

Vulcan County

**FINANCIAL STATEMENTS
DECEMBER 31, 2021**

VULCAN COUNTY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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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,

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

Nels Petersen
Chief Administrative Officer

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

Mark DeBoer
Director of Corporate Services



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Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

Opinion

We have audited the financial statements of Vulcan County (the County), which comprise the statement of financial position as at December 31, 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

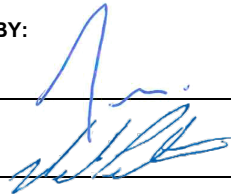
VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
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
	42,083,056	37,719,297
LIABILITIES		
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
	7,965,347	5,003,095
NET FINANCIAL ASSETS	34,117,709	32,716,202
NON-FINANCIAL ASSETS		
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
	115,189,462	115,502,074
ACCUMULATED SURPLUS (schedule 1, note 15)	\$ 149,307,171	\$ 148,218,276

Contingencies and commitments - See note 22 & 23.

APPROVED BY:



VULCAN COUNTY

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2021

	Budget (note 16)	2021	2020
REVENUE			
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
TOTAL REVENUE	17,078,092	20,186,933	21,240,203
EXPENSES			
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
TOTAL EXPENSES	19,435,761	21,770,374	16,968,629
OPERATING SURPLUS - BEFORE OTHER	(2,357,669)	(1,583,441)	4,271,574
OTHER			
Contributed tangible capital assets	-	-	-
Government transfers for capital (schedule 4)	2,494,045	2,672,336	533,134
ANNUAL SURPLUS	136,376	1,088,895	4,804,708
ACCUMULATED SURPLUS, BEGINNING OF YEAR	148,218,276	148,218,276	143,413,568
ACCUMULATED SURPLUS, END OF YEAR	\$ 148,354,652	\$ 149,307,171	\$ 148,218,276

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

VULCAN COUNTY

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

	Budget (note 16)	2021	2020
ANNUAL SURPLUS	\$ 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
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(759,770)	1,401,507	5,666,237
NET FINANCIAL ASSETS, BEGINNING OF YEAR	32,716,202	32,716,202	27,049,965
NET FINANCIAL ASSETS, END OF YEAR	\$ 31,956,432	\$ 34,117,709	\$ 32,716,202

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

VULCAN COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021

	2021	2020
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
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
	2,326,742	4,330,656
CAPITAL		
Acquisition of tangible capital assets	(4,947,815)	(5,727,610)
Proceeds on disposal of tangible capital assets	2,788,761	3,256,611
	(2,159,054)	(2,470,999)
INVESTING		
Increase in portfolio investments	(121,294)	(2,765,236)
	(121,294)	(2,765,236)
FINANCING		
Long term debt repaid	(127,472)	(124,345)
	(127,472)	(124,345)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(81,078)	(1,029,924)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,219,887	3,249,811
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,138,809	\$ 2,219,887

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

VULCAN COUNTY

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

	<i>SCHEDULE 1</i>				
	Unrestricted Surplus	Restricted Surplus (note 17)	Equity in Tangible Capital Assets (note 14)	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 954,934	39,278,821	107,984,521	\$ 148,218,276	\$ 143,413,568
Annual surplus	\$ 1,088,895	-	-	\$ 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)	\$ 1,088,895	\$ 4,804,708
BALANCE, END OF YEAR	\$ 952,521	41,249,916	107,104,734	\$ 149,307,171	\$ 148,218,276

VULCAN COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2021

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2021	2020
COST:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ 5,744,547	1,750,844	11,616,103	18,825,346	6,582,525	163,024,964	\$207,544,329	\$204,381,309
Acquisition of tangible capital assets	-	352,079	-	1,273,235	383,958	2,061,791	4,071,063	4,627,364
New construction-in-progress	-	-	-	-	-	876,752	876,752	1,100,246
Disposition of tangible capital assets	-	(352,079)	-	(856,134)	(170,216)	(1,317,317)	(2,695,746)	(2,564,590)
BALANCE, END OF YEAR	<u>5,744,547</u>	<u>1,750,844</u>	<u>11,616,103</u>	<u>19,242,447</u>	<u>6,796,267</u>	<u>164,646,190</u>	209,796,398	<u>207,544,329</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ -	323,859	4,007,427	12,000,146	4,042,604	79,184,560	\$ 99,558,596	\$ 96,010,307
Annual amortization	-	56,340	282,243	1,475,179	493,110	2,308,360	4,615,232	4,746,635
Accumulated amortization on disposal	-	-	-	(856,137)	(139,319)	(486,708)	(1,482,164)	(1,198,346)
BALANCE, END OF YEAR	<u>-</u>	<u>380,199</u>	<u>4,289,670</u>	<u>12,619,188</u>	<u>4,396,395</u>	<u>81,006,212</u>	102,691,664	<u>99,558,596</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,744,547</u>	<u>1,370,645</u>	<u>7,326,433</u>	<u>6,623,259</u>	<u>2,399,872</u>	<u>83,639,978</u>	\$107,104,734	<u>\$107,985,733</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,744,547</u>	<u>1,426,985</u>	<u>7,608,676</u>	<u>6,825,200</u>	<u>2,539,921</u>	<u>83,840,404</u>	\$107,985,733	

