Vulcan County

FINANCIAL STATEMENTS DECEMBER 31, 2016

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

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April 5, 2017

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, 2016, and the results of its operations for the year then ended.

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

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

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

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

Respectfully,

Nels Petersen

Chief Administrative Officer

Mark DeBoer, CPA, CA

Director of Corporate Services

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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, 2016, 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, 2016 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.

BDO Canada LLP

Chartered Professional Accountants

Lethbridge, Alberta April 5, 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and investments (note 2)	\$ 20,914,575	\$ 13,862,103
Taxes and grants in lieu receivables (note 3)	2,716,399	1,439,354
Trade and other receivables (note 4)	737,428	2,308,259
Inventory held for resale	42,083	179,809
Long term investments (note 5)	5,342,000	7,472,797
Loans and notes receivable (note 6)	356,473	456,364
Other	286,368	346,701
	30,395,326	26,065,387
LIABILITIES		
Accounts payable and accrued liabilities	675,846	844,864
Deferred revenue (note 7)	951,782	1,313,451
Employee benefit obligations (note 8)	223,429	203,216
Obligations to other organizations (note 9)	2,084,731	-
Obligations under capital lease (note 10)	52,650	-
Long term debt (note 11)	1,989,579	-
Other liabilities	692,648	554,178
	6,670,665	2,915,709
NET FINANCIAL ASSETS	23,724,661	23,149,678
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 12)	108,487,392	107,791,397
Inventory for consumption (note 13)	7,570,991	6,939,867
Prepaid expenses	232,196	201,591
	116,290,579	114,932,855
ACCUMULATED SURPLUS (schedule 1, note 15)	\$140,015,240	\$138,082,533

Contingencies and commitments - See note 24 & 25)

APPROVED BY:

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2016

	Budget (note 16)	2016	2015
REVENUE	(11010-10)		
Net municipal taxes (schedule 3)	\$ 15,552,886	\$ 15,491,243	\$ 15,593,397
Government transfers (schedule 4)	879.126	839,002	778,748
Return on investments	389,736	733,530	405,743
Sale of goods, services and user charges	670,811	864,215	903,222
Rental income	357,029	355,410	346,232
Community aggregate levy	120,000	149,287	259,213
Penalties and costs of taxes	100,500	497,496	254,299
Gain on disposal of tangible capital assets	, -	26,813	43,431
Other revenues	77,800	752,963	120,041
TOTAL REVENUE	18,147,888	19,709,959	18,704,326
EXPENSES			
Legislative	36 4 ,131	285,775	365,768
Administration	2,085,599	1,962,577	1,763,226
Protection services	1,839,095	1,720,869	1,466,953
Transportation services	11,187,590	10,863,798	10,484,568
Agricultural services	986,930	810,091	823,176
Planning and development services	589,086	534,207	442,352
Family and community support	293,291	2,338,374	214,943
Parks and recreation	642,737	733,948	684,775
Tourism and economic development	256,945	243,172	266,392
Utility Services	717,286	740,853	628,794
Other	188,861	313,069	791,715
TOTAL EXPENSES	19,151,551	20,546,733	17,932,662
EXCESS (SHORTFALL) OF REVENUE			
OVER EXPENSES - BEFORE OTHER	(1,003,663)	(836,774)	771,664
OTHER			
Government transfers for capital (schedule 4)	3,392,781	2,769,481	3,893,203
EXCESS OF REVENUE OVER EXPENSES	2,389,118	1,932,707	4,664,867
ACCUMULATED SURPLUS, BEGINNING OF YEAR	138,082,533	138,082,533	133,417,666
ACCUMULATED SURPLUS, END OF YEAR	\$140,471,651	\$140,015,240	\$138,082,533

