Vulcan County

FINANCIAL STATEMENTS DECEMBER 31, 2014

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2014

CONTENTS

Management's Reponsibility for Reporting	1
Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Schedule 1 - Schedule of Change in Accumulated Surplus	7
Schedule 2 - Schedule of Tangible Capital Assets	8
Schedule 3 - Schedule of Property and Other Taxes	9
Schedule 4 - Schedule of Government Transfers	10
Schedule 5 - Schedule of Expenses by Object	11
Schedule 6 - 2014 Schedule of Segmented Disclosure	12
Schedule 7 - 2013 Schedule of Segmented Disclosure	13
Notes to Financial Statements	14-26



P.O. BOX 180 VULCAN, ALBERTA TOL 280

April 15, 2015

TELEPHONE: 1-403-485-2241 TOLL FREE: 1-877-485-2299

FAX: 1-403-485-2920 www.vulcancounty.ab.ca

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, 2014, 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,

Leo Ludwig, CLGM

Chief Administrative Officer

Mark DeBoer, CA

Director of Corporate Services



Tel: 403 328 5292 Fax: 403 328 9534 www.bdo.ca BDO Canada LLP 200 Commerce Court 220 - 3rd Avenue S Lethbridge AB T1J 0G9 Canada

Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

We have audited the accompanying financial statements of Vulcan County, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vulcan County as at December 31, 2014 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.

Chartered Accountants

BDO Canada UP

Lethbridge, Alberta April 15, 2015

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	10	2014	1	2013
FINANCIAL ASSETS				
Cash and investments (note 2)	\$	10,424,813	\$	3,092,054
Taxes and grants in lieu receivables (note 3)	*	846,191	Ψ.	965,511
Trade and other receivables		1,868,997		2,693,186
Inventory held for resale		237,490		289,418
Long term investments (note 4)		13,714,432		18,176,035
Loans and notes receivable (note 5)		565,031		672,514
Other	// 	315,910		191,535
		27,972,864		26,080,253
LIABILITIES				
Accounts payable and accrued liabilities		1,224,737		1,045,439
Deferred revenue (note 6)		1,896,359		1,327,001
Accrued vacation payable		205,410		210,228
Employee benefit obligations (note 7)				190,000
Other liabilities		435,049		301,246
	V	3,761,555		3,073,914
NET FINANCIAL ASSETS		24,211,309		23,006,339
NON - FINANCIAL ASSETS				
Tangible capital assets (schedule 2, note 8)		104,637,218		102,951,507
Inventory for consumption (note 9)		4,385,346		5,110,680
Prepaid expenses		183,792		169,585
		109,206,356		108,231,772
ACCUMULATED SURPLUS (schedule 1, note 10)	\$	133,417,665	\$	131,238,111

Contingencies and commitments - See note 18 and 19

APPROVED BY:

