



# SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS



## Town of Vulcan

### Year end December 31, 2022

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# SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS

March 26, 2023

Town of Vulcan  
Box 360  
Vulcan, Alberta T0L 2B0

**Re: Year Ended December 31, 2022**

1. The Town has a surplus for the year from operations for the year of \$724,949. This surplus includes amortization of \$949,120 that is not included in the budget. If you remove the amortization from the expenses, the surplus of \$724,949 now becomes a surplus of  $(\$724,949 + \$949,120) = \$1,674,069$ . Your budgeted surplus was \$488,432.
2. We calculate your change in total cash at the year end and from that total cash we deduct the cash that is restricted (unspent grant funds, reserves and credits on property and utility accounts). Your unrestricted operating cash this year end is \$629,331 and for the 2021 year end it was \$528,945.
3. Property taxes unpaid at this year-end were \$218,978 and for the 2021 year end the unpaid amount was \$190,410.
4. Utility accounts outstanding at this year-end were \$124,529 and for the 2021 year end the unpaid amount was \$103,299.
5. A measurement that is calculated each year end is called the Debt Service Limits. This is a measurement of the municipalities existing total indebtedness against what it could borrow and the existing annual payment on that debt which includes interest and principal. The amounts used in the formula includes; existing term debt, operating lines of credit that are outstanding at year end and guarantees of debt of other organizations.

a. Total debt limit on December 31, 2022	
i. Maximum calculated by formula	\$9,970,992
ii. Less: existing debt at year end	<u>4,754,051</u>
Additional debt room available	<u>\$5,216,941</u>
b. Debt service limit on December 31, 2022	
i. Maximum calculated by formula	\$1,661,832
ii. Less: existing annual payments	<u>500,483</u>
Additional payment room available	<u>\$1,161,349</u>

This formula is used as part of the measurement of the financial health of a municipality however there are other factors that come into play as well.

6. Reserves increased this year to \$2,164,072 on December 31, 2022 from \$1,352,349 on December 31, 2021, an increase of \$811,723. During the year 2022, \$355,911 of the reserves were used for operating costs and \$355,911 were used for the purchase of tangible capital assets. Council had replenished the reserves from operating surplus in 2022 in the amount of \$1,129,135.

If you have any other questions regarding the year end, please let me know.

Yours very truly,

Darryl Scase CPA  
Partner

**TOWN OF VULCAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

# TOWN OF VULCAN

DECEMBER 31, 2022

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2022 are the responsibility of the management of the Town of Vulcan.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Town of Vulcan maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Town of Vulcan's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Vulcan is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town of Vulcan. Scase & Partners has full and free access to Council.

  
\_\_\_\_\_  
Mayor

*APRIL 11, 2023*  
\_\_\_\_\_  
Date



# SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF COUNCIL TOWN OF VULCAN

Report on the Audit of Financial Statements

#### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Town of Vulcan as at December 31, 2022, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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



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

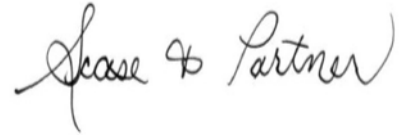
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the town audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase.

A handwritten signature in cursive script that reads "Scase & Partner".

March 26, 2023  
Calgary, Alberta

Chartered Professional Accountants



# TOWN OF VULCAN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and investments (Note 2)	\$ 3,263,539	\$ 2,119,243
Receivables:		
Taxes and grants in lieu receivable (Note 3)	218,979	190,410
Trade and other receivables (Note 3)	288,592	299,337
Due from other governments (Note 3)	60,363	1,028,112
Land held for resale	1,062,514	1,062,514
	4,893,987	4,699,616
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	162,793	148,050
Deposit liabilities	92,835	85,776
Employee benefit obligations (Note 6)	115,693	114,639
Deferred revenue (Note 5)	377,299	1,167,987
Long term debt (Note 7)	4,554,155	4,113,182
	5,302,775	5,629,634
<b>NET FINANCIAL ASSETS (DEBT)</b>	(408,788)	(930,018)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2, Note 4)	25,790,685	24,566,728
Inventory for consumption	160,795	94,752
Prepaid expenses	78,337	81,638
	26,029,817	24,743,118
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 11)	\$25,621,029	\$23,813,100

**APPROVED:**

  
 \_\_\_\_\_ **Mayor**  
  
 \_\_\_\_\_ **Councilor**

The accompanying notes form an integral part of these financial statements

# TOWN OF VULCAN

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022 BUDGET

	(Unaudited)	2022	2021
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 2,522,238	\$ 2,493,604	\$ 2,455,952
User fees and sales	2,097,933	2,185,152	2,350,867
Government transfers (Schedule 4)	260,561	318,430	330,714
Penalties and costs of taxes	34,355	45,506	36,192
Licences and permits	44,000	46,583	48,670
Fines	5,000	1,568	3,508
Franchise and concession contracts	549,780	568,065	499,146
Investment income	25,000	86,525	9,328
Rentals	115,700	140,864	110,554
Other revenue	13,000	751,031	60,360
Net (loss) on sale of tangible capital assets	-	10,000	18,952
	5,667,567	6,647,328	5,924,243
<b>EXPENSES</b>			
Legislative	131,600	106,620	90,602
Administration	1,053,778	1,051,718	1,011,961
Fire and disaster	80,796	90,397	85,119
Bylaws enforcement	162,311	149,864	131,296
Common service	265,250	332,563	327,580
Roads, streets, walks, lighting	414,585	677,812	713,245
Airport	8,000	8,000	8,000
Storm sewers	7,261	48,256	46,117
Water supply and distribution	969,420	1,004,673	1,042,005
Wastewater treatment and disposal	172,740	400,364	387,511
Waste management	520,218	518,702	473,608
Family and community support	199,845	208,014	211,890
Cemeteries	15,350	10,387	9,962
Land use, planning, zoning and development	94,380	88,073	94,642
Subdivision land development	9,000	8,249	2,196
Parks and recreation	948,926	1,069,318	1,018,944
Culture	125,675	149,369	140,399
	5,179,135	5,922,379	5,795,077
<b>EXCESS OF REVENUE OVER EXPENSES</b>			
<b>-BEFORE OTHER</b>	488,432	724,949	129,166
Government transfers for capital (Schedule 4)	-	1,082,980	44,913
<b>EXCESS OF REVENUE OVER EXPENSES</b>	488,432	1,807,929	174,079
<b>ACCUMULATED SURPLUS, beginning of year</b>	23,813,100	23,813,100	23,639,021
<b>ACCUMULATED SURPLUS, end of year</b>	\$24,301,532	\$25,621,029	\$23,813,100