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2016

	Budget (note 16)	2016	2015
EXCESS OF REVENUE OVER EXPENSES	\$ 2,389,118	\$ 1,932,707	\$ 4,664,867
Acquisition of tangible capital assets	(7,694,537)	(6,013,042)	(7,896,179)
Proceeds on disposal of tangible capital assets	198,250	151,629	273,082
Amortization of tangible capital assets	4,014,425	4,328,198	4,014,425
Loss on disposal of tangible capital assets	-	837,220	454,493
	(3,481,862)	(695,995)	(3,154,179)
Net change in inventory for consumption	-	(631,124)	(2,554,521)
Acquisition of prepaid expenses	-	(232,196)	(201,591)
Use of prepaid expenses		201,591	183,789
	-	(661,729)	(2,572,323)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,092,744)	574,983	(1,061,635)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	23,149,678	23,149,678	24,211,313
NET FINANCIAL ASSETS, END OF YEAR	\$ 22,056,934	\$ 23,724,661	\$ 23,149,678

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2016

	2016	2015
NET INFLOW (OUTFLOWS) OF CASH RELATED TO		
THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 1,932,707	\$ 4,664,867
Non-cash items included in excess of revenues over expenses:	. , , , ,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Amortization of tangible capital assets	4,328,198	4,014,425
Loss on disposal of tangible capital assets	837,220	454,493
Non-cash charges to operations (net change):	,	,
Increase in taxes and grants in lieu receivable	(1,277,045)	(593,163)
Decrease (increase) in trade and other receivables	1,570,831	(439,262)
Decrease in inventory held for resale	137,726	57,681
Decrease in loans receivable	99,891	108,667
Decrease (increase) in other financial assets	60,333	(30,791)
Increase in inventory for consumption	(631,124)	(2,554,521)
Increase in prepaid expenses	(30,605)	(17,802)
Decrease in accounts payable	(169,018)	(112,345)
Decrease in deferred revenue	(361,669)	(582,908)
Increase (decrease) in employee benefit obligations	20,213	(2,195)
Increase in obligations to other organizations	2,084,731	-
Increase in obligations under capital lease	52,650	-
Increase (decrease) in other liabilities	138,470	(148,394)
Cash provided by operating transactions	8,793,509	4,818,752
CAPITAL		
Acquisition of tangible capital assets	(6,013,042)	(7,896,179)
Proceeds on disposal of tangible capital assets	151,629	273,082
Cash applied to capital transactions	(5,861,413)	(7,623,097)
INVESTING		
Decrease in long term investments	2,130,797	393,550
Cash provided by investing transactions	2,130,797	393,550
·		
FINANCING		
Long term debt issued	2,046,224	-
Long term debt repaid	(56,645)	-
Cash provided by financing transactions	1,989,579	-
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	7,052,472	(2,410,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,862,103	16,272,898
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 20,914,575	\$ 13,862,103

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2016

							SCHE	DULE 1
		Inrestricted Surplus	Restricted Surplus (note 17)	Equity in Tangible Capital Assets (note 14)		2016	<u></u>	2015
BALANCE, BEGINNING OF YEAR	_\$_	897,409	29,393,727	107,791,397	\$1	38,082,533	<u>\$1</u>	33,417,666
Excess of revenues over expenses	\$	1,932,707	-	-	\$	1,932,707	\$	4,664,867
Unrestricted funds designated for future use		(8,232,494)	8,232,494	-		-		-
Restricted funds used for operations		3,676,376	(3,676,376)	-		-		-
Restricted funds used for tangible capital assets		-	(3,557,289)	3,557,289		-		-
Current year funds used for tangible capital assets		(2,403,103)	-	2,403,103		-		-
Contributed tangible capital assets		-	-	-		-		-
Disposal of tangible capital assets		988,849	-	(988,849)		-		-
Annual amortization expense		4,328,198	-	(4,328,198)				-
Change in accumulated surplus	_\$_	290,533	998,829	643,345	\$	1,932,707	_\$_	4,664,867
BALANCE, END OF YEAR	\$	1,187,942	30,392,556	108,434,742	\$1	40,015,240	<u>\$1</u>	38,082,533