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2014

Net municipal taxes (schedule 3)			Budget	2014	_	2013
Net municipal taxes (schedule 3) 12,407,015 12,419,677 \$ 12,132,072 Government transfers (schedule 4) 1,140,415 868,022 851,863 Return on investments 311,674 395,617 434,653 Sale of goods, rents, and user charges 825,559 1,219,126 1,152,640 Community aggregate levy 120,000 282,789 127,522 Other revenue 66,407 299,051 105,592 Penalties and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 595,587 305,813 295,493 Economic and agricultural development 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	DEVENUE		(note 11)			
Government transfers (schedule 4) 1,140,415 868,022 851,863 Return on investments 311,674 395,617 434,653 Sale of goods, rents, and user charges 825,559 1,219,126 1,152,640 Community aggregate levy 120,000 282,789 127,522 Other revenue 66,407 299,051 105,592 Penalties and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Administration services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricult	24 (24m) ((25 (25) 25) (25 (25) (25)	æ	10 107 015 6	10 110 0==	•	10 100 000
Return on investments 311,674 395,617 434,653 Sale of goods, rents, and user charges 825,559 1,219,126 1,152,640 Community aggregate levy 120,000 282,789 127,522 Other revenue 66,407 299,051 105,592 Penalties and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 11,769,280 1,381,614 1,182,048 Administration services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recrea		\$			\$	
Sale of goods, rents, and user charges 825,559 1,219,126 1,152,640 Community aggregate levy 120,000 282,789 127,522 Other revenue 66,407 299,051 105,592 Penaltiles and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES 284,383 287,864 284,889 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 398,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 <				100		70.
Community aggregate levy Other revenue 120,000 282,789 127,522 Other revenue 66,407 299,051 105,592 Penalties and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 398,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 <t< td=""><td></td><td></td><td></td><td></td><td></td><td>7.7</td></t<>						7.7
Other revenue Penalties and costs of taxes 66,407 125,800 299,051 163,343 105,592 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE 4,470,471 (379,957) (2,476,499) OTHER - <			2000 100 100 100 100 100 100 100 100 100			
Penaltites and costs of taxes 125,800 163,343 134,472 TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269						
TOTAL REVENUE 14,996,870 15,647,625 14,938,814 EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269				100 0000		
EXPENSES Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 11,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Penalties and costs of taxes	-	125,800	163,343	S 30	134,472
Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,	TOTAL REVENUE		14,996,870	15,647,625		14,938,814
Legislative 284,383 287,864 284,849 Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,	FXPENSES					
Administration 2,201,952 1,927,003 1,992,912 Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269			284.383	287.864		284 849
Protection services 1,769,280 1,381,614 1,182,048 Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE (4,470,471) (379,957) (2,476,499) OTHER (50,422) 500,422 500,4						
Transportation services 11,962,575 9,803,242 10,764,909 Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE (4,470,471) (379,957) (2,476,499) OTHER - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Protection services					
Environmental use and protection 647,314 615,296 601,140 Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Transportation services			S		70 (39)
Family and community support 192,000 186,720 178,870 Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Environmental use and protection					
Community planning and development 595,587 305,813 295,493 Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269						
Economic and agricultural development 1,219,329 953,187 898,635 Parks and recreation Other 524,921 500,852 405,422 Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) - 836,725 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269						
Parks and recreation Other 524,921 70,000 500,852 65,991 405,422 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) - 836,725 3,581,616 836,725 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Economic and agricultural development					
Other 70,000 65,991 811,035 TOTAL EXPENSES 19,467,341 16,027,582 17,415,313 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Parks and recreation					
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) (4,470,471) (379,957) (2,476,499) (379,957) (2,476,499) (379,957) (2,476,499) (4,470,471) (379,957) (1,171,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386)	Other					
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER Contributed tangible capital assets Government transfers for capital (schedule 4) EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) (4,470,471) (379,957) (2,476,499) (379,957) (2,476,499) (379,957) (2,476,499) (4,470,471) (379,957) (1,171,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386) (1,151,386)	TOTAL EXPENSES		19 467 341	16 027 592	-	17 /15 212
OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER		-	15,107,041	10,027,302	-	17,410,515
OVER EXPENSES - BEFORE OTHER (4,470,471) (379,957) (2,476,499) OTHER	EXCESS (SHORTFALL) OF REVENUE					
OTHER	그 그 그 그 그 그 그 그 그 이 어느 이 그게 가게 되었다. 이 그 이 이 이 이 이 아이는 아이는 아이는 아이는 아이는 아이는 아이는 아		(4,470,471)	(379.957)		(2.476.499)
Contributed tangible capital assets - - 836,725 Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269			* (18020) (1804 (1904 (1904))	((-, ,)
Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	OTHER					
Government transfers for capital (schedule 4) 3,319,085 2,559,511 3,581,616 EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES (1,151,386) 2,179,554 1,941,842 ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Contributed tangible capital assets		-	-		836,725
ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	Government transfers for capital (schedule 4)		3,319,085	2,559,511		
ACCUMULATED SURPLUS, BEGINNING OF YEAR 131,238,111 131,238,111 129,296,269	EYCESS (SHOPTEALL) OF DEVENUE OVER EXPENSES		(4 154 396)	2 470 554	1199	1.014.040
	EXCESS (SHOKTFALL) OF REVENUE OVER EXPENSES		(1,151,386)	2,179,554		1,941,842
ACCUMULATED SURPLUS, END OF YEAR \$ 130,086,725 \$ 133,417,665 \$ 131,238,111	ACCUMULATED SURPLUS, BEGINNING OF YEAR		131,238,111	131,238,111		129,296,269
	ACCUMULATED SURPLUS, END OF YEAR	\$	130,086,725 \$	133,417,665	\$	131,238,111

