



# ANNUAL FINANCIAL REPORT 2021

FOR FISCAL YEAR ENDED DECEMBER 31, 2021  
VULCAN COUNTY, ALBERTA, CANADA



**Vulcan County**  
Box 180, 102 Centre Street  
Vulcan, Alberta T0L 2B0  
[www.vulcancounty.ab.ca](http://www.vulcancounty.ab.ca)



To provide opportunity and growth  
through cooperation, progressive  
leadership, and accessible  
administration.

*- Vision Statement*

Through proactive municipal leadership  
and partnerships, we will invest innovatively  
to generate and support economic  
and population growth that positions  
Vulcan County for a sustainable,  
prosperous future.

*-Purpose Statement*

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in your PDF reader.





# ANNUAL FINANCIAL REPORT

# 2021

FOR FISCAL YEAR ENDED DECEMBER 31, 2021  
VULCAN COUNTY, ALBERTA, CANADA

PREPARED BY VULCAN COUNTY  
CORPORATE SERVICES DEPARTMENT  
AUGUST 2022

Box 180, 102 Centre Street  
Vulcan, Alberta, Canada T0L 2B0  
[www.vulcancounty.ab.ca](http://www.vulcancounty.ab.ca)



# Welcome to Our *Financial Report*



It is our pleasure to submit Vulcan County's 2021 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.

## **2021 Significant Factors:**

The 2021 financial statements were impacted by some of the following major factors:

- The County is continued to be impacted by the current economic climate which has created additional difficulty in terms of tax collection, particularly in the oil and gas industry. Many oil & gas companies have had difficulty paying their property taxes and often it is on machinery/equipment and on linear properties (i.e., wells and pipelines).

Over a number of years, the County had attempted to collect these amounts through legal or other means, during 2019/2020, the County entered into multi-year tax payment plan agreements for the repayment on balances owing. Although they were in "good standings" on the agreements in 2020, a couple of the companies with large tax arrears balances went insolvent during mid-to late 2021 and therefore, the related tax arrears balances were required to be written off (when no longer collectable).

- The COVID-19 pandemic also had significant impacts on the County's operations, including delays in projects, reductions in transportation of materials, and had impacts on available training.

Project delays over the past couple years has somewhat delayed many of the bridge and road replacements throughout the County, this has supply/material cost reductions and also partially was responsible for delayed other activities such as the gravel crushing program. The reduction in the transportation of materials creates supply chain issues to receive materials and also caused reductions in the Community Aggregate Levies charged for the transportation of materials throughout the County. Most of the training opportunities were not available during the past couple years and/or were changed to virtual training, this reduced much of the staff training and some training was delayed to future years.



- 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 tax rates.

The County was also able to strategically plan for the acquisition of water rights for existing County owned lands (lands being leased to farmers - received by previous tax forfeiture); whereas, the County was able to sell some of these leased County lands to generate significant cash-inflows over the last couple years; whereas, there was minimal value to the County to hold these lands otherwise. The County invested in the acquisition of water rights and irrigation equipment to sell the land at strong market values.

Although the County had some significant challenges over the past couple years and still ongoing into 2021, 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  
October 15, 2022

## ***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, 2020. 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 2021 fiscal year representing the period from January 1st, 2021 to December 31st, 2021.

*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, 2020**

*Christopher P. Morill*

Executive Director/CEO



## **Vulcan County**

### **2021 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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An aerial photograph of a meandering river system, likely in a wetland or coastal area. The river winds through a landscape of brown and tan earth, with some darker, possibly water-saturated areas. A small, bright blue pond is visible in the upper right. A white rectangular box with rounded corners is superimposed over the upper left portion of the image, containing the title text.

# **SECTION 1 - INTRODUCTORY SECTION**



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## COUNTY PROFILE



Vulcan County is a rural municipality within Southern Alberta with a population of approximately 3,985 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. One of the largest wind farms in western Canada is situated in the County. Many solar farms are in the development phase and we anticipate they will provide significant economic benefit to our region and is projected to produce 700 megawatt (MW) of clean energy.



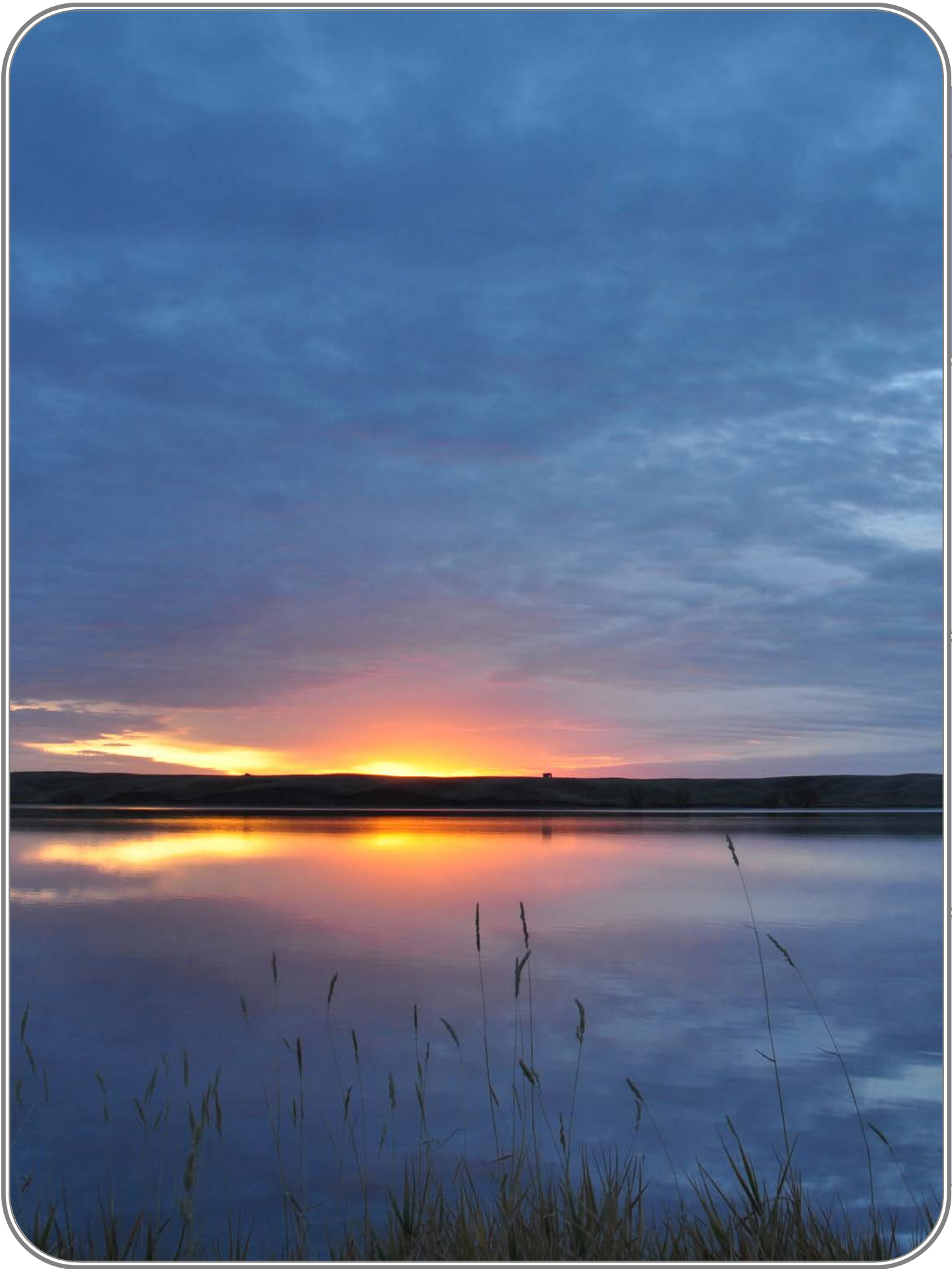
## Recreation and Attractions



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.



## Vulcan County - Council Members:



**Jason Schneider**  
Reeve / Division 3  
2013-date



**Doug Logan**  
Deputy Reeve / Division 7  
2017-date



**Serena Donovan**  
Councillor / Division 1  
2017-October 2021



**Shane Cockwill**  
Councillor / Division 2  
2017-date



**Lauria Lyckman**  
Councillor / Division 4  
2017-date



**Michael Monner**  
Councillor / Division 5  
2013-October 2021



**Ryan Fleetwood**  
Councillor / Division 6  
2017-October 2021



In October, 2021 (during the 2021 fiscal year), the County held its municipal elections. The elected Council included:

- Division 1 - Jodie Gateman (*new*)
- Division 2 - Shane Cockwill
- Division 3 - Jason Schneider
- Division 4 - Laurie Lyckman
- Division 5 - Kelly Nelson (*new*)
- Division 6 - Christopher Northcott (*new*)
- Division 7 - Doug Logan

*During the 2021 Organizational meeting (October 2021), Laurie Lyckman was appointed as Deputy Reeve.*



## County Administration

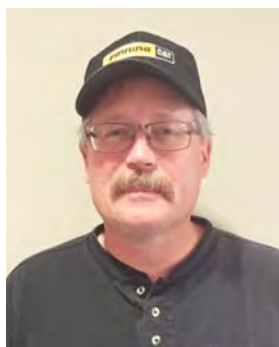


**Nels Petersen**  
Chief Administrative  
Officer (CAO)

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



**Nick Fai**  
Director of  
Corporate Services



**Doug Hendricks**  
Director of  
Protective Services



**Kelly Malmberg**  
Director of  
Agricultural Services



**Anne Erickson**  
Manager of  
Development Services



**James Herian**  
Manager of  
Engineering & Infrastructure



**Lansey Middleton**  
Manager of  
Legislative Services

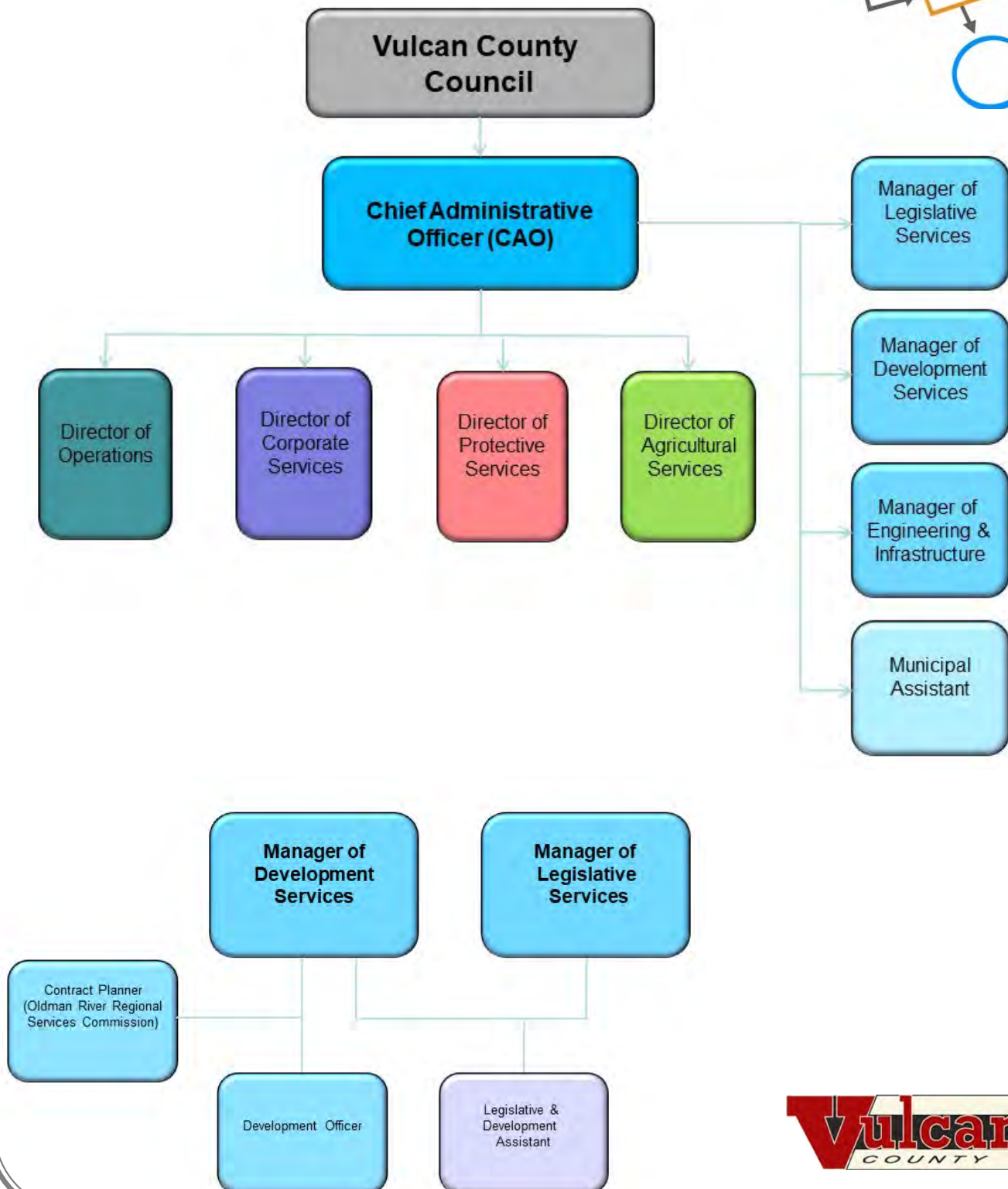
*Note: The Director of Corporate Services position became vacant during 2021 and was subsequently filled by Mark DeBoer (effective January 31, 2022).*

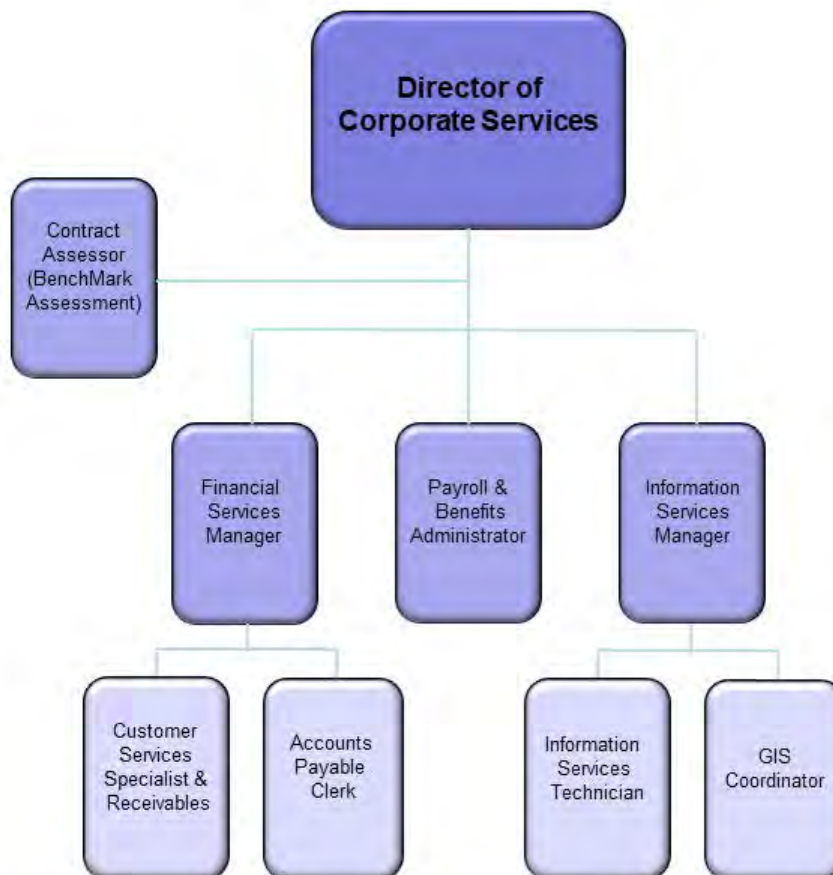
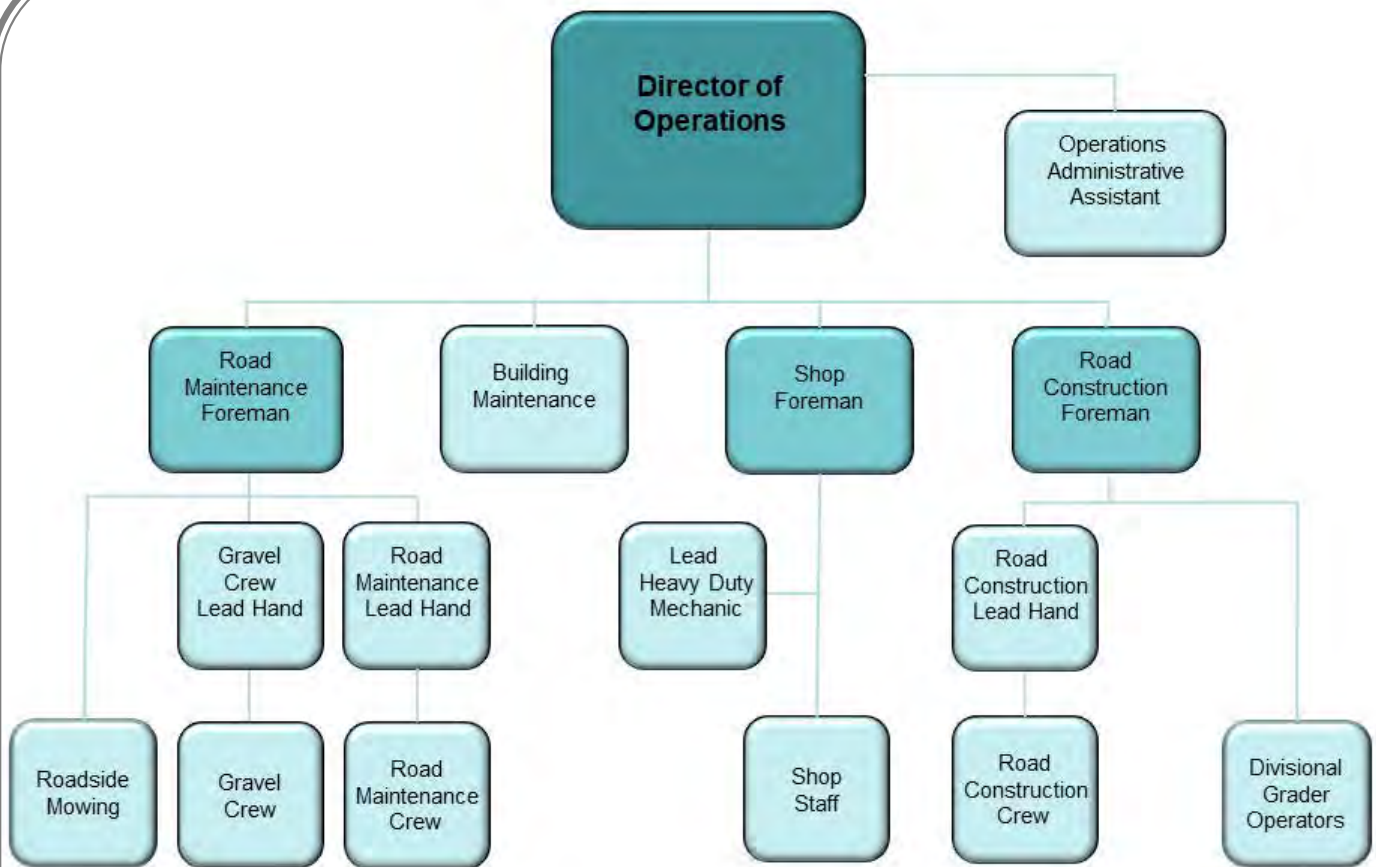


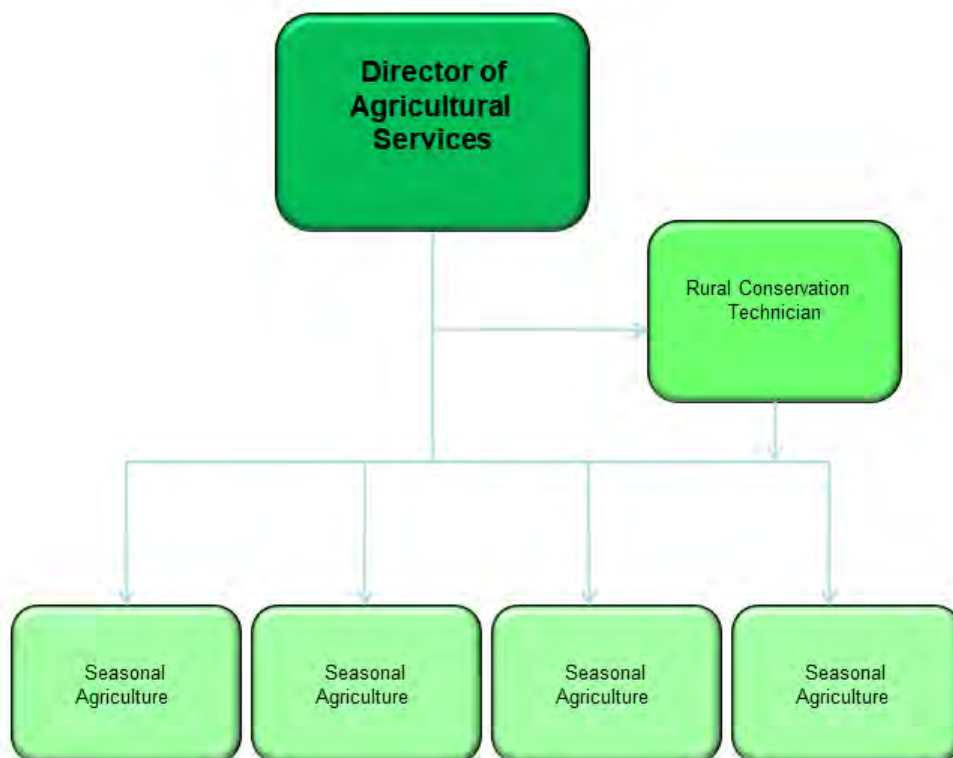
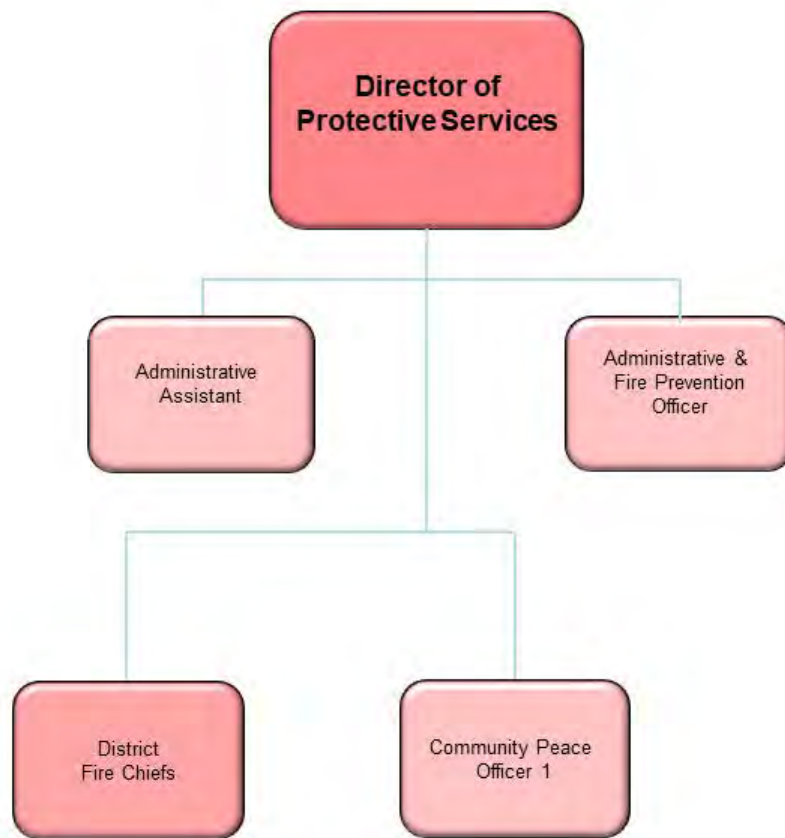
## Organizational Structure/Charts

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

To provide opportunity and growth through cooperation, progressive leadership, and accessible administration.