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2016

		Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2016	2015
COST:									
BALANCE, BEGINNING OF YEAR AS REPORTED	\$	5,738,086	1,226,249	10,200,523	15,644,196	4,327,010	152,863,138	\$189,999,202	\$184,328,112
Reclassification of capital assets (note 26)		-	(58,285)	58,285	(483,052)	483,052	_	•	
BALANCE, BEGINNING OF YEAR AS RESTATED	\$	5,738,086	1,167,964	10,258,808	15,161,144	4,810,062	152,863,138	\$189,999,202	\$184,328,112
Acquisition of tangible capital assets New construction-in-progress Disposition of tangible capital assets		449 - -	- - -	70,264 1,314 -	1,584,739 - (601,220)	1,224,426 - (168,721)	2,993,964 137,886 (1,309,910)	5,873,842 139,200 (2,079,851)	7,256,222 639,957 (2,225,089)
BALANCE, END OF YEAR	-	5,738,535	1,167,964	10,330,386	16,144,663	5,865,767	154,685,078	193,932,393	189,999,202
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR AS REPORTED	\$	-	188,742	2,558,733	7,112,466	1,919,065	70,428,799	\$ 82,207,805	\$ 79,690,894
Reclassification of capital assets (note 26)		-	(47,114)	47,114	(217,841)	217,841	_		
BALANCE, BEGINNING OF YEAR AS RESTATED	\$	-	141,628	2,605,847	6,894,625	2,136,906	70,428,799	\$ 82,207,805	\$ 79,690,894
Annual amortization Accumulated amortization on disposal		-	43,289 	274,458 	1,386,151 (403,447)	500,219 (125,598)	2,124,081 (561,957)	4,328,198 (1,091,002)	4,014,425 (1,497,514)
BALANCE, END OF YEAR		-	184,917	2,880,305	7,877,329	2,511,527	71,990,923	85,445,001	82,207,805
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	_\$	5,738,535	983,047	7,450,081	8,267,334	3,354,240	82,694,155	\$108,487,392	\$107,791,397
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS AS RESTATED	\$	5,738,086	1,026,336	7,652,961	8,266,519	2,673,156	82,434,339	\$107,791,397	

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2016

	Budget (note 16)	2016	2015
TAXATION	, ,		
Real property taxes	\$ 7,44 4 ,776	\$ 7,440,491	\$ 7,280,525
Linear taxes	9,792,962	9,786,327	10,161,347
Commercial taxes	1,135,320	1,127,686	1,015,385
Government grants in lieu of taxes	16,500	19,141	17,062
Special levy	1,124,624	1,124,276	1,017,943
Well drilling tax	55,000	9,618	40,038
	19,569,182	19,507,539	19,532,300
REQUISITIONS			
School requisitions	3,789,172	3,789,172	3,718,658
Seniors foundation	227,124	227,124	220,245
	4,016,296	4,016,296	3,938,903
NET MUNICIPAL TAXES	\$ 15,552,886	\$ 15,491,243	\$ 15,593,397

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2016

	Budget (note 16)	2016	2015
TRANSFERS FOR OPERATING	(
Local government transfers	\$ 82,024	\$ 78,489	\$ 55,656
Provincial government transfers	593,020	550,630	519,010
Federal government transfers	204,082	209,883	204,082
•	879,126	839,002	778,748
TRANSFERS FOR CAPITAL			
Provincial government transfers	3,392,781	2,769,481	3,893,203
TOTAL GOVERNMENT TRANSFERS	\$ 4,271,907	\$ 3,608,483	\$ 4,671,951

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2016

	Budget	2016	2015
	(note 16)		
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,972,242	\$ 6,503,365	\$ 6,230,936
Contracted and general services	3,602,211	2,960,984	3,178,521
Materials, goods and utilities	4,182,167	3,008,920	3,558,148
Transfers to local boards and agencies	1,850,093	4,055,775	1,862,877
Interest and bank charges	67,607	76,968	38,930
Amortization of tangible capital assets	4,014,425	4,328,198	4,014,425
Machine expenses capitalized for construction	(1,792,700)	(1,846,498)	(2,370,673)
Loss on disposal of tangible capital assets	-	837,220	454,493
Other expenses	255,506	621,801	965,005
	\$ 19,151,551	\$ 20,546,733	\$ 17,932,662