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2014

	Budget	2014		2013
	(note 11)			
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (1,151,386) \$	2,179,554	\$	1,941,842
Acquisition of tangible capital assets	(5,053,734)	(6,371,336)		(4,311,744)
Contributed tangible capital assets		•		(836,725)
Proceeds on disposal of tangible capital assets	259,000	786,854		1,241,346
Amortization of tangible capital assets	3,823,831	3,722,577		3,663,080
Loss on disposal of tangible capital assets	 \(\alpha\)	176,194	-	403,140
	 (970,903)	(1,685,711)	,,	159,097
Net change in inventory for consumption	€ a	725,334		(263,493)
Acquisition of prepaid expenses	87	(183,792)		(169,585)
Use of prepaid expenses	 V S	169,585	_	123,994
	 <u>-</u>	711,127	-	(309,084)
	*			
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,122,289)	1,204,970		1,791,855
NET FINANCIAL ASSETS, BEGINNING OF YEAR	 23,006,339	23,006,339	1	21,214,484
NET FINANCIAL ASSETS, END OF YEAR	\$ 20,884,050 \$	24,211,309	\$	23,006,339

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

NET INFLOW (OUTFLOWS) OF CASH RELATED TO		2014	-	2013
THE FOLLOWING ACTIVITIES:				
OPERATING				
Excess of revenue over expenses	\$	2,179,554	\$	1,941,842
Non-cash items included in excess of revenues over expenses:				
Amortization of tangible capital assets		3,722,577		3,663,080
Loss on disposal of tangible capital assets		176,194		403,140
Tangible capital assets received as contributions		-		(836,725)
Non-cash charges to operations (net change):				
Decrease (increase) in taxes and grants in lieu receivable		119,320		(347,788)
Decrease (increase) in trade and other receivables		824,189		(1,144,143)
Increase in inventory held for resale		51,928		(228,075)
Decrease in loans receivable		107,483		152,339
Increase in other financial assets		(124,375)		(17,673)
Decrease (increase) in inventory for consumption		725,334		(263,493)
Increase in prepaid expenses		(14,207)		(45,591)
Increase (decrease) in accounts payable		179,298		(106,907)
Increase in deferred revenue		569,358		160,277
Increase (decrease) in accrued vacation pay		(4,818)		25,688
Increase (decrease) in employee benefit obligations		(190,000)		9,600
Increase (decrease) in other liabilities		133,803	-	(230,925)
Cash provided by operating transactions	·	8,455,638		3,134,646
CAPITAL				
Acquisition of tangible capital assets		(6,371,336)		(4,311,744)
Proceeds on disposal of tangible capital assets		786,854		1,241,346
Cash applied to capital transactions		(5,584,482)		(3,070,398)
INVESTING				
Decrease (increase) in investments, being		1 101 000		(0.005.550)
cash provided by (applied to) investing transactions	-	4,461,603		(3,265,553)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR		7,332,759		(3,201,305)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				# NEX 1V #
CASH AND CASH EQUIVALENTS, BEGINNING OF TEAR		3,092,054	-	6,293,359
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	10,424,813	\$	3,092,054