## Guiding Principles & Values

- To provide a transparent government that is fair 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:
  - > Accountability
  - > Leadership & Integrity
  - > Fiscal Responsibility
  - > Collaboration & Accessibility



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. Work done by previous Councils and Administrations are built on, keeping key stakeholders in mind. (2018-2022 Strategic Plan).



## STRATEGIC PLAN AND PRIORITIES

Vulcan County Strategic Plan 2018-2022: Growing Forward 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 2018-2022 Strategic Plan, which includes the following six key goals:



Increased and Diversified Economic Development



Foster a Collaborative Environment



Maintain Road and Bridge Infrastructure



Responsible & Transparent Leadership and Governance



Continued Support of our Agricultural Industry



Safe Communities



Introductory



Financial Analysis



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## Increased and Diversified Economic Development

### 1) Increased and Diversified Economic Development

Active pursuit of opportunities to diversify our assessment base to support the services we provide to our residents, including the following strategies:

- Hire an in-house Economic Development Officer
- Re-write the Vulcan County Land Use Bylaw to ensure a good planning process while allowing for innovative land use without hindering growth
- Establishment of an economic development reserve fund
- Industrial / commercial park development
- Providing a receptive environment for renewable energy producers
- Updating our Municipal Development Plan and Reservoir Area Structure Plan to allow for further growth and improved planning
- Working with businesses to identify areas which may inhibit growth
- Expanding the County's marketing presence
- Exploring economic incentives which can be offered to potential new business or residential developments



## Foster a Collaborative Environment

### 2) Foster a Collaborative Environment

Vulcan County recognizes that we cannot action all of our objectives alone. To realize these objectives, the County has begun utilizing the following strategies:

- Creation of Inter-Municipal Development Plans with urban municipalities within the boundaries of Vulcan County
- Amendments to existing Inter-Municipal Development Plans with neighbouring rural municipalities
- Inter-municipal Collaborative Framework creation with our rural and urban neighbours
- Establish annual meetings with the Bow River Irrigation District to review capital projects and maintenance priorities
- Review and establish cost-sharing formulas for services that are equitable to all parties
- Institute annual meetings with the Siksika Nation to investigate opportunities for partnerships



## Maintain Road and Bridge Infrastructure

### 3) Maintain Roads and Bridge Infrastructure

As a County, the majority of municipal activities typically relate to road and bridge infrastructure, making up approximately 52% of County expenditures. Vulcan County is committed to maintaining these assets by using the following strategies:

- Continued refinement and review of the 5-year and 20-year capital plans for equipment and infrastructure replacement and repairs
- 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
- Further investigate potential new aggregate sources within the County to secure surfacing gravel requirements



## 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:

- Invest in and support a proficient and motivated workforce
- Provide levels of service that balance ratepayer needs with organizational capacity
- Build community confidence through responsible governance for long-term sustainability
- Promote community engagement in decision making and planning
- Develop a public participation policy
- Ensure timely compliance with regulatory and statutory obligations
- 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 in order to remain competitive with our rural neighbours



## 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
- Initiate delivery of the ALUS program (Alternative Land Use Systems) to the County
- Work with the Vulcan and District Waste Commission on the collection of herbicide/pesticide containers in a way which works for all stakeholders
- Continue to support and participate in the Southern Alberta Weed Coordinator Program
- Increase weed control measures and awareness throughout the County
- Develop a digital weed database for Vulcan County



## Safe Communities

### 6) Safe Communities

Protection of our community is accomplished by 6 fire departments, 4 RCMP detachments, and the Vulcan County Community Peace Officer Program. To provide safe communities, the County will undertake the following initiatives:

- Hire a second Community Peace Officer to provide proactive patrols in all areas of the County
- Continue with education as a primary value in regards to law enforcement
- Create a partnership with the RCMP to assist in providing a School Resource Officer to area schools
- Complete all appendices for the Emergency Management Plan
- Ensure proper emergency management training is provided for all staff and regional partners
- Certify that all fire departments within Vulcan County are meeting the required levels of training for our service levels
- Implement a Community Crime Map in conjunction with the RCMP, which will allow users to know where criminal activity is happening.

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.





A close-up photograph of a golden wheat stalk, showing the detailed structure of the grain heads. The background is a bright blue sky with soft, wispy white clouds. The wheat is in sharp focus, while the background is slightly blurred.

# **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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## 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, 2021. 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 2021 fiscal year.

The FSD&A is a supplement to the 2021 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.

BDO Canada LLP has audited Vulcan County's 2021 Financial Statements and provided an unqualified opinion. County Council approved the audited financial statement on April 28, 2022.



## 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   |
| 12-31 - Personnel                          | 62-1 - Agricultural Services |
| 21-1- Community and<br>Protective Services | 69-1 - Land & Other Property |

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



- Signing Authority (Policy 12-2001)
- 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)

## 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 County/Reeve and Council/Policies](http://www.vulcancounty.ab.ca/Your%20County/Reeve%20and%20Council/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, BDO Canada Ltd, 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 2021 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 internal controls during the 2021 audit, indicating the overall effectiveness of the controls that are already in place.

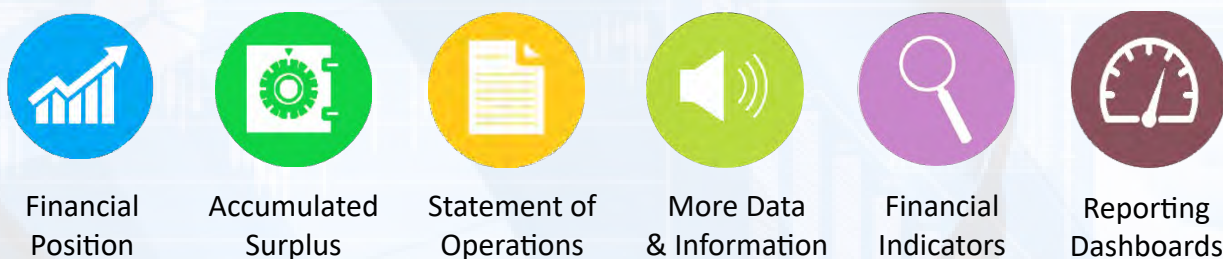
# FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Vulcan County's 2021 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*



Introductory



Financial Analysis



Financial Statements



Statistics & Ratios

## 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".

	2021	2020	Change
<b>FINANCIAL ASSETS</b>			
Cash and equivalents	2,138,809	2,219,887	(81,078)
Taxes and grants in lieu receivables	913,671	3,475,225	(2,561,554)
Trade and other receivables	7,564,208	616,273	6,947,935
Portfolio investments	31,200,486	31,079,192	121,294
Inventory held for resale	44,199	37,249	6,950
Long term investments	-	-	-
Loans and notes receivable	207,195	114,147	93,048
Other	14,488	177,324	(162,836)
	<b>42,083,056</b>	<b>37,719,297</b>	<b>4,363,759</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable and accrued liabilities	1,218,290	216,901	1,001,389
Deferred revenue	4,450,477	2,493,040	1,957,437
Employee benefit obligations	265,860	308,003	(42,143)
Obligations under capital lease	-	1,212	(1,212)
Long term debt	1,382,720	1,510,192	(127,472)
Other liabilities	648,000	473,747	174,253
	<b>7,965,347</b>	<b>5,003,095</b>	<b>2,962,252</b>
<b>NET FINANCIAL ASSETS</b>	<b>34,117,709</b>	<b>32,716,202</b>	<b>1,401,507</b>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets	107,104,734	107,985,733	(880,999)
Inventory for consumption	7,847,867	7,253,675	594,192
Prepaid expenses	236,861	262,666	(25,805)
	<b>115,189,462</b>	<b>115,502,074</b>	<b>(312,612)</b>
<b>ACCUMULATED SURPLUS</b>	<b>149,307,171</b>	<b>148,218,276</b>	<b>1,088,895</b>







## 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:

- Tax receivables decreased significantly from the prior year as the 2020 yearend included tax arrears from some oil & gas companies that had entered into multi-year tax payment plan agreements for the repayment on balances owing. Although they were in "good standings" on the agreements in 2020, a couple of the companies with large tax arrears balances went insolvent during mid-to late 2021 and therefore, the related tax arrears balances were required to be written off.
- Trades and other receivable increased significantly, primarily due that at the end of 2021, the Provincial Government owed the County a total of \$4.74 million in Municipal Sustainability Initiative (MSI) capital grant funding (as the County met the related eligibility criteria for the payment of the MSI capital funding allocations). The County also had an additional \$2.22 million receivable on a land sale that was finalized in late 2021 (funds received in early 2022).
- Loans and notes receivable increased from the prior year as there was an additional loan provided to Vulcan & District Waste Commission for the acquisition of equipment.
- Other Financial Assets decreased from the prior year as the 2020 included approx. \$170,000 of overpaid in employer government payroll remittances; whereas, this was corrected in 2021 and the these overpayments were able to be applied to the 2021 payroll remittances.

## 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:

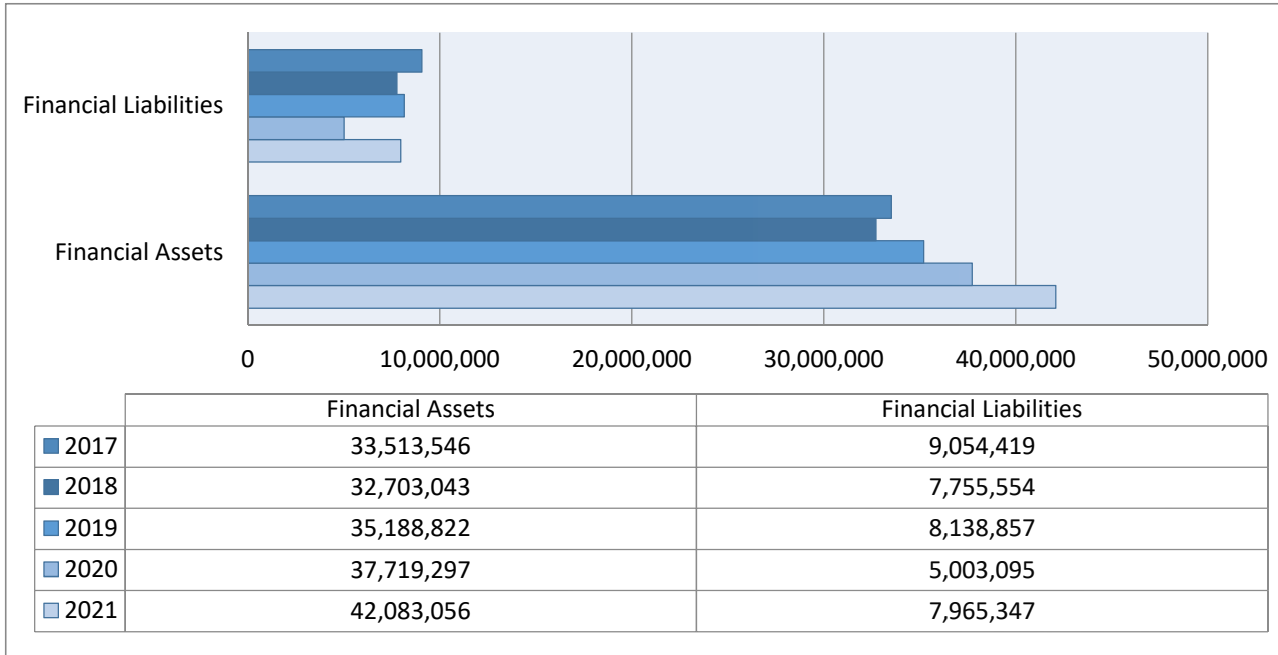
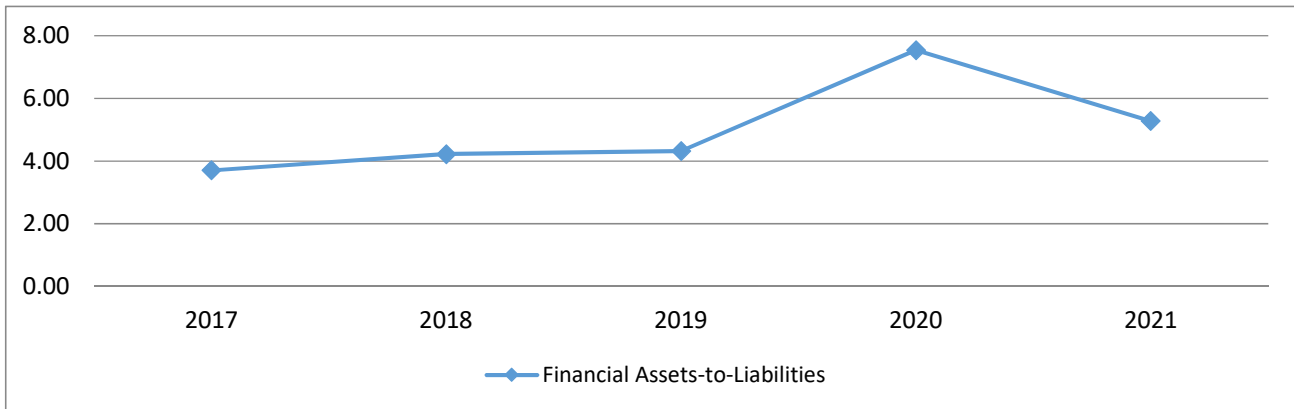
- Accounts payable and accrued liabilities increased significantly from the prior year as there was a significant increase in the outstanding payables with the gravel crushing program and the contracted work on some of the County's bridge files. The gravel crushing program was delayed during the year and started in late 2021 and continued into early 2022; whereas, there was significant invoices and holdback relating to this program. Bridge file 80081 was a contracted bridge replacement; whereas, there was large invoices outstanding for work completed up to December 2021.
- The balance in deferred revenue increased mainly due to that the County was able to recognize the related Municipal Sustainability Initiative (MSI) capital grant funding of \$4.74 million (as the County met the related eligibility criteria for the payment of the MSI capital funding allocations); whereas, approximately \$2.66 million was recognized as capital revenues for the 2021 capital projects.
- Long-term debt decreased by the expected amount from two semi-annual debenture repayments. Obligations under capital lease was paid off during 2021.
- Other liabilities increased as there was an increase in the estimated gravel reclamation liability. The gravel reclamation liability is calculated based on multiple factors in estimating the future cost at the end of its useful life and using cost of borrowing to measure the liability at the current date (net present value method). One of the largest factors creating the increase in the liability is the reduction in the County's borrowing rate from 3.70% to 2.45% with the reduction in the market's prime borrowing rates (decrease in borrowing rates increases the current liability measurement).



## Net Financial Assets

Overall, the County maintains a positive net financial position (financial assets exceeding financial liabilities) of approx. \$34.12 million. This is an increase from the prior year of approx. \$32.72 million. A positive net financial position allows the County to cover its financial liabilities and commitments with its financial assets.

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



	Financial Assets	Financial Liabilities	Ratio
2017 Financial Statements	33,513,546	9,054,419	3.70
2018 Financial Statements	32,703,043	7,755,554	4.22
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



As shown in the previous pages, there were overall increase in both the net financial position as there were decreases in long-term debt and obligations; whereas, the increase in financial assets exceeded the increases in the deferred revenue, resulting from the increases the receivables.

Overall, the Financial Assets-to-Liabilities ratio remained relatively consistent with the prior year. To note in 2020 there was an higher net financial assets position; whereas, this was partially due to the higher levels of tax receivables at the end of 2020 (with the larger tax arrears outstanding that was being paid in multi-year tax payment plan agreements). This balance was reduced in 2021 as a couple of these companies that had larger balances in tax arrears went insolvent during 2021, which reduced the ratio in 2021 fiscal year.

The net financial assets and its related ratio is an indicator that the County continually monitors.

## 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 more 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	\$ 4,071,063
New Construction in Progress	<u>876,752</u>
New TCA Increase	\$ 4,947,815
Amortization of TCA	\$ 4,615,232
Net Book Value of Disposals	<u>1,213,582</u>
Net TCA Reductions	\$ 5,828,814
<b>Overall increase (decrease) to TCA</b>	<b>\$ (880,999)</b>
Change in capital debt (leases)	<u>1,212</u>
<b>Overall change in Equity in TCA</b>	<b>\$ (879,787)</b>

- Inventory for consumption increased, primarily as a result of 2021 gravel crushing program, increasing the related gravel inventory. There was also an increase in part/supply inventory (based on timing of purchases).





## 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

	2021	2020	Change
Unrestricted Surplus	952,521	954,934	(2,413)
Restricted Surplus (Reserves)	41,249,916	39,278,821	1,971,095
Equity in Tangible Capital Assets	107,104,734	107,984,521	(879,787)
Accumulative Surplus	<b>149,307,171</b>	<b>148,218,276</b>	<b>1,088,895</b>

### 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 thereof) 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).

### 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:

	2021	2020	Change
Capital Reserves	24,533,625	20,246,807	4,286,818
Operating Reserves	16,716,291	19,032,014	(2,315,723)
Total Restricted Surplus (Reserves)	<b>41,249,916</b>	<b>39,278,821</b>	<b>1,971,095</b>
Net Financial Assets	42,083,056	37,719,297	4,363,759
Inventory for Consumption	7,847,867	7,253,675	594,192
Total Funding Available	<b>49,930,923</b>	<b>44,972,972</b>	<b>4,957,951</b>

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

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.

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



## RESTRICTED SURPLUS

	2021	2020
Capital Restricted Surplus		
General Government	\$ 66,580	\$ 77,667
Protective Equipment	7,565,964	6,439,268
Transportation Equipment	1,335,283	1,436,688
Road Construction	1,499,580	1,480,040
Bridge Construction	4,091,756	2,962,375
Gravel Crushing	148,249	148,249
Mossleigh Water Treatment Plant - Recovery	(454,793)	(471,331)
Environment Development Equipment	59,953	50,726
Air Transport	20,000	20,000
Capital Acquisition	9,230,371	7,132,443
Capital Contingency	970,682	970,682
	<b>24,533,625</b>	<b>20,246,807</b>
Operating Restricted Surplus		
Assessment Appeal	5,506	5,506
Community Enhancement	14,841	14,841
General Government Service	359,606	539,374
Protective Services	1,254,179	1,285,034
Transportation Contingency	1,674,544	1,527,992
Road Construction	903,366	893,822
Road Maintenance	645,378	466,402
Gravel Crushing	5,428,206	5,831,904
Uncrushed Gravel Inventory	4,351,891	4,351,891
Bridges	19,912	25,325
Water Management	38,829	39,706
Environment Treatment	45	561
Vulcan Hospital Project - Debenture Recovery	(1,382,720)	(1,510,191)
Planning and development	42,459	129,537
Agriculture Services	389,638	423,202
Recreation and Culture	752,515	689,734
Operating Contingency	2,218,096	4,317,374
	<b>16,716,291</b>	<b>19,032,014</b>
Total Restricted Surplus	<b>\$ 41,249,916</b>	<b>\$ 39,278,821</b>

## 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):

	2021	2020	Change
Tangible Capital Assets - cost	209,796,398	207,544,329	2,252,069
Tangible Capital Assets - amortization	(102,691,664)	(99,558,596)	(3,133,068)
Tangible Capital Asset (NBV)	<b>107,104,734</b>	<b>107,985,733</b>	<b>(880,999)</b>
Capital Lease Obligation	0	(1,212)	1,212
Equity in Tangible Capital Assets	<b>107,104,734</b>	<b>107,984,521</b>	<b>(879,787)</b>

*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.*

## 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.

	2021 - Budget	2021	2020
<b>OPERATING REVENUE</b>			
Net municipal taxes	14,342,657	14,189,795	15,373,853
Government transfers	824,243	535,535	1,185,684
Return on investments	387,513	353,865	491,125
Sale of goods, services and user charges	897,231	1,562,870	932,209
Rental income	314,880	338,373	311,783
Community aggregate levy	120,920	241,318	134,670
Penalties and costs of taxes	160,200	502,498	417,452
Gain on disposal of tangible capital assets	-	2,427,982	2,306,556
Other revenues	30,448	34,697	86,871
	<b>17,078,092</b>	<b>20,186,933</b>	<b>21,240,203</b>
<b>OPERATING EXPENSES</b>			
Legislative	419,122	399,079	369,215
Administration	1,833,653	1,743,816	1,712,655
Protection services	2,232,807	1,918,900	1,856,185
Transportation services	11,099,915	10,366,739	9,257,939
Agricultural services	814,403	722,417	694,700
Planning and development services	682,519	643,074	640,093
Family and community support	233,776	236,248	218,639
Parks and recreation	996,450	937,291	877,590
Tourism and economic development	167,043	125,537	255,514
Utility Services	920,903	952,000	1,008,446
Other	35,170	3,725,273	77,653
	<b>19,435,761</b>	<b>21,770,374</b>	<b>16,968,629</b>
<b>OPERATING SURPLUS</b>	<b>(2,357,669)</b>	<b>(1,583,441)</b>	<b>4,271,574</b>
<b>CAPITAL REVENUES</b>			
Contributed tangible capital assets	-	-	-
Government transfers for capital	2,494,045	2,672,336	533,134
<b>TOTAL ANNUAL SURPLUS</b>	<b>136,376</b>	<b>1,088,895</b>	<b>4,804,708</b>
<b>ADD:</b>			
Proceeds from sale of capital assets	410,500	2,788,761	3,256,611
Transfers from reserves to operations	4,594,222	6,897,047	4,584,950
Amortization of capital assets	4,684,267	4,615,232	4,746,635
Net (gain) loss on disposal of capital assets	-	(1,575,179)	(1,890,367)
<b>LESS:</b>			
Transfer to reserves	(3,834,452)	(8,868,142)	(13,146,234)
Capital expenditures/purchases	(5,990,913)	(4,949,027)	(5,741,676)
<b>NET EFFECT ON UNRESTRICTED SURPLUS</b>	<b>-</b>	<b>(2,413)</b>	<b>(3,385,373)</b>

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.