VULCAN COUNTY

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

SCHEDULE 3

	Budget (note 16)	2021	2020
TAXATION			
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>
REQUISITIONS			
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>
NET MUNICIPAL TAXES	<u>\$ 14,342,657</u>	<u>\$ 14,189,795</u>	<u>\$ 15,373,853</u>

VULCAN COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2021

SCHEDULE 4

	Budget (note 16)	2021	2020
TRANSFERS FOR OPERATING			
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
 TRANSFERS FOR CAPITAL			
Provincial government transfers	2,494,045	2,672,336	533,134
 TOTAL GOVERNMENT TRANSFERS	\$ 3,318,288	\$ 3,207,871	\$ 1,718,818

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2021

SCHEDULE 5

	Budget (note 16)	2021	2020
EXPENSES BY OBJECT			
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
	\$ 19,435,761	\$ 21,770,374	\$ 16,968,629

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
REVENUE								
Net municipal taxes	\$ 12,146,284	773,205	-	-	-	486,576	783,730	\$ 14,189,795
Government transfers (operating)	16,579	45,000	10,726	123,907	146,982	192,341	-	535,535
Return on investment	351,328	-	2,537	-	-	-	-	353,865
Sale of goods, services and user charges	125,080	293,738	724,590	371,081	21,876	21,668	4,837	1,562,870
Rental income	7,100	325,449	-	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
EXPENSES								
Salaries, wages and benefits	1,114,494	566,876	4,007,062	329,200	333,670	98,832	19,883	6,470,017
Contracted and general services	565,792	407,809	940,757	81,117	309,404	205,849	91,951	2,602,679
Material, goods and utilities	273,023	191,099	1,966,944	168,806	-	1,142	5,586	2,606,600
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
OPERATING SURPLUS - BEFORE OTHER	7,280,701	(441,806)	(6,990,091)	(196,105)	(474,216)	(598,491)	(163,433)	(1,583,441)
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	110,000	2,262,336	-	-	300,000	-	2,672,336
ANNUAL SURPLUS	\$ 7,280,701	(331,806)	(4,727,755)	(196,105)	(474,216)	(298,491)	(163,433)	\$ 1,088,895

VULCAN COUNTY

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
REVENUE								
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
EXPENSES								
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
OPERATING SURPLUS - BEFORE OTHER	14,637,460	(211,313)	(8,433,077)	(391,770)	(520,318)	(522,469)	(286,939)	4,271,574
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	61,774	-	471,187	-	-	-	173	533,134
ANNUAL SURPLUS	\$ 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
	\$ 2,138,809	\$ 2,219,887

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)	-
	\$ 913,671	\$ 3,475,225

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)
	\$ 7,564,208	\$ 616,273

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
	\$ 31,200,486	\$ 31,079,192

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	-
	\$ 207,195	\$ 114,147

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
Total, invested in short term investments	\$ 2,493,040	\$ 5,059,203	\$ (3,101,766)	\$ 4,450,477

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
	\$ 265,860	\$ 308,003

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
	\$ -	\$ 1,212

The capital lease was fully repaid during 2021.

10. LONG TERM DEBT

	2021	2020
Tax supported debentures	\$ 1,382,720	\$ 1,510,192
	\$ 1,382,720	\$ 1,510,192

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
	\$ 1,382,720	\$ 179,127	\$ 1,561,847

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

The Municipality has established an authorized overdraft for the purposes of financing operating expenditures with a limit of \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The over draft was undrawn as at December 31, 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
Amount of debt limit unused	<u>\$ 28,897,680</u>	<u>\$ 30,348,901</u>
Debt servicing limit	\$ 5,046,733	\$ 5,310,051
Debt servicing	165,617	178,944
Amount of debt servicing limit unused	<u>\$ 4,881,116</u>	<u>\$ 5,131,107</u>

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

12. TANGIBLE CAPITAL ASSETS

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

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
	<u>\$ 7,847,867</u>	<u>\$ 7,253,675</u>

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)	<u>-</u>	<u>(1,212)</u>
	<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
	24,533,625	20,246,807
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
	16,716,291	19,032,014
Total Restricted Surplus	\$ 41,249,916	\$ 39,278,821

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
Councillors				
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.