The accompanying notes form an integral part of these financial statements

# TOWN OF VULCAN

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET (Unaudited)	2022	2021
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 488,432	\$ 1,807,929	\$ 174,079
Acquisition of tangible capital assets	-	(2,173,078)	(643,266)
Proceeds on disposal of tangible capital assets	-	10,002	18,952
Amortization of tangible capital assets	-	949,120	996,742
(Gain) Loss on sale of tangible capital assets	-	(10,000)	(18,952)
	-	(1,223,956)	353,476
Acquisition of supplies inventories	-	(160,795)	(94,752)
Acquisition of prepaid assets	-	(78,337)	(81,638)
Use of supplies inventories	-	94,752	61,324
Use of prepaid assets	-	81,638	79,416
	-	(62,742)	(35,650)
<b>(INCREASE) DECREASE IN NET DEBT</b>	488,432	521,231	491,905
<b>NET FINANCIAL ASSETS (DEBT),</b> beginning of year	(930,020)	(930,019)	(1,421,924)
<b>NET FINANCIAL ASSETS (DEBT), end of year</b>	\$ (441,588)	\$ (408,788)	\$ (930,019)

The accompanying notes form an integral part of these financial statements

# TOWN OF VULCAN

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	<b>2022</b>	<b>2021</b>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 1,807,929	\$ 174,079
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	949,120	996,742
(Gain) Loss on disposal of tangible capital assets	(10,000)	(18,952)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(28,568)	22,173
Decrease (increase) in due from government and other trade receivables	978,493	(486,121)
Decrease (increase) in prepaid expenses	3,301	(2,222)
Decrease (increase) in land held for resale and inventories	(66,043)	(33,428)
Increase (decrease) in accounts payable and accrued liabilities	15,798	64,617
Increase (decrease) in deferred revenue and deposits	(783,629)	778,694
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>2,866,401</b>	<b>1,495,582</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(2,173,078)	(643,266)
Sale of tangible capital assets	10,002	18,952
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(2,163,076)</b>	<b>(624,314)</b>
<b>FINANCING</b>		
Long-term debt issued	697,000	1,690,700
Long-term debt repaid	(256,027)	(171,108)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<b>440,973</b>	<b>1,519,592</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,144,298</b>	<b>2,390,860</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>2,119,241</b>	<b>(271,619)</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 3,263,539</b>	<b>\$ 2,119,241</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash and temporary investments (Note 2)	\$ 3,263,539	\$ 2,119,243
<b>INTEREST PAID ON LONG-TERM DEBT</b>	<b>\$ <u>131,548</u></b>	<b>\$ <u>114,290</u></b>

The accompanying notes form an integral part of these financial statements

# TOWN OF VULCAN

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022

### SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE</b> , beginning of year	\$ 1,209,018	\$ 1,352,349	\$21,251,733	\$23,813,100	\$23,639,021
Excess of revenues over expenses	1,807,929	-	-	1,807,929	174,079
Unrestricted funds designated for future use	(1,167,634)	1,167,634	-	-	-
Restricted funds used for operations	62,814	(62,814)	-	-	-
Restricted funds used for tangible capital assets	-	(293,097)	293,097	-	-
Current year funds used for tangible capital assets	(1,879,981)	-	1,879,981	-	-
Annual amortization expense	949,120	-	(949,120)	-	-
New capital long term debt	697,000	-	(697,000)	-	-
Long term debt repaid	(225,013)	-	225,013	-	-
<b>Change in accumulated surplus</b>	<b>244,235</b>	<b>811,723</b>	<b>751,971</b>	<b>1,807,929</b>	<b>174,079</b>
<b>BALANCE</b> , end of year	<b>\$ 1,453,253</b>	<b>\$ 2,164,072</b>	<b>\$22,003,704</b>	<b>\$25,621,029</b>	<b>\$23,813,100</b>