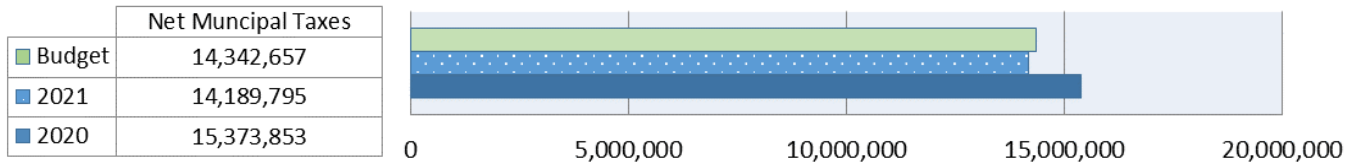


## Operating Revenues



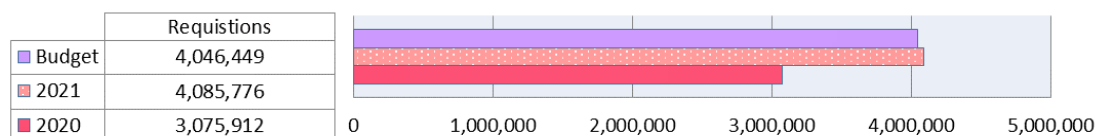
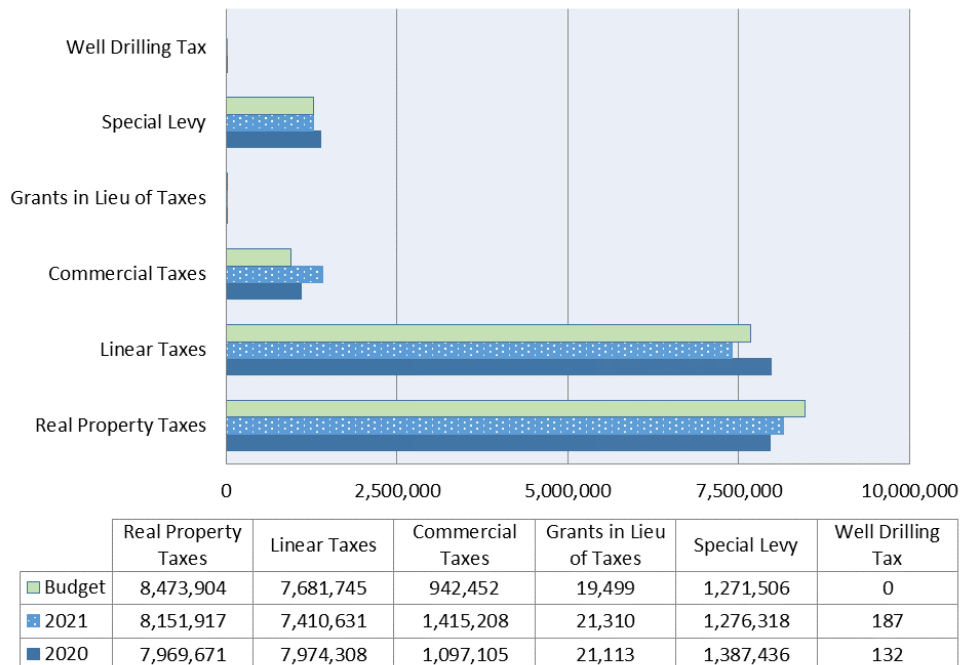
Operating revenues include all of the revenues for the County other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), operating grants, and other revenues from the operations of the County (i.e. investment income, user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

The following is an analysis on the net municipal taxes compared to the budget and the prior year:



The overall net municipal taxes are slightly less than the budget. This is due to a tax reductions as a result of “305 assessment” changes, which are taxable assessment changes that occur after the assessment is locked down for final budget. The prior year had higher net revenues as there were reductions in the required school requisitions having a Provincial Education Requisition Credit (PERC) provided by the Provincial Government, which the PERC credit was applied in 2019 & 2020.

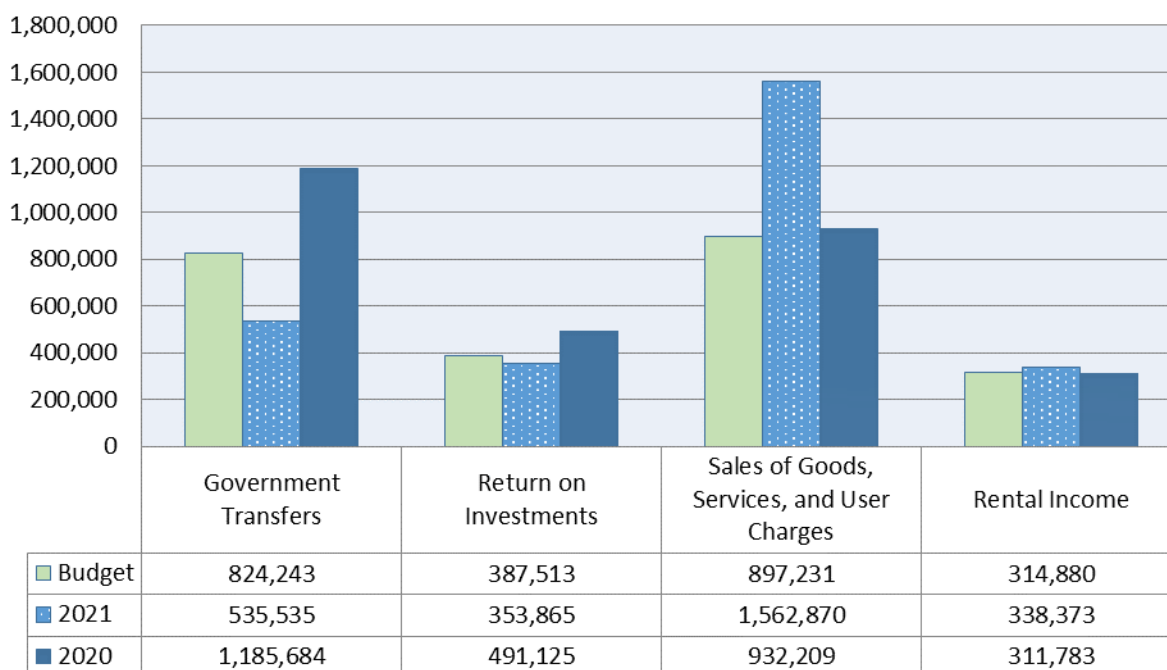
Tax revenues are recorded as revenue as of May 31st each year, and the associated tax receivables are shown as assets at the same time. Tax penalties are shown as revenue and assets as of the dates outlined in County Bylaw 2016-019. The following are the details of the tax revenues as displayed in Schedule 3 of the financial statements (not shown net of requisitions):





## Operating Revenues - Continued

The following is an analysis on the remaining other revenues from operations compared to the budget and the prior year:

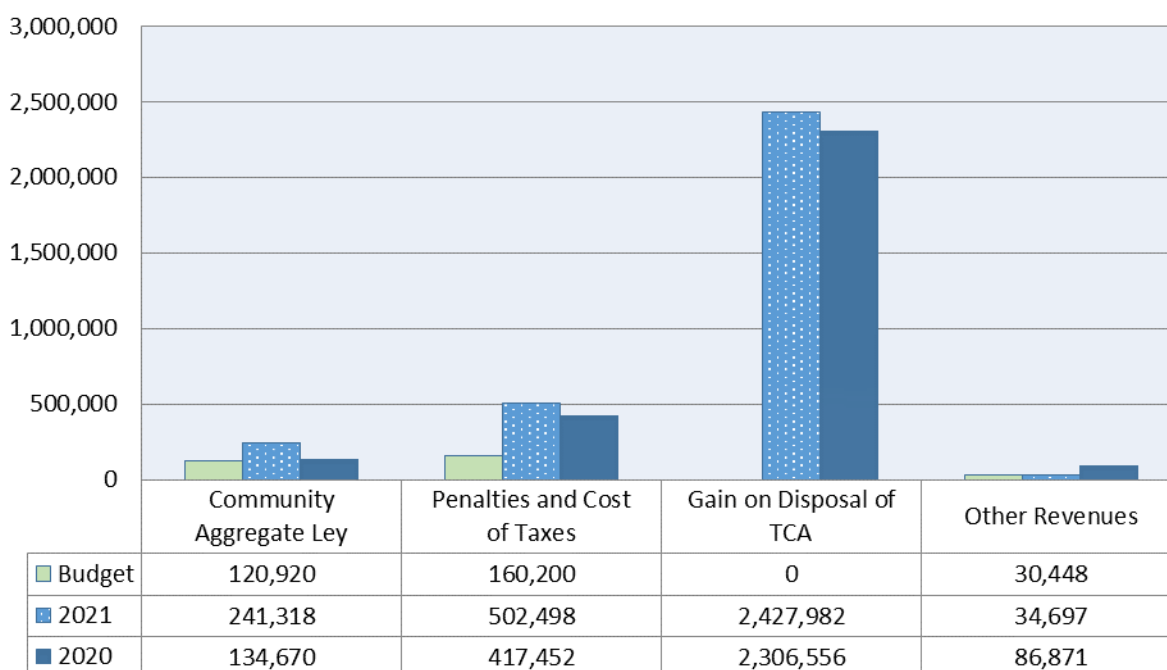


Some of the major variances from budget and the prior year include:

- Operating government transfers were less than budget as the County was only able to recognize \$10,726 on the budgeted \$219,734 for the Federal Gas Tax Fund (FGTF) grant as additional eligible projects were required to be submitted (the funding was able to be recognized to be received in 2022 when eligible projects were submitted and approved). The prior year included an additional \$408,400 Municipal Operating Support Transfer (MOST) as a relief from impacts of COVID-19, which was a one-time grant that was not continued into 2021.
- Investment income was slightly less than budget; whereas, although the County uses conservative budgeting for uncertainty regarding interest rates; the reduction in the market rates had significant impact on the County's investment income. Investment income also decreased from the prior year with the reduction in the market rates.
- Sales of Goods, Services, and User Charges are greater than budget and the prior year as 2021 included that the County was able to recover on old surface lease revenues from the Alberta Surface Rights Board (including prior years), some larger gravel sales, and certain cost recoveries and fees were more than budget during the year.
- Rental Income was overall comparable to both the budget and the prior year.



The following is an analysis on the remaining other revenues from operations compared to the budget and the prior year:



Some of the major variances from budget and the prior year include:

- The Community Aggregate Levy was greater than the budget and prior year. The prior year and the 2021 budget relates to the reduction in the related the reduction in the shipment of sand and gravel (many other producers were effected by the COVID-19 pandemic); whereas, during 2021 there was an increase of materials being moved throughout the County.
- The majority of the budget variance for Penalties and Costs of Taxes relates to the penalties for non-payment of property tax by some oil and gas companies, as was the case in the prior year. The budget here is generally done on a very conservative basis since the expectation is for tax to be paid promptly.
- Gains on disposal of assets can vary significantly from year-to-year and are not budgeted for in operating income. Estimates of value are included when preparing the capital budget as they are used on the capital side to help fund new acquisitions. During 2020 and 2021, there was some very large sales of County owned lands that resulted in large gains on disposals.
- Other Revenues had decreased from the prior year as the prior year included increases in fines revenues from budget. This increase in fine revenues is partially due to a large-scale construction project being developed within the County which brought in a significant number of workers from outside the County; in which, there were increased amount of traffic fines during this period.

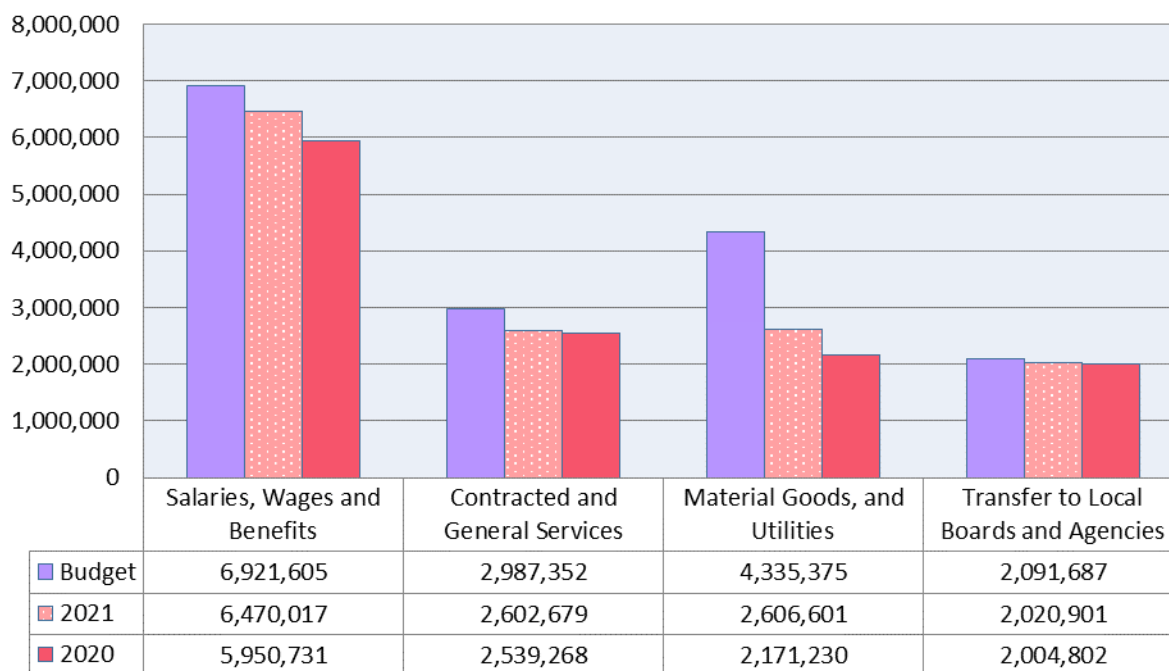






## Operating Expenses (by type)

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). The following is an analysis of some of the expenses compared to budget and the prior year (excluding capitalization costs):



Some of the major variances from budget and the prior year include:

- 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. Some of the vacancies started during mid-2021 and were not specifically filled due to the nature of the staff roles (some were filled by using some contracted services).

Many of these reductions from budget were due to limited operations from the continued effects of the COVID-19 pandemic, including maintenance and construction project delays during the year.

Staffing costs increased from the prior year as a couple new positions were added for 2021, including the Manager of Engineering and Infrastructure position added to the County to support with engineering expertise and to mitigate the County's reliance/costs for these contracted services.



Some of the major variances from budget and the prior year include (continued):

- The decrease in Contracted Services from budget is due to that many services were not completed during the year and that certain service costs being less than projected.

There were certain contracted services that were not completed during the year such as consulting and engineering costs from the Regional Inter-Municipal Development Plan (IMDP) projects and from the reduction in the bridge files completed. There was significant decreased in education, training & travel as many of the training opportunities were limited or done virtually as a result of the COVID-19 Pandemic. There were also many maintenance and capital projects that were not completed during the year due to delays.

- Materials, Goods, and Utilities expenses were lower than the budget as many purchases were not required during the year and that there were certain costs being less than projected.

The largest reductions from budget relates to the projected costs for the gravel crushing program. The costs for the gravel crushing program was reduced as the project was delayed and was not started until late 2021 (and was required to be carried forward into 2022) and it was budgeted to be finished in 2021. The costs were also reduced as much of the crushed gravel was recognized as inventory as the majority of the gravel was stockpiled as inventory (crushing costs and related pit fees were capitalized as inventory).

Other cost savings includes the costs include diesel/fuel, tires, blades, and other parts and supplies. The reductions in diesel/fuel costs relates to the reduced amounts of the road and bridge projects.

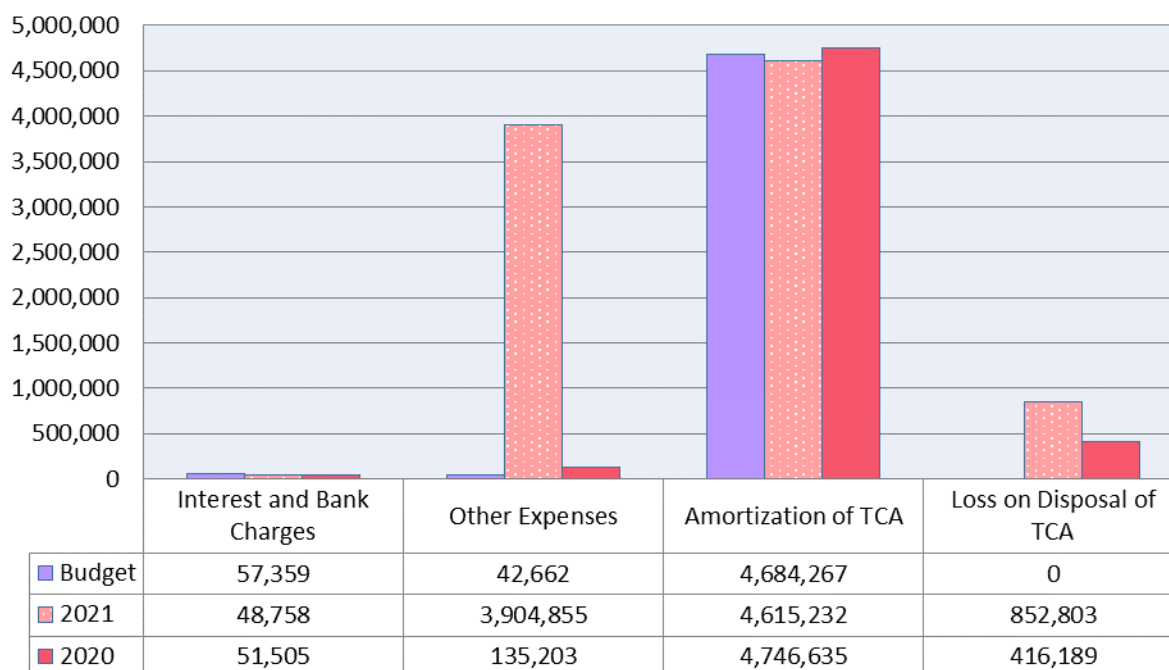
- Transfers to Local Boards and Agencies was comparable to budget and the prior year. The decrease from budget relates to specific budgeted contributions that were requested to be retained and maintained in reserves until the organization required the funding. There was an increase from the prior year relating to the contribution for the Waste Commission expenses.