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2014

	วั ซั	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014		2013
BAI ANCE BEGINNING OF YEAR	69	7.908.694	20.377.910	102,951,507 \$	131,238,111	↔	129,296,269
Expect of revenues over expenses		2 179 554		1	2.179.554		1 941 842
Unrestricted funds designated for future use	_	10,320,999)	10,320,999	0			
Restricted funds used for operations	•	1,518,972	(1,518,972)	t			ı
Restricted funds used for tangible capital assets		,	(1,296,139)	1,296,139	i		E.
Current year funds used for tangible capital assets		(5,075,197)		5,075,197	•		ï
Contributed tangible capital assets			à	1	•		ī
Disposal of tangible capital assets		963,048		(963,048)			ä
Annual amortization expense		3,722,577		(3,722,577)			1
5. Jan. 19. April 19. 19. 19. 19. 19. 19. 19. 19. 19. 19.		77 040 045	7 505	1 605 711	2 170 551		1 041 842
change in accumulated surplus		(1,012,043)	000,000,7	117,000,1	4,113,004		740,146,1
BALANCE, END OF YEAR	S	896,649	27,883,798	104,637,218 \$	133,417,665	69	131,238,111

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2014

l	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2014		2013	
COST:										
BALANCE, BEGINNING OF YEAR \$	5,626,762	1,226,249	9,982,666	13,221,126	3,850,652	146,518,526 \$	180,425,981	69	179,057,926	
Acquisition of tangible capital assets	15,110		215,508	2,301,886	282,292	2,559,504	5,374,300		4,894,810	
New construction-in-progress	10	a e	75,138	197,529	810	724,369	997,036		253,659	
Disposition of tangible capital assets	(6,497	-	I.	(1,535,225)	(153,015)	(774,469)	(2,469,206)		(3,780,414)	
BALANCE, END OF YEAR	5,635,375	1,226,249	10,273,312	14,185,316	3,979,929	149,027,930	184,328,111		180,425,981	
ACCUMULATED AMORTIZATION:										
BALANCE, BEGINNING OF YEAR \$	1	121,292	2,026,861	6,139,466	1,502,827	67,684,028 \$	77,474,474	69	75,947,322	
Annual amortization	1	33,725	268,882	1,007,942	357,836	2,054,192	3,722,577		3,663,080	
Accumulated amortization on disposal	ь	1g	E 2X	(716,168)	(143,167)	(646,823)	(1,506,158)		(2,135,928)	
BALANCE, END OF YEAR	31	155,017	2,295,743	6,431,240	1,717,496	69,091,397	79,690,893		77,474,474	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,635,375	1,071,232	695,226,2	7,754,076	2,262,433	79,936,533	104,637,218	↔	102,951,507	
2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,626,762	1,104,957	7,955,805	7,081,660	2,347,825	78,834,498 \$	102,951,507			

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2014

	 Budget	2014	-	2013
TAXATION				
Real property taxes	\$ 6,024,590 \$	6,977,022	\$	7,051,006
Linear taxes	7,478,733	7,478,257		7,470,436
Commercial taxes	968,672	950,972		921,755
Government grants in lieu of taxes	968,672	16,750		13,457
Special levy	849,001	847,893		565,369
Well drilling tax	45,000	75,897		60,837
	 16,334,668	16,346,791		16,082,860
REQUISITIONS				
School requisitions	3,715,573	3,715,034		3,755,091
Seniors foundation	212,080	212,080		195,697
	 3,927,653	3,927,114		3,950,788
NET MUNICIPAL TAXES	\$ 12,407,015 \$	12,419,677	\$	12,132,072

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2014

		Budget	2014	2013
TRANSFERS FOR OPERATING Provincial government transfers	\$	1,140,415 \$	868,022	\$ 851,863
TRANSFERS FOR CAPITAL Provincial government transfers	-	3,319,085	2,559,511	 3,581,616
TOTAL GOVERNMENT TRANSFERS	\$	4,459,500 \$	3,427,533	\$ 4,433,479

