributions from other local governments.

Capital government transfers are less than budget as the Mossleigh Drainage Project was not able to be started during 2023 which was budgeted at approximately \$708,900. These funds remain in deferred revenues for Municipal Sustainability Initiative (MSI) Capital; whereas, with the transition to the Local Government Funding Framework (LGFF), the approved MSI Capital project can still be completed within 5-years (within the applicable MSI guidelines).

The capital government transfers decreased significantly from the prior year as it included significant work on the Industrial Park including contracted installation of the water/wastewater lines and installation of power (which are one-time projects). These projects were funded by Municipal Sustainability Initiative (MSI) Capital and the Municipal Stimulus Program (MSP).

There were no contributed tangible capital assets (TCA) in the current nor the prior year. Receiving contributed TCA is not done in the regular operations of the County.



Reconciliation of 2023 Capital Funding and Expenses:

Government Transfers for Capital:		Capital Acquisitions:	
Municipal Sustainability Initiative (MSI)	1,717,652	Buildings	453,599
Other Grants and Contributions	39,016	Engineered Structures	715,605
	1,756,668	Equipment	1,872,918
		Land & Land Improvements	913,391
		Vehicles	748,659
Proceeds on Disposals	216,952		4,704,172
Allocation from Reserves	2,098,164	Allocation to Reserves	30,042
Allocation from Operations	662,430	Allocation to Operations	0
	4,734,214	Total Capital Expenses	4,734,214

The above is a reconciliation of the applicable capital revenues and expenses. Total Capital Funding of \$4.734 million includes the \$1.756 million of government transfers/grants, proceeds on disposals, and allocations from capital reserves and from operations.

The Capital Funding matches the total Capital Expenses of \$4.734 million, including \$4.704 million of Capital Acquisitions and some transfers to Capital Reserves. The County maintains a 20-year capital plan which outlines the replacement cycles of the capital assets being projected to be replaced within the applicable period. The Capital Acquisitions include the following:

Buildings:

Includes \$453,599 of capital acquisitions, including the Fire Training Tower Upgrades for the upgrades to the control room, addition of the second story window, & relating effects.

Engineered Structures:

Includes \$715,605 of capital acquisitions, including the construction and replacements of roads and bridges within the County.

Equipment:

Includes \$1,872,918 of capital acquisitions, including the purchase of graders, firefighter turnout gear, water meters, IT equipment, and other related equipment.

Land & Land Improvements:

Includes \$913,391 of capital acquisitions, including the additions and improvements to the County's Industrial Park, including land, water, sewer, and power installations.

Vehicles:

Includes \$748,659 of capital acquisitions, including the purchase of the fire command vehicle, a ladder fire truck, and other truck replacements throughout the County.





Other Statements, Schedules & Notes



All Statements, Schedules, and Notes that accompany the Audited Financial Statements provide useful information to understand the financial position and results of operations of the County. Some schedules and notes are included that help to provide additional data, accountability, and transparency.

Statement of Remeasurement Gains and Losses

The Statement of Remeasurement Gains and Losses indicates the unrealized changes in the value of financial instruments (such as investment) being measured in the financial statements at fair market value. [This is a NEW statement added in 2023 as part the implementation of PS1201 standard.](#)

Statement of Changes in Net Financial Assets

The Statement of Changes in Net Financial Assets reconciles the difference between opening and closing net financial assets as compared to the County's net income for the year. It does this by showing how much money was spent on or recovered from non-financial assets, such as capital assets or inventory.

Statement of Cash Flows

The Statement of Cash Flows summarizes the sources and uses of cash and cash equivalents. It reconciles the opening and closing cash positions of the County using the operating revenues and expenses, capital funding and expenditures, investment and financing transactions.

As the revenues and expenses include "non-cash" transactions such as amortization expense, these "non-cash" transactions are removed from the income to indicate the actual effect on cash.

Schedules to the Financial Statements

There are a total of seven (7) audited schedules in the financial statements, which are used to provide details to the financial statements. Schedules 1 and 2 provide additional details on the accumulated surplus and tangible capital assets as presented in the Statement of Financial Position. Schedules 3 to 7 provide additional details on the revenues and expenses as presented in the Statement of Operations. These schedules include:

Schedule 1 - Schedule of Changes in Accumulated Surplus

Provides details on the changes in the components of Accumulated Surplus, including the transfers to and from each of these components (i.e. transfers from unrestricted to a restricted reserve) and the overall changes in the Accumulated Surplus.

Schedule 2 - Schedule of Tangible Capital Assets

Provides details on the Tangible Capital Assets (TCA) including the historical costs, acquisition/construction of TCA, and the amount of amortization accumulated on the TCA. These details are provided for each of the major types of TCA (i.e., land, land improvements, buildings, equipment, vehicles, and engineered structures).



Schedule 3 - Schedule of Property and Other Taxes

Provides the details of the Net Municipal Taxes, including the details within the taxation revenues (i.e., real property taxes, linear taxes, special tax levies, etc.) and within the funding requisitions required by the County (i.e., school requisitions, senior requisitions, etc.).

Schedule 4 - Schedule of Government Transfers

Provides the additional details on the government funding transfers recognized for operating and capital purposes. This includes information on the types of government support (local, provincial, and federal government).

Schedule 5 - Schedule of Expenses by Object

Provides details on the operating expenses by the type/object of the expenses. This reconciles to the Statement of Operations, which reports the expenses based on the department/activity. These types/objects include salaries/benefits, contracted services, materials/supplies, amortization, and other types of expenses.

Schedule 6 - Schedule of Segment Disclosure (2023)

Provides the details of the current year’s revenues and expenses for each of the County’s major segments including: General Government, Protective Services, Transportation Services, Agricultural Services, Planning and Development Services, Community Services, and Utility Services.

Schedule 7 - Schedule of Segment Disclosure (2022)

Provides the details of the prior year’s revenues and expenses for each of the County’s major segments including: General Government, Protective Services, Transportation Services, Agricultural Services, Planning and Development Services, Community Services, and Utility Services.

Notes to the Financial Statements

The notes to the financial statements provide additional details for the financial statements. These notes are intended to help provide additional data, accountability, and transparency.

These notes include the following:

- Significant accounting policies
- Change in Accounting Policy (new standards implemented)
- Details of Financial Statement balances
- Segment reporting details
- Disclosure of additional information not recorded in the financials
 - Debt Limits
 - Council and CAO remuneration
 - Local Authorities Pension Plan
 - Commitments and contingencies



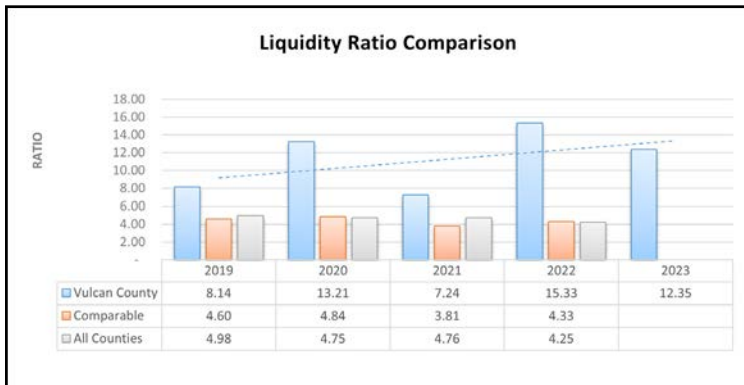
Financial Indicators & Performance Measures



Indicators of Financial Health and other Performance Measures help to indicate how the County is doing over time and alert management to any issues or concerns that should be addressed.

Through Provincial data on all municipalities, the County is able to compare specific indicators to other Alberta municipalities and compare to specific municipalities that are in comparable size and in close proximity in geological locations. *Note that the Comparison Data for 2023 is not available at the time this report is created as the Provincial Government typically provides this data in June/July of the year following once all municipalities have submitted their data.*

Current/Liquidity Ratio Comparison

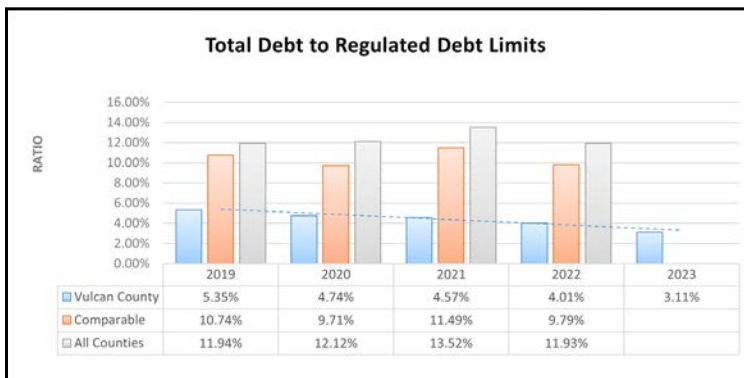


The Current/Liquidity Ratio is a measure to indicate that the County can meet its short-term obligations and that the County has the ability to better respond to rapidly changing circumstances (as often required). The Current Ratio is calculated by the ratio of current assets to current liabilities

The County has historically maintained a high current ratio (2023 ratio of 12.35) as the County has the current assets are sufficient to cover the related current liabilities. Some of the current assets, such as portfolio investments are also used to fund specific reserve funds, which further increases the

County's Current Ratio. The majority of the County's financial assets are comprised of cash and short-term investments (representing approx. 83.4%); therefore, further increasing the liquidity of the County. The ratio decreased slightly from 2022 as the County delayed investing in long-term investments until early 2023 as investment rates were increasing.

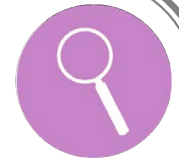
Total Percentage of Debt Limit



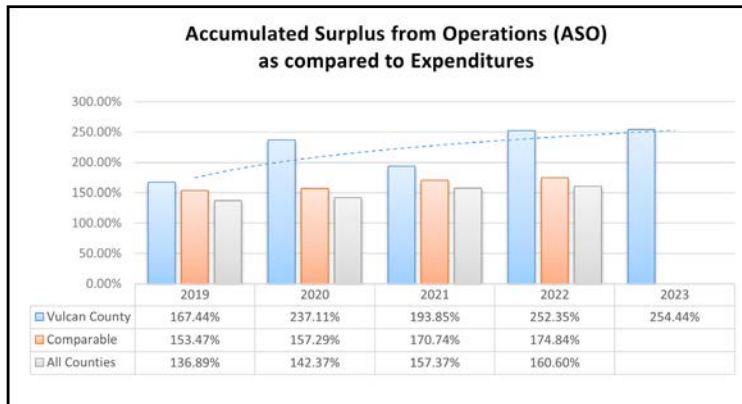
The Total % of Debt Limit Ratio is a measure to indicate the total amount of municipal borrowings, including long term capital leases, as a percentage of the total regulated debt limit available to the municipality. This is an indicator if the municipality has maintained reasonable levels of borrowing debt.

The Total % of Debt Limit Ratio is calculated by the ratio between total municipal debt and the related total debt limit. The debt limit is calculated at 1.5 times the revenue of the municipality (as defined by Alberta Regulation 255/00).

The County has historically maintained minimal levels of debt (2023 ratio of 3.11%); whereas, the County uses long-term planning and its 20-year capital plan to fund large capital projects (without requiring debt). The current debt relates specifically to a long-term debenture debt received to provide as a funding contribution towards the Vulcan Hospital Expansion Project.



Accumulated Surplus from Operations

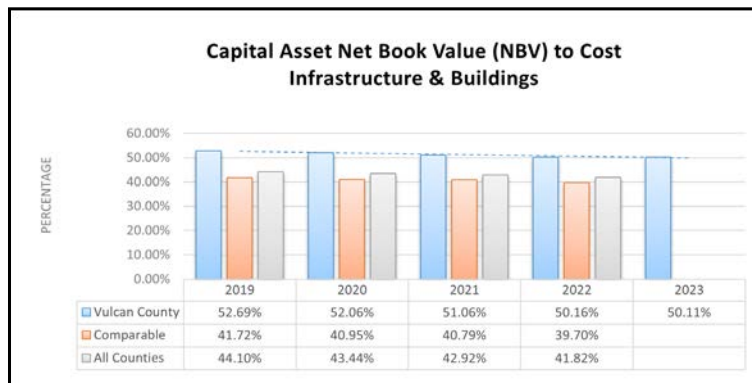


The Accumulated Operating Surplus (AOS) as a % of Expenses Ratio is a measure to indicate level Unrestricted Surplus and Reserves that are available to cover the annual costs of operations. The AOS represents the total Accumulated Surplus excluding the Equity in Tangible Capital Assets. This can be an indicator of long-term stability and planning.

The AOS% of Expenses Ratio is calculated by the ratio of combining the Unrestricted Surplus and Reserves and dividing this by the total annual expenses. Reserves can include both specific operating and capital reserves (2023 ratio of 254.44%).

The County has historically maintained a higher than average AOS% of Expenses ratio (compared to other comparables and provincial averages) as the County believes in long-term stability and planning, including maintaining appropriate levels of operating and contingency reserves and a fully-funded 20-year capital plan to ensure the infrastructure and capital needs are covered while minimizing significant fluctuations from year-to-year.

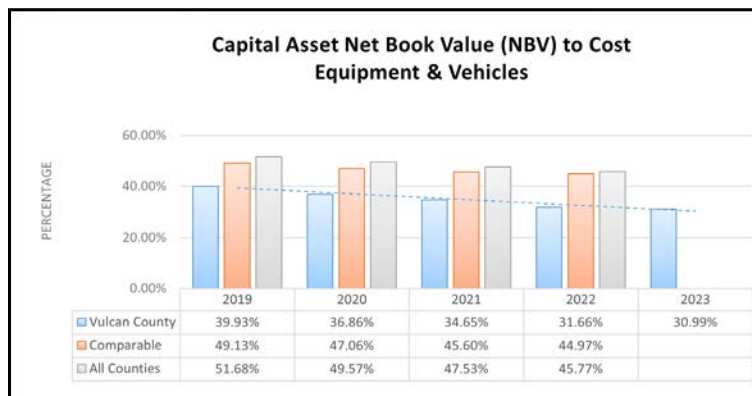
Capital Asset Net Book Value



In both the Capital Asset Net Book Value to Cost of Infrastructure/Buildings and the Equipment/Vehicles charts indicate how much is remaining in the capital assets useful life and/or in productive use. This indicator is for all of the County's capital assets.

This ratio is calculated by the ratio of the net book value (NBV) of TCA as a percentage of the total original costs. The NBV is the original purchase cost less the accumulative amortization (depreciation).

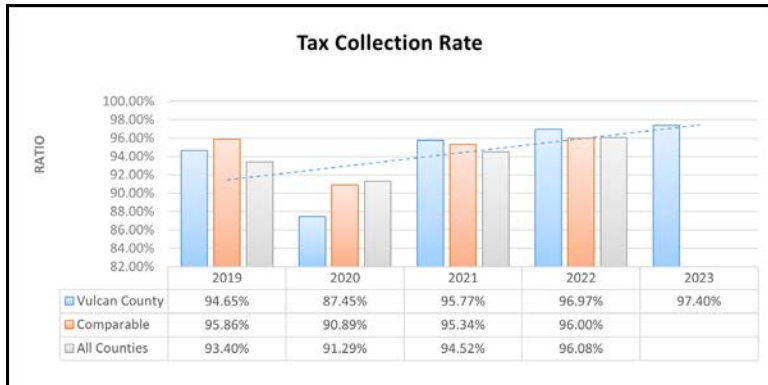
The County has historically maintained a high Infrastructure and Buildings TCA ratio (2023 ratio of 50.11%) as the County maintains a 20-year capital plan for the replacement of infrastructure and facilities. Continual replacement and maintenance of the County's road and bridge infrastructure is a strategic priority for the County.



The County maintains a 20-year capital plan for the replacement of vehicles, and machinery & equipment (which can include multiple replacement cycles). The County has a lower ratio (2023 ratio of 30.99%) as the County often is able to effectively extend the useful life of the vehicles/equipment by appropriate maintenance and also the County may re-purposes equipment (within other departments).



Tax Collection Rate



The Tax Collection Rate is a measure to indicate the ability of the municipality to collect own-source revenues, including property taxes, special taxes, local improvement taxes, well drilling equipment taxes, and grants-in-place-of taxes.

The Tax Collection Rate is calculated by the inverse ratio of current taxes outstanding at yearend against the total tax revenues issued in the year. Note that this calculation does not include any allowances on tax receivables as these typically relate specifically to tax arrears (over 1-year aged tax receivables).

The County has historically been able to collect on tax receivables over the 90% expectation (2023 ratio of 97.40%); whereas, this ratio has been revised to exclude the 2023 supplementary tax balances as they are not actually due to the following year (due in February 2024) and these balances should not be included in the applicable ratio for the 2023 yearend balances. The County continually monitors the tax receivable balances for collectability and outstanding balances.

Performance Measures Dashboard

In an attempt to be as transparent to the public as possible, the Corporate Services department provides multiple types of performance measures for the County and how the County compares to Provincial and other comparative data:

[Click the Dashboard for link](#)

Performance Measures Dashboard

Year: 2023*

Welcome to Vulcan County's Performance Measures Dashboard.

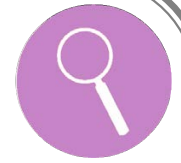
In an attempt to be as transparent to the public as possible, the Corporate Services department provides multiple types of performance measures for the County and how the County compares to Provincial and other comparative data. Source data: <https://www.alberta.ca/municipal-indicators.aspx>

NOTE 2023 is an estimate for Vulcan County and comparables are based on 2022. The data is to be updated once the Provincial data is available.