## Operating Expenses (by type) - Continued

The following is an analysis on the remaining other revenues from operations compared to the budget and the prior year:



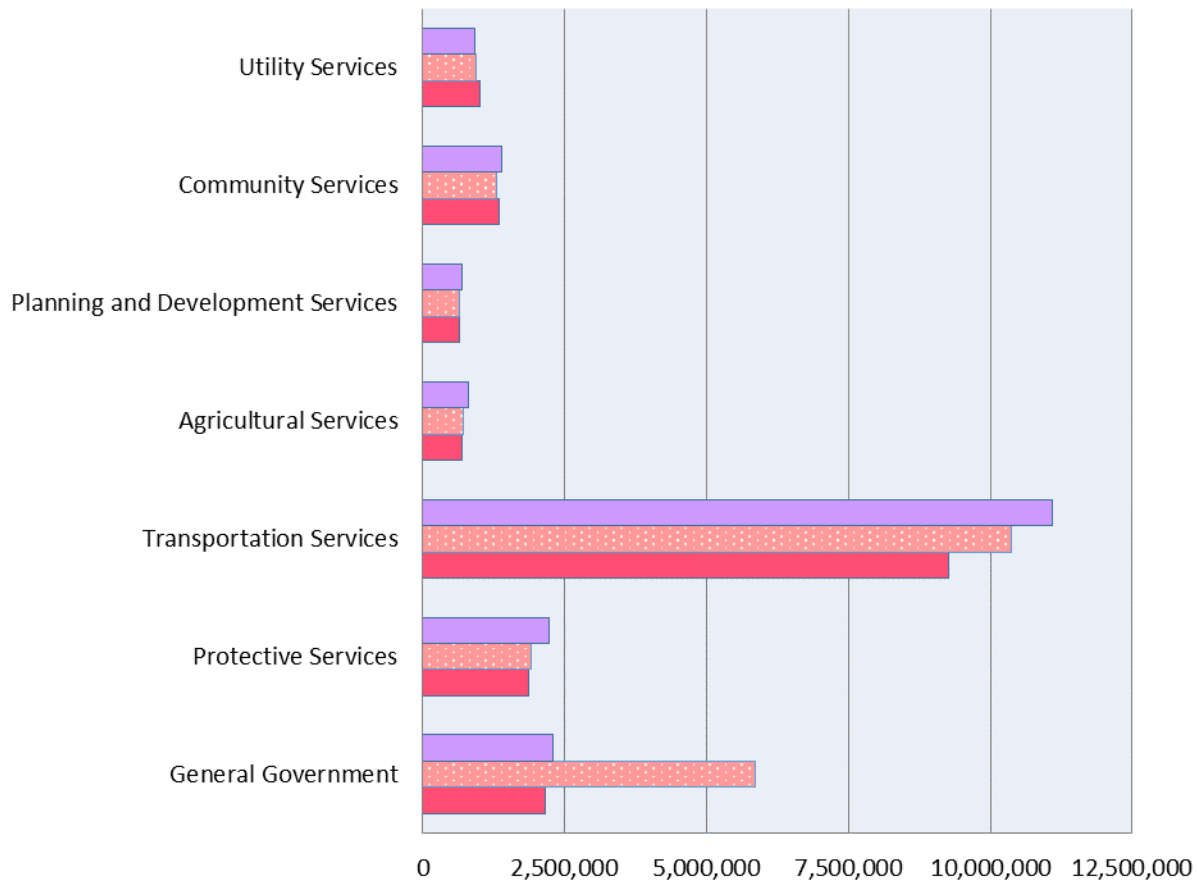
Some of the major variances from budget and the prior year include:

- Interest is comparable to prior year and budget. Slight reduction from budget and prior year is due to lower bank service charges than expected.
- Other Expenses are significantly higher than the prior year as 2021 included the write off significant amounts owing from oil & gas companies for property taxes which were determined to be uncollectible. Over a number of years, the County had attempted to collect these amounts through legal or other means, during 2019/2020 the County entered into multi-year tax payment plan agreements for the repayment on balances owing. Although they were in “good standings” on the agreements in 2020, a couple of the companies with large tax arrears balances went insolvent during mid-to late 2021 and therefore, the related tax arrears balances were required to be written off (when no longer collectable). This expense was expected to be partially offset in the future by credits from the Province with respect to the education portion of these taxes.
- Amortization of Tangible Capital Assets is overall comparable to both the budget and the prior year as the budget was largely based on the prior year.
- Losses on Capital Asset disposal are not budgeted and can fluctuate greatly from year-to-year depending on what’s being disposed of. The current year had a higher loss on disposal, relating to the replacement of roads and bridges.



## Operating Expenses (by segment)

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



	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services
Budget	2,287,945	2,232,807	11,099,915	814,403	682,519	1,397,269	920,903
2021	5,868,168	1,918,900	10,366,739	722,417	643,074	1,299,076	952,000
2020	2,159,523	1,856,185	9,257,939	694,700	640,093	1,351,743	1,008,446

The following segments had significant variances between budget and actual figures:

- General Government saw significantly increase compared to the prior year. During 2021, the County had significant write offs of tax receivables from insolvent oil & gas companies in these years. The County had exhausted all legal options for collection and was advised by legal counsel to complete the write off. General Government also saw cost saving on contracted services, including legal fees, building repairs and education and training costs.
- Protective Services was overall comparable to the prior year; however, was less than the 2021 budget. The costs were less than budget due to staffing including staff vacancies and reductions in per diems for reduced training opportunities with the COVID-19 pandemic. There was also savings on contracted services and supply costs from training reductions and other services.



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## Operating Expenses (by segment) - Continued

The following segments had significant variances between budget and actual figures:

- Transportation Services saw an increase compared to the prior year; however, was still less than the 2021 budget. The gravel crushing program was added to the 2021 budget from the prior years for a total of \$1.79 million; whereas, the project was delayed and was started in late 2021 (and continued into early 2022). There was also savings on other material/supply costs for diesel/fuel, culverts and blades. Staff vacancies also created some cost savings within transportation services.
- Protective Services was overall comparable to the prior year; however, was less than the 2021 budget. The costs were less than budget due to staffing including staff vacancies and reductions in per diems for reduced training opportunities with the COVID-19 pandemic. There was also savings on contracted services and supply costs from training reductions and other services.
- Agricultural Services was overall comparable to the prior year; however, was less than the 2021 budget. The majority of the cost savings related to the purchase of supplies/materials; whereas, there was savings on the costs of diesel/fuel costs, costs of herbicides, and other supply costs.
- Planning and Development Services was overall comparable to the prior year; however, was less than the 2021 budget. The majority of the cost savings related to the contracted services; whereas, there Inter-Municipal Development Plans (IMDPs) were less to complete than initially budgeted.
- Community Services was overall comparable to the prior year as there was increases in park and requisition requests; whereas, the costs for tourism and economic development decreased from the prior year. 2021 costs were less than the 2021 budget as some of the budgeted contributions were retained in the County-specific reserves until the funding was requested.
- Utility Services was overall comparable to the prior year and budget. The majority of the cos increases in utility services related to the contracted services; whereas, there were additional equipment repair costs for the Mossleigh Water Treatment Plant.

See Note 18 to the 2021 Financial Statements for a detailed description of each segment and its activities.



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

	2021 - Budget	2021	2020
<b>GENERAL GOVERNMENT</b>			
Legislative	419,122	399,079	369,215
Administration	1,833,653	1,743,816	1,712,655
Other	35,170	3,725,273	77,653
	<u>2,287,945</u>	<u>5,868,168</u>	<u>2,159,523</u>
<b>PROTECTIVE SERVICES</b>			
	2,232,807	1,918,900	1,856,185
<b>TRANSPORTATION SERVICES</b>			
	11,099,915	10,366,739	9,257,939
<b>AGRICULTURAL SERVICES</b>			
	814,403	722,417	694,700
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
	682,519	643,074	640,093
<b>COMMUNITY SERVICES</b>			
Family and community support	233,776	236,248	218,639
Parks and recreation	996,450	937,291	877,590
Tourism and economic development	167,043	125,537	255,514
	<u>1,397,269</u>	<u>1,299,076</u>	<u>1,351,743</u>
<b>UTILITY SERVICES</b>			
	920,903	952,000	1,008,446
<b>TOTAL OPERATING EXPENSES</b>	<b><u>19,435,761</u></b>	<b><u>21,770,374</u></b>	<b><u>16,968,629</u></b>

The variances from budget and prior year above are the same as previously discussed in this report. See Schedules 6 and 7 (Schedule of Segmented Disclosure) for a detailed breakdown of each segment by type (both revenues and expenses).





## 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 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 (2021)**

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 (2020)**

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
- 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
  - Uncertainties due to COVID-19

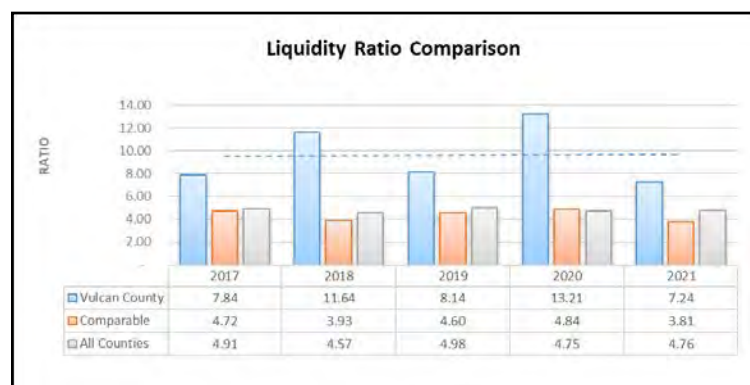


## Financial Indicators & Performance Measures

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.

### 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 (2021 ratio of 7.24) 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. 79.3%); therefore, further increasing the liquidity of the County.

### Total Percentage of Debt Limit

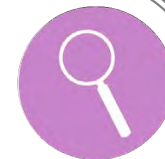


The Total % of Debt Limit Ratio is a measure to indicate the total amount of municipal borrowings, including long term capital leases, as a percentage of the total regulated debt limit available to the municipality. This is an indicator if the municipality has maintained reasonable levels of borrowing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

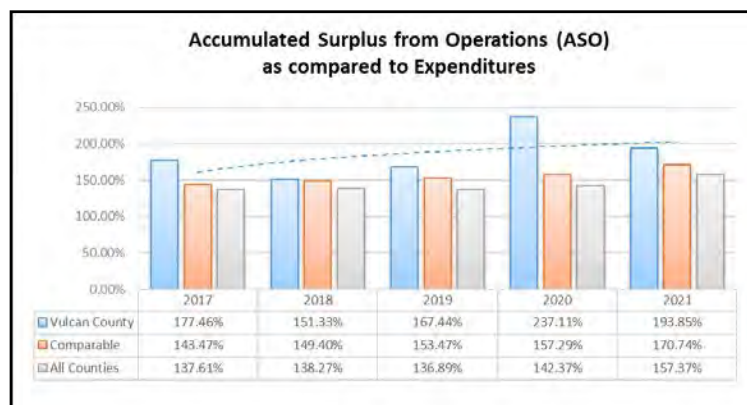
The Total % of Debt Limit Ratio is calculated by the ratio between total municipal debt and the related total debt limit. The debt limit is calculated at 1.5 times the revenue of the municipality (as defined by Alberta Regulation 255/00).

The County has historically maintained minimal levels of debt (2021 ratio of 4.57%); 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

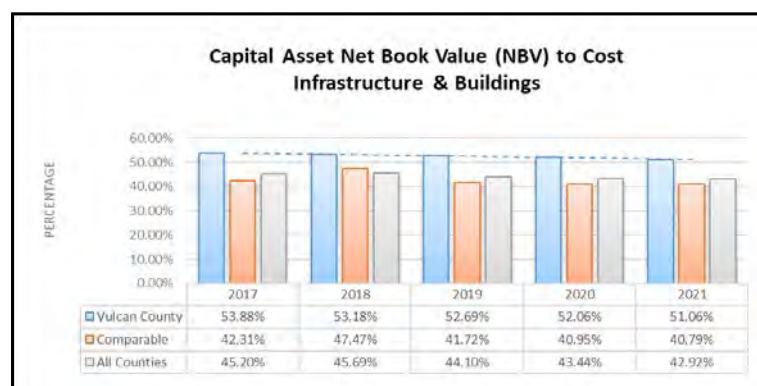


The Accumulated Operating Surplus (AOS) as a % of Expenses Ratio is a measure to indicate level Unrestricted Surplus and Reserves that are available to cover the annual costs of operations. The AOS represents the total Accumulated Surplus excluding the Equity in Tangible Capital Assets. This can be an 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 (2021 ratio of 193.85%).

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.

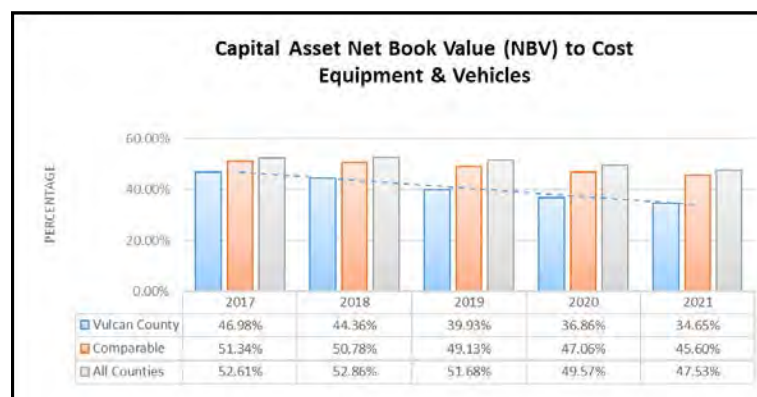
## Capital Asset Net Book Value



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.

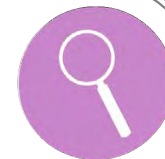
These ratio is calculated by the ratio of the net book value (NBV) of TCA as a percentage of the total original costs. The NBV is the original purchase cost less the accumulative amortization (depreciation).

The County has historically maintained a high Infrastructure and Buildings TCA ratio (2021 ratio of 51.06%) 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.

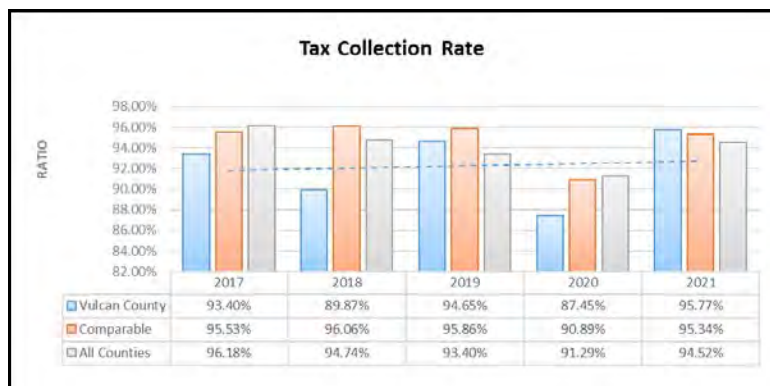


The County maintains a 20-year capital plan for the replacement of vehicles, and machinery & equipment (which can include multiple replacement cycles). The County has a lower ratio (2021 ratio of 34.65%) as the County often is able to effectively extend the useful life of the vehicles/equipment by appropriate maintenance and also the County may re-purposes equipment (within other departments).





## Tax Collection Rate



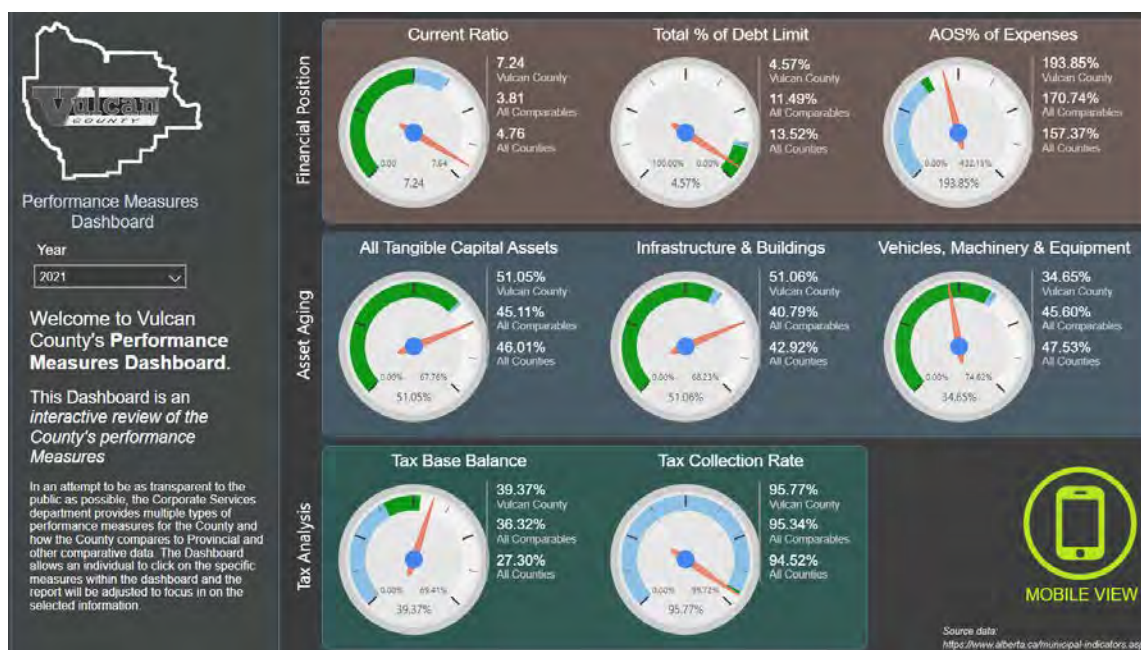
The Tax Collection Rate is a measure to indicate the ability of the municipality to collect own-source revenues, including property taxes, special taxes, local improvement taxes, well drilling equipment taxes, and grants-in-place-of taxes.

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 (2021 ratio of 95.77%); however, there have been additional challenges on the collection of oil & gas tax receivables in the past couple years as certain organizations have gone insolvent (this has been seen throughout the Province). This may include that the County setting up allowances on current tax balances for these related insolvent organizations. The County continually monitors the tax receivable balances for collectability and outstanding balances.

## Performance Measure 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:



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.



## Financial Reports and Financial Dashboards

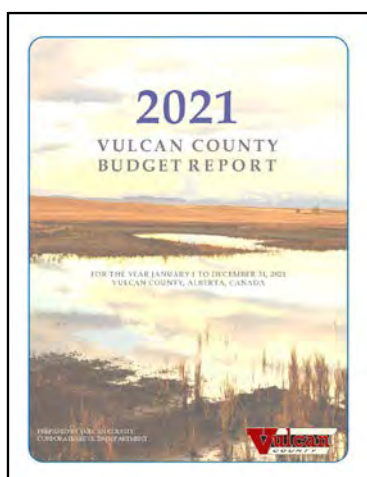
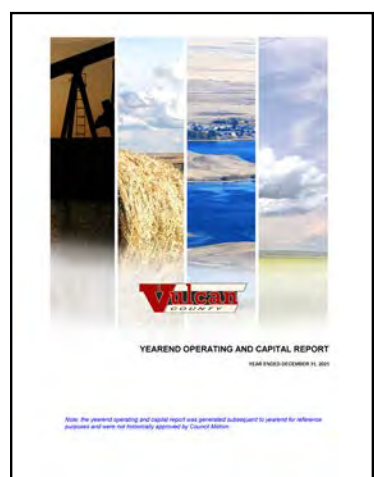
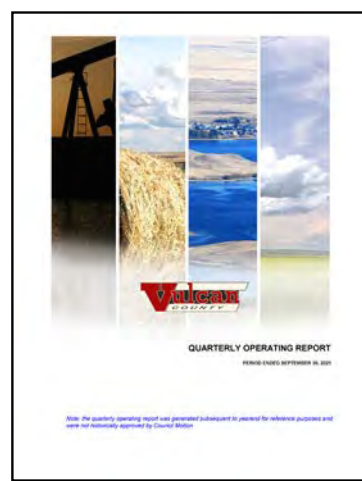


The County maintains additional financial reports and interactive financial reporting dashboards to provide useful information to understand the financial position and results of operations of the County which are included so that this reporting helps to provide additional data, accountability, and transparency.

### 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 2021 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:

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



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Financial Analysis



Financial Statements

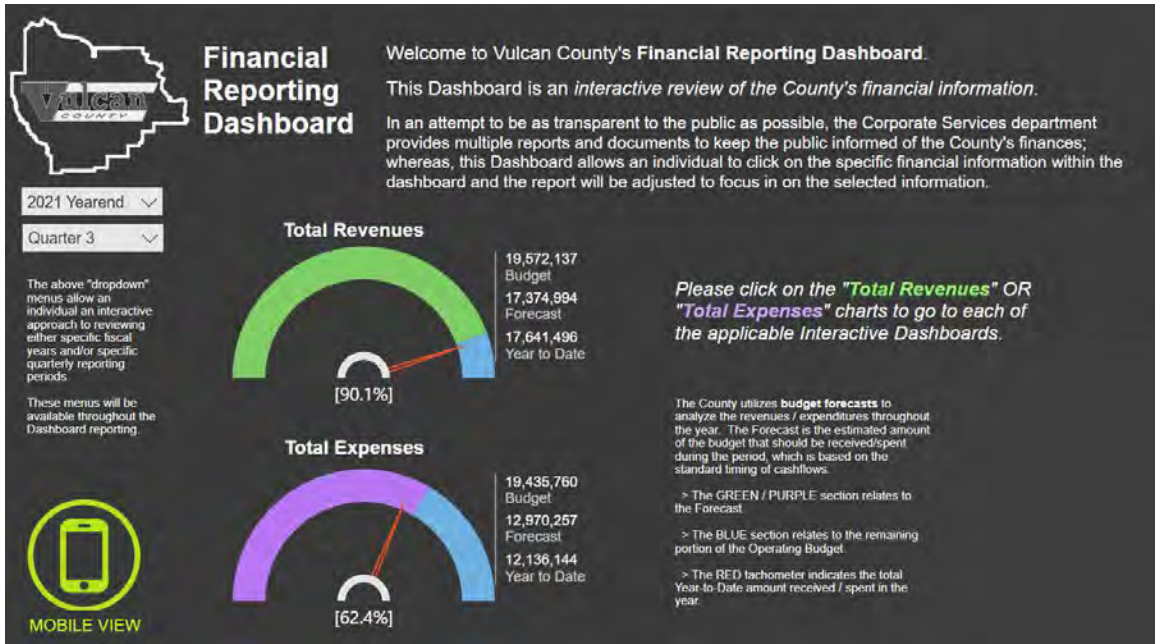


Statistics & Ratios



# Financial Reporting Dashboard

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.





## 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.

The 465 megawatt (MW) Travers Solar Project which received approval in 2020, will further increase the linear tax base within the County and further solidify Vulcan County as an area leader in the renewable energy sector. This project begin construction in early 2021 will is projected to come online to the power grids in late 2022, which will then add approximately \$450 million of taxable assessment starting in the 2023 taxation year. This equates to an approximate 30% 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 allows the County to remain in a strong financial position while maintaining competitive tax rates.

There are challenges facing the County as well. The current economic climate can create difficulty in terms of tax collection, particularly in the oil and gas industry. The County will use every means at its disposal to collect on these debts.

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. From this plan, 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  
August 29, 2022



A full-page background image showing a sunset over a calm body of water. The sky is filled with orange and yellow clouds, and the sun is low on the horizon. The water reflects the sky's colors. In the foreground, there are dark silhouettes of reeds or grass. A white rounded rectangle is positioned in the upper left, containing the section title.