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2014

	 Budget	-	2014	2013
EXPENSES BY OBJECT				
Salaries, wages and benefits	\$ 6,779,435	\$	5,774,452	\$ 5,385,996
Contracted and general services	3,397,982		2,859,560	3,720,869
Materials, goods and utilities	3,769,321		3,417,438	3,282,721
Transfers to local boards and agencies	1,579,272		1,531,577	1,401,961
Interest and bank charges	30,000		50,626	52,535
Other expenses	87,500		207,959	925,915
Amortization of tangible capital assets	3,823,831		3,722,577	3,663,080
Loss on disposal of tangible capital assets	-		176,194	403,140
Machine expenses capitalized for construction	 		(1,712,801)	 (1,420,904)
	\$ 19,467,341	\$	16,027,582	\$ 17,415,313

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2014

Environmental 2014 Planning Total	\$ 520,881 \$ 12,419,677 2,106 1,219,126 7,238 3,427,533	530,225 18,207,136		26,161 5,774,452	53,312 6,276,998	- 50,626	528,266 1,531,577	7,557 3,722,577	- (1,712,801)	- 176,194	- 207,959	615,296 16,027,582	\$ (85,071) \$ 2,179,554
Economic and Agricultural Services	\$ 406,835 253,474 15,264	675,573		399,474	580,405	ã	173,227	105,894		Ė	ä	1,259,000	\$ (583,427) \$
Transportation Services	\$ 346,680 2,481,751 282,789	3,111,220		3,834,798	4,356,521		8,000	3,137,371	(1,712,801)	176,194	3,159	9,803,242	(211,252) \$ (6,692,022) \$
Protective Services	\$ 550,517 360,863 247,982 11,000	1,170,362		449,531	332,504	1	216,380	383,199	ľ	ı	i	1,381,614	- 1
General	\$ 11,348,279 102,642 437,088 831,747	12,719,756		1,064,488	954,256	50,626	605,704	88,556	E	76	204,800	2,968,430	\$ 9,751,326 \$
	REVENUE Net taxes Sale of goods, services and regulatory fees Government transfers Other		EXPENSES	Salaries, wages and benefits	Goods and services	Interest and bank charges	Transfers to local boards and agencies	Amortization	Machine expenses capitalized for construction	Loss on disposal of tangible capital assets	Other		NET REVENUE

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2013

al 2013 Total	₩		5,385,996		1,401,961	3,663,080	(1,420,904)	403,140	925,915	17,415,313	4) \$ 1,941,842
Environmental Planning	\$ 507,235	0,0	21,920	0.00	521,787	7,556	ř	1	1	601,140	\$ (89,464)
Economic and Agricultural E Services		000,000	355,913	2,000	163,000	103,041	Ē	21,964	ä	1,194,128	\$ (627.445) \$
Transportation Services		01,978,0	3,766,978	CCO'600'+	21,000	3,086,941	(1,420,904)	386,379	114,880	10,764,909	680.207 \$ (6.785.722) \$
Protective Services	\$ 368,974 342,610 303,495 847,176	1,002,233	326,891	0 - '600	195,380	325,804	¥.	(5,203)	1	1,182,048	\$ 680,207
General	\$ 11,255,863 257,965 293,986 629,540	12,431,354	914,294	52,535	500,794	139,738	E	E	811,035	3,673,088	\$ 8 764 266
	REVENUE Net taxes Sale of goods, services and regulatory fees Government transfers Other	EXPENSES	Salaries, wages and benefits	Goods and services Interest and bank charges	Transfers to local boards and agencies	Amortization	Machine expenses capitalized for construction	Loss on disposal of tangible capital assets	Other		NET REVENUE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vulcan 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by Vulcan 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

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 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.

Foreign currency accounts are translated into Canadian dollars by using the exchange rate in effect at the date of the transaction. At the year end date, the accounts are translated into Canadian dollars using the exchange rate in effect at that date. The resulting foreign exchange gain or loss is included as income in the current

e) 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.

f) 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.

g) 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 as the stipulation liabilities are settled.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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.