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2016

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2016 Total
REVENUE						***************************************	***************************************	
Net municipal taxes	\$ 13,800,329	737,129	-	-	-	375,722	578,063	\$ 15,491,243
Government transfers (operating)	39,214	111,636	209,883	176,759	83,333	218,177	-	839,002
Return on investment	713,244	-	-	-	-	20,286	-	733,530
Sale of goods, services and user charges	76,459	102,351	186,773	406,092	90,434	-	2,106	864,215
Rental income	-	335,629	-	5,381	-	14,400	-	355,410
Community aggregate levy	-	-	149,287	-	-	=	-	149,287
Penalties and other costs of taxes	497,496	-	-	-	-	-	-	497,496
Gain on disposal of tangible capital assets	-	-	20,363	6,450	-	-	-	26,813
Other revenues		51,417	-	44,220		657,326	-	752,963
	15,126,742	1,338,162	566,306	638,902	173,767	1,285,911	580,169	19,709,959
EXPENSES								
Salaries, wages and benefits	1,185,807	553,910	4,194,086	316,054	235,993	-	17,515	6,503,365
Contracted and general services	605,396	299,306	1,286,645	230,849	295,583	162,622	80,583	2,960,984
Material, goods and utilities	173,516	146,388	2,519,079	150,949	2,631	7,923	8,434	3,008,920
Transfers to local boards and agencies	47,442	262,700	8,000	12,296	-	3,104,822	620,515	4,055,775
Interest and bank charges	33,722	3,119	-	-	-	40,127	-	76,968
Amortization of tangible capital assets	89,827	455,446	3,669,176	99,943	· -	-	13,806	4,328,198
Machine expenses capitalized for construction	-	-	(1,846,498)	-	-	-	-	(1,846,498)
Loss on disposal of tangible capital assets	-	-	837,220	-	-	-	-	837,220
Other expenses	425,711	-	196,090	-	-	_		621,801
	2,561,421	1,720,869	10,863,798	810,091	534,207	3,315,494	740,853	20,546,733
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	12,565,321	(382,707)	(10,297,492)	(171,189)	(360,440)	(2,029,583)	(160,684)	(836,774)
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	78,962	-	2,690,019			-	500	2,769,481
EXCESS (SHORTFALL) OF REVENUE								
OVER EXPENSES	\$ 12,644,283	(382,707)	(7,607,473)	(171,189)	(360,440)	(2,029,583)	(160,184)	\$ 1,932,707

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2015

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2015 Total
REVENUE								
Net municipal taxes	\$ 14,042,026	641,397	-	-	-	376,546	533,428	\$ 15,593,397
Government transfers (operating)	51,564	58,955	204,082	168,359	86,132	209,656	-	778,748
Return on investment	405,743	, -	-	-	-	-	-	405,743
Sale of goods, services and user charges	123,968	61,015	349,657	279,112	87,121	-	2,349	903,222
Rental income	-	324,902	_	6,930	-	14,400	-	346,232
Community aggregate levy	-	-	259,213	-	-	-	-	259,213
Penalties and other costs of taxes	254,299	-	-	-	-	-	-	254,299
Gain on disposal of tangible capital assets	-	-	43,431	-	-	-	-	43,431
Other revenues	59,694	20,381	-	39,966		_		120,041
	14,937,294	1,106,650	856,383	494,367	173,253	600,602	535,777	18,704,326
EXPENSES								
Salaries, wages and benefits	1,046,913	460,338	4,222,121	309,027	174,311	-	18,226	6,230,936
Contracted and general services	673,157	274,660	1,535,655	238,608	259,393	157,107	39,941	3,178,521
Material, goods and utilities	173,067	110,699	3,081,585	175,597	3,048	7,741	6,411	3,558,148
Transfers to local boards and agencies	48,860	247,450	8,000	14,650	-	987,257	556,660	1,862,877
Interest and bank charges	38,928	2	-	-	-	-	-	38,930
Amortization of tangible capital assets	79,720	373,804	3,448,446	85,294	5,600	14,005	7,556	4,014,425
Machine expenses capitalized for construction	-	-	(2,370,673)	-	-	-	-	(2,370,673)
Loss on disposal of tangible capital assets	-	-	454,493	-	-	-	_	454,493
Other expenses	860,064	-	104,941	-	-	-		965,005
	2,920,709	1,466,953	10,484,568	823,176	442,352	1,166,110	628,794	17,932,662
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	12,016,585	(360,303)	(9,628,185)	(328,809)	(269,099)	(565,508)	(93,017)	771,664
OTHER								
Contributed tangible capital assets	-	-	=	-	-	-	-	-
Government transfers (capital)	14,970	452,167	3,425,730	-	-	-	336	3,893,203
EXCESS (SHORTFALL) OF REVENUE								
OVER EXPENSES	\$ 12,031,555	91,864	(6,202,455)	(328,809)	(269,099)	(565,508)	(92,681)	\$ 4,664,867