# **SECTION 2 - FINANCIAL STATEMENTS**

## Section 2 - FINANCIAL STATEMENTS

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April 28, 2022

To the Reeve and Council Members of Vulcan County

**Re: Management's Responsibility for Reporting**

Management of Vulcan County is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2021, and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards. Financial statements are not precise, since they include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

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

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

Respectfully,

Nels Petersen  
Chief Administrative Officer

Mark DeBoer  
Director of Corporate Services





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## Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

### Opinion

We have audited the financial statements of Vulcan County (the County), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*BDO Canada LLP*

BDO Canada LLP  
Chartered Professional Accountants

Lethbridge, Alberta  
April 28, 2022


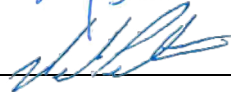
# VULCAN COUNTY

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and equivalents (note 2)	\$ 2,138,809	\$ 2,219,887
Taxes and grants in lieu receivables (note 3)	913,671	3,475,225
Trade and other receivables (note 4)	7,564,208	616,273
Portfolio investments (note 5)	31,200,486	31,079,192
Inventory held for resale	44,199	37,249
Loans and notes receivable (note 6)	207,195	114,147
Other	14,488	177,324
	<b>42,083,056</b>	<b>37,719,297</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,218,290	216,901
Deferred revenue (note 7)	4,450,477	2,493,040
Employee benefit obligations (note 8)	265,860	308,003
Obligations under capital lease (note 9)	-	1,212
Long term debt (note 10)	1,382,720	1,510,192
Other liabilities	648,000	473,747
	<b>7,965,347</b>	<b>5,003,095</b>
<b>NET FINANCIAL ASSETS</b>	<b>34,117,709</b>	<b>32,716,202</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2, note 12)	107,104,734	107,985,733
Inventory for consumption (note 13)	7,847,867	7,253,675
Prepaid expenses	236,861	262,666
	<b>115,189,462</b>	<b>115,502,074</b>
<b>ACCUMULATED SURPLUS (schedule 1, note 15)</b>	<b>\$ 149,307,171</b>	<b>\$ 148,218,276</b>

Contingencies and commitments - See note 22 & 23.

APPROVED BY:



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# VULCAN COUNTY

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2021

	Budget (note 16)	2021	2020
<b>REVENUE</b>			
Net municipal taxes (schedule 3)	\$ 14,342,657	\$ 14,189,795	\$ 15,373,853
Government transfers (schedule 4)	824,243	535,535	1,185,684
Return on investments	387,513	353,865	491,125
Sale of goods, services and user charges	897,231	1,562,870	932,209
Rental income	314,880	338,373	311,783
Community aggregate levy	120,920	241,318	134,670
Penalties and costs of taxes	160,200	502,498	417,452
Gain on disposal of tangible capital assets	-	2,427,982	2,306,556
Other revenues	30,448	34,697	86,871
<b>TOTAL REVENUE</b>	<b>17,078,092</b>	<b>20,186,933</b>	<b>21,240,203</b>
<b>EXPENSES</b>			
Legislative	419,122	399,079	369,215
Administration	1,833,653	1,743,816	1,712,655
Protective services	2,232,807	1,918,900	1,856,185
Transportation services	11,099,915	10,366,739	9,257,939
Agricultural services	814,403	722,417	694,700
Planning and development services	682,519	643,074	640,093
Family and community support	233,776	236,248	218,639
Parks and recreation	996,450	937,291	877,590
Tourism and economic development	167,043	125,537	255,514
Utility Services	920,903	952,000	1,008,446
Other	35,170	3,725,273	77,653
<b>TOTAL EXPENSES</b>	<b>19,435,761</b>	<b>21,770,374</b>	<b>16,968,629</b>
<b>OPERATING SURPLUS - BEFORE OTHER</b>	<b>(2,357,669)</b>	<b>(1,583,441)</b>	<b>4,271,574</b>
<b>OTHER</b>			
Contributed tangible capital assets	-	-	-
Government transfers for capital (schedule 4)	2,494,045	2,672,336	533,134
<b>ANNUAL SURPLUS</b>	<b>136,376</b>	<b>1,088,895</b>	<b>4,804,708</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>148,218,276</b>	<b>148,218,276</b>	<b>143,413,568</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 148,354,652</b>	<b>\$ 149,307,171</b>	<b>\$ 148,218,276</b>



# VULCAN COUNTY

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2021

	Budget (note 16)	2021	2020
<b>ANNUAL SURPLUS</b>	\$ 136,376	\$ 1,088,895	\$ 4,804,708
Acquisition of tangible capital assets	(5,990,913)	(4,947,815)	(5,727,610)
Proceeds on disposal of tangible capital assets	410,500	2,788,761	3,256,611
Amortization of tangible capital assets	4,684,267	4,615,232	4,746,635
Net Gain on disposal of tangible capital assets	-	(1,575,179)	(1,890,367)
	(896,146)	880,999	385,269
Net change in inventory for consumption	-	(594,192)	475,961
Acquisition of prepaid expenses	-	(236,861)	(262,666)
Use of prepaid expenses	-	262,666	262,965
	-	(568,387)	476,260
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(759,770)	1,401,507	5,666,237
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	32,716,202	32,716,202	27,049,965
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 31,956,432	\$ 34,117,709	\$ 32,716,202



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# VULCAN COUNTY

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	\$ 1,088,895	\$ 4,804,708
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	4,615,232	4,746,635
Net Gain on disposal of tangible capital assets	(1,575,179)	(1,890,367)
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	2,561,554	(2,013,047)
Increase in trade and other receivables	(6,947,935)	1,154,697
Decrease in inventory held for resale	(6,950)	-
Decrease (increase) in loans receivable	(93,048)	224,054
Decrease (increase) in other financial assets	162,836	(160,867)
Decrease (increase) in inventory for consumption	(594,192)	475,961
Decrease in prepaid expenses	25,805	299
Increase in accounts payable	1,001,389	(498,907)
Increase (decrease) in deferred revenue	1,957,437	(815,605)
Increase (decrease) in employee benefit obligations	(42,143)	49,336
Decrease in obligations to other organizations	-	(1,733,333)
Decrease in obligations under capital lease	(1,212)	(14,066)
Increase in other liabilities	174,253	1,158
Cash provided by operating transactions	2,326,742	4,330,656
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,947,815)	(5,727,610)
Proceeds on disposal of tangible capital assets	2,788,761	3,256,611
Cash applied to capital transactions	(2,159,054)	(2,470,999)
<b>INVESTING</b>		
Increase in portfolio investments	(121,294)	(2,765,236)
Cash applied to investing transactions	(121,294)	(2,765,236)
<b>FINANCING</b>		
Long term debt repaid	(127,472)	(124,345)
Cash applied to financing transactions	(127,472)	(124,345)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(81,078)</b>	<b>(1,029,924)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,219,887</b>	<b>3,249,811</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,138,809</b>	<b>\$ 2,219,887</b>

## VULCAN COUNTY

### SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2021

	SCHEDULE 1			
	Unrestricted Surplus	Restricted Surplus (note 17)	Equity in Tangible Capital Assets (note 14)	2020
	2021			
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 954,934	39,278,821	107,984,521	\$ 143,413,568
Annual surplus	\$ 1,088,895	-	-	\$ 4,804,708
Unrestricted funds designated for future use	(8,868,142)	8,868,142	-	-
Restricted funds used for operations	6,043,005	(6,043,005)	-	-
Restricted funds used for tangible capital assets	-	(854,042)	854,042	-
Current year funds used for tangible capital assets	(4,094,985)	-	4,094,985	-
Contributed tangible capital assets	-	-	-	-
Disposal of tangible capital assets	1,213,582	-	(1,213,582)	-
Annual amortization expense	4,615,232	-	(4,615,232)	-
Change in accumulated surplus	\$ (2,413)	1,971,095	(879,787)	\$ 4,804,708
<b>BALANCE, END OF YEAR</b>	\$ 952,521	41,249,916	107,104,734	\$ 148,218,276



## VULCAN COUNTY

### SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2021

**SCHEDULE 2**

**COST:**

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2021	2020
<b>BALANCE, BEGINNING OF YEAR AS REPORTED</b>	\$ 5,744,547	1,750,844	11,616,103	18,825,346	6,582,525	163,024,964	<b>\$ 207,544,329</b>	\$ 204,381,309
Acquisition of tangible capital assets	-	352,079	-	1,273,235	383,958	2,061,791	<b>4,071,063</b>	4,627,364
New construction-in-progress	-	-	-	-	-	876,752	<b>876,752</b>	1,100,246
Disposition of tangible capital assets	-	(352,079)	-	(856,134)	(170,216)	(1,317,317)	<b>(2,695,746)</b>	(2,564,590)
<b>BALANCE, END OF YEAR</b>	5,744,547	1,750,844	11,616,103	19,242,447	6,796,267	164,646,190	<b>209,796,398</b>	207,544,329

**ACCUMULATED AMORTIZATION:**

<b>BALANCE, BEGINNING OF YEAR AS REPORTED</b>	\$ -	323,859	4,007,427	12,000,146	4,042,604	79,184,560	<b>\$ 99,558,596</b>	\$ 96,010,307
Annual amortization	-	56,340	282,243	1,475,179	493,110	2,308,360	<b>4,615,232</b>	4,746,635
Accumulated amortization on disposal	-	-	-	(856,137)	(139,319)	(486,708)	<b>(1,482,164)</b>	(1,198,346)
<b>BALANCE, END OF YEAR</b>	-	380,199	4,289,670	12,619,188	4,396,395	81,006,212	<b>102,691,664</b>	99,558,596

**NET BOOK VALUE OF  
TANGIBLE CAPITAL ASSETS**

<b>2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 5,744,547	1,370,645	7,326,433	6,623,259	2,399,872	83,639,978	<b>\$ 107,104,734</b>	\$ 107,985,733
<b>2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 5,744,547	1,426,985	7,608,676	6,825,200	2,539,921	83,840,404	<b>\$ 107,985,733</b>	



# VULCAN COUNTY

## SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2021

### SCHEDULE 3

	Budget (note 16)	2021	2020
<b>TAXATION</b>			
Real property taxes	\$ 8,473,904	\$ 8,151,917	\$ 7,969,671
Linear taxes	7,681,745	7,410,631	7,974,308
Commercial taxes	942,452	1,415,208	1,097,105
Government grants in lieu of taxes	19,499	21,310	21,113
Special levy	1,271,506	1,276,318	1,387,436
Well drilling tax	-	187	132
	<u>18,389,106</u>	<u>18,275,571</u>	<u>18,449,765</u>
<b>REQUISITIONS</b>			
School requisitions	3,302,918	3,404,742	2,614,518
Seniors foundation requisition	502,326	502,326	402,387
RCMP policing requisition	185,631	123,134	-
Provincial DIP assessment requisition	55,574	55,574	59,007
	<u>4,046,449</u>	<u>4,085,776</u>	<u>3,075,912</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 14,342,657</u>	<u>\$ 14,189,795</u>	<u>\$ 15,373,853</u>



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# VULCAN COUNTY

## SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2021

### SCHEDULE 4

	Budget (note 16)	2021	2020
<b>TRANSFERS FOR OPERATING</b>			
Local government transfers	\$ 75,158	\$ 68,716	\$ 104,228
Provincial government transfers	529,351	456,093	861,722
Federal government transfers	219,734	10,726	219,734
	824,243	535,535	1,185,684
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government transfers	2,494,045	2,672,336	533,134
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 3,318,288</u>	<u>\$ 3,207,871</u>	<u>\$ 1,718,818</u>

# VULCAN COUNTY

## SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2021

### SCHEDULE 5

#### EXPENSES BY OBJECT

	Budget (note 16)	2021	2020
Salaries, wages and benefits	\$ 6,921,605	\$ 6,470,017	\$ 5,950,731
Contracted and general services	2,987,352	2,602,679	2,539,268
Materials, goods and utilities	4,335,375	2,606,600	2,171,230
Transfers to local boards and agencies	2,091,687	2,020,901	2,004,802
Interest and bank charges	57,359	48,758	51,505
Amortization of tangible capital assets	4,684,267	4,615,232	4,746,635
Machine expenses capitalized for construction	(1,684,546)	(1,351,472)	(1,046,934)
Loss on disposal of tangible capital assets	-	852,803	416,189
Other expenses	42,662	3,904,856	135,203
	<u>\$ 19,435,761</u>	<u>\$ 21,770,374</u>	<u>\$ 16,968,629</u>



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## VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE  
YEAR ENDED DECEMBER 31, 2021

## SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2021 Total
<b>REVENUE</b>								
Net municipal taxes	\$ 12,146,284	773,205	-	-	-	486,576	783,730	\$ 14,189,795
Government transfers (operating)	16,579	45,000	10,726	123,907	146,982	192,341	-	535,535
Return on investment	351,328	-	2,537	-	-	-	-	353,865
Sale of goods, services and user charges	125,080	293,738	724,590	371,081	21,876	21,668	4,837	1,562,870
Rental income	7,100	325,449	-	5,824	-	-	-	338,373
Community aggregate levy	-	-	241,318	-	-	-	-	241,318
Penalties and other costs of taxes	502,498	-	-	-	-	-	-	502,498
Gain on disposal of tangible capital assets	-	5,100	2,397,382	25,500	-	-	-	2,427,982
Other revenues	-	34,602	95	-	-	-	-	34,697
	13,148,869	1,477,094	3,376,648	526,312	168,858	700,585	788,567	20,186,933
<b>EXPENSES</b>								
Salaries, wages and benefits	1,114,494	566,876	4,007,062	329,200	333,670	98,832	19,883	6,470,017
Contracted and general services	565,792	407,809	940,757	81,117	309,404	205,849	91,951	2,602,679
Material, goods and utilities	273,023	191,099	1,966,944	168,806	-	1,142	5,586	2,606,600
Transfers to local boards and agencies	70,782	156,310	8,000	22,359	-	958,164	805,286	2,020,901
Interest and bank charges	13,669	-	-	-	-	35,089	-	48,758
Amortization of tangible capital assets	96,482	574,611	3,793,910	120,935	-	-	29,294	4,615,232
Machine expenses capitalized for construction	-	-	(1,351,472)	-	-	-	-	(1,351,472)
Loss on disposal of tangible capital assets	-	22,195	830,608	-	-	-	-	852,803
Other expenses	3,733,926	-	170,930	-	-	-	-	3,904,856
	5,868,168	1,918,900	10,366,739	722,417	643,074	1,299,076	952,000	21,770,374
<b>OPERATING SURPLUS - BEFORE OTHER</b>	7,280,701	(441,806)	(6,990,091)	(196,105)	(474,216)	(598,491)	(163,433)	(1,583,441)
<b>OTHER</b>								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	110,000	2,262,336	-	-	300,000	-	2,672,336
<b>ANNUAL SURPLUS</b>	\$ 7,280,701	(331,806)	(4,727,755)	(196,105)	(474,216)	(298,491)	(163,433)	\$ 1,088,895



# VULCAN COUNTY

## SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 7

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2020 Total
<b>REVENUE</b>								
Net municipal taxes	\$ 13,282,454	841,235	-	-	-	530,056	720,108	\$ 15,373,853
Government transfers (operating)	454,647	56,072	219,734	123,907	37,500	293,824	-	1,185,684
Return on investment	486,031	-	-	-	-	5,094	-	491,125
Sale of goods, services and user charges	33,463	363,325	280,537	171,210	82,275	-	1,399	932,209
Rental income	9,800	297,369	-	4,314	-	300	-	311,783
Community aggregate levy	-	-	134,670	-	-	-	-	134,670
Penalties and other costs of taxes	417,452	-	-	-	-	-	-	417,452
Gain on disposal of tangible capital assets	2,113,136	-	189,921	3,499	-	-	-	2,306,556
Other revenues	-	86,871	-	-	-	-	-	86,871
	16,796,983	1,644,872	824,862	302,930	119,775	829,274	721,507	21,240,203
<b>EXPENSES</b>								
Salaries, wages and benefits	1,051,095	547,975	3,526,416	380,957	318,398	106,937	18,953	5,950,731
Contracted and general services	563,309	390,869	806,129	58,696	321,464	301,834	96,967	2,539,268
Material, goods and utilities	228,081	189,334	1,611,701	132,501	231	6,083	3,299	2,171,230
Transfers to local boards and agencies	74,139	148,330	8,000	17,650	-	896,830	859,853	2,004,802
Interest and bank charges	10,785	661	-	-	-	40,059	-	51,505
Amortization of tangible capital assets	96,911	579,016	3,942,397	98,937	-	-	29,374	4,746,635
Machine expenses capitalized for construction	-	-	(1,046,934)	-	-	-	-	(1,046,934)
Loss on disposal of tangible capital assets	-	-	410,230	5,959	-	-	-	416,189
Other expenses	135,203	-	-	-	-	-	-	135,203
	2,159,523	1,856,185	9,257,939	694,700	640,093	1,351,743	1,008,446	16,968,629
<b>OPERATING SURPLUS - BEFORE OTHER</b>	14,637,460	(211,313)	(8,433,077)	(391,770)	(520,318)	(522,469)	(286,939)	4,271,574
<b>OTHER</b>								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	61,774	-	471,187	-	-	-	173	533,134
<b>ANNUAL SURPLUS</b>	\$ 14,699,234	(211,313)	(7,961,890)	(391,770)	(520,318)	(522,469)	(286,766)	\$ 4,804,708

# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vulcan County (the "County") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

#### a) Reporting Entity

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

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

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

#### b) Basis of Accounting

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

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

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

#### c) Use of Estimates

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

#### d) Cash and cash equivalents

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

#### e) Investments

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

# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Land Held for Resale

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

#### g) Taxes and Grants-in-lieu Receivables

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

#### h) Loans and Notes Receivables

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

#### i) Requisition Over-levy and Under-levy

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

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

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

#### j) Tax Revenues

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

#### k) Government Transfers

Government transfers are the transfers of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### l) Non-Financial Assets

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

#### i. Tangible Capital Assets

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

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

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

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

#### ii. Contributions of Tangible Capital Assets

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

#### iii. Leases

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

#### iv. Inventories

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



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### m) Measurement Uncertainty

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

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

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

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

#### n) 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.

#### o) 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.

#### p) Future Accounting Changes

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

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

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

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

This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

##### PS 3450 Financial Instruments (effective January 1, 2023)

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

##### PS 3400 Revenue (effective January 1, 2024)

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

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



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. CASH AND CASH EQUIVALENTS

	2021	2020
Cash and cash equivalents	\$ 2,138,809	\$ 2,219,887
	<u>\$ 2,138,809</u>	<u>\$ 2,219,887</u>

Cash and cash equivalents includes accounts for the Vulcan County Public Reserves Trust of \$163,527 (2020 - \$162,725) and for the Vulcan County Tax Sale Trust of \$155,465 (2020 - \$154,568).

The County has an available revolving line of credit facility up to \$300,000 with interest payable at prime minus 0.25%, and a credit card limit of \$49,000, with interest payable at 5.0%. As at December 31, 2021 the balance owing on these facilities is \$nil (2020 - \$nil).

### 3. TAX AND GRANTS IN LIEU RECEIVABLES

	2021	2020
Current taxes and grants in lieu of taxes	\$ 772,273	\$ 2,315,694
Arrears	818,755	1,159,531
Allowance for doubtful accounts	(677,357)	-
	<u>\$ 913,671</u>	<u>\$ 3,475,225</u>

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

### 4. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	539,557	374,058
Requisition under-levies	58,232	56,594
Interest receivable	1,855	66,171
GST receivable	8,739	99,559
Government of Alberta receivable	4,736,914	-
Other receivables	2,293,772	20,464
Allowance for doubtful accounts	(74,861)	(573)
	<u>\$ 7,564,208</u>	<u>\$ 616,273</u>

The Government of Alberta receivable of \$4.74 million relates to the Municipal Sustainability Initiative (MSI) Capital Allocations of \$2.13 million from the 2020 allocation and \$2.61 million from the 2021 allocation; whereas, these allocations are receivable as the County has submitted eligible capital projects that were sufficient for the release of the MSI Capital Funding. Other receivables includes a \$2.22 million receivable on a land sale that finalized in late 2021.

### 5. PORTFOLIO INVESTMENTS

	2021	2020
Deposits and short-term securities	\$ 31,200,486	\$ 31,079,192
	<u>\$ 31,200,486</u>	<u>\$ 31,079,192</u>

Portfolio investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 1.00% to 1.10% (2020 - 1.00% to 1.10%). Included in portfolio investments is a restricted amount of \$4,276,612 (2020 - \$2,327,787) held exclusively for eligible projects and \$nil (2020 - \$nil) held for the obligation to the Vulcan County Health and Wellness Foundation for the Vulcan Hospital Expansion Project.

## VULCAN COUNTY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### 6. LOANS AND NOTES RECEIVABLES

	2021	2020
Carmangay Curling Association	\$ 70,500	\$ 83,500
Mossleigh Water Co-op	24,094	30,647
Vulcan & District Waste Commission	112,601	-
	<u>\$ 207,195</u>	<u>\$ 114,147</u>

Loans receivable from the various Fire Associations within the County are for assistance in the purchase of equipment and the construction of buildings. These loans are interest free and repayable over 10 year terms. The County levies the specific fire protection area that the Fire Association operates in by way of special tax levy for the annual repayment amount of the loan.

Loan receivable from Carmangay Curling Association is interest free (contributed by Vulcan County) and has an annual payment of \$13,000. Loan is repayable over 10 years, maturing in 2026.

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.

#### 7. DEFERRED REVENUE

	2020	Externally Restricted Inflows	Revenues Earned	2021
Alberta Municipal Sustainability Initiative - Capital	\$ 1,908,537	\$ 4,743,522	\$ (2,658,438)	\$ 3,993,621
Alberta Municipal Sustainability Initiative - Operating	32,242	177,958	(184,204)	25,996
Inter-Municipal Development Plans - RCP	212,935		(146,982)	65,953
Surface Rights	78,159	73,853	(78,159)	73,853
Federal Gas Tax Fund	10,726		(10,726)	-
Development Public Funds	165,253	8,612	-	173,865
Other	85,188	55,258	(23,257)	117,189
<b>Total, invested in short term investments</b>	<u>\$ 2,493,040</u>	<u>\$ 5,059,203</u>	<u>\$ (3,101,766)</u>	<u>\$ 4,450,477</u>

##### Alberta Municipal Sustainability Initiative - Capital

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

##### Alberta Municipal Sustainability Initiative - Operating

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

##### Inter-Municipal Development Plan - RCP

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

##### Surface Rights

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



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 8. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Accrued vacation payable	\$ 265,860	\$ 308,003
	<u>\$ 265,860</u>	<u>\$ 308,003</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.