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 - 100
Communication towers	38
Roads	5 - 75
Machinery and equipment	2 - 25
Vehicles	6 - 10

Assets under construction are not amortized until the asset is 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 are also recorded as revenue.

iii. 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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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, 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.

j) 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.

k) Pension Expense

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

1) 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.

m) 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2. CASH AND INVESTMENTS

	2014		2013
Cash	\$ 866,905	\$	1,303,188
Temporary investments	9,557,908	-01000007484	1,788,866
	\$ 10,424,813	\$	3,092,054

Temporary investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 1.84% to 2.05% (2013 - 0.95% to 1.25%).

Included in temporary investments is a restricted amount of \$1,897,562 (2013 - \$1,327,001) held exclusively for eligible projects.

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 \$15,000, with interest payable at 5.0%. As at December 31, 2014 the balance owing on these facilities is \$nil (2013 - \$nil).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	2014		2013	
Taxes and grants in lieu receivables - current	\$	567,652	\$	495,085
Taxes and grants in lieu receivables - arrears		350,915		470,426
Taxes and grants in lieu receivables - allowance for doubtful accounts		(72,376)		
	\$	846,191	\$	965,511

4. LONG TERM INVESTMENTS

LONG I LIMINITY LOT IN LINE	2014			20	13			
	20,000	Cost	511010 accessor	Market Value	\$1.5 to \$600	Cost		Market Value
High interest savings Bonds and other investments	\$	5,848,085 7,866,347	\$	5,848,085 8,186,584	\$	10,509,931 7,666,104	\$	10,509,931 7,857,953
	_\$	13,714,432	\$	14,034,669	\$	18,176,035	\$	18,367,884

Bonds and other investments have stated interest rates ranging from 2.05% to 6.02% with maturity dates ranging from 2015 to 2023 and held at amortized cost. High interest savings include investment savings accounts held at ATB Securities Inc.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

5. LOANS AND NOTES RECEIVABLES

	 2014	 2013
Carmangay Fire Association - annual pmt \$10,000, matures 2020	\$ 60,000	\$ 70,000
Champion Fire Association - annual pmt \$10,000, matures 2016	20,000	30,000
Milo Fire Association - annual pmt \$10,000, matures 2015	10,000	20,000
Vulcan Fire Co-op - annual pmt \$10,000, matures 2021	70,000	80,000
Northwest Fire Protection Assoc annual pmt \$25,000, matures 2018	100,000	125,000
Milo Seed Cleaning Association	182,106	205,365
Blackie & District Seed Cleaning Association	56,235	68,906
Mossleigh Water Co-op	 66,690	 73,243
	\$ 565,031	\$ 672,514

Loans receivable from the various Fire Associations within the County are for assistance in the purchase of equipment, the loans are interest free and repayable over 10 year terms.

Loan receivable from Blackie & District Seed Cleaning Association, has an annual blended loan payment of \$15,565, maturing in 2018, carrying interest at 4.2%.

Loan receivable from Milo Seed Cleaning Association, has an annual blended loan payment of \$29,009, maturing in 2021, carrying interest at 2.8%.

Loans receivable from Mossleigh Water Co-op, are interest free and have combined semi-annual payments of \$3,277. Loans are repayable over 20 years.

6. DEFERRED REVENUE

	2014	 2013
Alberta Municipal Sustainability Initiative - Capital	\$ 1,421,391	\$ 734,794
Alberta Municipal Sustainability Initiative - Operating	96,439	143,293
Information Technology Remote Backup - RCP	81,503	-
Inter-Municipal Development Plan - RCP	166,666	250,000
Federal Gas Tax Fund	-	149,245
Surface Rights	87,747	49,669
Other	 42,613	
Total, invested in short term investments	\$ 1,896,359	\$ 1,327,001

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

6. DEFERRED REVENUE (continued)

Information Technology Remote Backup - RCP

This grant is for the development of an information technology remote backup system with another municipality. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Inter-Municipal Development Plan - RCP

This grant is for the development of an inter-municipal development plan with municipalities that share a border. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Federal Gas Tax Fund (New Deal for Cities and Communities)

This Government of Alberta Transportation grant is restricted for use on projects within the villages and hamlets of the County. The use of these funds is restricted to eligible projects 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.