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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 Chartered Professional Accountants of Canada. 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, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

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

e) Investments

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

f) Land Held for Resale

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

g) Taxes and Grants-in-lieu Receivables

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

h) Loans and Notes Receivables

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

i) Requisition Over-levy and Under-levy

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

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

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

j) Government Transfers

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Non-Financial Assets

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

i. Tangible Capital Assets

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

	Years
Land improvements	15 - 4 5
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.

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, as at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include estimated employee benefit obligations, useful life of capital assets, rates of amortization and the allocation of costs for internally constructed assets.

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

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

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

m) 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.

n) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

2. CASH AND INVESTMENTS

•	2016	2015
Cash	\$ 1,999,501	\$ 2,010,001
High interest savings	1,722,325	1,507,133
Temporary investments	17,192,749	10,344,969
	\$ 20,914,575	\$ 13,862,103

Temporary investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 1.60% to 1.80% (2015 - 1.65% to 1.75%). High interest savings include investment savings accounts held at ATB Securities Inc.

Included in temporary investments is a restricted amount of \$951,782 (2015 - \$1,313,451) held exclusively for eligible projects and \$2,084,731 (2015 - \$nil) held for the obligation to the Vulcan County Heath and Wellness Foundation for the Vulcan Hospital Expansion Project.

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 \$30,000, with interest payable at 5.0%. As at December 31, 2016 the balance owing on these facilities is \$nil (2015 - \$nil).

3. TAX AND GRANTS IN LIEU RECEIVABLES

3.	TAX AND GRANTS IN LIEU RECEIVABLES		
		2016	2015
	Current taxes and grants in lieu of taxes	\$ 1,610,544	\$ 1,769,175
	Arrears	1,134,691	443,329
	Allowance for doubtful accounts	(28,836)	(773,150)
		\$ 2,716,399	\$ 1,439,354
4.	TRADE AND OTHER RECEIVABLES		
		2016	2015
	Trade receivables	147,191	162,931
	Requisition under-levies	152,34 4	149,724
	Interest receivable	72,260	45,437
	GST receivable	92,125	32,739
	Other receivables	274,081	1,918,001
	Allowance for doubtful accounts	(573)	(573)
		\$ 737,428	\$ 2,308,259

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

5. LONG TERM INVESTMENTS

	2016		2015		
	Cost	Market Value	Cost	Market Value	
Guaranteed Investment Certificates Bonds and other investments	\$ 5,342,000 -	\$ 5,342,000	\$ - 7,472,797	\$ - 7,857,953	
	\$ 5,342,000	\$ 5,342,000	\$ 7,472,797	\$ 7,857,953	

Guaranteed Investment Certificates are long-term deposits with interest rates ranging from 2.15% to 2.40% with maturity dates ranging from 2018 to 2021. Bonds and other investments were held at amortized cost.

6. LOANS AND NOTES RECEIVABLES

		2016	 2015	
Carmangay Fire Association - annual pmt \$10,000, matures 2020	\$	40,000	\$ 50,000	
Champion Fire Association - annual pmt \$10,000, repaid in 2016		-	10,000	
Vulcan Fire Co-op - annual pmt \$10,000, matures 2021		50,000	60,000	
Northwest Fire Protection Association - annual pmt \$25,000, matures 2018		50,000	75,000	
Milo Seed Cleaning Association		133,615	158,196	
Blackie & District Seed Cleaning Association		29,274	43,031	
Mossleigh Water Co-op		53,584	 60,137	
	\$ 2000000000	356,473	\$ 456,364	

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

Loan receivable from 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFERRED REVENUE