MOBILE VIEW

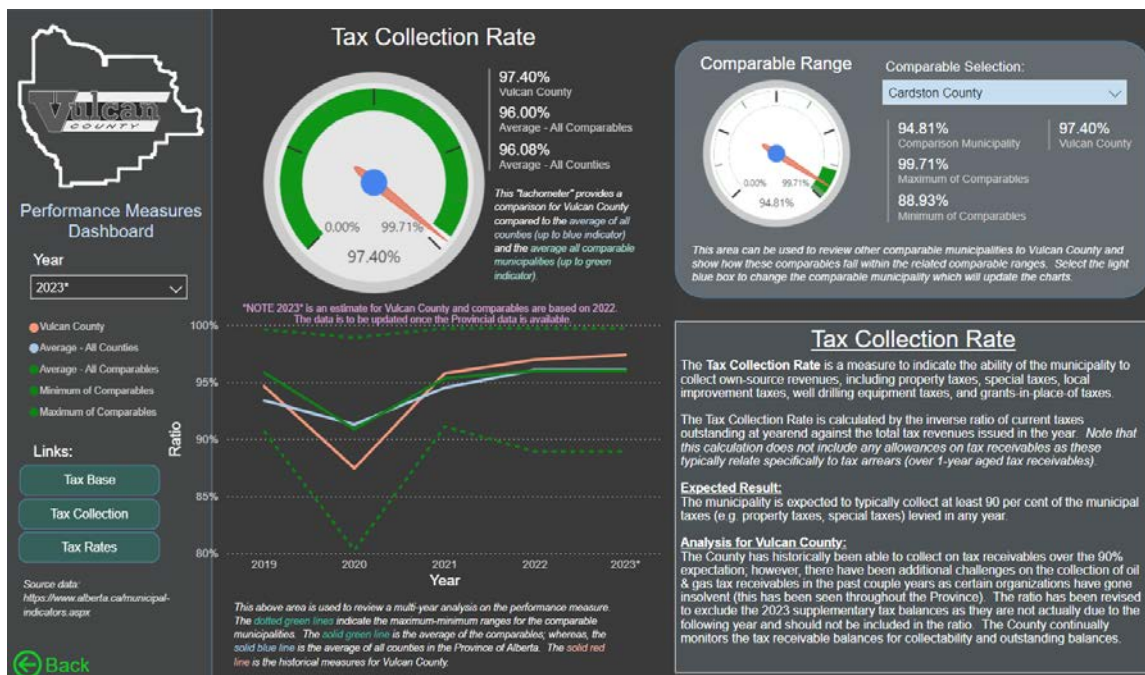
Category	Metric	Vulcan County	All Comparables	All Counties
Financial Position	Current Ratio	12.35	4.33	4.25
	Total % of Debt Limit	3.11%	9.79%	11.93%
	AOS% of Expenses	254.44%	174.84%	160.60%
Asset Aging	All Tangible Capital Assets	49.30%	44.48%	45.04%
	Infrastructure & Buildings	50.11%	39.70%	41.82%
	Vehicles, Machinery & Equipment	30.99%	44.97%	45.77%
Tax Analysis	Tax Base Balance	27.27%	36.54%	27.68%
	Tax Collection Rate	97.40%	96.00%	96.08%
	Municipal Tax Rates	4.2191	4.9326	4.4166

TAX RATE DETAILS



The Performance Measures Dashboard for an in-depth review of the County’s performance measures, including interactive approach of looking at historical trends, Provincial and other comparative data, and allows for a direct comparison to specific municipalities which are comparable municipalities to the County. *These correlate to the performance measures listed in this report.*

For example, the Dashboard allows you to drill down to specific types of performance measure (i.e., Tax Collection Rate) and the dashboard will provide an overview of the measure, expected results, and an analysis on the results. The dashboard will provide visuals on historical trends and provide options for reviewing comparable municipalities to the County.



This type of interactive dashboard analysis is available for each of the key performance measures:

Financial Position:

- Current Ratio
- Total % of Debt Limit
- AOS% of Expenses

Asset Aging:

- All Tangible Capital Assets
- Infrastructure & Buildings
- Vehicles, Machinery & Equipment

Tax Analysis:

- Tax Base Balance
- Tax Collection Rate
- Municipal Tax Rates*

* *Municipal Tax Rates also has additional tax rate details on other tax rates applicable for the County, including district specific rates and requisition tax rates.*

Overall, Vulcan County has a strong financial health; whereas, the County seems to be in a strong financial position when in comparison to many of the other comparable municipalities. This is shown throughout the performance measures, including liquidity, debt limits, accumulated surplus, capital assets, and through tax collections.



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Financial Reports and Financial Dashboards

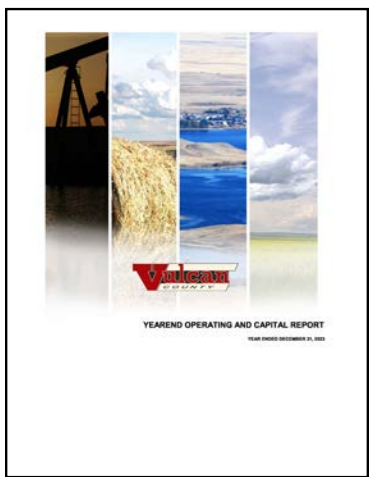
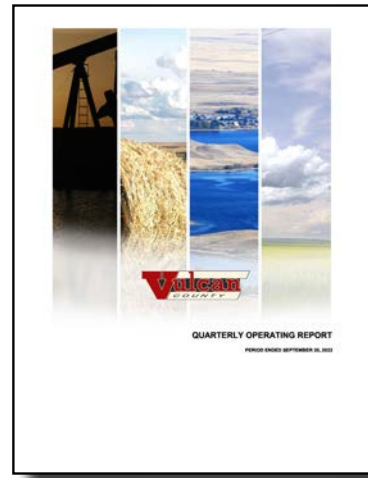
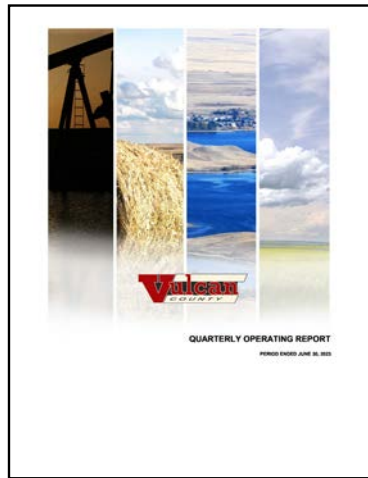
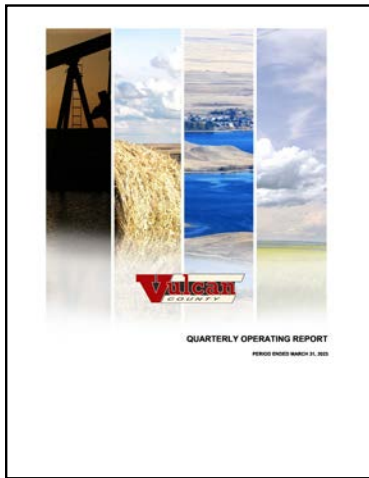


The County maintains additional financial reports and interactive financial reporting dashboards to provide useful information to understand the financial position and results of operations of the County which are included so that this reporting helps to provide additional data, accountability, and transparency.

Financial Reporting

The County has additional financial reporting available on our website for more in-depth reports on the budgets, financial statements, quarterly reporting, infographics, and management discussion/analysis.

The following are the 2023 quarterly, yearend and budget reports which provide the details of the County's financial planning and progress throughout the year:



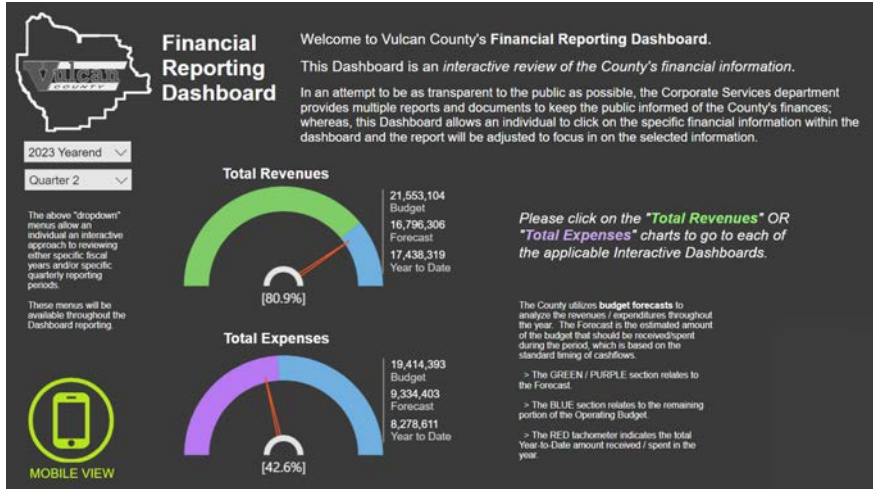
These financial reports and the other financial reporting and dashboards are located:

www.vulcancounty.ab.ca >
[Departments > Corporate Services >](#)
[Financial Plans & Reports >](#)
[Financial Statements & Reporting](#)

[Click the Pages to go to the Reports Documents](#)

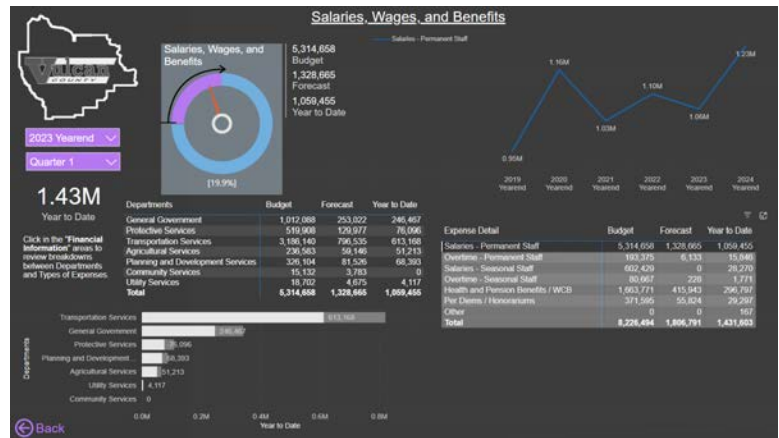
Financial Reporting Dashboards

In an attempt to be as transparent to the public as possible, the Corporate Services department provides Financial Dashboards for an interactive review of the County's financial information. These interactive Financial Dashboards are to further increase the transparency of the County's finances to the public:



This interactive reporting dashboard allows an individual to click on specific financial information within the dashboard and the report will be adjusted to focus in on the selected information. This allows for a multi-year review and the option to review each of the reporting periods within the report.

The Dashboard allows for an in-depth review of operating revenues and expenditures, including interactive approach of looking at expenses by both type and segment/department. For example, the Dashboard allows you to drill down to specific types of expenses (i.e., salaries, wages & benefits) and select a type of expense detail within the expense (i.e., salaries for permanent staff), and the report redisplay to indicate the amount and totals from each segment/department.

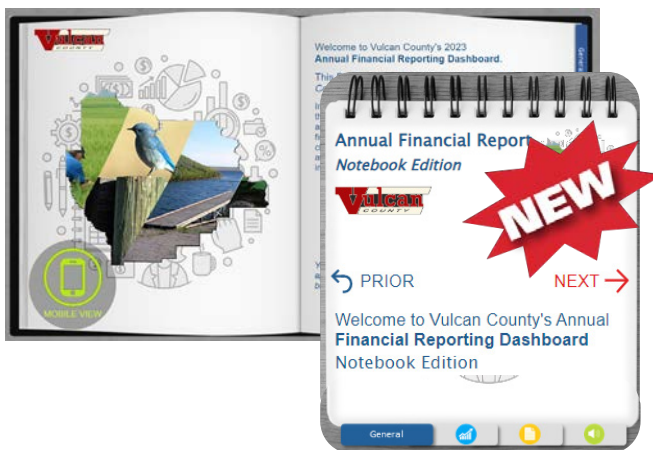


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2023 Annual Financial Dashboard

The County also provides an interactive review of the 2023 Annual Financial Statements, including interactive reviews of the financial position, operations, & other information. This Annual Financial Dashboard is a high-level review of the financial information and in a format that is designed to be easy to use and understand for our ratepayers and other users of the financial statements. A "Notebook Edition" has been added for a mobile friendly version of the dashboard.

FUTURE OUTLOOKS FOR THE COUNTY

Going forward, the County will seek to continue to deliver the municipal services that are expected by ratepayers, while improving in several key ways. New funding sources are being explored which could help alleviate the tax burden from County residents, and efficiencies are continually being sought out in order to reduce expenditure while improving service.

There multiple energy projects that will further increase the linear tax base within the County and further solidify Vulcan County as an area leader in the renewable energy sector:

- There is a 465 megawatt (MW) Travers Solar Project which received approval in 2020 and began construction in early 2021, was on-line to the power grids in late 2022, and was fully commissioned in early-2023, which will then add approximately \$430 million of taxable assessment in future years. A supplementary tax was added for 2023 to pickup a pro-rated amount of taxes during 2023.
- There is a 494 megawatt (MW) Buffalo Plains Wind Farm which received approval in 2022 and began construction in 2023. The projected completion date is in late-2024 and is currently projected to have fully commissioned in early-2025, which will then add approximately \$400-450 million of taxable assessment in future years (a potential supplementary tax may be applied for in budget 2025).



These combined equates to an approximate 53% increase in total taxable assessment for the County; whereas, this assessment growth may allow for the County to increase municipal services, reduce tax rates for all assessment classes, and/or a combination of both. This will allow the County to remain in a strong financial position while maintaining competitive tax rates (which is a strategic priority of the County).

With the use of the supplementary tax levies in 2023 allowed the County to maintain its current service levels while providing reduction in general municipal tax rates (40.0% reduction for residential and 5.5% reduction for non-residential). This methodology is projected to continue into future years with the increased tax assessment base.

There are challenges facing the County as well. The current economic climate can create difficulty as the increases in inflation has significant impacts on staffing costs with market-based Cost of Living Adjustments (COLA) and increases to the costs of material/supplies and services being provided. These inflationary costs and the effects of the carbon tax increases has also had significant impacts on fuel & diesel costs which are significant variable costs for the County.

There have also been inflationary increases capital costs for equipment and vehicles; whereas, some equipment such as graders have seen significant cost increase over the last couple years. There is also an impact from the decline in the Canadian Dollar (in comparison to the US Dollar) on the purchase of heavy equipment. These have significant impacts on the capital replacement projections.

In order to help realize its objectives, the County makes use of long-term budgets to carefully plan out future revenues and expenditures. The County has developed a 3-year written plan for budgeting operating activities and a 5-year written plan for budgeting capital acquisitions.

- The 3-year operating plan effectively creates a multi-year budget for upcoming operating activities, including large operating projects and projecting cost fluctuations, including the effects of inflation and cost increases.
- The 5-year capital plan is developed out of the County's 20-year capital funding plan. The 20-year plan includes all County assets and their estimated replacement dates over the next 20-years, including a contingency should there be unexpected replacements and/or cost increases. From this plan, capital reserves can be built and used as needed which allows for less variation in tax rates from one year to the next.

The County will continue to develop new strategies that aim to address the above goals and concerns in order to maintain the programs, services, and infrastructure provided by the County.

Respectfully submitted,



Mark DeBoer, CPA, CA, SFO
Director of Corporate Services
May 24, 2024



A serene sunset scene over a calm body of water. The sky is filled with soft, golden clouds, and the sun is low on the horizon, creating a warm, orange glow. The water reflects the colors of the sky, and the foreground is dominated by the dark silhouettes of tall reeds or grasses.

SECTION 2 - FINANCIAL STATEMENTS

Section 2 - FINANCIAL STATEMENTS

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www.vulcancounty.ab.ca

April 17, 2024

To the Reeve and Council Members of Vulcan County

Re: Management's Responsibility for Reporting

The management of Vulcan County acknowledges its responsibility for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the accompanying notes. Management holds the belief that the financial statements present a fair representation of the County's financial position as of December 31, 2023, and the results of its operations for the year then ended.

These financial statements have been prepared in compliance with legislation and in accordance with the Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is outlined in Note 1 to the financial statements. It is important to note that financial statements inherently include certain amounts based on estimates and judgments, which have been determined on a reasonable basis to ensure fair presentation in all material aspects.

In the discharge of its responsibilities and cognizant of the inherent limitations of any system, management has devised and upheld a system of internal controls to produce reliable information meeting reporting requirements. This system is crafted to provide management with reasonable assurance regarding proper authorization of transactions, maintenance of reliable financial records, and appropriate accounting and safeguarding of assets. Regular monitoring and evaluation of these systems by management ensure the availability of reliable financial information for the preparation of financial statements.

County Council is entrusted with the oversight of management in fulfilling its financial reporting responsibilities and approving the financial statements. Council executes these duties by reviewing the financial information provided by management and engaging in discussions with the Audit Committee, management, and external auditors on pertinent matters. Council convenes meetings with management and external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approving the financial statements. Furthermore, Council is responsible for authorizing the appointment of the County's external auditors. The external auditors have unrestricted access to the Audit Committee, with or without the presence of management.

The financial statements have undergone an audit conducted by KPMG LLP, independent external auditors appointed by County Council. Their accompanying Auditor's Report to the members of Vulcan County Council delineates their responsibilities, stating the scope of their examination and their opinion on the financial statements.

Respectfully,

Nels Petersen
Chief Administrative Officer

Mark DeBoer
Director of Corporate Services

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KPMG LLP

3410 Fairway Plaza Road South
Lethbridge, AB T1K 7T5
Canada
Telephone 403 380 5700

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 are presented in the format prescribed by Alberta Education and comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- re-measurement gains and losses for the year then ended;
- the statement of 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 (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2023, and its results of operations, its re-measurement gains and losses 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 auditor’s 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 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 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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.

Other matters

The financial statements of the Municipality as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on April 19, 2023.