### 9. OBLIGATIONS UNDER CAPITAL LEASE

	2021	2020
Capital lease obligation	\$ -	\$ 1,212
	<u>\$ -</u>	<u>\$ 1,212</u>

The capital lease was fully repaid during 2021.

### 10. LONG TERM DEBT

	2021	2020
Tax supported debentures	\$ 1,382,720	\$ 1,510,192
	<u>\$ 1,382,720</u>	<u>\$ 1,510,192</u>

The current portion of long term debt amounts to \$130,676 (2020 - \$127,471).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 130,676	\$ 33,729	\$ 164,405
2023	133,960	30,445	164,405
2024	137,327	27,077	164,404
2025	140,779	23,626	164,405
2026	144,318	20,087	164,405
Thereafter	695,660	44,163	739,823
	<u>\$ 1,382,720</u>	<u>\$ 179,127</u>	<u>\$ 1,561,847</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 \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The overdraft was undrawn as at December 31, 2021 (2020 - \$nil).

Interest on long term debt amounted to \$35,089 (2020 - \$40,059)

The Municipality's total cash payment for interest in 2021 was \$36,933 (2020 - \$40,059)



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 11. DEBT LIMITS

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

	2021	2020
Total debt limit	\$ 30,280,400	\$ 31,860,305
Total debt	1,382,720	1,511,404
<b>Amount of debt limit unused</b>	<b>\$ 28,897,680</b>	<b>\$ 30,348,901</b>
Debt servicing limit	\$ 5,046,733	\$ 5,310,051
Debt servicing	165,617	178,944
<b>Amount of debt servicing limit unused</b>	<b>\$ 4,881,116</b>	<b>\$ 5,131,107</b>

The debt limit is calculated at 1.5 times the revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 12. TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (schedule 2)	\$ 209,796,398	\$ 207,544,329
Accumulated amortization (schedule 2)	(102,691,664)	(99,558,596)
	<b>\$ 107,104,734</b>	<b>\$ 107,985,733</b>

Contributed tangible capital assets are recognized at fair value at the date of contribution. In 2021, the County received no contributions toward the purchase of a tangible capital asset (2020 - \$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, 2021, the leased tangible capital asset had \$37,129 of total accumulated amortization.

### 13. INVENTORIES FOR CONSUMPTION

	2021	2020
Inventory for consumption - gravel	\$ 7,212,505	\$ 6,702,221
Inventory for consumption - parts	635,362	551,454
	<b>\$ 7,847,867</b>	<b>\$ 7,253,675</b>

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,351,891 (2020 - \$4,351,891).



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (note 12)	\$ 107,104,734	\$ 107,985,733
Capital lease obligation (note 9)	-	(1,212)
	<u>\$ 107,104,734</u>	<u>\$ 107,984,521</u>

### 15. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	\$ 952,521	\$ 954,934
Restricted surplus (note 17)	41,249,916	39,278,821
Equity in tangible capital assets (note 14)	<u>107,104,734</u>	<u>107,984,521</u>
	<u>\$ 149,307,171</u>	<u>\$ 148,218,276</u>

### 16. BUDGET FIGURES

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

	2021	2020
ANNUAL SURPLUS	\$ 136,376	\$ 4,403,342
ADD: Proceeds from sale of capital assets	410,500	301,330
ADD: Transfer from restricted surplus to operations	4,594,222	3,707,926
ADD: Amortization of tangible capital assets	4,684,267	4,328,196
LESS: Transfers to restricted surplus	(3,834,452)	(3,660,994)
LESS: Capital expenditures	<u>(5,990,913)</u>	<u>(9,079,800)</u>
Budget approved by Council	<u>\$ -</u>	<u>\$ -</u>

# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 17. RESTRICTED SURPLUS

	2021	2020
Capital Restricted Surplus		
General Government	\$ 66,580	\$ 77,667
Protective Equipment	7,565,964	6,439,268
Transportation Equipment	1,335,283	1,436,688
Road Construction	1,499,580	1,480,040
Bridge Construction	4,091,756	2,962,375
Gravel Crushing	148,249	148,249
Mossleigh Water Treatment Plant - Recovery	(454,793)	(471,331)
Environment Development Equipment	59,953	50,726
Air Transport	20,000	20,000
Capital Acquisition	9,230,371	7,132,443
Capital Contingency	970,682	970,682
	<b>24,533,625</b>	<b>20,246,807</b>
Operating Restricted Surplus		
Assessment Appeal	5,506	5,506
Community Enhancement	14,841	14,841
General Government Service	359,606	539,374
Protective Services	1,254,179	1,285,034
Transportation Contingency	1,674,544	1,527,992
Road Construction	903,366	893,822
Road Maintenance	645,378	466,402
Gravel Crushing	5,428,206	5,831,904
Uncrushed Gravel Inventory	4,351,891	4,351,891
Bridges	19,912	25,325
Water Management	38,829	39,706
Environment Treatment	45	561
Vulcan Hospital Project - Debenture Recovery	(1,382,720)	(1,510,191)
Planning and development	42,459	129,537
Agriculture Services	389,638	423,202
Recreation and Culture	752,515	689,734
Operating Contingency	2,218,096	4,317,374
	<b>16,716,291</b>	<b>19,032,014</b>
Total Restricted Surplus	<b>\$ 41,249,916</b>	<b>\$ 39,278,821</b>

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, 2021. 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 \$88,216 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, 2021

#### 18. SEGMENTED INFORMATION

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

##### General Government

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

##### Utility Services

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

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



# VULCAN COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 19. SALARY AND BENEFITS DISCLOSURE

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

	2021			2020
	Salary / Per Diems	Benefits & Allowances	Total	Total
<b>Councillors</b>				
Division 1 - Donovan (January to October 2021)	\$ 10,155	\$ 3,495	\$ 13,650	\$ 21,616
Division 1 - Gateman (October to December 2021)	4,316	1,486	5,802	-
Division 2 - Cockwill	22,507	5,617	28,124	26,363
Division 3 - Schneider	34,038	6,179	40,217	48,994
Division 4 - Lyckman	30,507	6,424	36,931	38,204
Division 5 - Monner (January to October 2021)	13,602	3,229	16,831	25,650
Division 5 - Nelson (October to December 2021)	5,726	1,359	7,085	-
Division 6 - Smith (January to October 2021)	16,435	4,034	20,468	27,826
Division 6 - Northcott (October to December 2021)	5,303	1,301	6,605	-
Division 7 - Logan	26,418	5,800	32,218	29,179
Chief Administrative Officer - Petersen	\$ 183,250	\$ 31,763	\$ 215,013	\$ 212,919
Designated Officer(s)	128,318	28,293	156,611	155,970

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

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

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

### 20. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 275,863 people and 433 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2021 were \$459,202 (2020 - \$481,191). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2021 were \$426,177 (2020 - \$437,423).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.961 billion dollars.



## VULCAN COUNTY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### 21. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2021 (2020 - \$nil) as a result of this standard.

#### 22. CONTINGENCIES

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

#### 23. COMMITMENTS

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 259,740 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.42 per cubic meter. The estimated liability is based on the sum of discounted future cash flows for restoring the gravel pit; discounted at the County's borrowing rate of 2.45% and assuming annual inflation of 1.75%. The gravel pits have an estimated useful life ranging from 8 to 65 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$490,108 is accrued under the other liabilities in the Statement of Financial Position. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficiently funded gravel reserves to cover the costs of the reclamation.

#### 24. UNCERTAINTIES DUE TO COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

This pandemic is evolving and Vulcan County continues to respond with public health measures and financial assistance as necessary. The ongoing impact of the pandemic presents uncertainty over future cash flows, may have a significant impact on future operations including decreases in revenue, impairment of receivables, and reduction in investment income. The duration and potential impacts of COVID-19 are unknown at this time. As a result, we are unable to estimate the effect of these developments on the financial statements.

#### 25. PRIOR YEAR FIGURES

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

#### 26. APPROVAL OF FINANCIAL STATEMENTS

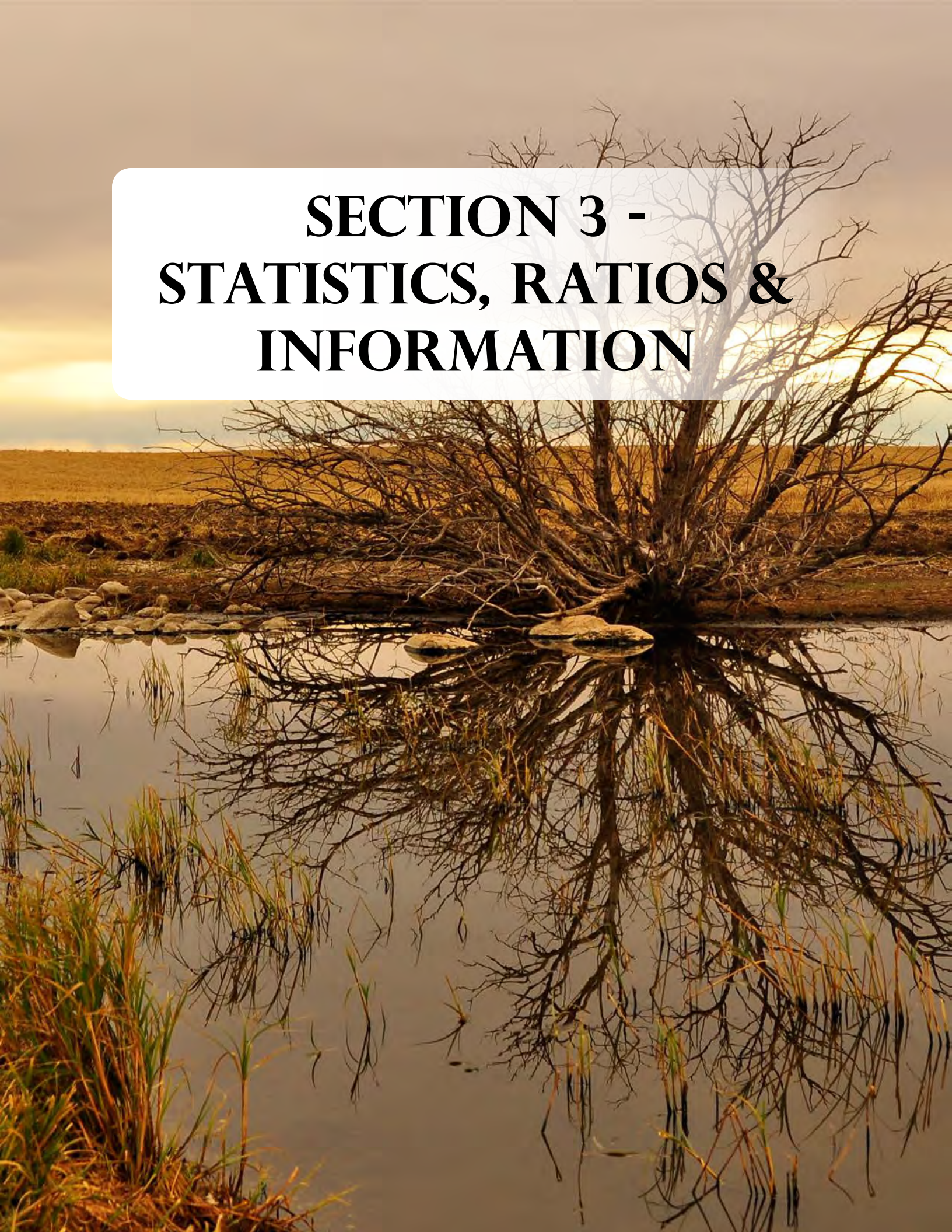
Council and Management have approved these financial statements.



## END OF FINANCIAL STATEMENTS

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# **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

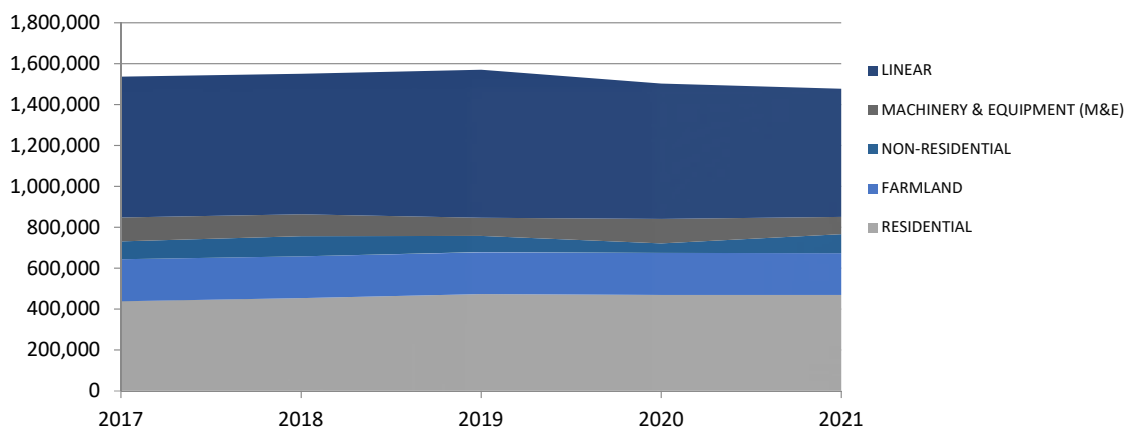
## Demographics and Other Factors

	2017	2018	2019	2020	2021
POPULATION	3,984	3,984	3,984	3,984	4,237
NUMBER OF DWELLING UNITS	2,145	2,189	2,218	2,249	2,286
AREA OF MUNICIPALITY IN HECTARES	556,342	556,342	554,574	554,574	554,574
NUMBER OF HAMLETS	8	8	8	8	8
ROAD MAINTAINED (Km)	2,672	2,672	2,672	2,672	2,670
WATER PIPELINE (Km)	455	455	455	455	455
DEVELOPMENT PERMITS	60	48	45	57	132
SUBDIVISIONS APPLICATIONS	18	21	11	8	13
FULL TIME STAFF	49	51	49	49	49

## Property Assessment (in thousands)

	2017	2018	2019	2020	2021
RESIDENTIAL	439,255	453,456	473,806	469,990	468,930
FARMLAND	204,306	204,838	204,893	204,924	204,911
NON-RESIDENTIAL	87,609	98,060	78,916	46,161	92,825
MACHINERY & EQUIPMENT (M&E)	116,822	108,158	89,905	120,002	84,490
LINEAR	689,076	686,522	723,770	662,745	626,613

<b>TOTAL ASSESSMENT</b>	<b>1,537,068</b>	<b>1,551,034</b>	<b>1,571,290</b>	<b>1,503,822</b>	<b>1,477,769</b>
-------------------------	------------------	------------------	------------------	------------------	------------------



## Tax Rates (expressed in mills)

	2017	2018	2019	2020	2021
<b>MUNICIPAL</b>					
Residential	5.7600	5.2100	5.2100	5.3660	5.3660
Farmland	10.0769	10.5075	10.5075	10.8230	10.8230
Non-Residential, M&E, and Linear	9.1400	9.1400	9.1400	9.4140	9.4140
<b>WASTE COMMISSION</b>	0.3980	0.4113	0.4334	0.4690	0.5197
<b>EDUCATION REQUISITION</b>					
Residential and Farmland	2.5229	2.5585	2.6079	2.5500	2.6137
Non-Residential and Linear	4.6660	3.8612	3.8532	3.7500	4.0890
<b>SENIOR FOUNDATION REQUISITION</b>	0.1662	0.1601	0.2556	0.2682	0.3399
<b>OTHER REQUISITION</b>					
Royal Canadian Mounted Police	N/A	N/A	N/A	0.0822	0.1256
Designated Industrial Properties	N/A	0.0341	0.0786	0.0760	0.0766
<b>SPECIAL LEVY - FIRE PROTECTION AREA</b>					
Carmangay and District	2.2602	1.8685	1.8324	1.4430	0.7673
Champion and District	1.5369	1.3935	1.4412	1.1067	0.8920
Lomond and District	0.6584	0.6503	0.6102	0.6864	0.4328
Milo and District	0.6649	0.6942	0.6454	1.2271	1.1928
Vulcan and District	0.4071	0.3730	0.1872	0.2896	0.2665
Northwest	0.6917	0.8504	0.8748	0.6261	0.8495
Linear	0.3411	0.3513	0.3618	0.3618	0.3618
<b>SPECIAL LEVY - RECREATIONAL AREA</b>					
Carmangay and District	0.0000	0.3061	0.6230	0.8548	0.6411
Champion and District	0.5720	0.3518	0.5261	0.5490	0.6420
Lomond and District	0.2436	0.1681	0.4521	0.3172	0.1623
Milo and District	0.5046	0.7426	0.7625	0.7724	0.6345
Vulcan and District	0.6131	0.7873	0.8070	0.7233	0.6580
Northwest	0.0167	0.2840	0.2814	0.2209	0.2835
Linear	0.1348	0.1348	0.1388	0.1388	0.1388

## Total Tax Collections

	2017	2018	2019	2020	2021
Net Municipal Taxes	14,658,890	14,777,202	15,720,229	15,373,853	14,189,795
School Requisitions	3,717,875	3,408,081	2,401,454	2,614,518	3,404,742
Seniors Requisitions	252,098	248,237	401,515	402,387	502,326
Other Requisitions	0	28,588	66,063	59,007	178,708
<b>TOTAL TAX COLLECTIONS</b>	<b>18,628,863</b>	<b>18,462,108</b>	<b>18,589,261</b>	<b>18,449,765</b>	<b>18,275,571</b>



## Assets, Liabilities & Surplus

	2017	2018	2019	2020	2021
<b>TAX RECEIVABLE AS % OF TAXES</b>					
Tax Receivables	3,969,857	2,913,837	1,462,178	3,475,225	913,671
Total Tax Levies	18,628,863	18,462,108	18,589,261	18,449,765	18,275,571
Tax Receivable as % of Taxes	21.3%	15.8%	7.9%	18.8%	5.0%
Financial Assets	33,513,546	32,703,043	35,188,822	37,719,297	42,083,056
Financial Liabilities	(9,054,418)	(7,755,554)	(8,138,857)	(5,003,095)	(7,965,347)
<b>NET FINANCIAL ASSETS</b>	<b>24,459,128</b>	<b>24,947,489</b>	<b>27,049,965</b>	<b>32,716,202</b>	<b>34,117,709</b>
Tangible Capital Assets	107,659,792	107,455,248	108,371,002	107,985,733	107,104,734
Inventory Held for Consumption	8,522,618	8,244,446	7,729,636	7,253,675	7,847,867
Prepaid Expenses	182,065	193,446	262,965	262,666	236,861
<b>ACCUMULATED SURPLUS</b>	<b>140,823,603</b>	<b>140,840,629</b>	<b>143,413,568</b>	<b>148,218,276</b>	<b>149,307,171</b>
Unrestricted Surplus	1,091,769	1,493,730	4,340,307	954,934	952,521
Restricted Surplus (Reserves)	32,112,991	31,920,158	30,717,537	39,278,821	41,249,916
Equity in Tangible Capital Assets	107,618,843	107,426,741	108,355,724	107,984,521	107,104,734
<b>ACCUMULATED SURPLUS</b>	<b>140,823,603</b>	<b>140,840,629</b>	<b>143,413,568</b>	<b>148,218,276</b>	<b>149,307,171</b>

## Revenues (by source)

	2017	2018	2019	2020	2021
Net Municipal Taxes	14,658,890	14,777,202	15,720,229	15,373,853	14,189,795
Government Transfers	624,347	958,531	813,131	1,185,684	535,535
Return on Investments	579,400	570,401	706,124	491,125	353,865
Charges	1,052,435	1,148,512	1,482,349	932,209	1,562,870
Rental Income	352,634	353,265	311,900	311,783	338,373
Community Aggregate Levy	222,955	203,956	193,941	134,670	241,318
Penalties and Costs of Taxes	484,573	739,321	610,397	417,452	502,498
Gain on Disposal of Capital Assets	101,059	209,326	330,186	2,306,556	2,427,982
Other Revenue	676,208	134,498	388,583	86,871	34,697
<b>OPERATING REVENUES</b>	<b>18,752,501</b>	<b>19,095,012</b>	<b>20,556,840</b>	<b>21,240,203</b>	<b>20,186,933</b>
Contributed Tangible Capital Assets	0	284,792	0	0	0
Government Transfers for Capital	767,378	2,717,012	2,953,380	533,134	2,672,336
<b>TOTAL REVENUES</b>	<b>19,519,879</b>	<b>22,096,816</b>	<b>23,510,220</b>	<b>21,773,337</b>	<b>22,859,269</b>





## Expenses (by function and object)

	2017	2018	2019	2020	2021
<b>EXPENSES BY FUNCTION</b>					
Legislative	324,110	388,098	402,227	369,215	399,079
Administration	1,806,441	1,807,970	1,787,966	1,712,655	1,743,816
Protective services	2,746,165	2,403,045	1,808,897	1,856,185	1,918,900
Transportation services	9,948,597	10,575,050	9,916,821	9,257,939	10,366,739
Agricultural services	803,018	689,459	735,985	694,700	722,417
Planning and development services	414,237	599,308	577,232	640,093	643,074
Family and community support	956,894	447,923	220,570	218,639	236,248
Parks and recreation	671,616	842,564	879,716	877,590	937,291
Tourism and economic development	236,010	40,844	129,408	255,514	125,537
Utility Services	768,346	772,690	833,851	1,008,446	952,000
Other	36,083	3,512,840	3,644,608	77,653	3,725,273
<b>TOTAL EXPENSES</b>	<b>18,711,517</b>	<b>22,079,791</b>	<b>20,937,281</b>	<b>16,968,629</b>	<b>21,770,374</b>