7. EMPLOYEE BENEFIT OBLIGATIONS

The sick benefit liability is comprised of benefits that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The sick leave accrual for employee future benefits as at December 31, 2013, was based on an actuarial valuation for accounting purposes as at December 31, 2013. Significant assumptions used in the valuation include a discount rate of 2.50%, salary increases of 3.75%, retirement at age 61, and a net annual sick leave accumulation of 50%. During 2014, the County changed the sick leave benefits provided to the employees. The County now provides short-term disability benefits through an insurance provider. The policy relating to sick leave was also revised so that the sick leave benefits would not accumulate; therefore, the sick benefit liability is nil as they are no longer deferred into future years.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
Tangible capital assets (schedule 2)	\$ 184,328,111	\$ 180,425,981
Accumulated amortization (schedule 2)	(79,690,893)	(77,474,474)
¥	\$ 104,637,218	\$ 102,951,507

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

9. INVENTORIES FOR CONSUMPTION

	 2014	 2013
Inventory for consumption - gravel Inventory for consumption - parts	\$ 3,704,455 680,891	\$ 4,437,499 673,181
	\$ 4,385,346	\$ 5,110,680

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$2,524,654

10. ACCUMULATED SURPLUS

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

	201	2013
Unrestricted surplus	\$ 89	6,649 \$ 7,908,694
Restricted surplus	27,88	3,798 20,377,910
Equity in tangible capital assets	104,63	7,218 102,951,507
	\$ 133,41	7,665 \$ 131,238,111

11. 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.

	2014	2013
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (1,151,386)	\$ (1,291,841)
ADD: Proceeds from sale of capital assets	259,000	253,050
ADD: Transfer from restricted surplus to operations	2,503,502	1,910,010
ADD: Amortization of tangible capital assets	3,823,831	3,370,009
LESS: Transfers to restricted surplus	(377,323)	(340,440)
LESS: Capital expenditures	(5,053,734)	(3,899,008)
Budget approved by Council	\$ 3,890	\$ 1,780

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

12. RESTRICTED SURPLUS

RESTRICTED SURPLUS	2014	2013
Capital Restricted Surplus		4 107 000
General Government	\$ 100,329	\$ 107,329
Protective Equipment	539,014	234,316
Transportation Equipment	1,280,637	2,103,313
Road Construction	237,150	29,500
Gravel Crushing	129,542	36,750
Environment Treatment	1,924,862	2,000,000
Environment Development Equipment	50,855	77,223
Campground	22,500	22,500
Capital Acquisition	8,290,457	935,457
	12,575,346	5,546,388
Operating Restricted Surplus		
Debt Reduction	1,000,000	1,000,000
CPR Discontinuance	1,646,698	1,646,698
Community Enhancement	25,000	-
General Government Service	612,575	419,475
Protective Services	556,282	353,468
Transportation Contingency	1,429,590	1,631,165
Road Construction	1,651,329	1,969,329
Road Maintenance	220,000	165,000
Gravel Crushing	6,115,309	6,109,008
Bridges	82,459	82,459
Water Management	126,463	126,234
Environment Treatment	1,892	1,892
Planning and development	229,344	75,827
Agriculture Services	397,772	178,422
Campground	40,578	30,578
Recreation and Culture	271,698	175,501
Operating Contingency	901,463	866,466
Sparania samingara)		
	15,308,452	14,831,522
Total Restricted Surplus	\$ 27,883,798	\$ 20,377,910

During the year, Vulcan County transferred an additional \$7.155 million from the Unrestricted Surplus to the Restricted Surplus as these funds were designated for future capital use. This transfer was in relation to the development of Vulcan County's 20 Year Capital Plan and is supported by proper and expected fiscal planning. The 20 Year Capital Plan is to be implemented for the 2015 budget, in which, these Restricted Surpluses are used to assist in the funding of this Capital Plan.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

13. SEGMENTED INFORMATION

Vulcan County provides numerous services to its citizens, including protective services, planning, public works and agricultural 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. Also, included in the segment are community services such as parks, recreational services, other cultural services and family services.