	 2015	Externally Restricted Inflows	 Revenues Earned	 2016
Alberta Municipal Sustainability Initiative - Capital	\$ 954,456	\$ 2,364,556	\$ (2,687,244)	\$ 631,768
Alberta Municipal Sustainability Initiative - Operating	52,297	186,741	(236,578)	2,460
Information Technology Remote Backup - RCP	73,771	-	(73,771)	-
Inter-Municipal Development Plan - RCP	83,332	-	(83,332)	-
Flood Mitigation - SAFRP	27,834	92,000	-	119,834
Surface Rights	91,035	126,505	(91,035)	126,505
Other	 30,726	 87,500	 (47,011)	 71,215
Total, invested in short term investments	\$ 1,313,451	\$ 2,857,302	\$ (3,218,971)	\$ 951,782

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.

Information Technology Remote Backup - RCP

This Regional Collaboration Program (RCP) 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. This project was completed in 2016.

Inter-Municipal Development Plan - RCP

This Regional Collaboration Program (RCP) 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. This project was completed in 2016.

Flood Mitigation - SAFRP

This Southern Alberta Flood Response Program (SAFRP) grant is for the development of flood mitigation/diversion plans for the Bow and Little Bow rivers. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Surface Rights

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

8.	EMPLOYEE BENEFIT OBLIGATIONS		2016	 2015
	Accrued vacation payable	\$	223,429	\$ 203,216
		\$	223,429	\$ 203,216

The accrued vacation payable is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

9. OBLIGATIONS TO OTHER ORGANIZATIONS

	2016	2015
VCHWF - Hospital Expansion Project - County contributions VCHWF - Hospital Expansion Project - Town contributions	\$ 1,421,942 662,789	\$ -
VCHVVF - Hospital Expansion Project - Town contributions	002,705	
	\$ 2,084,731	\$ -

During 2016, Vulcan County and the Town of Vulcan agreed to contribute to the Vulcan Hospital Expansion Project; in which, Vulcan County and the Town of Vulcan would jointly contribute two dollars for every one dollar raised by the Vulcan County Health and Wellness Foundation (VCHWF), up to a maximum of \$3,000,000 in aggregate. As Vulcan County is the managing municipality, the contributions are held by Vulcan County until they are to be disbursed.

10. OBLIGATIONS UNDER CAPITAL LEASE

	 2016		:015
Capital lease obligation	\$ 52,650	\$	-
	\$ 52,650	\$	-

Interest at 6.15% per annum, blended monthly payments of \$1,212, secured by specific tangible capital asset, due January 1, 2021. The following is a schedule of future minimum lease payments under capital lease:

2017	\$ 14,539
2018	14,539
2019	14,539
2020	14,539
2021	1,212
Total minimum lease payments	59,368
Less: imputed interest	(6,718)
	\$ 52,650

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

11. LONG TERM DEBT

	2016	2015
Tax supported debentures	\$ 1,989,579	\$ -
	\$ 1,989,579	\$ -

The current portion of long term debt amounts to \$115,422 (2015 - \$nil).

Principal and interest repayments are as follows:

	Principal		Interest		Total	
2017	\$ 115,43	22 \$	48,983	\$	164,405	
2018	118,3	23	46,082		164,405	
2019	121,29	97	43,108		164,405	
2020	124,3-	46	40,059		164,405	
2021	127,4	71	36,933		164,404	
Thereafter	1,382,7	20	179,127		1,561,847	
	\$ 1,989,5		394,292	\$	2,383,871	

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

The Municipality has established an authorized overdraft for the purposes of financing operating expenditures with a limit of \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The over draft was undrawn as at December 31, 2016 (2015 - \$nil).

Interest on long term debt amounted to \$40,127 (2015 - \$nil)

The Municipality's total cash payment for interest in 2016 was \$25,557 (2015 - \$nil)

12. TANGIBLE CAPITAL ASSETS

		2015		
Tangible capital assets (schedule 2)	\$ 193,932,393	\$189,999,202		
Accumulated amortization (schedule 2)	(85,445,001)	(82,207,805)		
	\$108,487,392	\$107,791,397		

Contributed tangible capital assets are recognized at fair value at the date of contribution. There were no contributions of tangible capital assets that were received during the year (2015 - \$nil).