Chartered Professional Accountants

Lethbridge, Canada

April 17, 2024



VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	2023	2022 (Restated)
FINANCIAL ASSETS		
Cash and equivalents (note 3)	\$ 1,047,378	\$ 1,932,025
Taxes and grants in lieu receivables (note 4)	4,531,347	763,379
Trade and other receivables (note 5)	882,094	619,150
Portfolio investments (note 6)	27,125,041	36,862,064
Inventory held for resale	67,111	72,337
Long term investments (note 7)	14,855,537	2,056,265
Loans and notes receivable (note 8)	179,439	219,500
Other	17,071	16,430
	48,705,018	42,541,150
LIABILITIES		
Accounts payable and accrued liabilities	1,332,939	660,961
Deferred revenue (note 9)	1,252,204	1,840,432
Employee benefit obligations (note 10)	330,337	278,408
Long term debt (note 11)	1,118,084	1,252,044
Asset retirement obligations (note 12)	525,354	522,882
Other liabilities (note 14)	906,255	506,723
	5,465,173	5,061,450
NET FINANCIAL ASSETS	43,239,845	37,479,700
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 15)	107,687,527	108,086,239
Inventory for consumption (note 16)	8,720,764	9,103,226
Prepaid expenses	402,198	428,289
	116,810,489	117,617,754
ACCUMULATED SURPLUS	\$ 160,050,334	\$ 155,097,454
ACCUMULATED SURPLUS:		
Accumulated surplus (schedule 1, note 18)	160,050,334	155,097,454
Accumulated remeasurement gains (losses)	-	-
	\$ 160,050,334	\$ 155,097,454

*Contingencies and commitments - See note 25 & 26.
Contractual rights - See note 27.*

APPROVED BY:



VULCAN COUNTY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023

	Budget (note 23)	2023	2022 (Restated)
REVENUE			
Net municipal taxes (schedule 3)	\$ 15,555,033	\$ 17,943,837	\$ 15,079,227
Government transfers (schedule 4)	928,671	1,104,191	1,403,059
Return on investments	576,824	2,063,059	1,022,438
Sale of goods, services and user charges	982,250	1,949,632	888,685
Rental income	321,980	320,565	319,129
Community aggregate levy	140,110	193,171	212,993
Penalties and costs of taxes	194,000	350,624	228,725
Gain on disposal of tangible capital assets	-	26,523	1,430,054
Other revenues	380,000	30,518	240,385
TOTAL REVENUE	19,078,868	23,982,120	20,824,695
EXPENSES			
Legislative	506,709	478,318	447,807
Administration	2,328,823	2,267,748	2,056,167
Protective services	2,720,932	2,627,286	2,045,659
Transportation services	10,267,864	11,290,788	10,552,481
Agricultural services	830,466	720,976	650,453
Planning and development services	625,747	691,937	544,723
Family and community support	233,282	219,469	217,118
Parks and recreation	695,648	696,646	671,001
Tourism and economic development	35,027	19,922	24,040
Utility Services	1,137,224	1,140,509	1,021,944
Other	32,671	632,309	621,097
TOTAL EXPENSES	19,414,393	20,785,908	18,852,490
OPERATING SURPLUS - BEFORE OTHER	(335,525)	3,196,212	1,972,205
OTHER			
Contributed tangible capital assets	-	-	-
Government transfers for capital (schedule 4)	2,474,235	1,756,668	4,294,087
ANNUAL SURPLUS	2,138,710	4,952,880	6,266,292
ACCUMULATED SURPLUS, BEGINNING OF YEAR	155,097,454	155,097,454	148,831,162
ACCUMULATED SURPLUS, END OF YEAR	\$ 157,236,164	\$ 160,050,334	\$ 155,097,454



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VULCAN COUNTY

STATEMENT OF REMEASUREMENT GAINS AND LOSSES YEAR ENDED DECEMBER 31, 2023

	2023	2022
UNREALIZED GAINS (LOSSES) ATTRIBUTED TO:		
Bonds and other investments	\$ -	\$ -
	-	-
	-	-
AMOUNTS RECLASSIFIED TO STATEMENT OF OPERATIONS:		
Bonds and other investments realized gains	-	-
	-	-
	-	-
NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR	-	-
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	-	-
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	\$ -	\$ -

VULCAN COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2023

	Budget (note 23)	2023	2022 (Restated)
ANNUAL SURPLUS	\$ 2,138,710	\$ 4,952,880	\$ 6,266,292
Acquisition of tangible capital assets	(8,230,879)	(4,704,172)	(6,521,313)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	500,000	216,952	1,441,515
Amortization of tangible capital assets	4,818,615	4,877,770	4,819,730
Net Loss (gain) on disposal of tangible capital assets	-	8,162	(700,976)
	<u>(2,912,264)</u>	<u>398,712</u>	<u>(961,044)</u>
Net change in inventory for consumption	-	382,462	(1,255,359)
Acquisition of prepaid expenses	-	(402,198)	(428,289)
Use of prepaid expenses	-	428,289	236,861
	<u>-</u>	<u>408,553</u>	<u>(1,446,787)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(773,554)	5,760,145	3,858,461
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>37,479,700</u>	<u>37,479,700</u>	<u>33,621,239</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 36,706,146</u>	<u>\$ 43,239,845</u>	<u>\$ 37,479,700</u>



VULCAN COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		(Restated)
OPERATING		
Annual surplus	\$ 4,952,880	\$ 6,266,292
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	4,877,770	4,819,730
Net Loss (gain) on disposal of tangible capital assets	8,162	(700,976)
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	(3,767,968)	150,292
Increase in trade and other receivables	(262,944)	6,945,058
Decrease in inventory held for resale	5,226	(28,138)
Decrease (increase) in loans receivable	40,061	(12,305)
Increase in other financial assets	(641)	(1,942)
Decrease (increase) in inventory for consumption	382,462	(1,255,359)
Decrease (increase) in prepaid expenses	26,090	(191,427)
Increase in accounts payable	671,978	(559,753)
Decrease in deferred revenue	(588,228)	(2,610,045)
Increase in employee benefit obligations	51,929	12,548
Increase in obligations under asset retirement obligations	2,472	18,013
Increase (decrease) in other liabilities	399,532	(130,454)
	6,798,781	12,721,534
CAPITAL		
Acquisition of tangible capital assets	(4,704,172)	(6,521,313)
Proceeds on disposal of tangible capital assets	216,952	1,441,515
	(4,487,220)	(5,079,798)
INVESTING		
Decrease (increase) in portfolio investments	9,737,024	(9,848,397)
Decrease (increase) in long term investments	(12,799,272)	2,130,553
	(3,062,248)	(7,717,844)
FINANCING		
Long term debt repaid	(133,960)	(130,676)
	(133,960)	(130,676)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(884,647)	(206,784)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,932,025	2,138,809
CASH AND EQUIVALENTS, END OF YEAR	\$ 1,047,378	\$ 1,932,025

VULCAN COUNTY

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Surplus (note 19)	Equity in Tangible Capital Assets (note 17)	2023	2022 (Restated)
BALANCE, BEGINNING OF YEAR AS REPORTED	889,414	46,636,284	108,066,893	\$ 155,592,591	\$ 149,307,171
PRIOR PERIOD ADJUSTMENTS:					
ARO prior period adjustments	8,399	-	(503,536)	(495,137)	(476,009)
RESTATED BALANCE, BEGINNING OF YEAR	\$ 897,813	46,636,284	107,563,357	\$ 155,097,454	\$ 148,831,162
Annual surplus	\$ 4,952,880	-	-	\$ 4,952,880	\$ 6,266,292
Unrestricted funds designated for future use	(8,451,102)	8,451,102	-	-	-
Restricted funds used for operations	1,001,595	(1,001,595)	-	-	-
Restricted funds used for tangible capital assets	-	(2,098,164)	2,098,164	-	-
Current year funds used for tangible capital assets	(2,606,008)	-	2,606,008	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	225,114	-	(225,114)	-	-
Annual amortization expense	4,877,770	-	(4,877,770)	-	-
Annual accretion ARO expense	19,291	-	(19,291)	-	-
ARO revision in estimates	(16,819)	-	16,819	-	-
Change in accumulated surplus	\$ 2,721	5,351,343	(401,184)	\$ 4,952,880	\$ 6,266,292
BALANCE, END OF YEAR	\$ 900,534	51,987,627	107,162,173	\$ 160,050,334	\$ 155,097,454

SCHEDULE 1

VULCAN COUNTY

**SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2023**

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2022 (Restated)
HISTORICAL COST:							
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ 5,733,087	1,750,844	11,616,103	20,690,792	7,368,396	168,049,718	\$ 209,796,398
PRIOR PERIOD ADJUSTMENTS:							
ARO prior period adjustments	-	5,759	64,040	-	-	-	69,799
RESTATED BALANCE, BEGINNING OF YEAR	\$ 5,733,087	1,756,603	11,680,143	20,690,792	7,368,396	168,049,718	\$ 215,278,739
Acquisition of tangible capital assets	793,668	119,723	453,599	1,872,918	748,659	442,929	4,438,312
New construction-in-progress	-	-	-	-	-	272,676	2,083,001
Disposition of tangible capital assets	-	-	-	(1,262,656)	(66,259)	(211,687)	(1,108,771)
BALANCE, END OF YEAR	6,526,755	1,876,326	12,133,742	21,301,054	8,050,796	168,553,636	215,278,739
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ -	436,537	4,571,293	14,316,223	4,858,985	82,959,009	\$ 102,691,664
PRIOR PERIOD ADJUSTMENTS:							
ARO prior period adjustments	-	3,186	47,267	-	-	-	49,338
RESTATED BALANCE, BEGINNING OF YEAR	\$ -	439,723	4,618,560	14,316,223	4,858,985	82,959,009	\$ 102,741,002
Annual amortization	-	56,424	285,818	1,512,587	691,984	2,330,957	4,819,730
Accumulated amortization on disposal	-	-	-	(1,087,736)	(36,694)	(191,058)	(368,232)
BALANCE, END OF YEAR	-	496,147	4,904,378	14,741,074	5,514,275	85,098,908	107,192,500
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,526,755	1,380,179	7,229,364	6,559,980	2,536,521	83,454,728	\$ 108,086,239
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS - RESTATED	\$ 5,733,087	1,316,880	7,061,583	6,374,569	2,509,411	85,090,709	\$ 108,086,239

VULCAN COUNTY

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2023

SCHEDULE 3

	Budget (note 23)	2023	2022
TAXATION			
Real property taxes	\$ 7,666,843	\$ 7,661,085	\$ 8,546,195
Linear taxes	9,067,845	11,314,178	7,254,431
Commercial taxes	1,570,125	1,580,059	1,696,472
Government grants in lieu of taxes	21,507	19,745	18,594
Special levy	1,365,200	1,364,334	1,347,277
Well drilling tax	156	117	372
	<u>19,691,676</u>	<u>21,939,518</u>	<u>18,863,341</u>
REQUISITIONS			
School requisitions	3,299,142	3,138,040	3,054,596
Seniors foundation requisition	541,275	547,654	500,406
RCMP policing requisition	241,049	241,049	184,823
Provincial DIP assessment requisition	55,177	68,938	44,289
	<u>4,136,643</u>	<u>3,995,681</u>	<u>3,784,114</u>
NET MUNICIPAL TAXES	<u>\$ 15,555,033</u>	<u>\$ 17,943,837</u>	<u>\$ 15,079,227</u>



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SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2023

SCHEDULE 4

	Budget (note 23)	2023	2022
TRANSFERS FOR OPERATING			
Local government transfers	\$ 177,705	\$ 298,601	\$ 167,446
Provincial government transfers	501,561	556,185	302,495
Federal government transfers	249,405	249,405	933,118
	<u>928,671</u>	<u>1,104,191</u>	<u>1,403,059</u>
TRANSFERS FOR CAPITAL			
Local government transfers	-	39,016	122,189
Provincial government transfers	2,474,235	1,717,652	4,171,898
	<u>2,474,235</u>	<u>1,756,668</u>	<u>4,294,087</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,402,906</u>	<u>\$ 2,860,859</u>	<u>\$ 5,697,146</u>

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2023

SCHEDULE 5

	Budget (note 23)	2023	2022 (Restated)
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 8,226,494	\$ 7,798,714	\$ 6,937,554
Contracted and general services	3,094,795	3,378,964	2,543,119
Materials, goods and utilities	3,240,880	3,149,977	2,820,480
Provision for allowances	12,671	625,434	602,629
Transfers to local boards and agencies	2,015,092	2,002,831	1,893,026
Interest and bank charges	45,142	40,642	48,635
Amortization of tangible capital assets	4,818,615	4,876,655	4,818,615
Amortization of ARO tangible capital assets	-	1,115	1,115
Accretion ARO expenses	-	19,291	18,012
Machine expenses capitalized for construction	(2,066,788)	(1,423,600)	(1,639,395)
Loss on disposal of tangible capital assets	-	34,685	729,078
Other expenses	27,492	281,200	79,622
	<u>\$ 19,414,393</u>	<u>\$ 20,785,908</u>	<u>\$ 18,852,490</u>



VULCAN COUNTY

**SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2023**

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2023 Total
REVENUE								
Net municipal taxes	\$ 15,631,274	917,234	-	-	-	430,562	964,767	\$ 17,943,837
Government transfers (operating)	57,100	288,806	366,899	166,247	-	225,139	-	1,104,191
Return on investment	2,063,059	-	-	-	-	-	-	2,063,059
Sale of goods, services and user charges	59,514	308,473	877,279	341,910	336,172	7,800	18,484	1,949,632
Rental income	5,058	304,846	-	10,661	-	-	-	320,565
Community aggregate levy	-	-	193,171	-	-	-	-	193,171
Penalties and other costs of taxes	350,624	-	-	-	-	-	-	350,624
Gain on disposal of tangible capital assets	-	-	26,523	-	-	-	-	26,523
Other revenues	24,319	6,199	-	-	-	-	-	30,518
	18,190,948	1,825,558	1,463,872	518,818	336,172	663,501	983,251	23,982,120
EXPENSES								
Salaries, wages and benefits	1,514,480	928,768	4,569,874	363,945	392,040	5,356	24,251	7,798,714
Contracted and general services	672,880	564,814	1,536,048	65,607	298,813	168,571	72,231	3,378,964
Material, goods and utilities	262,744	283,629	2,416,792	157,935	1,084	5,881	21,912	3,149,977
Provision for allowances	625,434	-	-	-	-	-	-	625,434
Transfers to local boards and agencies	88,533	177,869	8,000	11,241	-	726,765	990,423	2,002,831
Interest and bank charges	11,178	-	-	-	-	29,464	-	40,642
Amortization of tangible capital assets	122,638	663,125	3,939,955	119,267	-	-	31,670	4,876,655
Accretion ARO expenses	394	26	590	99	-	-	6	1,115
Machine expenses capitalized for construction	15,018	61	3,526	670	-	-	16	19,291
Loss on disposal of tangible capital assets	-	-	(1,423,600)	-	-	-	-	(1,423,600)
Other expenses	12,890	8,994	10,589	2,212	-	-	-	34,685
	52,186	-	229,014	-	-	-	-	281,200
	3,378,375	2,627,286	11,290,788	720,976	691,937	936,037	1,140,509	20,785,908
OPERATING SURPLUS - BEFORE OTHER	14,812,573	(801,728)	(9,826,916)	(202,158)	(355,765)	(272,536)	(157,258)	3,196,212
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	39,016	1,717,652	-	-	-	-	1,756,668

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 7

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	Restated 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	212,450	226,662	2,210,636	149,573	1,716	5,111	14,332	2,820,480
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
Accretion ARO expenses	394	26	590	99	-	-	6	1,115
Machine expenses capitalized for construction	14,327	59	2,975	636	-	-	15	18,012
Loss on disposal of tangible capital assets	-	-	(1,639,395)	-	-	-	-	(1,639,395)
Other expenses	79,622	-	729,078	-	-	-	-	729,078
	3,125,071	2,045,659	10,552,481	650,453	544,723	912,159	1,021,944	18,852,490
OPERATING SURPLUS - BEFORE OTHER	12,402,687	(524,345)	(8,832,095)	(252,025)	(420,985)	(243,901)	(157,131)	1,972,205
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	1,830,354	571,320	1,892,413	-	-	-	-	4,294,087



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

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 property and other taxes 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 in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

VULCAN COUNTY

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

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) Asset Retirement Obligations

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

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) The past transaction or event giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and
- (d) A reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

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

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 recorded after specific thresholds are met; whereas, these changes to the liability are recognized as revenues or expenses, unless the factors for the liability increases above the original recognition, in which would create an increase 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.



VULCAN COUNTY

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) 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

VULCAN COUNTY

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

p) 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.

q) 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, asset retirement obligations settlement costs, timing of asset retirements, 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.

There is also measurement uncertainty relating to the estimated asset retirement obligations as they involves estimates in determining settlement amounts, discount rates used in present value techniques, and the timing of settlement. Changes in any of these estimates and assumptions may result in a change to the asset retirement obligations.

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.



VULCAN COUNTY

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Future Accounting Changes

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

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.

PSG 8 Purchased Intangibles (effective January 1, 2024)

This standard provides guidance on how to account for and report on identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.

PS 3160 Public Private Partnerships (effective January 1, 2024)

This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

PS 1202 Financial Statement Presentation (effective January 1, 2027)

This standard establishes general and specific requirements for the presentation of information in general purpose financial statements.

The County has not yet adopted these accounting standards. 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, 2023

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the County adopted the new accounting standard PS 3450 Financial Instruments and the County determined there no material impact on the financial statements.