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

<b>EXPENSE BY OBJECT</b>					
Salaries, wages and benefits	6,158,349	6,271,331	6,310,622	5,950,731	6,470,017
Contracted and general services	2,960,101	3,367,611	2,703,769	2,539,268	2,602,679
Materials, goods and utilities	2,987,785	2,450,240	2,473,000	2,171,230	2,606,601
Transfers to local boards and agencies	3,150,296	2,370,354	1,824,107	2,004,802	2,020,901
Interest and bank charges	65,821	62,460	55,706	51,505	48,758
Amortization of tangible capital assets	4,480,221	4,684,268	4,763,530	4,746,635	4,615,232
Machine expenses capitalized	(1,174,071)	(817,561)	(1,175,224)	(1,046,934)	(1,351,472)
Loss on disposal of capital assets	87,080	217,929	274,491	416,189	852,803
Other expenses	(4,065)	3,473,159	3,707,280	135,203	3,904,855
<b>TOTAL EXPENSES</b>	<b>18,711,517</b>	<b>22,079,791</b>	<b>20,937,281</b>	<b>16,968,629</b>	<b>21,770,374</b>

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

## Debt Supported by Taxes

	2017	2018	2019	2020	2021
Gross Debt (supported by tax)	1,915,106	1,784,341	1,649,815	1,511,404	1,382,720
County Population	3,984	3,984	3,984	3,984	4,237
<b>LONG-TERM DEBT PER CAPITA</b>	<b>481</b>	<b>448</b>	<b>414</b>	<b>379</b>	<b>326</b>

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

## Transfer to Local Boards and Agencies

	2017	2018	2019	2020	2021
<b>TRANSFERS TO OTHER LOCAL GOVERNMENTS</b>					
Vulcan District Waste Commission	605,702	631,808	674,640	696,573	768,040
Twin Valley Regional Water Commission	50,069	21,348	35,385	36,096	37,246
Vulcan Business Development Society	127,200	0	0	0	0
Vulcan and District Tourism Society	86,595	25,000	0	0	0
Vulcan Library Board	109,000	126,000	133,500	133,500	133,500
Fire Area Contributions	779,244	530,570	135,945	148,330	156,310
Recreation Area Contributions	442,774	584,748	628,806	711,541	772,875
Other local governments and organizations	949,712	450,880	215,831	278,762	152,930
	<b>3,150,296</b>	<b>2,370,354</b>	<b>1,824,107</b>	<b>2,004,802</b>	<b>2,020,901</b>

*Note: The transfer to other local governments and organizations includes \$nil in matching contributions for the Vulcan Hospital Expansion project (2020 - \$nil). These matching contributions for the hospital expansion project starting in 2016 and finalized during 2018.*

## Annual Surplus and Allocations

	2017	2018	2019	2020	2021
TOTAL REVENUES	19,519,879	22,096,816	23,510,220	21,773,337	22,859,269
TOTAL EXPENSES	(18,711,517)	(22,079,791)	(20,937,281)	(16,968,629)	(21,770,374)
<b>ANNUAL SURPLUS</b>	<b>808,362</b>	<b>17,025</b>	<b>2,572,939</b>	<b>4,804,708</b>	<b>1,088,895</b>
ADD: Proceeds from Sale of Tangible Capital Assets	101,262	161,075	355,305	1,366,244	1,213,582
ADD: Transfer from Restricted Surplus to Operations	3,097,216	4,579,162	6,140,143	4,584,950	6,897,047
ADD: Amortization of Tangible Capital Assets	4,480,221	4,684,268	4,763,530	4,746,635	4,615,232
LESS: Transfers to Restricted Surplus	(7,998,816)	(5,539,875)	(4,937,522)	(13,146,234)	(8,868,142)
LESS: Capital Expenditures	(584,419)	(3,499,695)	(6,047,818)	(5,741,676)	(4,949,027)
<b>ALLOCATION TO UNRESTRICTED SURPLUS</b>	<b>(96,174)</b>	<b>401,960</b>	<b>2,846,577</b>	<b>(3,385,373)</b>	<b>(2,413)</b>

## Principal Corporate Taxpayers

### Top 10 Principal Corporate Taxpayers:

EDF RENEWABLES DEVELOPMENT

ALTALINK MANAGEMENT LTD

CANADIAN NATURAL RESOURCES

TAQA NORTH LTD

G3 CANADA LIMITED

HUTTERIAN BRETHREN CHURCH (MULTIPLE)

NOVA GAS TRANSMISSION LTD

RICHARDSON INTERNATIONAL LTD

OVINTIV CANADA ULC

SANLING ENERGY LTD

*\* These top 10 taxpayers represent 49.86% of the total tax base*



Introductory



Financial Analysis



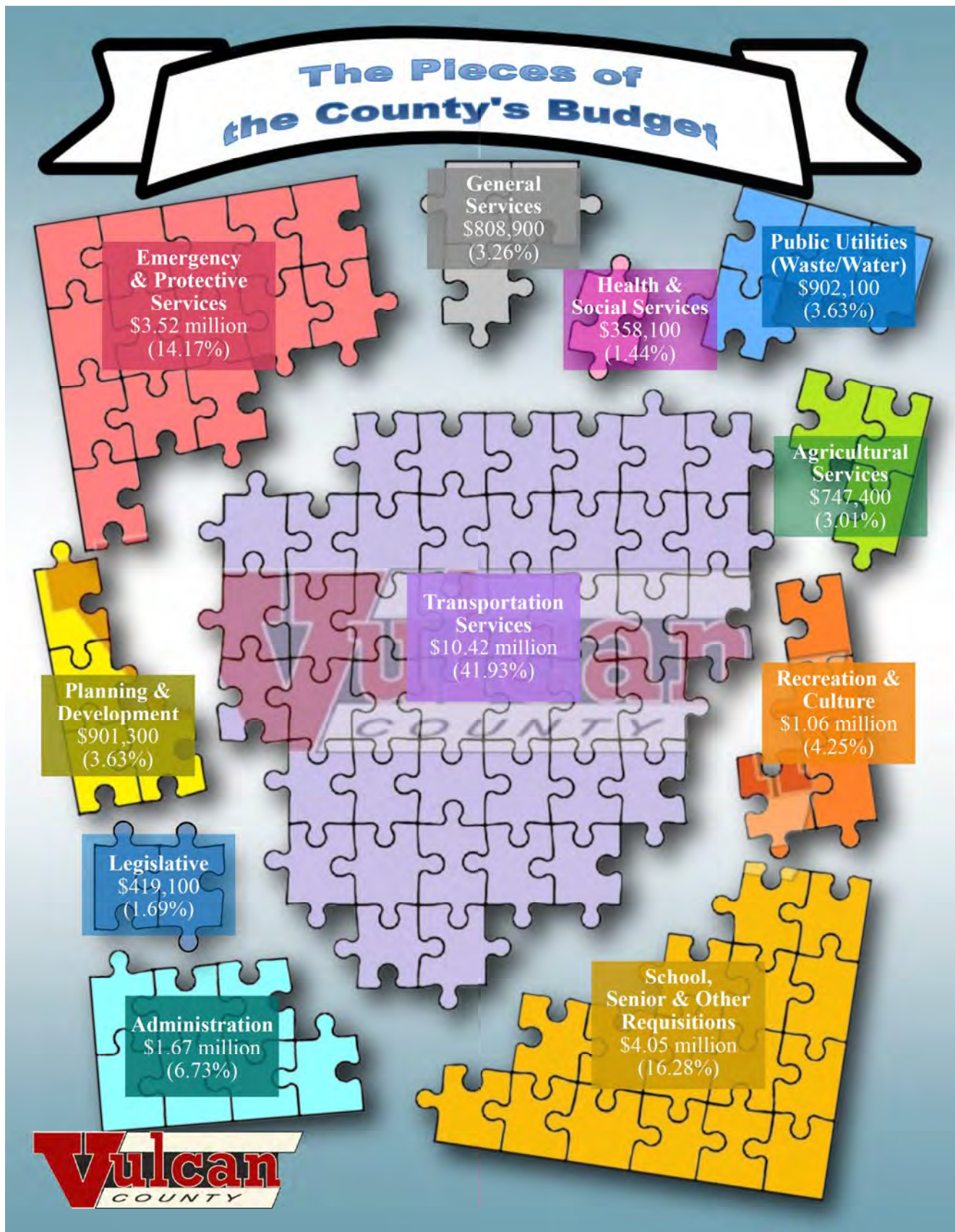
Financial Statements



Statistics & Ratios

## INFOGRAPHICS

### The Pieces of the County's Budget - 2021





# FINANCIAL CHARTS & GRAPHS



Introductory



Financial Analysis



Financial Statements

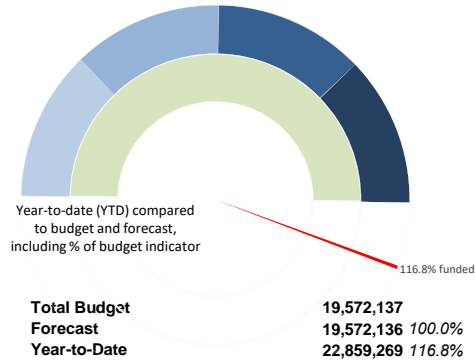


Statistics & Ratios

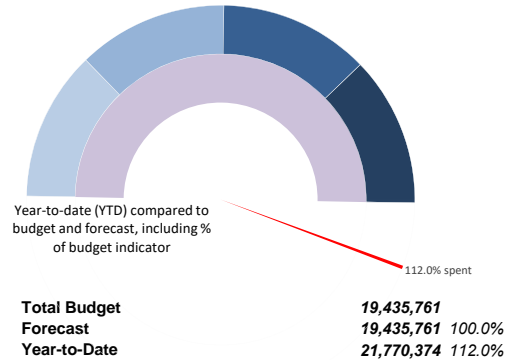
## VULCAN COUNTY

### YEAREND OPERATING AND CAPITAL REPORT - FINANCIAL OVERVIEW YEAR ENDED DECEMBER 31, 2021

**Total Revenues  
Tachometer:**

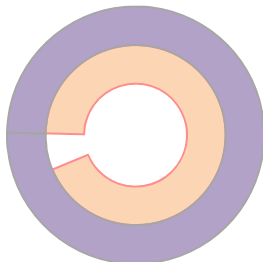


**Total Expenses  
Tachometer:**



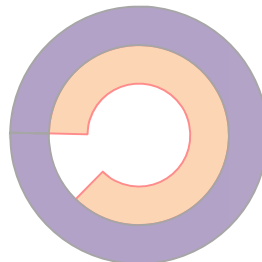
### Summary of Significant Operating Expenses:

**Salaries, wages and benefits**



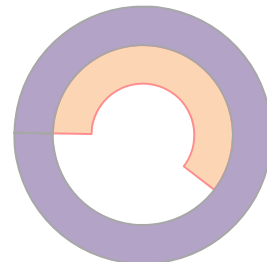
Budget	6,921,605
Forecast	6,921,605 100.0%
YTD	6,470,017 93.5%

**Contracted and general services**



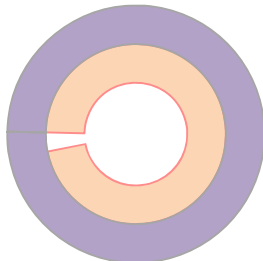
Budget	2,987,352
Forecast	2,987,352 100.0%
YTD	2,602,679 87.1%

**Materials, goods and utilities**



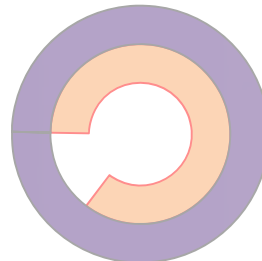
Budget	4,335,375
Forecast	4,335,374 100.0%
YTD	2,606,601 60.1%

**Transfers to local boards and agencies**



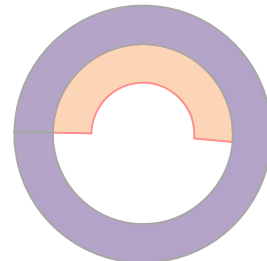
Budget	2,091,687
Forecast	2,091,687 100.0%
YTD	2,020,901 96.6%

**Interest and bank charges**



Budget	57,359
Forecast	57,359 100.0%
YTD	48,758 85.0%

**Other expenses**



Budget	29,992
Forecast	29,992 100.0%
YTD	702,276 2341.5%

# VULCAN COUNTY

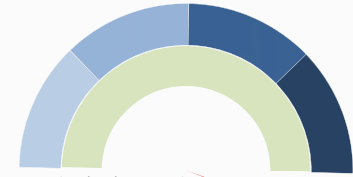
## YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2021

### Total Revenues

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Net municipal taxes	14,342,657	14,342,657	14,189,796	152,861	98.9%
Government transfers (operating)	824,243	824,243	535,535	288,708	65.0%
Return on investment	387,513	387,513	353,865	33,648	91.3%
Sale of goods, services and user charges	897,231	897,230	1,562,870	(665,640)	174.2%
Rental income	314,880	314,880	338,373	(23,493)	107.5%
Community aggregate levy	120,920	120,920	241,318	(120,398)	199.6%
Penalties and other costs of taxes	160,200	160,200	502,498	(342,298)	313.7%
Gain on disposal of tangible capital assets	-	-	2,427,982	(2,427,982)	N/A
Other revenues	30,448	30,448	34,696	(4,248)	114.0%
	<b>17,078,092</b>	<b>17,078,091</b>	<b>20,186,933</b>	<b>(3,108,842)</b>	<b>118.2%</b>
		100.0%			
Contributed Assets	-	-	-	0	0.0%
Government transfers (capital)	2,494,045	2,494,045	2,672,336	(178,291)	107.1%
	<b>19,572,137</b>	<b>19,572,136</b>	<b>22,859,269</b>	<b>(3,287,133)</b>	<b>116.8%</b>

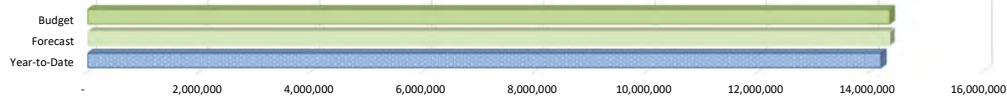
### Total Revenue Tachometer:



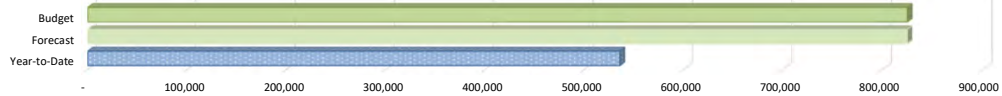
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

116.8% funded

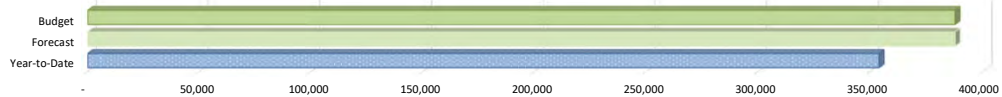
#### Net municipal taxes



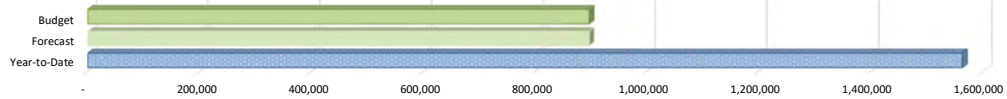
#### Government transfers (operating)



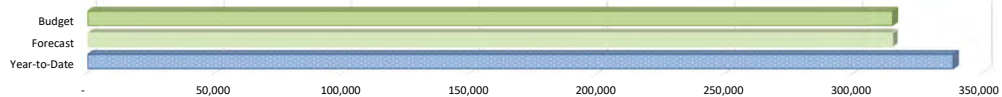
#### Return on investment



#### Sale of goods, services and user charges



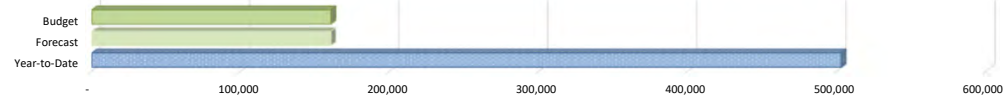
#### Rental income



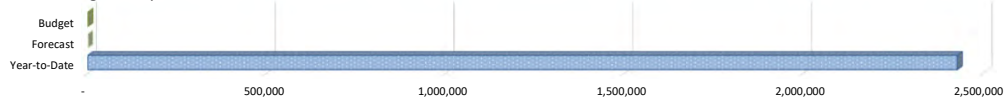
#### Community aggregate levy



#### Penalties and other costs of taxes



#### Gain on disposal of tangible capital assets



#### Other revenues



# VULCAN COUNTY

## YEAREND OPERATING REPORT

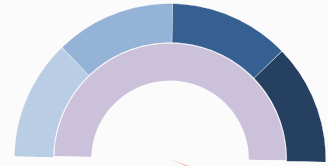
### YEAR ENDED DECEMBER 31, 2021

#### Total Expenses

Financial Data as at April 20, 2022

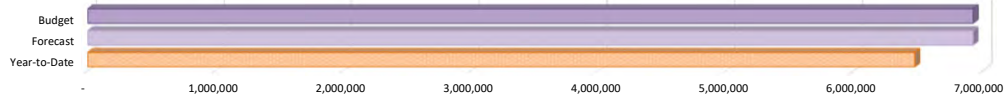
	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	6,921,606	6,921,606	6,470,017	451,589	93.5%
Contracted and general services	2,987,352	2,987,352	2,602,679	384,673	87.1%
Materials, goods and utilities	4,335,374	4,335,374	2,606,600	1,728,774	60.1%
Transfers to local boards and agencies	2,091,687	2,091,687	2,020,901	70,786	96.6%
Interest and bank charges	57,359	57,359	48,758	8,601	85.0%
Amortization of tangible capital assets	4,684,267	4,684,267	4,615,232	69,035	98.5%
Machine expenses capitalized	(1,684,546)	(1,684,546)	(1,351,472)	(333,074)	0.0%
Loss on disposal of tangible capital assets	-	-	852,803	(852,803)	N/A
Other expenses	42,662	42,662	3,904,856	(3,862,194)	9153.0%
	19,435,761	19,435,761	21,770,374	(2,334,613)	112.0%

#### Total Expense Tachometer:

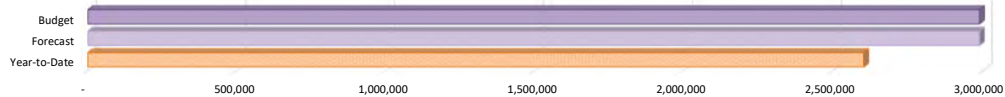


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator 112.0% spent

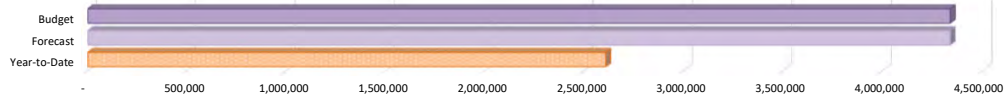
#### Salaries, wages and benefits



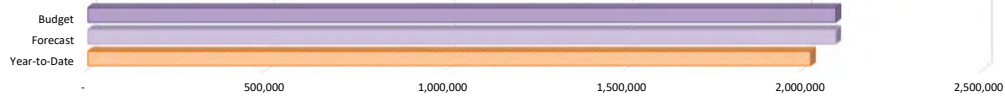
#### Contracted and general services



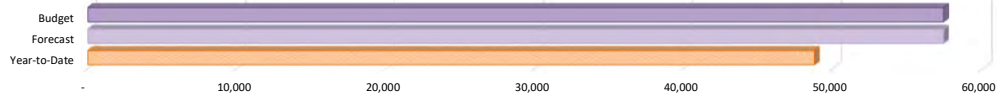
#### Materials, goods and utilities



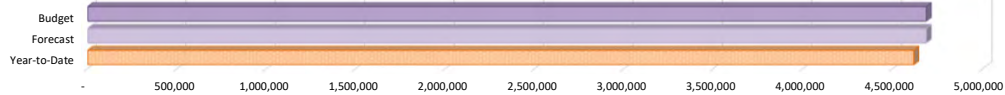
#### Transfers to local boards and agencies



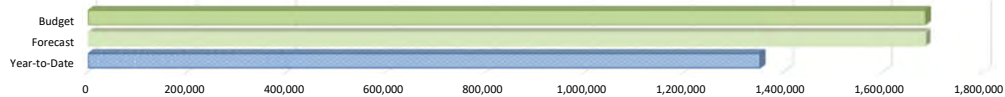
#### Interest and bank charges



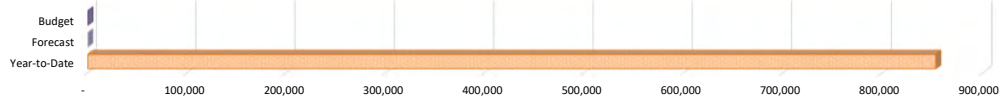
#### Amortization of tangible capital assets



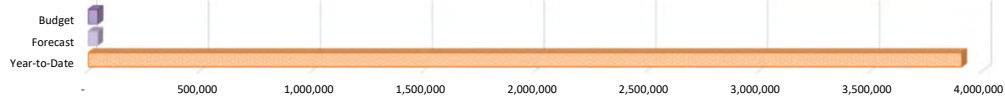
#### Machine expenses capitalized



#### Loss on disposal of tangible capital assets



#### Other expenses



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## VULCAN COUNTY

YEAREND OPERATING REPORT  
YEAR ENDED DECEMBER 31, 2021

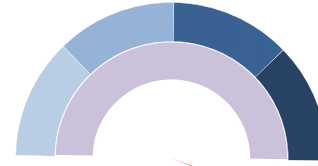
## Analysis by Department/Segment

## Expenses - General Government

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	1,149,704	1,149,704	1,114,494	35,210	96.9%
Contracted and general services	641,284	641,284	565,792	75,492	88.2%
Materials, goods and utilities	267,551	267,551	273,023	(5,472)	102.0%
Transfers to local boards and agencies	71,144	71,144	70,782	362	99.5%
Interest and bank charges	17,300	17,300	13,669	3,631	79.0%
Amortization of tangible capital assets	98,299	98,299	96,482	1,817	98.2%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	42,445	42,445	3,733,926	(3,691,481)	8797.1%
	2,287,727	2,287,727	5,868,168	(3,580,441)	256.5%