# TOWN OF VULCAN

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

### SCHEDULE 2

	LAND	BUILDINGS	ROADWAY SYSTEM	<u>ENGINEERED STRUCTURES</u>		STORM SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2022	2021
				WATER SYSTEM	WASTE SYSTEM					
<b>COST:</b>										
BALANCE, beginning of year	\$ 1,360,463	\$ 12,100,179	\$ 38,104,619	\$ 7,397,768	\$ 16,894,895	\$ 3,032,749	\$ 2,599,539	\$ 644,660	\$ 82,134,872	\$ 81,518,706
Acquisition of tangible capital assets	-	-	373,228	-	647,074	170,816	941,060	40,900	2,173,078	643,266
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(27,100)
<b>BALANCE, end of year</b>	<b>1,360,463</b>	<b>12,100,179</b>	<b>38,477,847</b>	<b>7,397,768</b>	<b>17,541,969</b>	<b>3,203,565</b>	<b>3,540,599</b>	<b>685,560</b>	<b>84,307,950</b>	<b>82,134,872</b>
<b>ACCUMULATED AMORTIZATION:</b>										
BALANCE, beginning of year	-	5,203,294	34,890,866	5,465,776	8,185,001	1,835,007	1,591,777	396,422	57,568,143	56,598,502
Annual amortization	-	185,843	298,159	112,568	213,176	42,237	67,911	29,228	949,122	996,742
Accum amortization on disposals	-	-	-	-	-	-	-	-	-	(27,100)
<b>BALANCE, end of year</b>	<b>-</b>	<b>5,389,137</b>	<b>35,189,025</b>	<b>5,578,344</b>	<b>8,398,177</b>	<b>1,877,244</b>	<b>1,659,688</b>	<b>425,650</b>	<b>58,517,265</b>	<b>57,568,144</b>
<b>NET BOOK VALUE OF</b>										
<b>TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,360,463</b>	<b>\$ 6,711,042</b>	<b>\$ 3,288,822</b>	<b>\$ 1,819,424</b>	<b>\$ 9,143,792</b>	<b>\$ 1,326,321</b>	<b>\$ 1,880,911</b>	<b>\$ 259,910</b>	<b>\$ 25,790,685</b>	<b>\$ 24,566,728</b>
<b>2021 NET BOOK VALUE OF</b>										
<b>TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,360,463</b>	<b>\$ 6,896,884</b>	<b>\$ 3,213,753</b>	<b>\$ 1,931,992</b>	<b>\$ 8,709,894</b>	<b>\$ 1,197,742</b>	<b>\$ 1,007,762</b>	<b>\$ 248,238</b>	<b>\$ 24,566,728</b>	



# TOWN OF VULCAN

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

### SCHEDULE 3

	<b>BUDGET (Unaudited)</b>	<b>2022</b>	<b>2021</b>
<b>TAXATION</b>			
Real property taxes	\$ 3,096,165	\$ 3,097,042	\$ 3,027,316
Linear property taxes	45,265	46,094	45,265
Government grants in place of property taxes	44,041	44,729	44,041
	<b>3,185,471</b>	<b>3,187,865</b>	<b>3,116,622</b>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	590,237	621,265	590,086
Seniors Lodge	72,996	72,996	70,584
	<b>663,233</b>	<b>694,261</b>	<b>660,670</b>
<b>NET MUNICIPAL TAXES</b>	<b>\$ 2,522,238</b>	<b>\$ 2,493,604</b>	<b>\$ 2,455,952</b>

# TOWN OF VULCAN

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022

### SCHEDULE 4

	<b>BUDGET (Unaudited)</b>	<b>2022</b>	<b>2021</b>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 258,561	\$ 302,680	\$ 328,114
Other Local Governments	2,000	15,750	2,600
	<hr/> 260,561	<hr/> 318,430	<hr/> 330,714
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	1,082,980	44,913
	<hr/> -	<hr/> 1,082,980	<hr/> 44,913
<b>TOTAL GOVERNMENT TRANSFERS</b>	<hr/> <b>\$ 260,561</b>	<hr/> <b>1,401,410</b>	<hr/> <b>\$ 375,627</b>

# TOWN OF VULCAN

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2022

### SCHEDULE 5

	<b>BUDGET (Unaudited)</b>	<b>2022</b>	<b>2021</b>
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 1,618,970	\$ 1,625,595	\$ 1,568,605
Contracted and general services	1,595,266	1,423,277	1,383,909
Materials, goods and utilities	1,302,553	1,246,713	1,244,452
Transfers to local boards and agencies	490,861	497,515	447,205
Bank charges and short-term interest	13,500	1,986	15,580
Interest on long-term debt	132,885	131,548	114,290
Other expenses	25,100	46,625	24,295
Amortization of tangible capital assets	-	949,120	996,742
	<b>\$ 5,179,135</b>	<b>5,922,379</b>	<b>\$ 5,795,078</b>

# TOWN OF VULCAN

## STATEMENT OF OPERATIONS SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022

### SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 2,493,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,493,604
Government transfers	31,937	-	-	1,082,980	51,638	40,000	194,855	1,401,410
User fees & sales of goods	107,228	-	18,857	82,000	381,385	1,588,183	7,500	2,185,153
Investment income	86,525	-	-	-	-	-	-	86,525
Contributed assets	-	-	-	90,000	-	-	-	90,000
Other revenues	647,980	10,440	49,114	673,247	87,790	5,046	-	1,473,617
	<u>3,367,274</u>	<u>10,440</u>	<u>67,971</u>	<u>1,928,227</u>	<u>520,813</u>	<u>1,633,229</u>	<u>202,355</u>	<u>7,730,309</u>
<b>EXPENSES</b>								
Contract & general services	405,539	93,420	63,412	43,280	123,176	694,351	99	1,423,277
Salaries and wages /	524,553	76,632	332,629	44,234	435,006	203,396	9,144	1,625,594
Goods and supplies /	95,074	7,038	258,172	558	263,236	621,491	1,144	1,246,713
Transfers to local boards	44,830	54,472	8,000	-	182,199	-	208,014	497,515
Long-term debt interest	22,735	-	5,614	-	33,413	69,786	-	131,548
Other expenses /	36,613	-	-	8,249	3,751	-	-	48,613
	<u>1,129,344</u>	<u>231,562</u>	<u>667,827</u>	<u>96,321</u>	<u>1,040,781</u>	<u>1,589,024</u>	<u>218,401</u>	<u>4,973,260</u>
<b>NET REVENUE BEFORE</b>								
AMORTIZATION	2,237,930	(221,122)	(599,856)	1,831,906	(519,968)	44,205	(16,046)	2,757,049
Amortization Expense	39,175	7,200	398,804	-	169,225	334,716	-	949,120
<b>NET REVENUE</b>								
<b>(EXPENSES)</b>	<b>\$ 2,198,755</b>	<b>\$ (228,322)</b>	<b>\$ (998,660)</b>	<b>\$ 1,831,906</b>	<b>\$ (689,193)</b>	<b>\$ (290,511)</b>	<b>\$ (16,046)</b>	<b>\$ 1,807,929</b>

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Vulcan 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 town are as follows:

#### (a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town council for the administration of their financial affairs and resources. Included with the municipality are the following:

Vulcan Family & Community Support Services

Vulcan Library

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

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

#### (b) Basis of accounting

The 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 the 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) Government Transfers

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

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) 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 investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### (e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

#### (f) Non-Financial Assets

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

##### i. Tangible Capital Assets

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

Land Improvements	15-20 years
Buildings	25-50 years
Engineered Structures	
Water distribution system	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and Equipment	5-20 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets are available for productive use.