Capital lease assets are initially recognized at the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. During 2016, the County entered into a capital lease arrangement for a vehicle where a leased tangible capital asset of \$62,764 was recognized. As at December 31, 2016, the leased tangible capital asset had \$5,756 of related accumulated amortization.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

13.	INVENTORIES FOR CONSUMPTION	2016		2015	
	Inventory for consumption - gravel Inventory for consumption - parts	\$	7,118,460 452,531	\$	6,353,160 586,707
		\$	7,570,991	\$	6,939,867
	Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,686,220 (2015	5 - \$4,791,508).		
14.	EQUITY IN TANGIBLE CAPITAL ASSETS				
			2016		2015
	Tangible capital assets (note 12) Capital lease obilgation (note 10)	\$1	08,487,392 (52,650)	\$1	07,791,397
		\$1	08,434,742	\$1	07,791,397
15.	ACCUMULATED SURPLUS				
	Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible	e cap	ital assets as f	ollow	rs:

	2016	2015		
Unrestricted surplus Restricted surplus (note 17) Equity in tangible capital assets (note 14)	\$ 1,187,942 30,392,556 108,434,742	\$ 897,409 29,393,727 107,791,397		
	\$140.015,240	\$138.082.533		

16. BUDGET FIGURES

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

	 2016		2015
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,389,118	\$	2,221,676
ADD: Proceeds from sale of capital assets	198,250		185,020
ADD: Transfer from restricted surplus to operations	7,715,746		7,853,694
ADD: Amortization of tangible capital assets	4,014,425		3,722,578
LESS: Transfers to restricted surplus	(6,621,154)		(3,452,077)
LESS: Capital expenditures	 (7,694,537)	((10,528,032)
Budget approved by Council	\$ 1,848	\$	2,859

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

17. RESTRICTED SURPLUS

RESTRICTED SURPLUS		
	2016	2015
Capital Restricted Surplus		
General Government	\$ 100,329	\$ 100,329
Protective Equipment	2,102,193	1,283,197
Transportation Equipment	1,973,156	1,498,587
Road Construction	1,380,131	714,386
Bridge Construction	1,257,067	863,226
Gravel Crushing	129,542	129,542
Mossleigh Water Treatment Plant - Recovery	(319,874)	(266,802)
Environment Development Equipment	106,130	107,080
Campground	7,500	22,500
Capital Acquisition	7,044,765	7,072,428
Capital Contingency	1,000,000	1,000,000
	14,780,939	12,524,473
Operating Restricted Surplus		
Assessment Appeal	107,054	107,054
Community Enhancement	50,000	50,000
General Government Service	559,375	760,575
Protective Services	629,455	741,380
Transportation Contingency	1,390,590	1,457,590
Road Construction	1,762,579	1,631,329
Road Maintenance	204,000	375,000
Gravel Crushing	4,677,080	5,073,761
Uncrushed Gravel Inventory	4,686,220	4,791,508
Bridges	52,459	82,459
Water Management	141,774	126,463
Environment Treatment	1,892	1,892
Vulcan Hospital Project - Debenture Funding	624,282	-
Vulcan Hospital Project - Debenture Recovery	(1,989,579)	-
Planning and development	303,844	313,344
Agriculture Services	494,372	376,272
Campground	84,348	66,578
Recreation and Culture	305,384	289,543
Operating Contingency	1,526,488	624,506
	48.044.04=	
	15,611,617	16,869,254
Total Restricted Surplus	\$ 30,392,556	\$ 29,393,727

During the year, the County received a debenture for \$2,046,224 to fund the Vulcan Hospital Project. As at December 31, 2016, the County had contributed a total of \$1,421,942 of these funds towards this project (see Note 9), resulting in \$624,282 remaining to be contributed based on the matching funds raised by the Vulcan County Health and Wellness Foundation. The debenture recovery for the Vulcan Hospital Project is a deficit from these contributions that is to be recovered by general tax levies at the same rate as the debenture principal repayments.