Effective January 1, 2023, the County adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information. On the effective date of the PS 3280 standard, the County recognized the following to conform to the new standard:

- Asset retirement obligations;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of the accumulated surplus

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

Impact on the prior year's financial statements as a result of the change in account policy is as follows:

	2022		
	As previously reported	Adjustment recognized	As Restated
STATEMENT OF FINANCIAL POSITION			
Financial assets	42,541,150	-	42,541,150
Liabilities	4,546,967	514,483	5,061,450
Net financial assets	37,994,183	(514,483)	37,479,700
Non-financial assets	117,598,408	19,346	117,617,754
Accumulated Surplus	155,592,591	(495,137)	155,097,454
STATEMENT OF OPERATIONS			
Total Revenue	20,824,695	-	20,824,695
Total Expenses	18,833,362	19,128	18,852,490
Operating Surplus - Before Other	1,991,333	(19,128)	1,972,205
Other (<i>Capital Revenues</i>)	4,294,087	-	4,294,087
Annual Surplus	6,285,420	(19,128)	6,266,292
Accumulated Surplus, beginning of year	149,307,171	(476,009)	148,831,162
Accumulated Surplus, end of year	155,592,591	(495,137)	155,097,454
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS			
Annual Surplus	6,285,420	(19,128)	6,266,292
Amortization of tangible capital assets	4,818,615	1,115	4,819,730
Net financial assets, beginning of year	34,117,709	(496,470)	33,621,239
Net financial assets, end of year	37,994,183	(514,483)	37,479,700
STATEMENT OF CASHFLOWS			
Annual Surplus	6,285,420	(19,128)	6,266,292
Amortization of tangible capital assets	4,818,615	1,115	4,819,730
Increase in obligations under asset retirement obligations	-	18,013	18,013
Change in cash and equivalents during the year	(206,784)	-	(206,784)
Cash and equivalents, beginning of year	2,138,809	-	2,138,809
Cash and equivalents, end of year	1,932,025	-	1,932,025



VULCAN COUNTY

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

3. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,047,378	\$ 1,932,025
	<u>\$ 1,047,378</u>	<u>\$ 1,932,025</u>

Cash and cash equivalents includes accounts for the Vulcan County Public Reserves Trust of \$286,924 (2022 - \$236,641) and for the Vulcan County Tax Sale Trust of \$167,182 (2022 - \$158,977).

The County has an available revolving line of credit facility up to \$500,000 with interest payable at prime minus 0.25%, and a credit card limit of \$55,000, with interest payable at 5.0%. As at December 31, 2023 the balance owing on these facilities is \$nil (2022 - \$nil).

4. TAX AND GRANTS IN LIEU RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in lieu of taxes	\$ 4,587,973	\$ 571,143
Arrears	204,450	272,181
Allowance for doubtful accounts	<u>(261,076)</u>	<u>(79,945)</u>
	<u>\$ 4,531,347</u>	<u>\$ 763,379</u>

During 2023, Vulcan County issued a supplementary property tax levies as a result of one of the largest solar projects in Canada being completed and commissioned during the year. The supplementary property tax levies are applied to all supplementary property assessment. The supplementary assessment roll is developed late in the year and most of the supplementary tax notices were issued late-2023 and the linear-based properties payable subsequent to yearend. The total supplementary property tax levies were \$4.033 million (2022 - \$nil) and as at December 31, 2023, there was a balance remaining of \$4.017 million (2022 - \$nil).

5. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Trade receivables	\$ 403,226	\$ 438,778
Requisition under-levies	-	58,232
Interest receivable	427,302	71,534
GST receivable	52,299	50,606
Allowance for doubtful accounts	<u>(733)</u>	<u>-</u>
	<u>\$ 882,094</u>	<u>\$ 619,150</u>

VULCAN COUNTY

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

6. PORTFOLIO INVESTMENTS

	2023	2022
Deposits and short-term securities	\$ 15,536,940	\$ 24,668,082
High interest savings	11,588,101	12,193,982
	<u>\$ 27,125,041</u>	<u>\$ 36,862,064</u>

Portfolio investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 1.85% to 5.85% (2022 - 2.20% to 5.10%). Included in portfolio investments is a restricted amount of \$965,280 (2022 - \$1,603,791) held exclusively for eligible projects and \$nil (2022 - \$nil) held for the obligation to the Vulcan County Health and Wellness Foundation for the Vulcan Hospital Expansion Project.

7. LONG TERM INVESTMENTS

	2023		2022	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates	\$ 12,855,537	\$ 12,855,537	\$ 2,056,265	\$ 2,056,265
Bonds and other investments	2,000,000	2,000,000	-	-
	<u>\$ 14,855,537</u>	<u>\$ 14,855,537</u>	<u>\$ 2,056,265</u>	<u>\$ 2,056,265</u>

Guaranteed Investment Certificates are long-term deposits with interest rates ranging from 5.25% to 6.20% (2022 - 1.85%) with maturity dates ranging from 2025 to 2028. Bonds and other investments include principal protected notes that have stated interest rates of 9.00%, have an annual auto-callable options, with a maturity date of 2031 and carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses.

8. LOANS AND NOTES RECEIVABLES

	2023	2022
Carmangay Curling Association	\$ 86,100	\$ 104,300
Mossleigh Water Co-op	10,988	17,541
Vulcan & District Waste Commission	82,351	97,659
	<u>\$ 179,439</u>	<u>\$ 219,500</u>

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.

These loan receivables are unsecured and do not have options nor conditions for loan forgiveness. Valuation allowances, if applicable, 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.



VULCAN COUNTY

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

9. DEFERRED REVENUE

	2022	Externally Restricted Inflows	Revenues Earned	2023
Alberta Municipal Sustainability Initiative - Capital	\$ 1,415,305	\$ 1,102,831	\$ (1,717,652)	\$ 800,484
Alberta Municipal Sustainability Initiative - Operating	25,996	355,916	(381,912)	-
Canada Community-Building Fund	-	249,405	(249,405)	-
Surface Rights	78,301	82,066	(78,301)	82,066
Development Public Funds	236,641	50,283	-	286,924
Other	84,189	20,800	(22,259)	82,730
Total, invested in short term investments	\$ 1,840,432	\$ 1,861,301	\$ (2,449,529)	\$ 1,252,204

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. This program is being replaced with the Local Government Fiscal Framework in 2024; whereas, the unspent Municipal Sustainability Initiative (MSI) capital funds as at December 31, 2023 are able to be continued to be applied to the MSI program within the program guidelines.

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. This program is being replaced with the Local Government Fiscal Framework in 2024 and there are no unspent Municipal Sustainability Initiative (MSI) operating funds remaining as at December 31, 2023.

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, 2023

10. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Accrued vacation payable	\$ 319,484	\$ 278,408
Accrued allowances	<u>10,853</u>	<u>-</u>
	<u>\$ 330,337</u>	<u>\$ 278,408</u>

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.

The accrued allowances are unused health and wellness account credits that employees are deferring to the following year. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

11. LONG TERM DEBT

	2023	2022
Tax supported debentures	\$ 1,118,084	\$ 1,252,044
	<u>\$ 1,118,084</u>	<u>\$ 1,252,044</u>

The current portion of long term debt amounts to \$137,327 (2022 - \$133,960).

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2028	151,664	12,741	164,405
Thereafter	<u>396,050</u>	<u>14,963</u>	<u>411,013</u>
	<u>\$ 1,118,084</u>	<u>\$ 114,953</u>	<u>\$ 1,233,037</u>

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 \$500,000. 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, 2023 (2022 - \$nil).

Interest on long term debt amounted to \$29,464 (2022 - \$32,772).

The Municipality's total cash payment for interest in 2023 was \$30,445 (2022 - \$33,729).

As at December 31, 2023, the County has not issued or provided any loan guarantees (2022 - \$nil) within the County nor provided to guarantee any other organizations.



VULCAN COUNTY

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

12. ASSET RETIREMENT OBLIGATIONS

	2023	Restated 2022
Asset Retirement Obligations, beginning of year	\$ 522,882	\$ 504,870
Liability incurred	-	-
Liability settled	-	-
Accretion expense	19,291	18,012
Revision in estimates	<u>(16,819)</u>	<u>-</u>
Asset Retirement Obligations, end of year	<u>\$ 525,354</u>	<u>\$ 522,882</u>

The County has asset retirement obligations to remove hazardous asbestos fibre containing materials and other hazardous materials from various buildings under its control. Regulations require the County to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the asbestos when asset retirement activities occur. The County is also responsible for environmental reclamation costs of gravel pit sites that are under the County's control.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on managements best estimate of the amount required to retire tangible capital assets and subsequently re-measured considering any new information and the appropriateness of assumptions used. The estimate of the liability is based on third-party quotes and professional judgement.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. 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. The asset retirement obligations are based on the sum of discounted future cash flows for reclamation with remaining useful lives ranging from 3 to 45 years, undiscounted expenditures of \$1.178 million (2022 - \$1.091 million) assuming an annual inflation ranging from 0.50% to 4.14% (2022 - 0.50% to 1.74%), and an effective discount rate ranging from 3.70% to 7.34%, inclusive of inflationary factors (2022 - 3.53% to 4.77%). The estimated recoveries are \$nil for future reclamations.

13. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2023 (2022 - \$nil) as a result of this standard.

14. OTHER LIABILITIES

	2023	Restated 2022
Other gravel reclamations - non-controlled	\$ 490,624	\$ 261,610
Deposits held for community organizations	192,634	86,136
Other liabilities	<u>222,997</u>	<u>158,977</u>
	<u>\$ 906,255</u>	<u>\$ 506,723</u>

The County is responsible for environmental reclamation costs of gravel pit sites, including gravel pit sites that are not under the County's control. Gravel pit sites under the County's control are included within Asset Retirement Obligations. During the year, it was estimated that there was 243,818 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$3.08 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 discount rate of 7.34% and assuming annual inflation of 4.14%. The gravel pits have an estimated useful life ranging from 6 to 43 years depending on the quantity of gravel remaining in each pit. 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.

VULCAN COUNTY

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

15. TANGIBLE CAPITAL ASSETS

	2023	Restated 2022
Tangible capital assets (schedule 2)	\$ 218,442,309	\$ 215,278,739
Accumulated amortization (schedule 2)	(110,754,782)	(107,192,500)
	\$107,687,527	\$108,086,239

Contributed tangible capital assets are recognized at fair value at the date of contribution. In 2023, the County received no contributions toward the purchase of a tangible capital asset (2022 - \$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, 2023, the leased tangible capital asset had \$49,672 of total accumulated amortization.

Capitalized asset retirement obligation (ARO) assets are recognized as an increase to the carrying amount of the related tangible capital assets and are initially measured as at the date the legal obligations were occurred. As at December 31, 2023, the capitalized asset retirement obligation (ARO) assets had a total of \$69,799 of capitalized costs and \$51,568 of total accumulated amortization.

16. INVENTORIES FOR CONSUMPTION

	2023	2022
Inventory for consumption - gravel	\$ 8,131,698	\$ 8,562,044
Inventory for consumption - parts	589,066	541,182
	\$ 8,720,764	\$ 9,103,226

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,046,215 (2022 - \$4,046,215). There was no gravel crushing completed in 2023; therefore, the uncrushed gravel deposits are unchanged from the prior year.

17. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	Restated 2022
Tangible capital assets (schedule 2, note 15)	\$ 218,442,309	\$ 215,278,739
Accumulated amortization (schedule 2, note 15)	(110,754,782)	(107,192,500)
	107,687,527	108,086,239
Asset Retirement Obligations (note 12)	(525,354)	(522,882)
	\$107,162,173	\$107,563,357

18. ACCUMULATED SURPLUS

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

	2023	Restated 2022
Unrestricted surplus	\$ 900,534	\$ 897,813
Restricted surplus (note 19)	51,987,627	46,636,284
Equity in tangible capital assets (note 17)	107,162,173	107,563,357
	\$ 160,050,334	\$ 155,097,454



VULCAN COUNTY

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

19. RESTRICTED SURPLUS

	2023	2022
Capital Restricted Surplus		
General Government	\$ 125,016	\$ 66,580
Protective Equipment	7,905,341	7,919,875
Transportation Equipment	1,794,527	1,356,500
Road Construction	2,614,730	2,196,971
Bridge Construction	5,531,256	5,028,410
Gravel Crushing	215,355	215,355
Mossleigh Water Treatment Plant - Recovery	(421,717)	(438,255)
Environment Development Equipment	110,754	98,006
Air Transport	20,000	20,000
Capital Acquisition	12,815,598	12,596,801
Capital Contingency	970,682	970,682
	<u>31,681,542</u>	<u>30,030,925</u>
Operating Restricted Surplus		
Assessment Appeal	5,506	5,506
Assessment Contingency	1,660,543	-
Community Enhancement	14,841	14,841
General Government Service	423,338	319,195
Protective Services	1,493,251	1,419,840
Transportation Contingency	1,798,903	1,773,349
Road Construction	843,798	738,011
Road Maintenance	1,008,675	777,244
Gravel Crushing	4,320,122	4,157,695
Uncrushed Gravel Inventory	4,046,215	4,046,215
Bridges	117,907	51,107
Water Management	30,865	36,670
Environment Treatment	225,096	45
Vulcan Hospital Project - Debenture Recovery	(1,134,028)	(1,258,374)
Planning and development	272,295	94,921
Agriculture Services	637,066	504,163
Recreation and Culture	889,670	743,402
Operating Contingency	3,652,022	3,181,529
	<u>20,306,085</u>	<u>16,605,359</u>
Total Restricted Surplus	<u>\$ 51,987,627</u>	<u>\$ 46,636,284</u>

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, 2023. 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 \$121,292 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, 2023

20. 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.



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

VULCAN COUNTY

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

21. 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:

	2023			2022
	Salary / Per Diems	Benefits & Allowances	Total	Total
Councillors				
Division 1 - Gateman	\$ 18,375	\$ 4,398	\$ 22,773	\$ 21,232
Division 2 - Cockwill	23,198	4,398	27,596	24,388
Division 3 - Schneider	31,700	4,398	36,098	34,897
Division 4 - Lyckman	42,655	4,398	47,053	37,165
Division 5 - Nelson	36,073	4,998	41,071	31,807
Division 6 - Northcott	24,997	1,899	26,896	23,041
Division 7 - Logan	28,267	4,398	32,665	28,141
Chief Administrative Officer - Petersen	\$ 189,803	\$ 34,233	\$ 224,036	\$ 204,847
Designated Officer(s)	177,228	38,777	216,005	160,140

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.

22. 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 291,259 people and 437 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% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2023 were \$479,489 (2022 - \$450,041). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2023 were \$439,131 (2022 - \$405,268).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.671 billion dollars (2022 - \$11.922 billion).

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

23. 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.

	<u>2023</u>	<u>2022</u>
ANNUAL SURPLUS	\$ 2,138,710	\$ 3,531,436
ADD: Proceeds from sale of capital assets	500,000	193,596
ADD: Transfer from restricted surplus to operations	4,951,621	3,286,974
ADD: Amortization of tangible capital assets	4,818,615	4,684,267
LESS: Transfers to restricted surplus	(4,178,067)	(4,254,448)
LESS: Capital expenditures	(8,230,879)	(7,441,825)
Budget approved by Council	<u>\$ -</u>	<u>\$ -</u>

24. 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:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 35,973,180	\$ 31,237,043
Total debt	<u>1,118,084</u>	<u>1,252,044</u>
Amount of debt limit unused	<u>\$ 34,855,096</u>	<u>\$ 29,984,999</u>
Debt servicing limit	\$ 5,995,530	\$ 5,206,174
Debt servicing	<u>164,404</u>	<u>164,405</u>
Amount of debt servicing limit unused	<u>\$ 5,831,126</u>	<u>\$ 5,041,769</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.

25. 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.



VULCAN COUNTY

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

26. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

	<u>2023</u>	<u>2022</u>
Equipment and Vehicles	\$ 2,082,602	\$ 2,142,556
Service Providers	<u>249,325</u>	<u>472,850</u>
	<u>\$ 2,331,927</u>	<u>\$ 2,615,406</u>

Equipment and Vehicles: The County has committed for purchase orders of capital expenditures of \$2.08 million (2022 - \$2.14 million) that has been ordered but not received before December 31, 2023.

Service Providers: As of December 31, 2023, the County has \$249,325 (2022 - \$472,850) in commitments relating to service contracts, including assessment services, janitorial services, and other contracted services.

The scheduled payments not including GST are as follows:

	<u>Equipment and Vehicles</u>	<u>Service Providers</u>
2024	\$ 2,082,602	\$ 191,975
2025	<u>-</u>	<u>57,350</u>
	<u>\$ 2,082,602</u>	<u>\$ 249,325</u>

27. CONTRACTUAL RIGHTS

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

	<u>2023</u>	<u>2022</u>
Contractual rights from facility leases	<u>\$ 1,602,588</u>	<u>\$ 1,896,868</u>
	<u>\$ 1,602,588</u>	<u>\$ 1,896,868</u>

Facility Leases: The County has long-term facility lease agreements with the Royal Canadian Mounted Police (RCMP) and Alberta Health Services (AHS). The RCMP lease agreement has an annual lease of \$206,000 and expires in March 2031. The AHS lease agreement has an annual lease of \$87,880 and expires in March 2025.