##### ii. Contributions of Tangible Capital Assets

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

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

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Leases

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

(h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

(i) Pension

The Town of Vulcan participates in a multi-employer defined benefit pension plan. This contributions to the plan are expensed as incurred.

(j) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

(k) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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.

(l) Fund Accounting

Management funds consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues

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

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(m) Tax revenue

Tax revenues are recognized when the tax levy has been calculated, it has been authorized by bylaw and the taxable event has occurred. Tax levies may be subject to adjustment through appeal by property owners or other events that could result in a change to the amount levied.

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

(n) Taxes and Grants in Lieu Receivable

Taxes and grants in lieu receivable consist of current tax levies which remain outstanding at December 31, 2022.

(o) Inventories for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling 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 their respective functions. When land is sold the inventory balance is reduced with an offsetting adjustment to cost of operations in the statement of operations.

(p) Requisition Over-levies and Under-levies

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.

(q) Interest on Long Term Debt

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

(r) Liability for contamination of sites.

Contaminated sites are result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under environmental standard. This standard relates to that are not in productive use and site in productive use where an unexpected event resulted in contamination.



# TOWN OF VULCAN

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

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(r) Liability for contamination of sites, continued.

A liability for remediation of contaminated sites is recognized when all of the following criteria is met:

- an environmental standard exists
- contamination exceeds environmental standard
- the town is directly responsible or accepts responsibility
- the town expects the future economic benefits will be given up
- a reasonable estimate of the amount can be made

The town has determined that all of the above criteria have not been met and as such no amounts have been accrued.

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Bank	\$ 210,106	\$ 223,630
Temporary investments	<u>3,053,432</u>	<u>1,895,614</u>
Total cash and investments	3,263,538	2,119,244
Less restricted funds	<u>(2,634,206)</u>	<u>(1,590,297)</u>
Unrestricted funds (shortfall)	<u>\$ 629,332</u>	<u>\$ 528,947</u>

Temporary investments are investments with maturities in the normal operating cycle of the municipality. Interest rates for the investments vary from 1.55% to 2.45%.

The town has arranged an operating credit facility with the Alberta Treasury Branch up to the principal sum of \$413,500 that is repayable on demand with interest calculated at the rate of prime plus 1% payable monthly. The security for the loan is provided by the town at large and all of its assets.

	<u>2022</u>	<u>2021</u>
<u>Restricted funds</u>		
Restricted surplus	\$ 2,164,072	\$ 1,352,349
Deferred revenue	377,299	152,172
Deposits	<u>92,835</u>	<u>85,776</u>
Total restricted funds	<u>\$ 2,634,206</u>	<u>\$ 1,590,297</u>

# TOWN OF VULCAN

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

### 3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Current taxes and grants in place of taxes	\$ 166,879	\$ 139,859
Arrears taxes	<u>52,100</u>	<u>50,551</u>
	218,979	190,410
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 218,979</u>	<u>\$ 190,410</u>
<u>Other</u>		
Trade and other receivables	\$ 274,313	\$ 248,981
Property tax due on tax sale accounts	<u>14,279</u>	<u>50,356</u>
	288,592	299,337
Due from other governments	<u>60,363</u>	<u>1,028,112</u>
	348,955	1,327,449
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 348,955</u>	<u>\$ 1,327,449</u>

### 4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2022</u>	<u>2021</u>
Land	\$ 1,360,463	\$ 1,360,463
Buildings	6,711,042	6,896,883
Engineered structures		
Roadway system	3,288,822	3,213,753
Water distribution system	1,819,424	1,931,992
Wastewater treatment system	9,143,792	8,709,894
Storm system	1,326,322	1,197,742
Machinery and equipment	1,880,910	1,007,762
Vehicles	<u>259,910</u>	<u>248,239</u>
	<u>\$25,790,685</u>	<u>\$24,566,728</u>

### 5. DEFERRED REVENUE

The deferred revenue balance represents funds received for specific purposes that have not been spent by year end. Deferred revenue consists of the following:

	<u>2022</u>	<u>2021</u>
MSI grant capital	\$ -	\$ 856,854
Alberta energy grant	-	48,716
Canada community building fund	373,158	258,276
Regional collaboration grant	<u>4,141</u>	<u>4,141</u>
	<u>\$ 377,299</u>	<u>\$ 1,167,987</u>

# TOWN OF VULCAN

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

### 6. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Vacation	\$ <u>115,693</u>	\$ <u>114,639</u>

The employee benefit obligations liability is comprised of the vacation time that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits with the next budgetary year.

### 7. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
ACFA debentures	\$ <u>4,554,155</u>	\$ <u>4,113,182</u>
Current Portion	\$ <u>256,556</u>	\$ <u>171,108</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 256,556	\$ 157,189	\$ 413,745
2024	260,756	148,069	408,825
2025	269,968	138,857	408,825
2026	279,555	129,270	408,825
2027	289,534	119,291	408,825
Thereafter	<u>3,197,786</u>	<u>692,676</u>	<u>3,890,462</u>
	<u>\$ 4,554,155</u>	<u>\$ 1,385,352</u>	<u>\$ 5,939,507</u>

Debenture debt is payable to Alberta Capital Finance Authority (ACFA) and bears interest at rates ranging from 2.04% to 6.25% per annum, before Provincial subsidy and matures in periods 2022 through 2047. Debenture debt is issued on the credit and security of the Town of Vulcan at large.