The upgrades to the Mossleigh Water Treatment Plant were a total of \$431,299 as at December 31, 2016; where Council applied \$100,000 towards these upgrades, resulting in \$331,299 to be recovered through annual special water tax levies over a 20 year period. To date, there has been \$11,425 recovered by special water tax levies. The funds held in the Capital Acquistion Reserve were used to fund these upgrades; whereas these funds will be recoverred by the special water tax levies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

18. SEGMENTED INFORMATION

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

General Government

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

Protective Services

Protective Services is comprised of emergency management, health and safety, bylaw enforcement and fire services. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. The Protective Services department administers the fire districts within Vulcan County, ensuring compliance as per the Quality Management Plan. Other services with respect to fire include public education and fire prevention. Bylaw enforcement is provided by Vulcan County's Community Peace Officer. This also includes the building rentals to AHS and the RCMP and the related costs to operate these facilities.

Transportation Services

The Transportation Department is responsible for the delivery of municipal public works services relating to the maintenance and construction of roadways and bridges. This department ensures appropriate agreements are in place (i.e. access agreements, pipeline crossings, road and rural addressing signage, etc.) to minimize liability concerns.

Agricultural Services

Agricultural Services provides advice and expertise with respect to weed and pest control, as well as soil and water conservation, campground maintenance and rental of specialized equipment. Working in conjunction with Alberta Agriculture, this department also provides field trials (insect counts, disease investigations, etc.).

Planning and Development Services

Planning and Development Services facilitates development in accordance with the Land Use Bylaw as approved by Vulcan Council. This department ensures compliance of existing development applications with the Land Use Bylaw, offers recommendations to Council for amendments and assists developers with requirements of area structure plans.

Community Services

Vulcan County contributes to many community service organizations, such as: the local Family Community Support Services, daycare and public health, tourism and economic development, recreation boards, cultural programs and library

Utility Services

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

19. 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:

	2016	2015
Total debt limit Total debt	\$ 29,564,939 2,042,229	\$ 28,056,489
Amount of debt limit unused	\$ 27,522,710	\$ 28,056,489
Debt servicing limit Debt servicing	\$ 4,927,490 178,944	\$ 4,676,082
Amount of debt servicing limit unused	\$ 4,748,546	\$ 4,676,082

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.

20. 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:

	2016						2015	
	Salary / Per Diems		Benefits & Allowances		Total		-	Total
Councillors								
Division 1 - Gateman	\$	15,000	\$	4,132	\$	19,132	\$	20,048
Division 2 - Ruark		16,958		3,132		20,090		26,940
Division 2 - Cockwill		5,125		1,793		6,918		-
Division 3 - Schneider		31,583		4,990		36,573		31,564
Division 4 - Annable		16,500		4,825		21,325		29,622
Division 5 - Monner		18,875		3,764		22,639		17,764
Division 6 - McLean		15,375		4,151		19,526		22,338
Division 7 - Lucas		17,000		4,221		21,221		21,446
Chief Administrative Officer - Ludwig	\$	211,775	\$	23,406	\$	235,181	\$	209,952
Chief Administrative Officer - Petersen		26,108		3,708		29,816		-
Designated Officer(s)		103,075		24,711		127,786		-

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

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

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

Effective 2016, the County established one or more positions as designated officer(s).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

21. 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 244,621 people and 426 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 2016 were \$508,420 (2015 - \$484,166). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2016 were \$468,651 (2015 - \$446,576).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.

22. 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.

23. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2016 (2015 - \$nil) as a result of this standard.

24. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

25. COMMITMENTS

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 251,664 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.44 per cubic meter. The estimated liability is based on the sum of discounted future cash flows for restoring the gravel pit; discounted at the County's borrowing rate of 2.45% and assuming annual inflation of 1.50%. The gravel pits have an estimated useful life ranging from 13 to 70 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$419,069 is accrued under the other liabilities in the Statement of Financial Position. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficiently funded gravel reserves to cover the costs of the reclamation.

During the year, the County had committed to the purchase of equipment and vehicles valued at a total of \$1,164,855. This equipment will be received in the subsequent fiscal year.

26. PRIOR YEAR FIGURES

Certain prior year figures have been reclassified to conform to the current year's presentation. During the year, the County performed a detailed review of the tangible capital assets; in which, there were some specific tangible capital assets that were reclassified based on this detailed review.

27. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.