## Total Expense Tachometer:

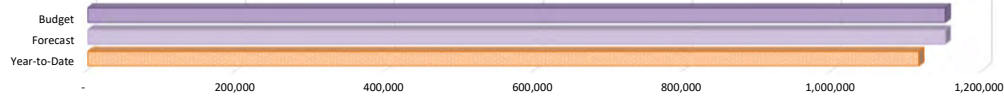


Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

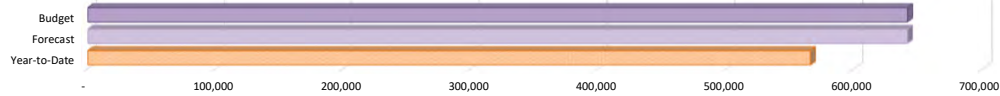
256.5% spent

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

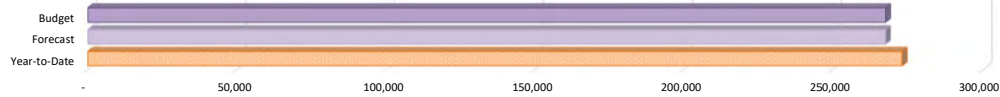
## Salaries, wages and benefits



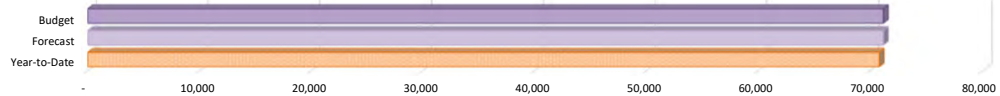
## Contracted and general services



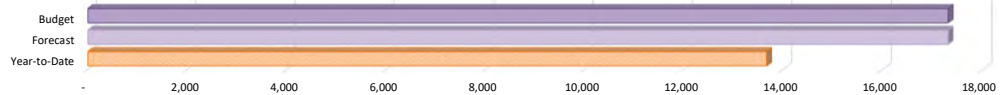
## Materials, goods and utilities



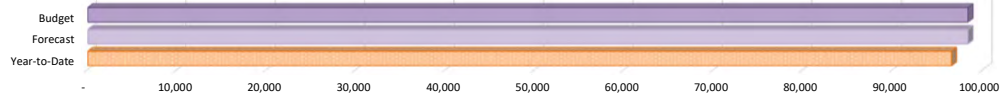
## Transfers to local boards and agencies



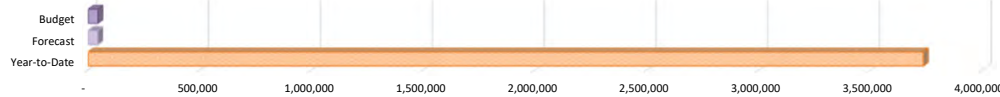
## Interest and bank charges



## Amortization of tangible capital assets



## Other expenses





# VULCAN COUNTY

## YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2021

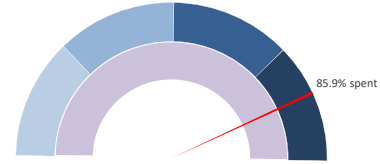
### Analysis by Department/Segment

#### Expenses - Protective Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	696,604	696,604	566,876	129,728	81.4%
Contracted and general services	529,553	529,553	407,809	121,744	77.0%
Materials, goods and utilities	288,077	288,077	191,099	96,978	66.3%
Transfers to local boards and agencies	156,310	156,310	156,310	0	100.0%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	562,263	562,263	574,611	(12,348)	102.2%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	22,195	(22,195)	N/A
Other expenses	94	94	-	94	0.0%
	2,232,901	2,232,901	1,918,900	314,001	85.9%

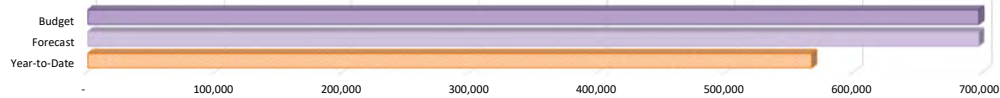
#### Total Expense Tachometer:



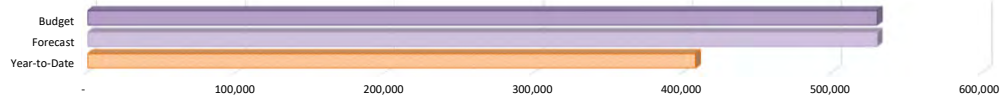
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

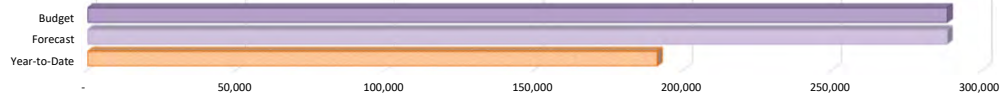
#### Salaries, wages and benefits



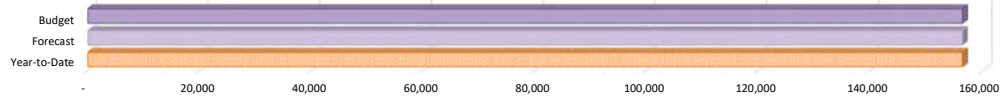
#### Contracted and general services



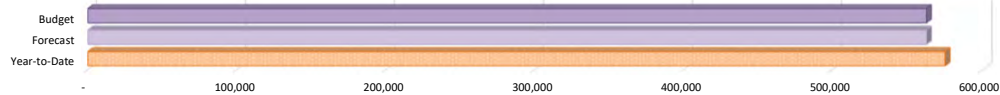
#### Materials, goods and utilities



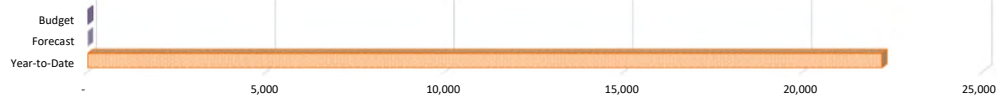
#### Transfers to local boards and agencies



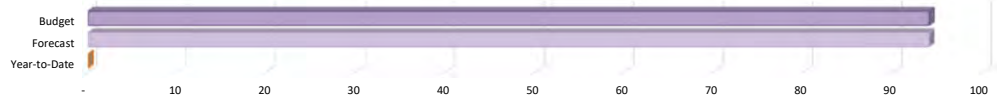
#### Amortization of tangible capital assets



#### Loss on disposal of tangible capital assets



#### Other expenses



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### YEAR ENDED DECEMBER 31, 2021

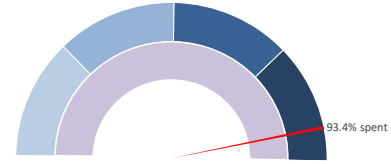
#### Analysis by Department/Segment

#### Expenses - Transportation Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	4,278,964	4,278,964	4,007,062	271,902	93.6%
Contracted and general services	1,095,041	1,095,041	940,757	154,284	85.9%
Materials, goods and utilities	3,496,405	3,496,405	1,966,944	1,529,461	56.3%
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	3,906,051	3,906,051	3,793,910	112,141	97.1%
Machine expenses capitalized	(1,684,546)	(1,684,546)	(1,351,472)	(333,074)	0.0%
Loss on disposal of tangible capital assets	-	-	830,608	(830,608)	N/A
Other expenses	-	-	170,930	(170,930)	N/A
	11,099,915	11,099,915	10,366,739	733,176	93.4%

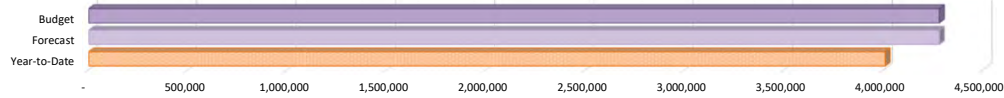
#### Total Expense Tachometer:



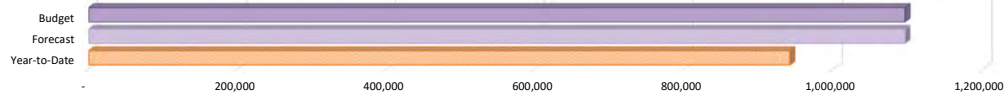
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

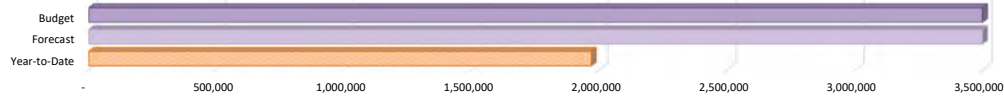
#### Salaries, wages and benefits



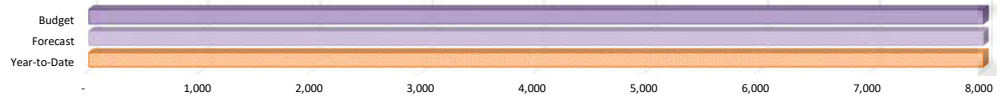
#### Contracted and general services



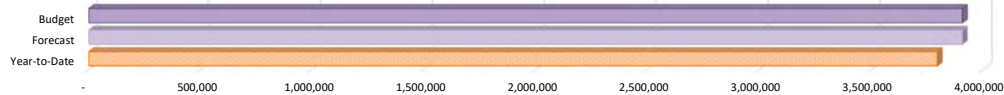
#### Materials, goods and utilities



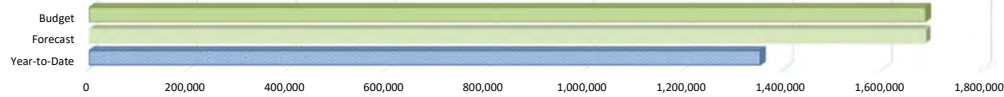
#### Transfers to local boards and agencies



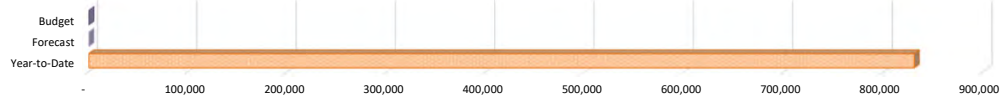
#### Amortization of tangible capital assets



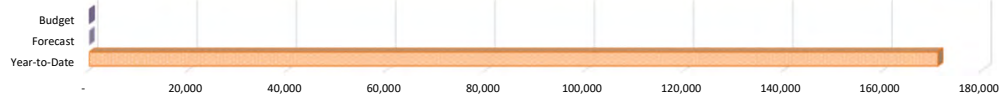
#### Machine expenses capitalized



#### Loss on disposal of tangible capital assets



#### Other expenses



# VULCAN COUNTY

## YEAREND OPERATING REPORT

### YEAR ENDED DECEMBER 31, 2021

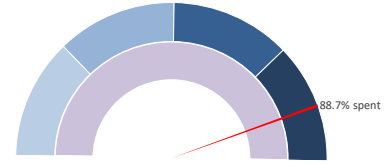
#### Analysis by Department/Segment

#### Expenses - Agricultural Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	344,034	344,034	329,200	14,834	95.7%
Contracted and general services	85,896	85,896	81,117	4,779	94.4%
Materials, goods and utilities	261,462	261,462	168,806	92,656	64.6%
Transfers to local boards and agencies	32,372	32,372	22,359	10,013	69.1%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	90,640	90,640	120,935	(30,295)	133.4%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	-	-	-	0	0.0%
	814,404	814,404	722,417	91,987	88.7%

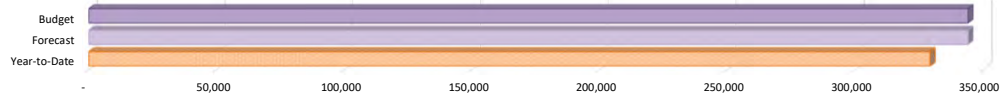
#### Total Expense Tachometer:



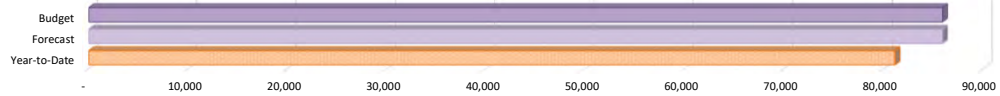
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

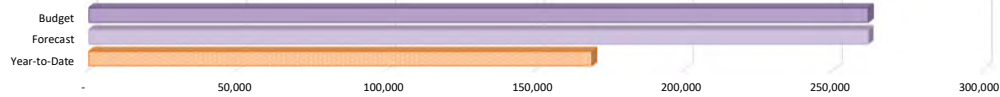
#### Salaries, wages and benefits



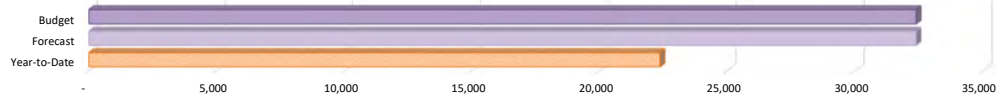
#### Contracted and general services



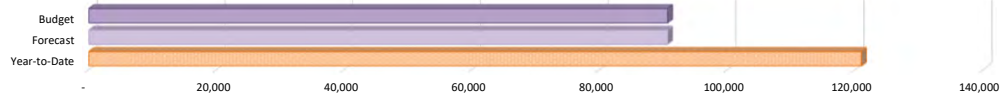
#### Materials, goods and utilities



#### Transfers to local boards and agencies



#### Amortization of tangible capital assets



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### YEAR ENDED DECEMBER 31, 2021

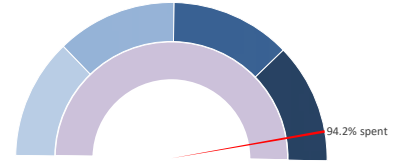
#### Analysis by Department/Segment

#### Expenses - Planning and Development Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	310,408	310,408	333,670	(23,262)	107.5%
Contracted and general services	369,422	369,422	309,404	60,018	83.8%
Materials, goods and utilities	2,689	2,689	-	2,689	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%
	<b>682,519</b>	<b>682,519</b>	<b>643,074</b>	<b>39,445</b>	<b>94.2%</b>
			100.0%		

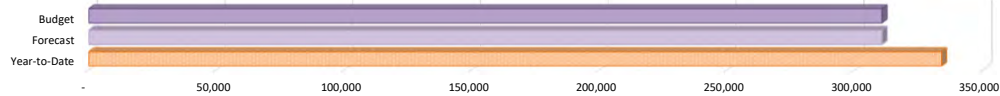
#### Total Expense Tachometer:



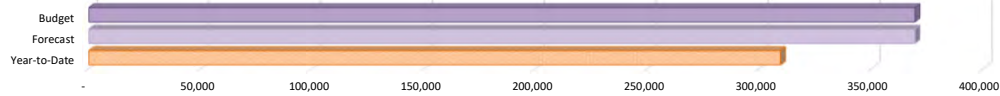
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

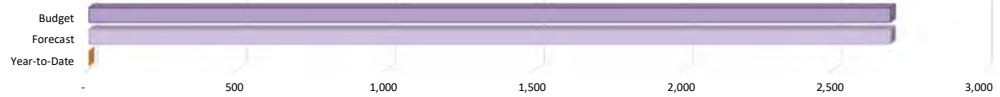
#### Salaries, wages and benefits



#### Contracted and general services



#### Materials, goods and utilities





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### YEAR ENDED DECEMBER 31, 2021

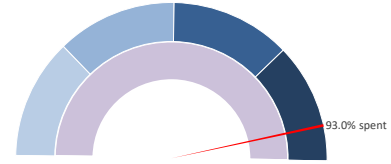
#### Analysis by Department/Segment

#### Expenses - Community Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	122,553	122,553	98,832	23,721	80.6%
Contracted and general services	201,216	201,216	205,849	(4,633)	102.3%
Materials, goods and utilities	15,950	15,950	1,142	14,808	7.2%
Transfers to local boards and agencies	1,017,491	1,017,491	958,164	59,327	94.2%
Interest and bank charges	40,059	40,059	35,089	4,970	87.6%
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%
	1,397,303	1,397,303	1,299,076	98,227	93.0%

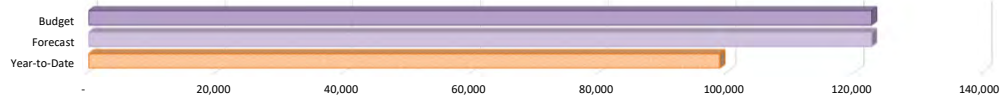
#### Total Expense Tachometer:



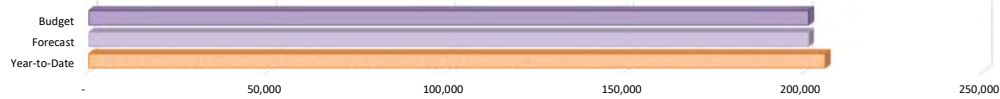
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

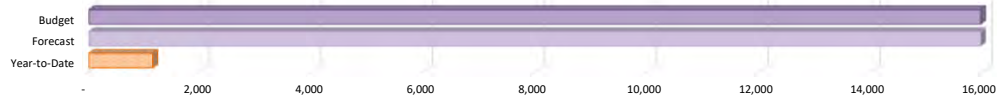
#### Salaries, wages and benefits



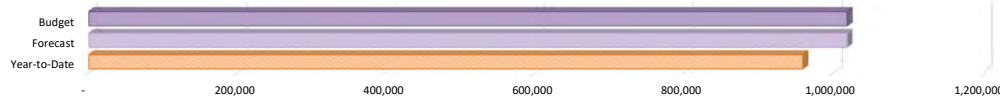
#### Contracted and general services



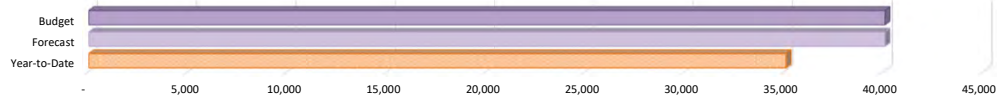
#### Materials, goods and utilities



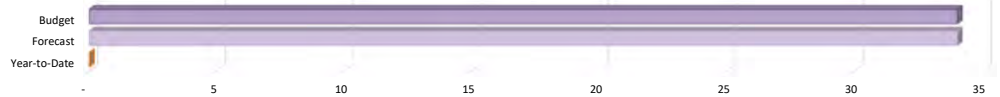
#### Transfers to local boards and agencies



#### Interest and bank charges



#### Other expenses



Introductory

Financial Analysis

Financial Statements

Statistics & Ratios

# VULCAN COUNTY

## YEAREND OPERATING REPORT

### YEAR ENDED DECEMBER 31, 2021

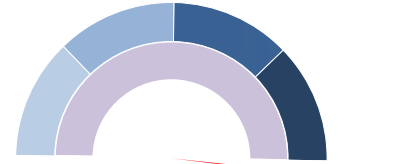
#### Analysis by Department/Segment

#### Expenses - Utility Services

Financial Data as at April 20, 2022

	Budget	Forecast	Year-to-Date	Variance	YTD %
Salaries, wages and benefits	19,339	19,339	19,883	(544)	102.8%
Contracted and general services	64,940	64,940	91,951	(27,011)	141.6%
Materials, goods and utilities	3,240	3,240	5,586	(2,346)	172.4%
Transfers to local boards and agencies	806,370	806,370	805,286	1,084	99.9%
Interest and bank charges	-	-	-	0	0.0%
Amortization of tangible capital assets	27,014	27,014	29,294	(2,280)	108.4%
Machine expenses capitalized	-	-	-	0	0.0%
Loss on disposal of tangible capital assets	-	-	-	0	0.0%
Other expenses	89	89	-	89	0.0%
	920,992	920,992	952,000	(31,008)	103.4%
		100.0%			

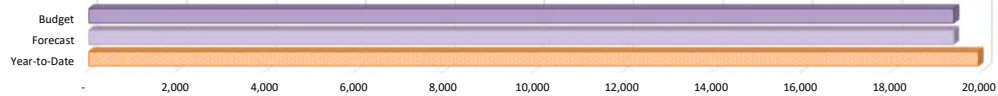
#### Total Expense Tachometer:



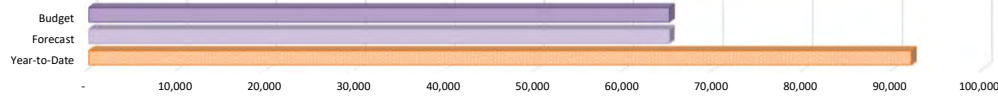
Year-to-date (YTD) compared to budget and forecast, including % of budget indicator

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

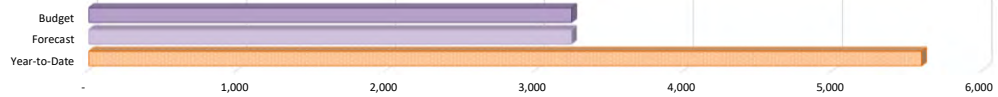
#### Salaries, wages and benefits



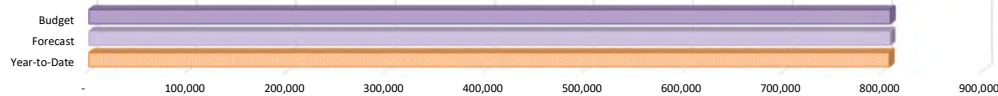
#### Contracted and general services



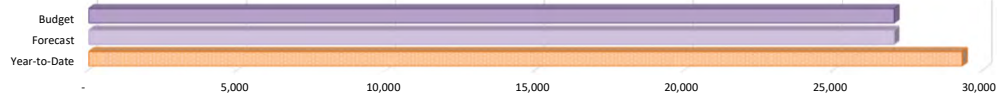
#### Materials, goods and utilities



#### 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.

### 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.

### 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 - Sothern 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  
FGTF - Federal Gas Tax Fund grant  
MOST - Municipal Operating Support Transfer grant  
MSI - Municipal Sustainability Initiative grants (Operating and Capital)

## OPERATIONS:

AOS - Accumulative Operating Surplus  
A/P - Accounts Payable  
A/R - Accounts Receivable  
CAO - Chief Administrative Officer  
COLA - Cost of Living Adjustment  
CPO - Community Peace Officer  
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, and various other photographers for providing pictures of the County used in this report.



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