	<u>2022</u>	<u>2021</u>
Interest on long term debt	\$ <u>131,548</u>	\$ <u>114,290</u>

# TOWN OF VULCAN

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

### 8. SALARY AND BENEFITS DISCLOSURE

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

	<u>2022</u>			<u>2021</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Grant	\$ 10,080	\$ 7,028	\$ 17,108	\$ 16,490
Councilor Armstrong	-	-	-	6,709
Councilor G DeBolt	-	-	-	9,019
Councilor R Debolt	5,400	3,557	8,957	4,747
Councilor Dunham	5,280	3,514	8,794	4,756
Councilor Magnuson	5,880	3,557	9,437	6,908
Councilor Moore-Coffey	7,560	3,514	11,074	5,830
Councilor Roddy	-	-	-	4,619
Councilor Sanderson	11,870	3,506	15,376	4,706
Councilor Smith	4,920	3,557	8,477	3,929
Councilor Taylor	-	-	-	6,422
Councilor Thomas	-	-	-	4,399
Chief Administrative Officer	111,288	18,252	129,540	131,068
Designated Officer - Assessor	36,488	-	36,488	34,050

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

# TOWN OF VULCAN

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

### 9. DEBT LIMITS

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

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 9,970,992	\$ 8,886,365
Total debt	<u>(4,754,051)</u>	<u>(4,390,464)</u>
Amount of debt limit unused	<u>\$ 5,216,941</u>	<u>\$ 4,495,901</u>
	<u>2022</u>	<u>2021</u>
Debt servicing limit	\$ 1,661,832	\$ 1,481,061
Debt servicing	<u>(500,483)</u>	<u>(372,136)</u>
Amount of debt servicing limit unused	<u>\$ 1,161,349</u>	<u>\$ 1,108,925</u>

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are 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.

The Town of Vulcan has guaranteed a loan advanced from the Chinook Credit Union (formerly MacLeod Savings and Credit Union) for the Vulcan Golf and Country Club for construction of an additional nine holes. The original principal of the loan was \$1,300,000 amortized over a 25 year period. The Town has agreed to pay the annual loan payments.

	<u>2022</u>	<u>2021</u>
Balance outstanding at year end	\$ <u>199,896</u>	\$ <u>277,282</u>
Payments due after year end principle and interest	\$ <u>86,738</u>	\$ <u>86,738</u>

### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$ 84,307,950	\$ 82,134,872
Accumulated amortization (Schedule 2)	<u>(58,517,265)</u>	<u>(57,568,143)</u>
	25,790,685	24,566,729
Long-term debt (Note 5)	<u>(3,786,983)</u>	<u>(3,314,996)</u>
	<u>\$ 22,003,702</u>	<u>\$ 21,251,733</u>

# TOWN OF VULCAN

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

### 11. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (Schedule 1)	\$ 1,453,253	\$ 1,209,018
Restricted surplus (Schedule 1)	2,164,072	1,352,349
Equity in tangible capital assets (Schedule 1)	<u>22,003,704</u>	<u>21,251,733</u>
	<u>\$25,621,029</u>	<u>\$23,813,100</u>

### 12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town 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 is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

	<u>2022</u>	<u>2021</u>
Total current service contributions by the Town	\$ <u>101,696</u>	\$ <u>105,512</u>
Total current service contributions by the employees	\$ <u>90,169</u>	\$ <u>94,866</u>

At December 31, 2021, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of \$11.9 billion.

### 13. COMMITMENTS

#### Twin Valley Water Commission

##### Membership Agreement

Agreement entered into December 1, 2017 and is a continuing agreement unless notice is given that must be a 5 year notice. The agreement is to provide the town's proportional share of the debenture debt of the Commission each year to the commission. The portion of the debenture debt allocated by the Commission to the town is 77.6%. There is also a required allocation of the administration costs by the Commission to the town that is 25%. There will be a review every 5 years for any changes to the payment commitments by the town.

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

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### 13. COMMITMENTS, continued

#### Operation Agreement

Agreement entered into November 29, 2017 and is a continuing agreement until one party terminates with a 90 day notice requirement. The Town is called the operator per the agreement and is to provide water testing, emergency services, line repairs and other maintenance and operating services as outlined in a clause of the agreement. Fees paid to the town are \$240,000 annually with payments due each month. Abnormal costs will be above this agreed annual fee at rates pre-determined between the Town and Commission.

#### Benchmark Assessment Consultants Inc.

The agreement is for the provision of assessment services of all lands and premises within the Town's boundaries primarily for taxation purposes. The agreement is for a 5 year term beginning April 1, 2021 to March 31, 2026. The fees are based on an agreed amount per parcel of land. Fees for appeals will be in addition to the cost per parcel of land assessment services.

### 14. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the town 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.

#### COVID - 19

Council and management of the municipality are keenly aware of the need to be proactive with the community in ensuring safeguards are in place as and when needed. Currently there has been no additional senior government funding directed towards COVID-19 management, nor any specific protocols that are to be followed.

### 15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments. Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of these financial instruments approximate their fair value.

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

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### 16. SEGMENTED DISCLOSURE

The Town of Vulcan provides a range of services to its ratepayers. 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. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Schedule 6 reports the segmented revenues and expenditures for the year ended December 31, 2022.

### 17. COMPARATIVE INFORMATION

Certain 2020 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

### 18. ROUNDING

Certain schedule balances may not add due to formula rounding.