Estimated amounts that will be received or receivable are as follows:

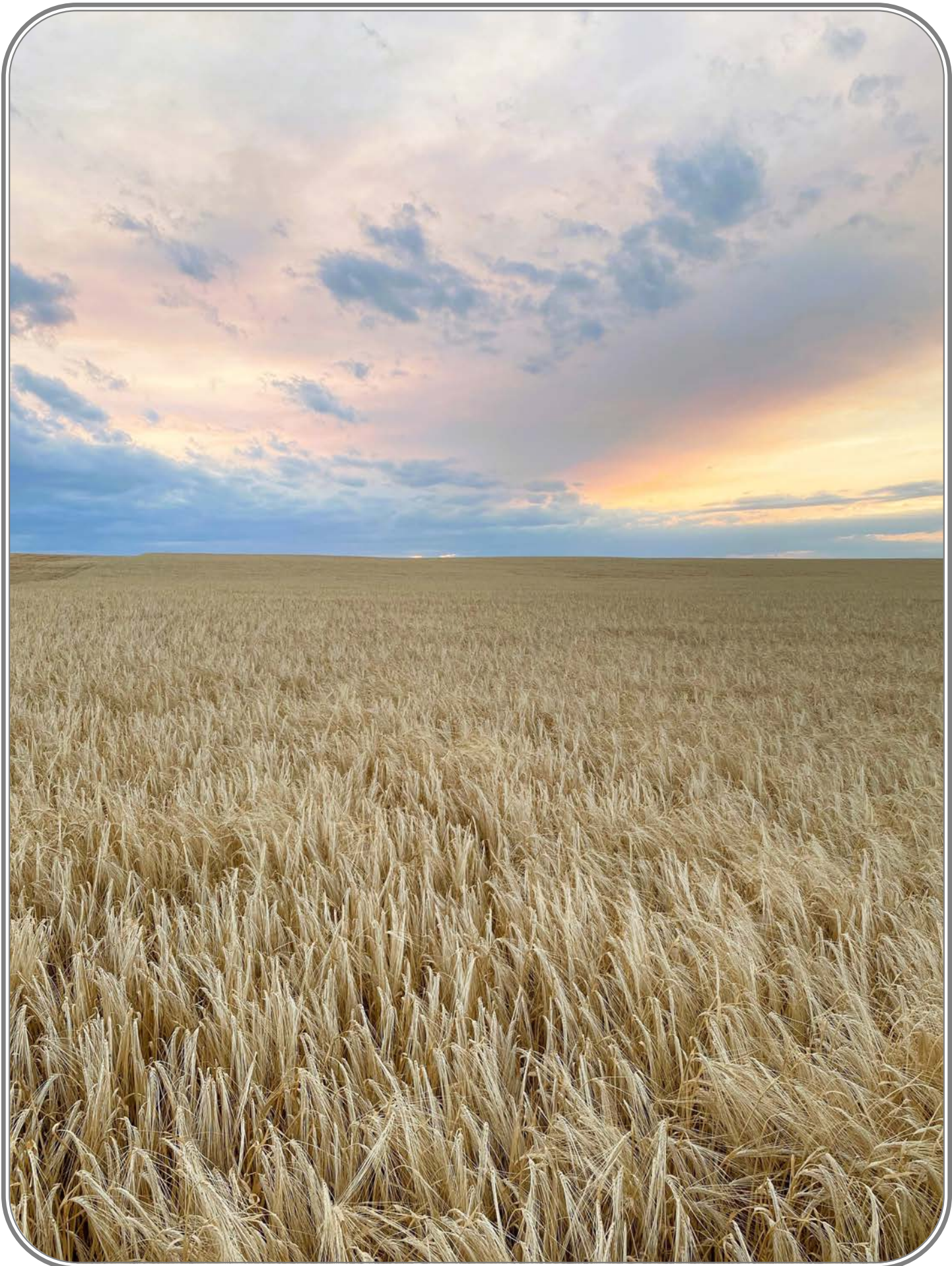
	<u>Facility Leases</u>
2024	\$ 294,280
2025	224,708
2026	206,400
2027	206,400
2028	206,400
Thereafter	<u>464,400</u>
	<u>\$ 1,602,588</u>

28. PRIOR YEAR FIGURES

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

29. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



Introductory



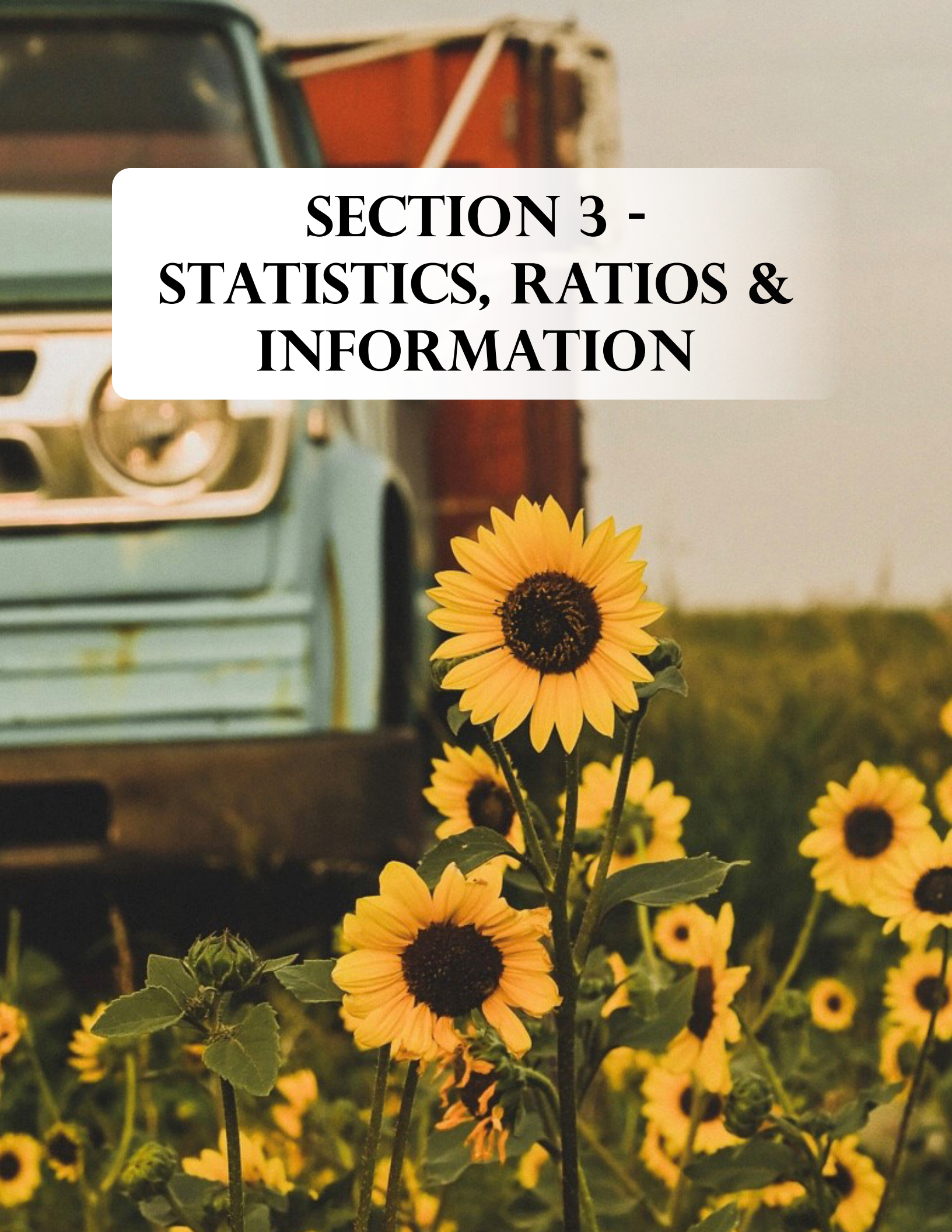
Financial Analysis



Financial Statements



Statistics & Ratios

A field of bright yellow sunflowers with dark brown centers. In the background, a vintage light blue car is partially visible, slightly out of focus. The scene is set outdoors under a clear sky.

**SECTION 3 -
STATISTICS, RATIOS &
INFORMATION**

Section 3 - STATISTICS, RATIOS & INFORMATION

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Introductory



Financial Analysis



Financial Statements



Statistics & Ratios



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STATISTICS AND RATIOS

Demographics and Other Factors

	2019	2020	2021	2022	2023
POPULATION	3,984	3,984	4,237	4,237	4,237
NUMBER OF DWELLING UNITS	2,218	2,249	2,286	2,313	2,365
AREA OF MUNICIPALITY IN HECTARES	554,574	554,574	554,574	554,574	554,574
NUMBER OF HAMLETS	8	8	8	8	8
ROAD MAINTAINED (Km)	2,672	2,672	2,670	2,670	2,672
WATER PIPELINE (Km)	455	455	455	456	456
DEVELOPMENT PERMITS	45	57	132	77	80
SUBDIVISIONS APPLICATIONS	11	8	13	20	16
FULL TIME STAFF	49	49	49	50	54

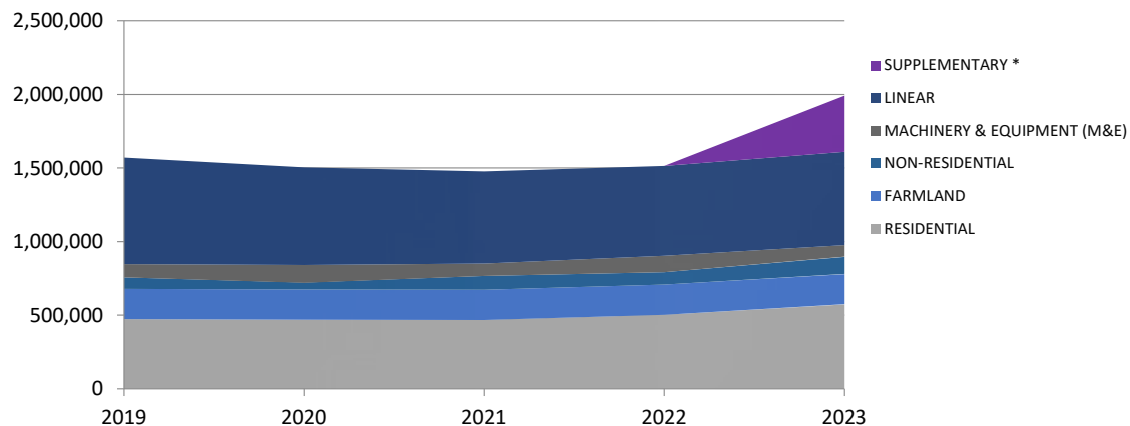
OTHER VULCAN COUNTY STATISTICS:

Source: <https://regionaldashboard.alberta.ca/region/vulcan-county/>

EMPLOYMENT RATE	64.9%	64.9%	67.0%	67.0%	67.0%
UNEMPLOYMENT RATE - OVERALL	4.0%	4.0%	5.0%	5.0%	5.0%
UNEMPLOYMENT RATE - FEMALE	4.9%	4.9%	6.0%	6.0%	6.0%
UNEMPLOYMENT RATE - MALE	3.2%	3.2%	4.0%	4.0%	4.0%
FAMILY INCOME - Average	\$ 78,504	\$ 99,000	\$ 99,000	\$ 99,000	\$ 99,000

Property Assessment (in thousands)

	2019	2020	2021	2022	2023
RESIDENTIAL	473,806	469,990	468,930	503,479	574,715
FARMLAND	204,893	204,924	204,911	205,149	205,106
NON-RESIDENTIAL	78,916	46,161	92,825	84,272	117,619
MACHINERY & EQUIPMENT (M&E)	89,905	120,002	84,490	110,538	78,621
LINEAR	723,770	662,745	626,613	611,164	634,671
TOTAL ASSESSMENT	1,571,290	1,503,822	1,477,769	1,514,602	1,610,732
SUPPLEMENTARY *	0	0	0	0	382,285
TAXABLE ASSESSMENT	1,571,290	1,503,822	1,477,769	1,514,602	1,993,017



* Supplementary Assessment is for all assessment classes; however, effectively applied for large linear projects.

Tax Rates (expressed in mills)

	2019	2020	2021	2022	2023
MUNICIPAL					
Residential	5.2100	5.3660	5.3660	5.3660	3.2196
Farmland	10.5075	10.8230	10.8230	10.8230	10.8230
Non-Residential, M&E, and Linear	9.1400	9.4140	9.4140	9.4140	8.8962
WASTE COMMISSION	0.4334	0.4690	0.5197	0.5599	0.5887
EDUCATION REQUISITION					
Residential and Farmland	2.6079	2.5500	2.6137	2.6500	2.3470
Non-Residential and Linear	3.8532	3.7500	4.0890	3.9000	3.5283
SENIOR FOUNDATION REQUISITION	0.2556	0.2682	0.3399	0.3304	0.3360
OTHER REQUISITION					
Royal Canadian Mounted Police	N/A	0.0822	0.1256	0.1633	0.1497
Designated Industrial Properties	0.0786	0.0760	0.0766	0.0766	0.0746
SPECIAL LEVY - FIRE PROTECTION AREA					
Carmangay and District	1.8324	1.4430	0.7673	0.9142	1.0187
Champion and District	1.4412	1.1067	0.8920	1.1036	1.3238
Lomond and District	0.6102	0.6864	0.4328	0.5241	0.4736
Milo and District	0.6454	1.2271	1.1928	1.2897	1.1777
Vulcan and District	0.1872	0.2896	0.2665	0.3299	0.3215
Northwest	0.8748	0.6261	0.8495	0.7425	0.7992
Linear	0.3618	0.3618	0.3618	0.3618	0.3618
SPECIAL LEVY - RECREATIONAL AREA					
Carmangay and District	0.6230	0.8548	0.6411	0.5859	0.5031
Champion and District	0.5261	0.5490	0.6420	0.7059	0.5994
Lomond and District	0.4521	0.3172	0.1623	0.0810	0.0571
Milo and District	0.7625	0.7724	0.6345	0.6163	0.6015
Vulcan and District	0.8070	0.7233	0.6580	0.6571	0.4569
Northwest	0.2814	0.2209	0.2835	0.2522	0.2340
Linear	0.1388	0.1388	0.1388	0.1388	0.1388

Total Tax Collections

	2019	2020	2021	2022	2023
Net Municipal Taxes	15,720,229	15,373,853	14,189,795	15,079,227	17,943,837
School Requisitions	2,401,454	2,614,518	3,404,742	3,054,596	3,138,040
Seniors Requisitions	401,515	402,387	502,326	500,406	547,654
Other Requisitions	66,063	59,007	178,708	229,112	309,987
TOTAL TAX COLLECTIONS	18,589,261	18,449,765	18,275,571	18,863,341	21,939,518



Assets, Liabilities & Surplus

	2019	2020	2021	2022	2023
TAX RECEIVABLE AS % OF TAXES					
Tax Receivables	1,462,178	3,475,225	913,671	763,379	4,531,347
Supplementary Tax Receivables *	0	0	0	0	4,016,833
Effective Tax Receivables	1,462,178	3,475,225	913,671	763,379	514,514
Total Tax Levies	18,589,261	18,449,765	18,275,571	18,863,341	21,939,518
Tax Receivable as % of Taxes	7.9%	18.8%	5.0%	4.0%	2.3%
<i>* Supplementary Tax Levies are processed at the end of the year and not due for payment until the following year.</i>					
Financial Assets	35,188,822	37,719,297	42,083,056	42,541,150	48,705,018
Financial Liabilities	(8,138,857)	(5,003,095)	(7,965,347)	(5,061,450)	(5,465,173)
NET FINANCIAL ASSETS	27,049,965	32,716,202	34,117,709	37,479,700	43,239,845
Tangible Capital Assets	108,371,002	107,985,733	107,104,734	108,086,239	107,687,527
Inventory Held for Consumption	7,729,636	7,253,675	7,847,867	9,103,226	8,720,764
Prepaid Expenses	262,965	262,666	236,861	428,289	402,198
ACCUMULATED SURPLUS	143,413,568	148,218,276	149,307,171	155,097,454	160,050,334
Unrestricted Surplus	4,340,307	954,934	952,521	897,813	900,534
Restricted Surplus (Reserves)	30,717,537	39,278,821	41,249,916	46,636,284	51,987,627
Equity in Tangible Capital Assets	108,355,724	107,984,521	107,104,734	107,563,357	107,162,173
ACCUMULATED SURPLUS	143,413,568	148,218,276	149,307,171	155,097,454	160,050,334

Revenues (by source)

	2019	2020	2021	2022	2023
Net Municipal Taxes	15,720,229	15,373,853	14,189,795	15,079,227	17,943,837
Government Transfers for Operating	813,131	1,185,684	535,535	1,403,059	1,104,191
Return on Investments	706,124	491,125	353,865	1,022,438	2,063,059
Sale of Goods/Services/User Charges	1,482,349	932,209	1,562,870	888,685	1,949,632
Rental Income	311,900	311,783	338,373	319,129	320,565
Community Aggregate Levy	193,941	134,670	241,318	212,993	193,171
Penalties and Costs of Taxes	610,397	417,452	502,498	228,725	350,624
Gain on Disposal of Capital Assets	330,186	2,306,556	2,427,982	1,430,054	26,523
Other Revenue	388,583	86,871	34,697	240,385	30,518
OPERATING REVENUES	20,556,840	21,240,203	20,186,933	20,824,695	23,982,120
Contributed Tangible Capital Assets	0	0	0	0	0
Government Transfers for Capital	2,953,380	533,134	2,672,336	4,294,087	1,756,668
TOTAL REVENUES	23,510,220	21,773,337	22,859,269	25,118,782	25,738,788

Expenses (by function and object)

	2019	2020	2021	2022	2023
EXPENSES BY FUNCTION					
Legislative	402,227	369,215	399,079	447,807	478,318
Administration	1,787,966	1,712,655	1,743,816	2,056,167	2,267,748
Protective services	1,808,897	1,856,185	1,918,900	2,045,659	2,627,286
Transportation services	9,916,821	9,257,939	10,366,739	10,552,481	11,290,788
Agricultural services	735,985	694,700	722,417	650,453	720,976
Planning and development services	577,232	640,093	643,074	544,723	691,937
Family and community support	220,570	218,639	236,248	217,118	219,469
Parks and recreation	879,716	877,590	937,291	671,001	696,646
Tourism and economic development	129,408	255,514	125,537	24,040	19,922
Utility Services	833,851	1,008,446	952,000	1,021,944	1,140,509
Other	3,644,608	77,653	3,725,273	621,097	632,309
TOTAL EXPENSES	20,937,281	16,968,629	21,770,374	18,852,490	20,785,908

* The term "function" refers to the grouping of expenses by department or service

EXPENSE BY OBJECT					
Salaries, wages and benefits	6,310,622	5,950,731	6,470,017	6,937,554	7,798,714
Contracted and general services	2,703,769	2,539,268	2,602,679	2,543,119	3,378,964
Materials, goods and utilities	2,473,000	2,171,230	2,606,600	2,820,480	3,149,977
Provision for allowances	3,649,993	58,189	3,202,579	602,629	625,434
Transfers to local boards and agencies	1,824,107	2,004,802	2,020,901	1,893,026	2,002,831
Interest and bank charges	55,706	51,505	48,758	48,635	40,642
Amortization of tangible capital assets	4,763,530	4,746,635	4,615,232	4,818,615	4,876,655
Amortization of ARO capital assets	0	0	0	1,115	1,115
Accretion ARO expenses	0	0	0	18,012	19,291
Machine expenses capitalized	(1,175,224)	(1,046,934)	(1,351,472)	(1,639,395)	(1,423,600)
Loss on disposal of capital assets	274,491	416,189	852,803	729,078	34,685
Other expenses	57,287	77,014	702,277	79,622	281,200
TOTAL EXPENSES	20,937,281	16,968,629	21,770,374	18,852,490	20,785,908