Protective Services

Protective services is comprised of bylaw enforcement and fire services. The Municipal Emergency Agency acts as the agent of Council to carry out its statutory powers and obligations under the Emergency Management Act. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. Ambulance services are provided to Vulcan County as contracted by Alberta Health Services. The primary function of the protective services department is to administer and operate municipal bylaws and health and safety programs.

Transportation Services

The transportation department is responsible for the delivery of municipal public works services related to planning, development and maintenance of roadway and water systems, the maintenance of parks, and open space.

Economic and Agricultural Services

Economic and agricultural services provide initiatives which assist in the prosperity of the County; agricultural advice and expertise, weed and pest control, and development of new services.

Environmental Planning

The function of the planning department is to steward effective land use and orderly growth of the community, in order to sustain and enhance the quality of life for both current and future citizens of Vulcan County.

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. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

14. 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:

	2014	2013
Total debt limit Total debt	\$ 23,471,438	\$ 22,408,221
Amount of debt limit unused	23,471,438	22,408,221
Debt servicing limit Debt servicing limit	3,911,906	3,734,704
Amount of debt servicing limit unused	\$ 3,911,906	\$ 3,734,704

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.

15. 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:

	2014						2013	
	Benefits &							
	Salary		Allowances		Total		Total	
Previous Councillors							2022	
Division 1	\$		\$	77	\$	-	\$	18,497
Division 2		-		=		-		13,274
Division 3		-		-		1.5		21,255
Division 4				=		19		20,632
Division 5		-		=		-		14,099
Division 6		-		-		-		15,882
Division 7		-		-				14,401
Division 8		-		7				11,843
Current Councillors								2
Division 1	\$	14,975	\$	2,950	\$	17,925		4,795
Division 2		18,218		2,368		20,586		4,126
Division 3		20,889		2,842		23,731		5,340
Division 4		27,768		4,063		31,831		3,700
Division 5		21,116		2,385		23,501		5,303
Division 6		17,415		3,356		20,771		4,912
Division 7		18,175		3,086		21,261		3,177
Chief Administrative Officer	\$	156,997	\$	34,855	\$	191,852	\$	175,665

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

15. SALARY AND BENEFITS DISCLOSURE (continued)

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, including retirement pension, Canada Pension Plan, unemployment insurance, health care, group life insurance, accidental disability and dismemberment insurance, long term disability, professional memberships, and tuition.

16. 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 230,534 people and 418 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2014 were \$405,722 (2013 - \$307,318). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2014 were \$373,936 (2013 - \$280,778).

At December 31, 2013 the LAPP disclosed an actuarial deficiency of \$4.862 billion.

17. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, long term investments, loans and notes receivable, accounts payable and accrued liabilities. It is management's opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County 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 County 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 the financial instrument approximates its fair value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

18. 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.

The County is a defendant in a claim regarding relocation of fence posts and negligence regarding drainage and flooding issues amounting to \$375,000. At present, the outcome is not determinable. The amount of any future settlement would be accounted for as a current transaction in the year of the settlement.

19. COMMITMENTS

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. The estimated liability is based on the total cubic meters of exposed gravel pits multiplied by the price per cubic meter to reclaim the sites. During the year it was estimated that there was 203,298 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$1.34 per cubic meter, for a total liability of \$118,039 based on the discounted future cash flows of restoring the gravel pits. The gravel pits have an estimated useful life ranging from 15 to 72 years depending on the quantity of gravel remaining in each pit. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficient funded gravel reserves to cover the costs of the reclamation.

During the year, the County had committed to the purchase of equipment and vehicles valued at a total of \$2,344,379. This equipment will be received in the subsequent fiscal year.

20. PRIOR YEAR FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.