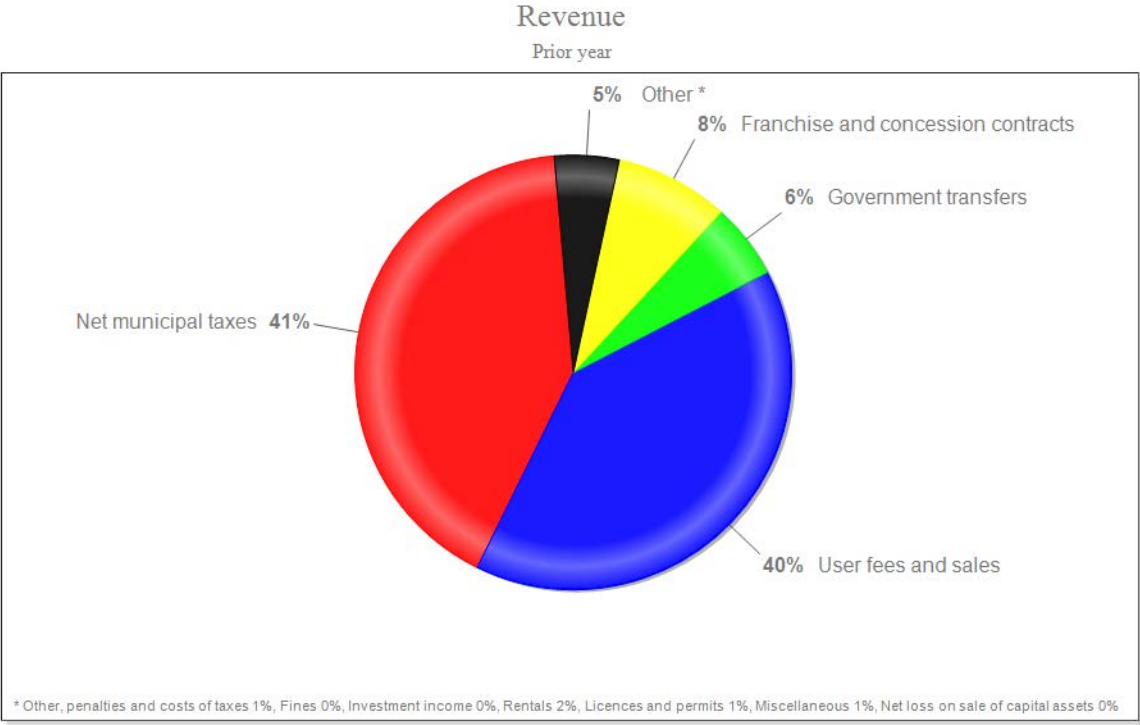
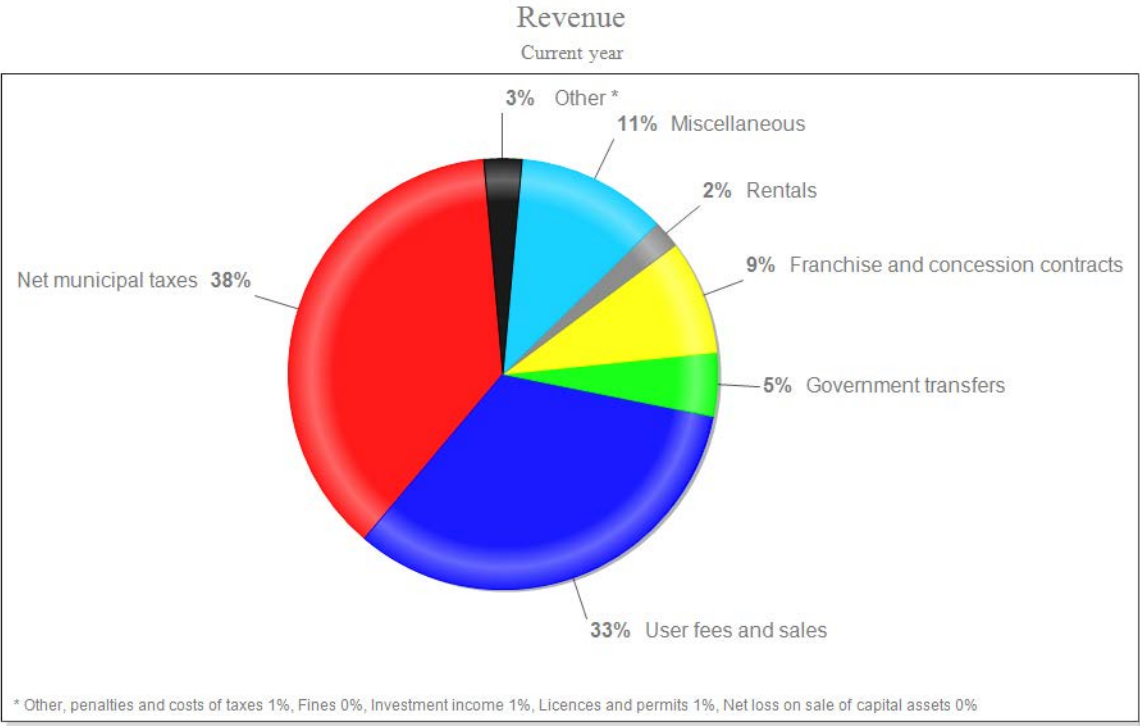
### 19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