* The term "object" refers to the grouping by the nature or type of expense

Debt Supported by Taxes

	2019	2020	2021	2022	2023
Gross Debt (supported by tax)	1,649,815	1,511,404	1,382,720	1,252,044	1,118,084
County Population	3,984	3,984	4,237	4,237	4,237
LONG-TERM DEBT PER CAPITA	414	379	326	296	264

* Note: Net debt, defined as the difference between debt and "cash & cash equivalents", is zero for all years



Transfer to Local Boards and Agencies

	2019	2020	2021	2022	2023
TRANSFERS TO OTHER LOCAL GOVERNMENTS					
Vulcan District Waste Commission	674,640	696,573	768,040	852,340	948,762
Twin Valley Regional Water Commission	35,385	36,096	37,246	39,536	41,662
Vulcan Library Board	133,500	133,500	133,500	133,500	145,000
Fire Area Contributions	135,945	148,330	156,310	207,972	177,869
Recreation Area Contributions	628,806	711,541	772,875	507,912	519,846
Other local governments and organizations	215,831	278,762	152,930	151,766	169,692
	1,824,107	2,004,802	2,020,901	1,893,026	2,002,831

Annual Surplus and Allocations

	2019	2020	2021	2022	2023
TOTAL REVENUES	23,510,220	21,773,337	22,859,269	25,118,782	25,738,788
TOTAL EXPENSES	(20,937,281)	(16,968,629)	(21,770,374)	(18,852,490)	(20,785,908)
ANNUAL SURPLUS	2,572,939	4,804,708	1,088,895	6,266,292	4,952,880
ADD: Proceeds from Sale of Tangible Capital Assets	355,305	1,366,244	1,213,582	740,539	225,114
ADD: Transfer from Restricted Surplus to Operations	6,140,143	4,584,950	6,897,047	3,231,614	3,099,759
ADD: Amortization of Tangible Capital Assets and ARO accretion	4,763,530	4,746,635	4,615,232	4,837,743	4,880,242
LESS: Transfers to Restricted Surplus	(4,937,522)	(13,146,234)	(8,868,142)	(8,617,982)	(8,451,102)
LESS: Capital Expenditures	(6,047,818)	(5,741,676)	(4,949,027)	(6,521,313)	(4,704,172)
ALLOCATION TO UNRESTRICTED SURPLUS	2,846,577	(3,385,373)	(2,413)	(63,107)	2,721

Principal Corporate Taxpayers and Industries

Top 10 Principal Corporate Taxpayers:

TRIVERS SOLAR LP LTD.
EDF RENEWABLES DEVELOPMENT
ALTALINK MANAGEMENT LTD
CANADIAN NATURAL RESOURCES
TAQA NORTH LTD
G3 CANADA LIMITED
HUTTERIAN BRETHREN CHURCH
NOVA GAS TRANSMISSION LTD
RICHARDSON INTERNATIONAL L
JOURNEY ENERGY INC.

** These top 10 taxpayers represent 53.64% of the total tax base*

Top 10 Industries of Employment:

Agriculture, forestry, fishing and hunting
Health care and social assistance
Construction
Educational services
Other services (except public administration)
Public administration
Professional, scientific and technical services
Retail trade
Wholesale trade
Transportation and warehousing

Source: <https://regionaldashboard.alberta.ca/region/vulcan-county/labour-force/#/custom/industry/>



INFOGRAPHICS

2023 Tax Rates & Assessment Information

2023 Tax Rates & Assessment Information

The following infographic is used to show the effects on 2023 Tax Levies and the related Market Assessment.

For more information on Budget and Tax information, please visit the County's Website: www.vulcancounty.ab.ca > Departments > Corporate Services

Strategic Planning Advancing Success (2022-2026)



Key Success Measures:
Financial Viability.



- > Diversification and strengthening of the assessment base.
- > Reasonable taxation and fee levels



2023 Budget

Although there were many challenges with Budget 2023, including inflationary costs that have a large impact on the County, the County was able to minimize these costs as much as possible and able to utilize assessment growth to strategically achieve tax rate reductions for 2023. Some of the major aspects include:

1) Use of Supplementary Tax

This allows the County to receive tax revenues on projects being completed during the year (i.e., Travers Solar).

2) Not spending extra

With additional assessment and tax revenues, the County did not spend on extra programming or costs.

Large-Scale Linear Projects

Recent large-scale linear projects, such as the Travers Solar Project, adds a significant diversification and growth to the County.



Tax Analysis

Within the Strategic Planning development and in Budget 2023, Council and Administration reviewed many scenarios and analysis to prepare for the 2023 Tax Rates.



2023 Tax Rates

The determination of the 2023 Tax Rates was done as a result of the Strategic Planning and what was fiscally able to be done through Budget 2023. These include:

↓ 40.0% Reduction to the **General Municipal Residential Tax Rate**
(Results in average **24.56%** tax savings)

↓ 5.5% Reduction to the **General Municipal Non-Residential Tax Rate**
(Results in average **6.10%** tax savings)

There are also various fluctuations in other tax rates, including special tax levies and requisitions tax levies. See the following page for more details.



See the back page for more information on tax rates, assessment, and tax effects.



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2023 Residential Tax Rates

	Carmangay and District	Champion and District	Lomond and District	Milo and District	Vulcan and District	Northwest District	Average (Weighted)
Residential Rates:							
General Municipal Tax Rates	0.0032196	0.0032196	0.0032196	0.0032196	0.0032196	0.0032196	0.0032196
Waste Commission Tax Rates	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887
Fire Protection Area Tax Rates	0.0010187	0.0013238	0.0004736	0.0011777	0.0003215	0.0007992	0.0007053
Recreation Area Tax Rates	0.0005031	0.0005994	0.0000571	0.0006015	0.0004569	0.0002340	0.0003573
Total Municipal	0.0053301	0.0057315	0.0043390	0.0055875	0.0045867	0.0048415	0.0048709
Overall Change from Prior Year	-28.22%	-25.91%	-33.56%	-28.66%	-33.65%	-30.04%	-31.09%
Education Requisition Rate	0.0023470	0.0023470	0.0023470	0.0023470	0.0023470	0.0023470	0.0023470
Senior Foundation Requisition Rate	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360
RCMP Requisition Rate	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497
Total Requisitions	0.0028327	0.0028327	0.0028327	0.0028327	0.0028327	0.0028327	0.0028327
Overall Change from Prior Year	-9.89%	-9.89%	-9.89%	-9.89%	-9.89%	-9.89%	-9.89%
Total Tax and Requisition Rates	0.0081628	0.0085642	0.0071717	0.0084202	0.0074194	0.0076742	0.0077036
Overall Change from Prior Year	-22.77%	-21.28%	-25.87%	-23.28%	-26.22%	-23.75%	-24.56%

↓ 40.0%

General Municipal Residential Tax Rate decreased:

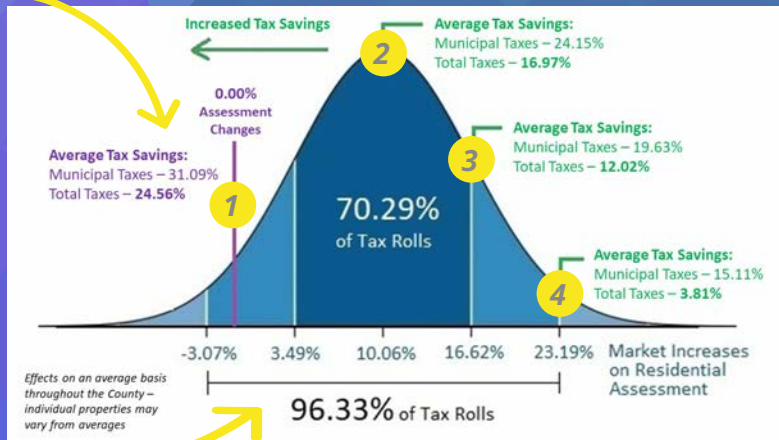
2022 - 0.0053660
2023 - 0.0032196

Although there is a 40% reduction in the General Municipal Rate, there are other rate impacts that will determine the overall property taxes.

* There are different special tax rates for Fire Protection and Recreation in each district. An average is used for an overall review and analysis.

Overall, the vast majority of residential properties will see a decrease in total taxes.

- As shown in the purple font, if there was no increases in assessment, you would be able to realize an average tax savings of 24.56% on total taxes.
- The average market assessment was a 10.06% increase for 2023, resulting in an average tax savings of 16.97% on total taxes.
- Over 70% of tax rolls will see market assessment changes ranging from 3.49% to 16.62% increase; whereas at the top of this range, there is an average tax savings of 12.02% on total taxes.
- Over 96% of tax rolls will see market assessment changes ranging from a 3.07% decrease to 23.19% increase; whereas at the top of this range, there is an average tax savings of 3.81% on total taxes.



Increase in assessment (market increases) results in a decrease in tax savings on rates.

2023 Non- Residential Tax Rates

	Carmangay and District	Champion and District	Lomond and District	Milo and District	Vulcan and District	Northwest District	Average (Weighted)
Non-Residential Rates:							
General Municipal Tax Rates	0.0088962	0.0088962	0.0088962	0.0088962	0.0088962	0.0088962	0.0088962
Waste Commission Tax Rates	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887	0.0005887
Fire Protection Area Tax Rates	0.0010187	0.0013238	0.0004736	0.0011777	0.0003215	0.0007992	0.0007053
Recreation Area Tax Rates	0.0005031	0.0005994	0.0000571	0.0006015	0.0004569	0.0002340	0.0003573
Total Municipal	0.0110067	0.0114081	0.0100156	0.0112641	0.0102633	0.0105181	0.0105475
Overall Change from Prior Year	-4.07%	-3.18%	-5.33%	-5.18%	-6.36%	-4.11%	-5.12%
Education Requisition Rate	0.0035283	0.0035283	0.0035283	0.0035283	0.0035283	0.0035283	0.0035283
Senior Foundation Requisition Rate	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360	0.0003360
RCMP Requisition Rate	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497	0.0001497
DIP Requisition Rate	0.0000746	0.0000746	0.0000746	0.0000746	0.0000746	0.0000746	0.0000746
Total Requisitions	0.0040886	0.0040886	0.0040886	0.0040886	0.0040886	0.0040886	0.0040886
Overall Change from Prior Year	-8.54%	-8.54%	-8.54%	-8.54%	-8.54%	-8.54%	-8.54%
Total Tax and Requisition Rates	0.0150953	0.0154967	0.0141042	0.0153527	0.0143519	0.0146067	0.0146361
Overall Change from Prior Year	-5.32%	-4.66%	-6.28%	-6.10%	-6.99%	-5.39%	-6.10%

↓ 5.5%

General Municipal Non-Residential Tax Rate decreased:

2022 - 0.0094140
2023 - 0.0088962

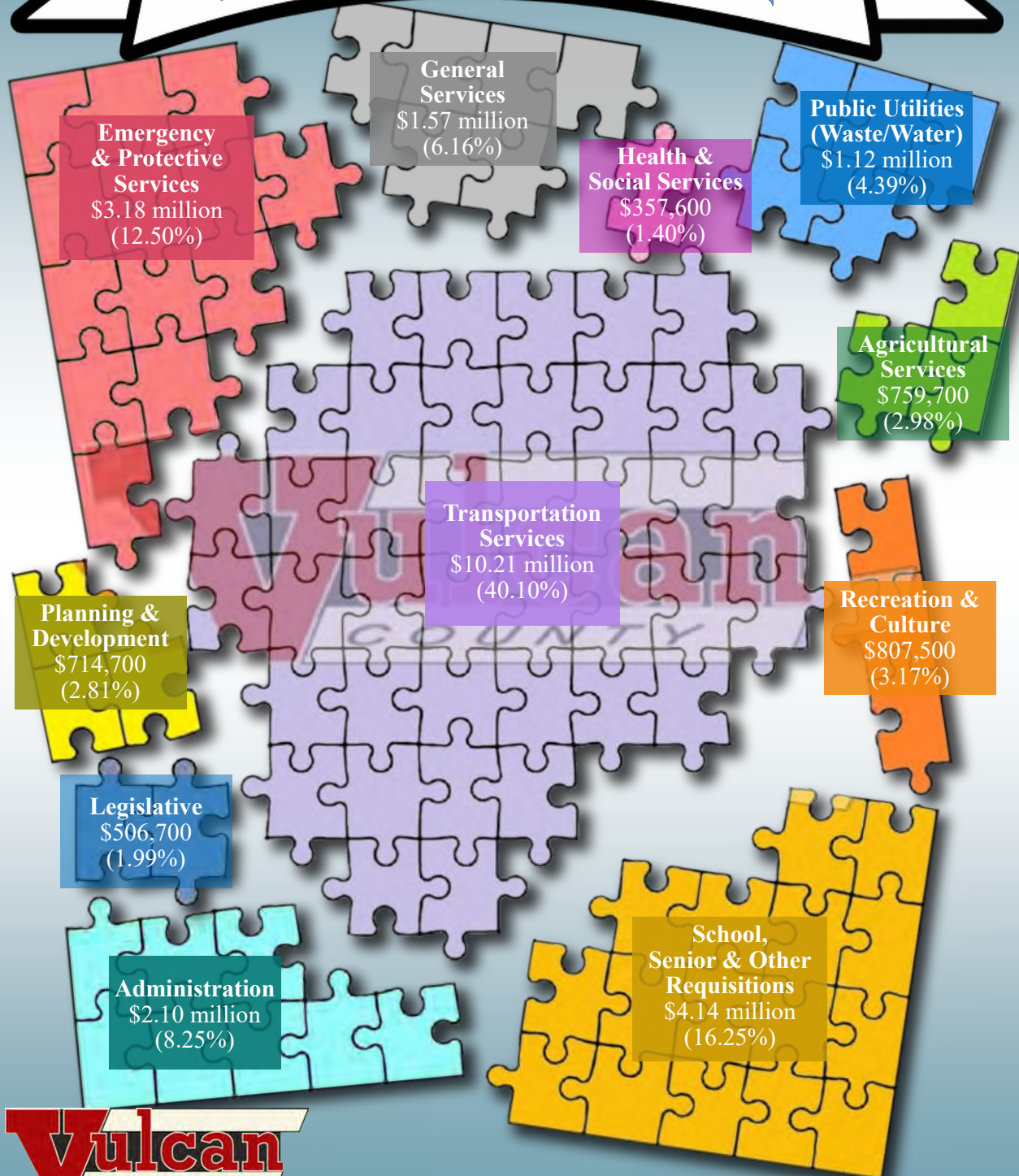
Although there is a 5.5% reduction in the General Municipal Rate, there are other rate impacts that will determine the overall property taxes.

* DIP Requisition = Designated Industrial Properties (DIP) requisition for related DIP assessment.



The Pieces of the County's Budget - 2023

The Pieces of the County's Budget



Budget 2023

- Introductory
- Financial Analysis
- Financial Statements
- Statistics & Ratios

FINANCIAL CHARTS & GRAPHS



Introductory



Financial Analysis



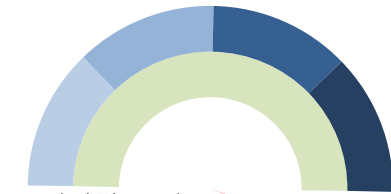
Financial Statements



Statistics & Ratios

VULCAN COUNTY YEAREND OPERATING AND CAPITAL REPORT - FINANCIAL OVERVIEW YEAR ENDED DECEMBER 31, 2023

Total Revenues Tachometer:

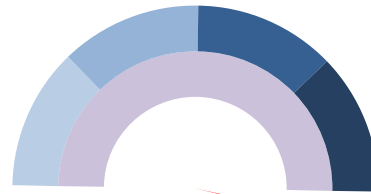


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

119.4% funded

Total Budget	21,553,103	
Forecast	21,553,103	100.0%
Year-to-Date	25,738,788	119.4%

Total Expenses Tachometer:



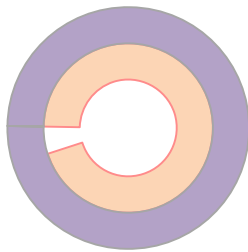
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

106.9% spent

Total Budget	19,414,392	
Forecast	19,414,392	100.0%
Year-to-Date	20,750,658	106.9%

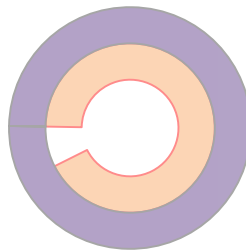
Summary of Significant Operating Expenses:

Salaries, wages and benefits



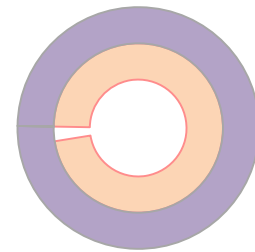
Budget	8,226,494	
Forecast	8,226,494	100.0%
YTD	7,798,714	94.8%

Contracted and general services



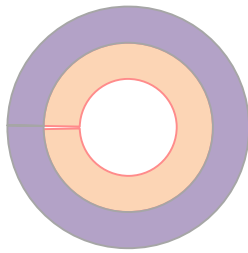
Budget	3,094,795	
Forecast	3,094,795	100.0%
YTD	3,378,964	109.2%

Materials, goods and utilities



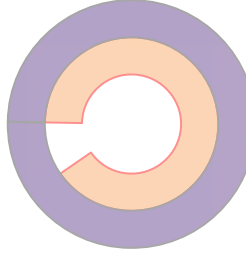
Budget	3,240,880	
Forecast	3,240,880	100.0%
YTD	3,149,977	97.2%