# TOWN OF VULCAN

## REVENUE DECEMBER 31, 2022 and 2021

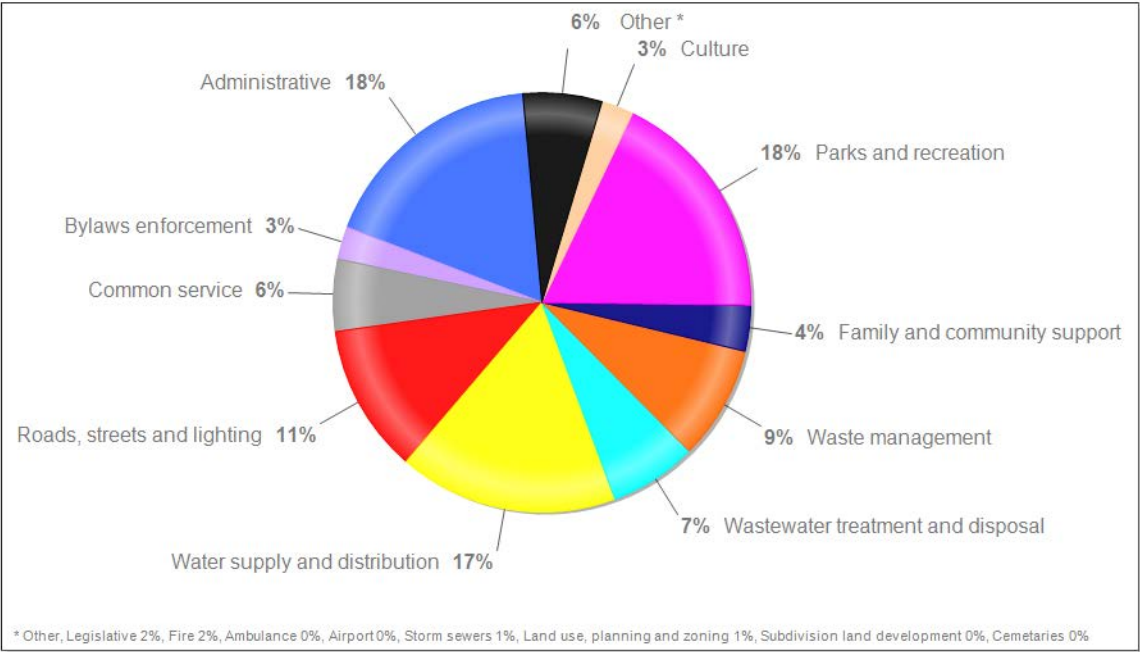


# TOWN OF VULCAN

## EXPENDITURES BY FUNCTION YEAR END DECEMBER 31, 2022 and 2021

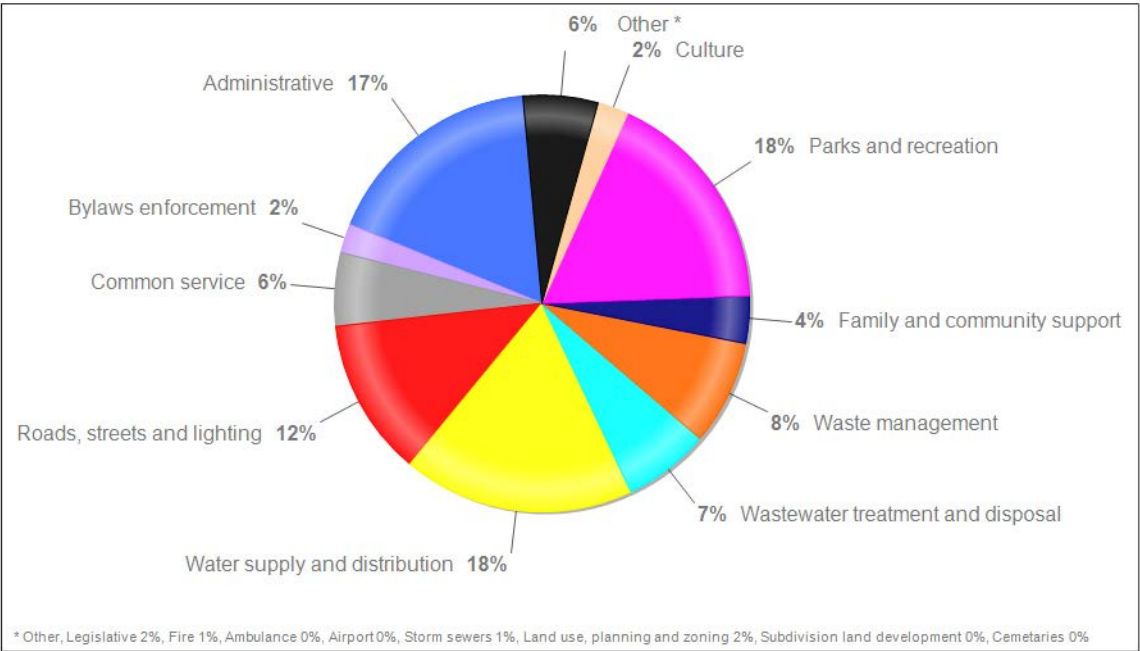
Expenses by function

Current year



Expenses by function

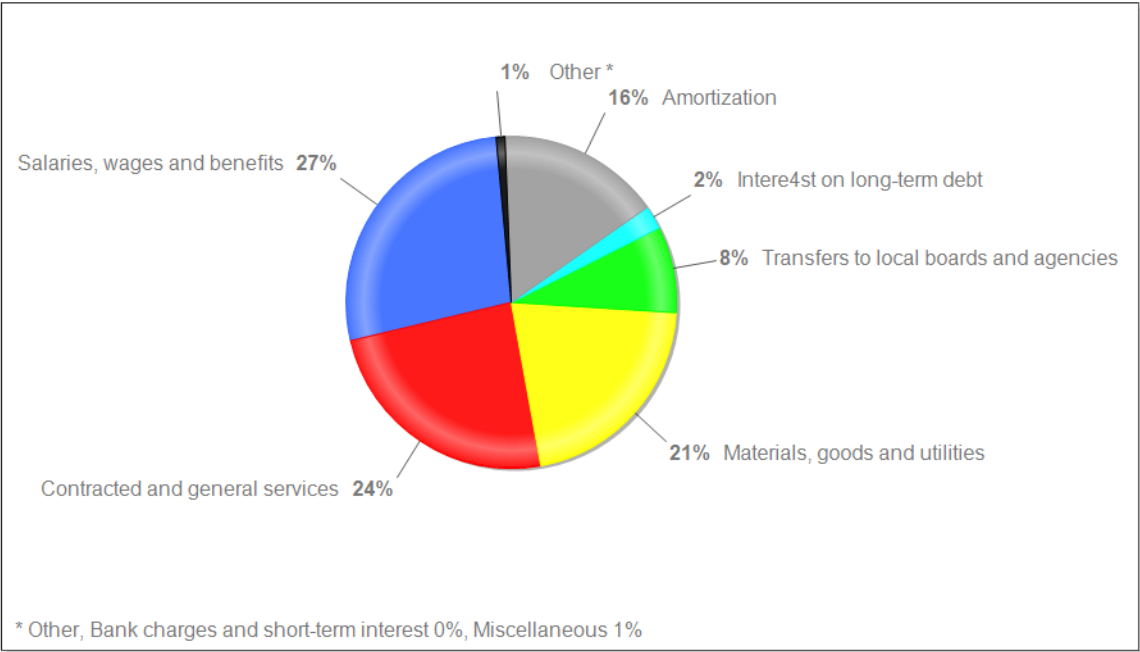
Prior year



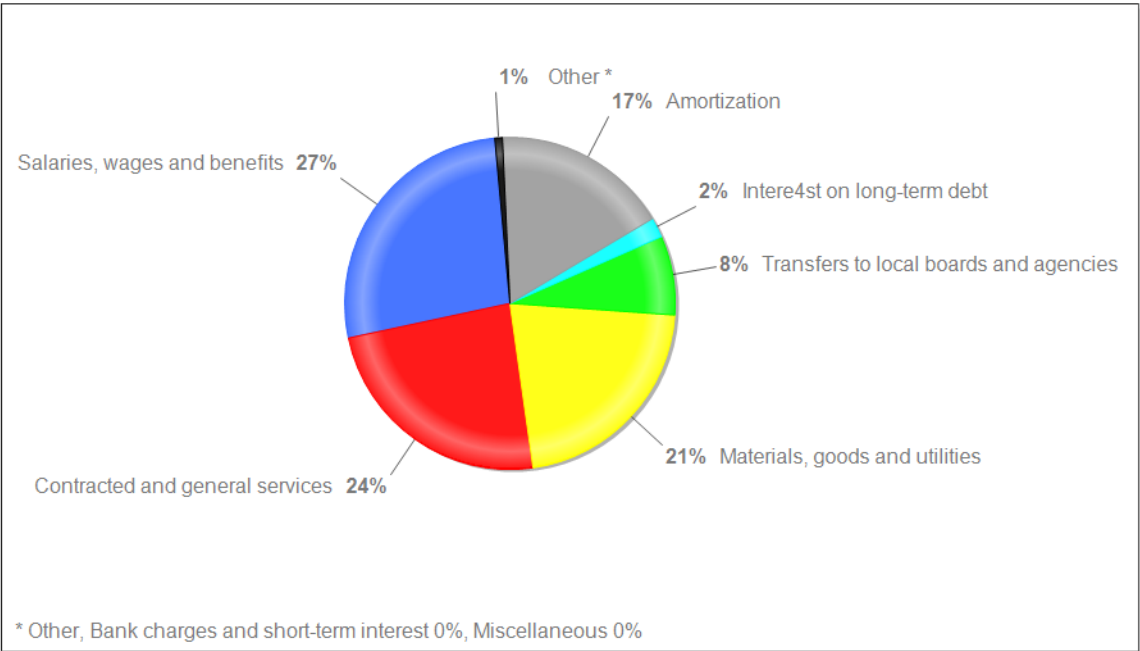
# TOWN OF VULCAN

## EXPENDITURES BY OBJECT YEAR END DECEMBER 31, 2022 and 2021

Expenses by object  
Current year



Expenses by object  
Prior year





**SCASE & PARTNER**  
CHARTERED PROFESSIONAL ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT – FINANCIAL INFORMATION RETURN**

TO THE MEMBERS OF COUNCIL OF THE TOWN OF VULCAN

### **Opinion**

We have audited the municipal financial information return of the Town of Vulcan, which comprises the consolidated statement of financial position for the year ended December 31, 2022 and the statements of financial activities by function and by object and change in accumulated surplus and additional supporting schedules for the year then ended.

In our opinion, the municipal financial information return presents fairly, in all material respects the financial position of the Town of Vulcan as at December 31, 2022 and the results of its operations, changes in net financial assets (debt) 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 Municipal Financial Information Return section of our report. We are independent of the Town of Vulcan in accordance with the ethical requirements that are relevant to our audit of the municipal financial information return in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

### **Emphasis of Matter**

#### **Basis of Accounting**

The financial information return is prepared to assist the Town of Vulcan to meet the requirements of the Municipal Government Act (Section 277(1)). As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Unaudited Schedule of (Municipal Statistics)

Included in the Financial Information Return is a schedule called, “Unaudited Schedule of (Municipal Statistics)”. This report and associated statistical information is not audited or reviewed by Scase & Partner, CPA’s and we are therefore unable to confirm the existence or accuracy of the information contained therein.

### **Responsibilities of Management and Those Charged with Governance for the Municipal Financial Information Return**

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

In preparing the municipal financial information return, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipalities financial reporting process.

### **Auditor’s responsibility for the Audit of the Municipal Financial Information Return**

Our objectives are to obtain reasonable assurance about whether the municipal financial information return as a whole is 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 this municipal financial information return.

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 municipal financial information return, 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 Municipality'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 Municipality'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 municipal financial information return 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the municipal financial information return, including the disclosures, and whether the municipal financial information return represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the municipal financial information return. We are responsible for the direction, supervision, and performance of the Municipality's audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase.

A handwritten signature in cursive script that reads "Scase & Partner".

Calgary, Alberta  
March 26, 2023

Chartered Professional Accountants