Transfers to local boards and agencies



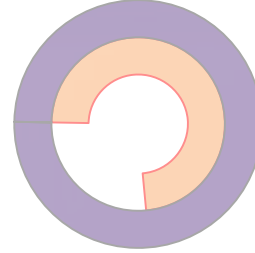
Budget	2,015,092	
Forecast	2,015,092	100.0%
YTD	2,002,831	99.4%

Interest and bank charges



Budget	45,142	
Forecast	45,142	100.0%
YTD	40,642	90.0%

Amortization & other expenses



Budget	2,791,990	
Forecast	2,791,990	100.0%
YTD	4,394,374	157.4%

VULCAN COUNTY

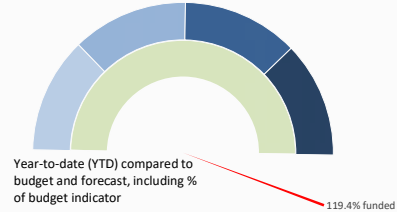
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2023

Total Revenues

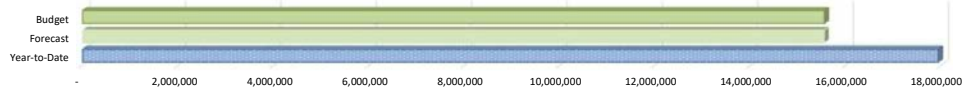
Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Net municipal taxes	15,555,033	15,555,033	17,943,837	(2,388,804)	115.4%
Government transfers (operating)	928,671	928,671	1,104,191	(175,520)	118.9%
Return on investment	576,824	576,824	2,063,059	(1,486,235)	357.7%
Sale of goods, services and user charges	982,250	982,250	1,949,632	(967,382)	198.5%
Rental income	321,980	321,980	320,565	1,415	99.6%
Community aggregate levy	140,110	140,110	193,171	(53,061)	137.9%
Penalties and other costs of taxes	194,000	194,000	350,624	(156,624)	180.7%
Gain on disposal of tangible capital assets	-	-	26,523	(26,523)	100.0%
Other revenues	380,000	380,000	30,518	349,482	8.0%
Total	19,078,868	19,078,868	23,982,120	(4,903,252)	125.7%
Contributed Assets	-	-	-	0	0.0%
Government transfers (capital)	2,474,235	2,474,235	1,756,668	717,567	71.0%
Total	21,553,103	21,553,103	25,738,788	(4,185,685)	119.4%

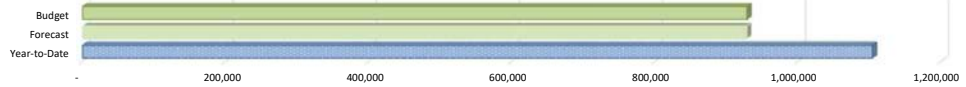
Total Revenue Tachometer:



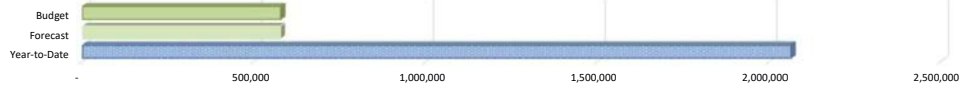
Net municipal taxes



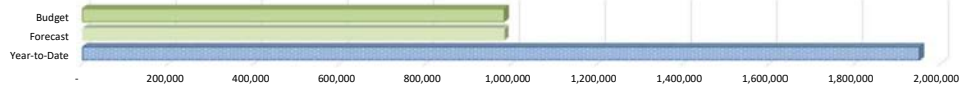
Government transfers (operating)



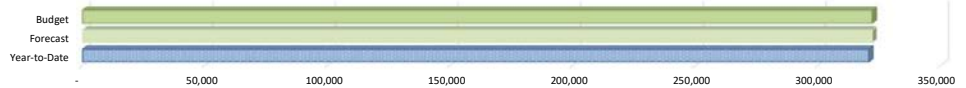
Return on investment



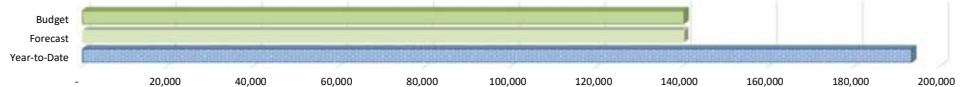
Sale of goods, services and user charges



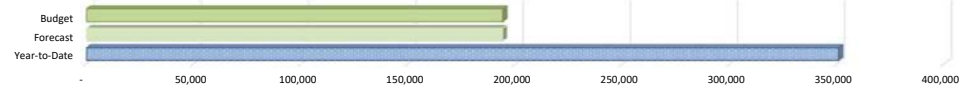
Rental income



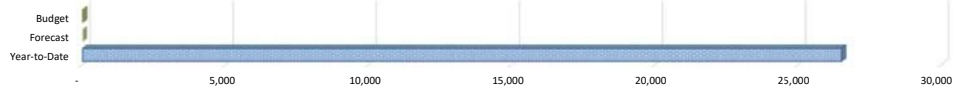
Community aggregate levy



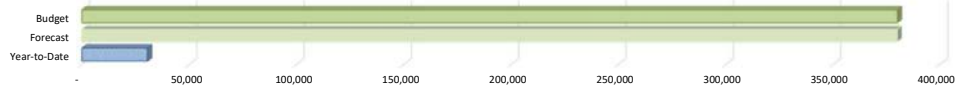
Penalties and other costs of taxes



Gain on disposal of tangible capital assets



Other revenues



VULCAN COUNTY

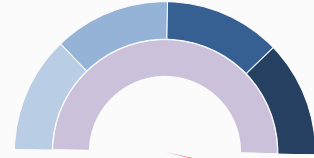
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2023

Total Expenses

Financial Data as at April 9, 2024

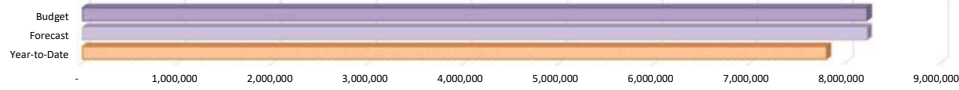
	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	8,226,493	8,226,493	7,798,715	427,778	94.8%
Contracted and general services	3,094,795	3,094,795	3,378,964	(284,169)	109.2%
Materials, goods and utilities	3,240,880	3,240,880	3,149,977	90,903	97.2%
Provision for allowances	12,453	12,453	610,589	(598,136)	4903.1%
Transfers to local boards and agencies	2,015,092	2,015,092	2,002,831	12,261	99.4%
Interest and bank charges	45,142	45,142	40,642	4,500	90.0%
Amortization of tangible capital assets	4,818,615	4,818,615	4,876,655	(58,040)	101.2%
Machine expenses capitalized	(2,066,788)	(2,066,788)	(1,423,600)	(643,188)	0.0%
Loss on disposal of tangible capital assets	-	-	34,685	(34,685)	N/A
Other expenses	27,710	27,710	281,200	(253,490)	1014.8%
Total	19,414,392	19,414,392	20,750,658	(1,336,266)	106.9%

Total Expense Tachometer:

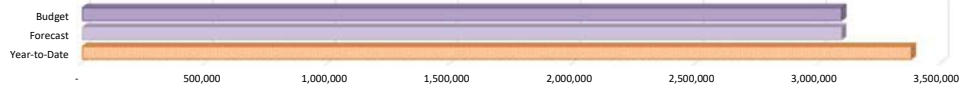


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

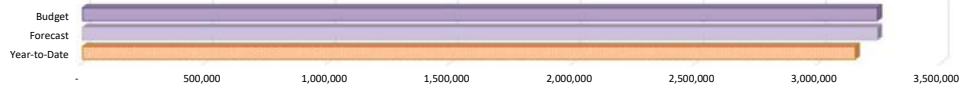
Salaries, wages and benefits



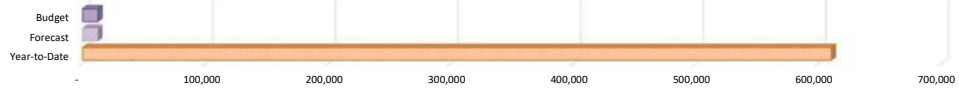
Contracted and general services



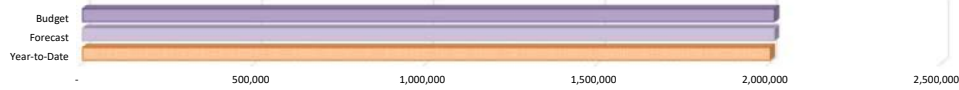
Materials, goods and utilities



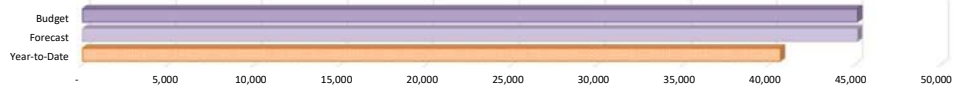
Provision for allowances



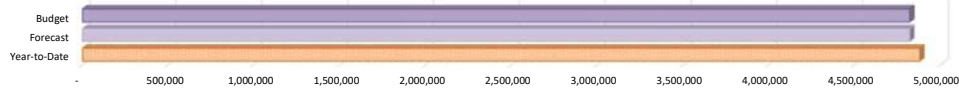
Transfers to local boards and agencies



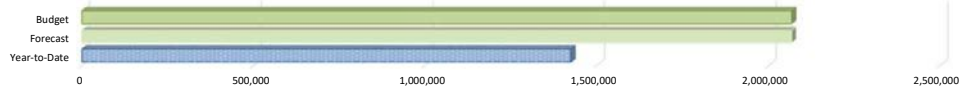
Interest and bank charges



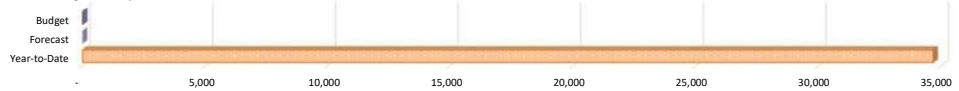
Amortization of tangible capital assets



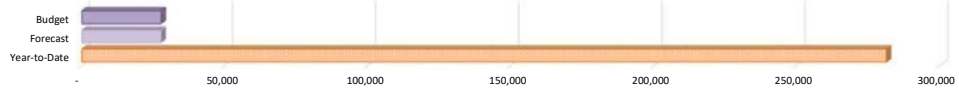
Machine expenses capitalized



Loss on disposal of tangible capital assets



Other expenses



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

VULCAN COUNTY
 YEAREND OPERATING REPORT
 YEAR ENDED DECEMBER 31, 2023

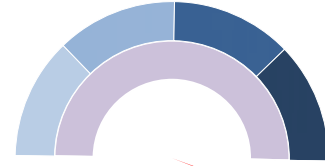
Analysis by Department/Segment

Expenses - General Government

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	1,505,004	1,505,004	1,514,480	(9,476)	100.6%
Contracted and general services	763,817	763,817	672,880	90,937	88.1%
Materials, goods and utilities	343,703	343,703	262,744	80,959	76.4%
Provision for allowances	12,453	12,453	610,589	(598,136)	4903.1%
Transfers to local boards and agencies	88,896	88,896	88,533	363	99.6%
Interest and bank charges	14,697	14,697	11,178	3,519	76.1%
Amortization of tangible capital assets	111,923	111,923	122,638	(10,715)	109.6%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	12,890	(12,890)	N/A
Other expenses	27,492	27,492	52,186	(24,694)	189.8%
	2,867,985	2,867,985	3,348,118	(480,133)	116.7%

Total Expense Tachometer:

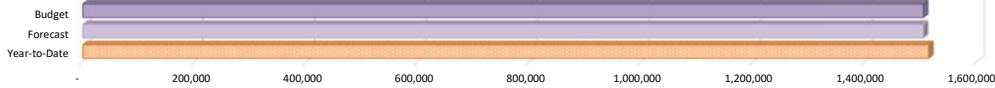


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

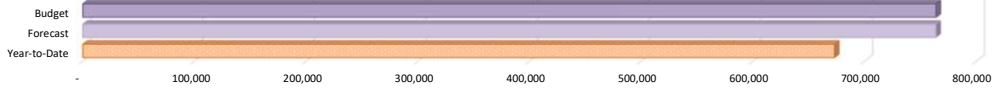
116.7% spent

The General Government segment includes legislation, administration, and other general government activities.

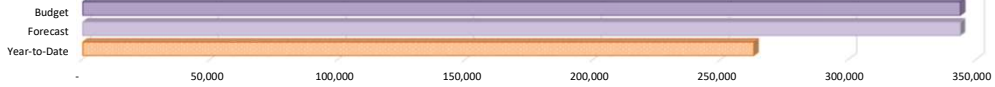
Salaries, wages and benefits



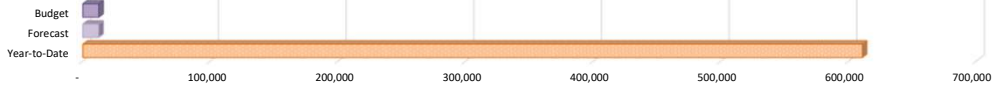
Contracted and general services



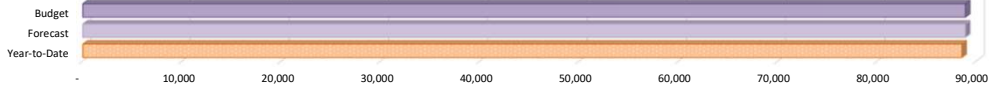
Materials, goods and utilities



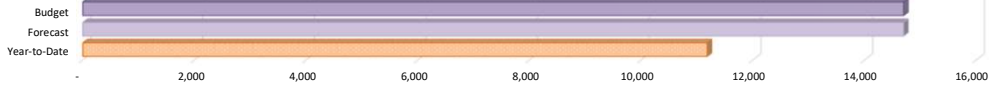
Provision for allowances



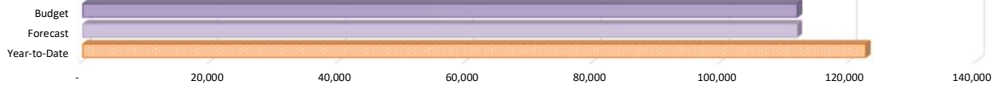
Transfers to local boards and agencies



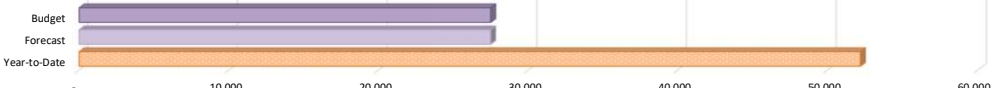
Interest and bank charges



Amortization of tangible capital assets



Other expenses



VULCAN COUNTY
YEAREND OPERATING REPORT
YEAR ENDED DECEMBER 31, 2023

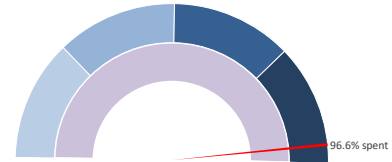
Analysis by Department/Segment

Expenses - Protective Services

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	949,244	949,244	928,768	20,476	97.8%
Contracted and general services	647,822	647,822	564,814	83,008	87.2%
Materials, goods and utilities	383,733	383,733	283,629	100,104	73.9%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	177,869	177,869	177,869	0	100.0%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	562,263	562,263	663,125	(100,862)	117.9%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	8,994	(8,994)	N/A
Other expenses	94	94	-	94	0.0%
	2,721,025	2,721,025	2,627,199	93,826	96.6%

Total Expense Tachometer:



Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

The Protective Services segment includes emergency management, health and safety, bylaw enforcement and fire services.



VULCAN COUNTY
YEAREND OPERATING REPORT
YEAR ENDED DECEMBER 31, 2023

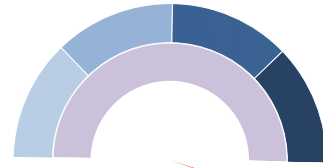
Analysis by Department/Segment

Expenses - Transportation Services

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	4,907,469	4,907,469	4,569,874	337,595	93.1%
Contracted and general services	1,104,096	1,104,096	1,536,048	(431,952)	139.1%
Materials, goods and utilities	2,288,312	2,288,312	2,416,792	(128,480)	105.6%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	8,000	8,000	8,000	0	100.0%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	4,026,775	4,026,775	3,939,955	86,820	97.8%
Machine expenses capitalized	(2,066,788)	(2,066,788)	(1,423,600)	(643,188)	0.0%
Loss on disposal of tangible capital assets	-	-	10,589	(10,589)	N/A
Other expenses	-	-	229,014	(229,014)	N/A
	10,267,864	10,267,864	11,286,672	(1,018,808)	109.9%

Total Expense Tachometer:

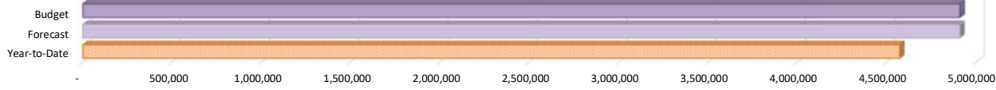


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

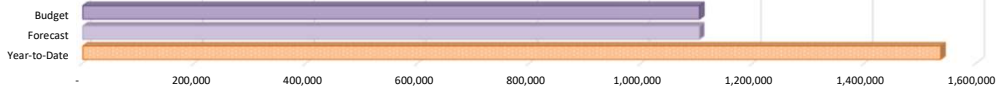
109.9% spent

The Transportation Services segment includes common services, road transportation, road/bridge construction, road maintenance/gravelling, and other transportation services.

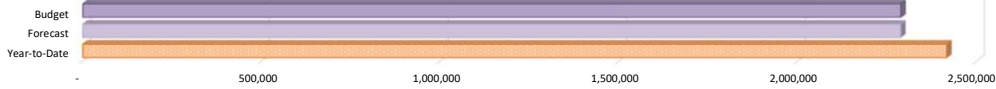
Salaries, wages and benefits



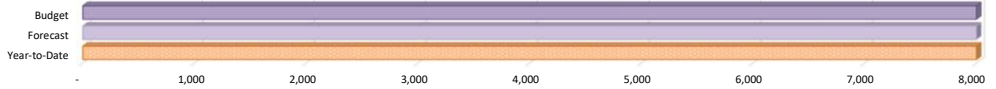
Contracted and general services



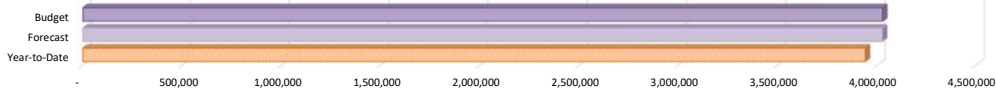
Materials, goods and utilities



Transfers to local boards and agencies



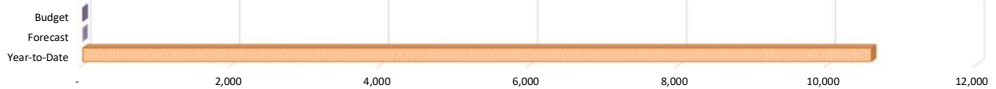
Amortization of tangible capital assets



Machine expenses capitalized



Loss on disposal of tangible capital assets



VULCAN COUNTY
YEAREND OPERATING REPORT
YEAR ENDED DECEMBER 31, 2023

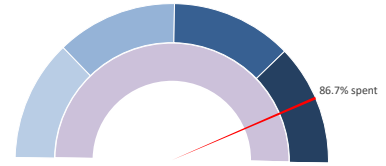
Analysis by Department/Segment

Expenses - Agricultural Services

Financial Data as at April 9, 2024

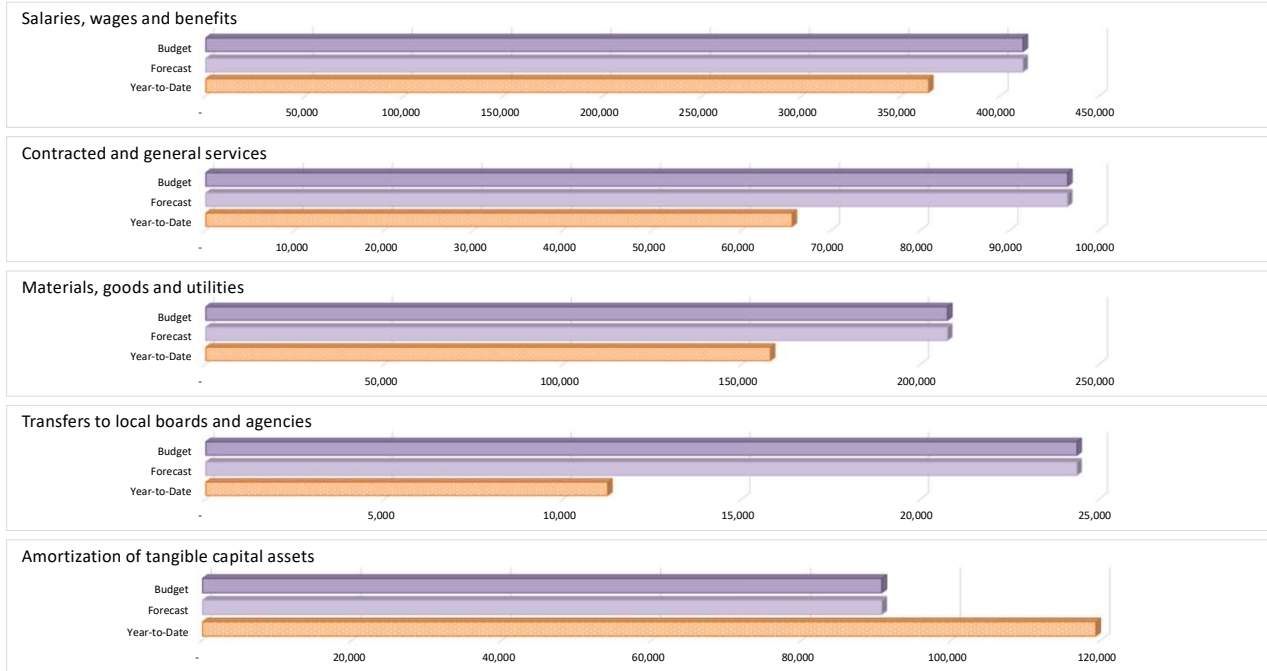
	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	411,527	411,527	363,945	47,582	88.4%
Contracted and general services	96,439	96,439	65,607	30,832	68.0%
Materials, goods and utilities	207,489	207,489	157,935	49,554	76.1%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	24,372	24,372	11,241	13,131	46.1%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	90,640	90,640	119,267	(28,627)	131.6%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	2,212	(2,212)	N/A
Other expenses	-	-	-	0	0.0%
Total	830,467	830,467	720,207	110,260	86.7%

Total Expense Tachometer:



Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

The Agricultural Services segment includes general agricultural services, training/tours, roadside spraying/weed control, roadside seeding, and other agricultural services.



Introductory

Financial Analysis

Financial Statements

Statistics & Ratios

VULCAN COUNTY
 YEAREND OPERATING REPORT
 YEAR ENDED DECEMBER 31, 2023

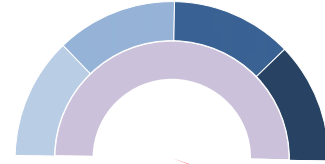
Analysis by Department/Segment

Expenses - Planning and Development Services

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	410,856	410,856	392,040	18,816	95.4%
Contracted and general services	211,915	211,915	298,813	(86,898)	141.0%
Materials, goods and utilities	2,975	2,975	1,084	1,891	36.4%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	-	-	-	0	0.0%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	-	-	-	0	0.0%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	-	-	-	0	0.0%
	625,746	625,746	691,937	(66,191)	110.6%

Total Expense Tachometer:

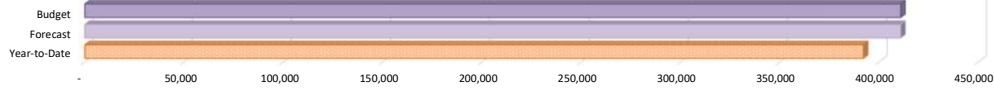


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

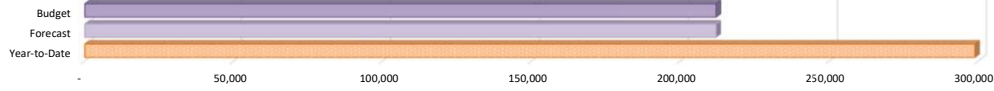
110.6% spent

The Planning and Development Services segment includes planning, zoning, subdivision, and land development.

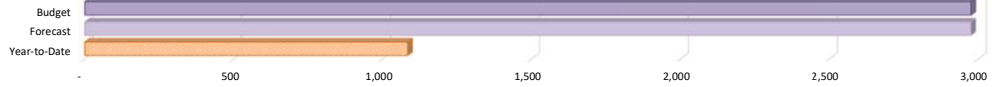
Salaries, wages and benefits



Contracted and general services



Materials, goods and utilities



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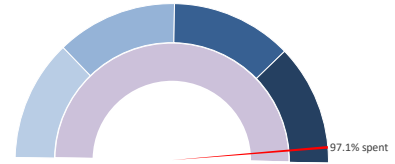
Analysis by Department/Segment

Expenses - Community Services

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	19,343	19,343	5,357	13,986	27.7%
Contracted and general services	182,214	182,214	168,571	13,643	92.5%
Materials, goods and utilities	7,030	7,030	5,881	1,149	83.7%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	724,925	724,925	726,765	(1,840)	100.3%
Interest and bank charges	30,445	30,445	29,464	981	96.8%
Amortization of tangible capital assets	-	-	-	0	0.0%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	34	34	-	34	0.0%
	963,991	963,991	936,038	27,953	97.1%

Total Expense Tachometer:



Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

The Community Services segment includes Family Community Support Services, daycare and public health, tourism/economic development, recreation boards, cultural programs and library.



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

VULCAN COUNTY
 YEAREND OPERATING REPORT
 YEAR ENDED DECEMBER 31, 2023

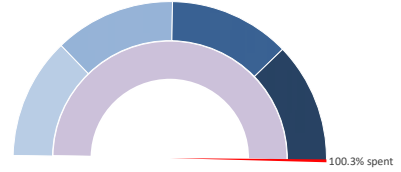
Analysis by Department/Segment

Expenses - Utility Services

Financial Data as at April 9, 2024

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	23,050	23,050	24,251	(1,201)	105.2%
Contracted and general services	88,492	88,492	72,231	16,261	81.6%
Materials, goods and utilities	7,638	7,638	21,912	(14,274)	286.9%
Provision for allowances	-	-	-	0	0.0%
Transfers to local boards and agencies	991,030	991,030	990,423	607	99.9%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	27,014	27,014	31,670	(4,656)	117.2%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	90	90	-	90	0.0%
	1,137,314	1,137,314	1,140,487	(3,173)	100.3%

Total Expense Tachometer:



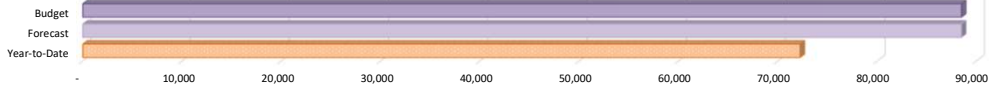
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

The Utility Services segment includes water supply/distribution, solid waste management, and storm sewer/drainage.

Salaries, wages and benefits



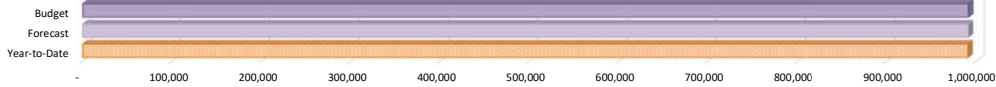
Contracted and general services



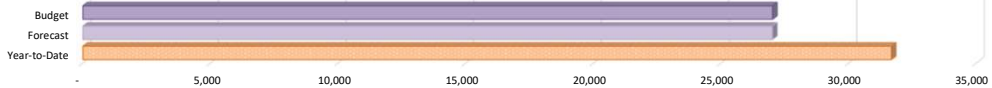
Materials, goods and utilities



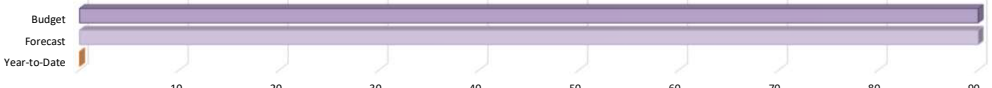
Transfers to local boards and agencies



Amortization of tangible capital assets



Other expenses



GLOSSARY & APPENDIX

Glossary of Terms

ACCRUAL BASIS ACCOUNTING

Accrual basis of accounting for recognizing transactions that occur over a longer time period; typically, extending over multiple budget years. These transactions are recognized in the budget based on when the transaction or service is provided (not based on exchange of cash).

ACCUMULATED SURPLUS

The overall surplus for the County that has been accumulated from year-to-year. The three (3) major components include Unrestricted Surplus, Restricted Surplus, and Equity in Tangible Capital Assets.

ARO ACCRETION EXPENSE

The periodic recognition of an expense a result of the passage of time, typically associated with an increase to the present value method in determining an Asset Retirement Obligation (ARO) liability.

AMORTIZATION

The systematic allocation of an asset to expense over a certain period of time. This is a non-cash transaction, in which, an asset is expensed over its projected useful life.

APPROPRIATION

The act of setting money aside by formal action for a specific use, such as is the case with reserve allocations.

APPROVED BUDGET

The budget(s) that have been presented and have been approved by Council by way of Council Motion, which will govern the County's operations for the budget year. This may include interim or final budgets.

ASSESSMENT

The value established for property for use as a basis of levying taxes for municipal purposes. Assessment can be valued by market or regulated rates.

ASSET RETIREMENT OBLIGATION

The Asset Retirement Obligation (ARO) is a legal obligation associated with the retirement of a tangible capital asset.

BALANCED BUDGET

A budget where the total budgeted revenues & transfers in match the total budgeted expenditures & transfers out.

BUDGET

An estimate of revenue and a plan for expenditures of an organization, either for a specific time period or for a specific project.

CAPITAL BUDGET

The planned capital revenues, expenditures, and transfers required for the acquisition/construction of the tangible capital assets for the County in the current budget year.

CAPITAL EXPENDITURES

Expenditures to acquire, develop or construct tangible capital assets.

CAPITALIZATION

The inclusion of expenditures into the cost of a tangible capital asset. Internally constructed capital assets include the capitalization of the related costs.

COUNCIL/COUNCILLORS

The governing body that is elected to represent the ratepayers of the County. Councillors are the individual members that make up the Council; in which, there are currently seven (7) Councillors on Council. Elections for Councillors occur every four (4) years.

CONTINGENCY FUNDS

The budgetary reserve/account set aside for emergencies or unforeseen expenditures (not otherwise budgeted).

CONTRACTED SERVICES

Services provided to the County by external organizations, individuals, or agencies. The County contracted out these services as the County does not have the expertise or resources to complete the work internally (i.e., engineering and legal services).

DEBT/DEBENTURE

A financial obligation resulting from the borrowing of money. A debenture is a certificate of indebtedness; typically issued by another governmental body (i.e., ACFA).

DEBT LIMITS

The regulated limits on the amount of debt that a municipality may borrow or the amount of annual repayment imposed to a municipality. Regulated by forms of legislation (i.e., MGA, Alberta Regulations).

DEFICIT

The result of expenditures/transfers out exceeding the revenues/transfers in (costs greater than revenues). The MGA requires that a municipality can not budget a deficit and if a deficit results in a period of three years that it has to be recovered in the following budget year.

DEPARTMENTS

The management responsible for an operation program or a group of related activities within a functional area. The County has multiple departments for the operations of the County; whereas, there may be multiple departments held within an operating segment.

EXPENDITURES/EXPENSE

The use of financial resources for cash outflows or transactions resulting in current or future cash outflows.

EQUITY IN TANGIBLE CAPITAL ASSETS

Equates to the net book value (NBV) of the Tangible Capital Assets less the related capital debt. This is included within the County's Accumulated Surplus

FEES FOR SERVICE

User charges and fees for services provided by the County.



FUND ACCOUNTING

The use of specific groups of funds/activities which are a self-balancing set of accounts containing inflows and outflows; which is tracked and funded separately. The County's fund accounting includes the Operating (general) funds, the Capital funds, and the Reserve funds.

GENERAL OPERATING FUND

The general operating fund provides the resources necessary to complete the day-to-day activities of a municipality, which includes operational and administrative activities.

GOVERNMENT GRANTS

A monetary contribution by a governmental unit to another governmental unit. Typically, the grants received by the County are from larger governmental bodies that are higher forms of government (i.e., Provincial and Federal).

INFLATION

The increase in price levels/costs caused by economic factors.

INFRASTRUCTURE

The facilities and assets used by the County to deliver the programs and services. These include (but are not limited to) roads, bridges, land, and buildings.

LINEAR ASSESSMENT

The assessment on properties such as cable, electrical power/generation, telecommunications, pipelines, and wells. These types of properties are assessed by the Provincial assessor's office.

OPERATING BUDGET

The planned operating revenues, expenditures and transfers required to deliver the programs and services that the County provides.

RATEPAYER

An individual or organization that owns assessable property in the County and as such, is taxed by the County.

RESERVES

The operating and capital funds held for a future use or for a specific purpose. These reserves are typically held for multiple budget years.

REVENUES

The financial resources received from cash inflows or transactions resulting in current or future cash inflows.

SPECIAL TAX LEVY

The tax levies issued for specific purposes under Section 382 of the MGA. The County currently utilizes the levies for fire protection, recreational areas, and waterworks.

SEGMENT

The overall management responsibility for an operation or a group of related operations within a functional area. An operating segment may include multiple departments.

SURPLUS

The result of revenues/transfers in exceeding the expenditures/transfers out (revenues greater than expenses). Surpluses are often transferred to reserves at the yearend to be used in future budget years.

TANGIBLE CAPITAL ASSETS

A capital asset that has a physical form. These tangible capital assets (TCA) include (but are not limited to) land, infrastructure, vehicles, and equipment.

TAXES

The compulsory charges levied by a government for the purpose of financing services for the common benefit of the government's ratepayers.

UNRESTRICTED SURPLUS

The accumulation of the County's surpluses from year-to-year that have not been specifically restricted (either internally or externally).

Glossary of Common Acronyms

ORGANIZATIONS:

ACFA - Alberta Capital Finance Authority
AHS - Alberta Health Services
CARLS - Chinook Arch Regional Library System
FCSS - Family and Community Support Services
RCMP - Royal Canadian Mounted Police
SAEWA - Southern Alberta Energy from Waste Association
TVRWC - Twin Valley Regional Water Commission
VCHWF - Vulcan County Health and Wellness Foundation
VBDS - Vulcan Business Development Society

GRANTS:

ACP - Alberta Community Partnership grant
ASB - Agricultural Service Board grant
CCBF - Canadian Community-Building Fund grant
LGFF - Local Government Funding Framework (*Operating and Capital - replacing MSI in 2024*)
MSI - Municipal Sustainability Initiative grants (*Operating and Capital*)

OPERATIONS:

AOS - Accumulative Operating Surplus
ARO - Asset Retirement Obligation
A/P - Accounts Payable
A/R - Accounts Receivable
CAO - Chief Administrative Officer
COLA - Cost of Living Adjustment
CPO - Community Peace Officer
DIP - Designated Industrial Property
FTE - Full-Time Equivalent
GIS - Geographical Information Systems
HR - Human Resources
IT - Information Technology
MGA - Municipal Government Act
M&E - Machinery and Equipment
NBV - Net Book Value
PERC - Provincial Education Requisition Credit
TCA - Tangible Capital Assets

OTHER:

FSD&A - Financial Statement Discussion and Analysis
PSAS - Public Sector Accounting Standards





Special thanks to Rick Beck, EDF EN Canada, 2024 Photo Contest submissions, and various other photographers for providing pictures of the County used in this report.



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