

YEAREND OPERATING AND CAPITAL REPORT

YEAR ENDED DECEMBER 31, 2017

YEAREND OPERATING AND CAPITAL REPORT YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS:

OPERATING REPORT:	
ANALYSIS BY DEPARTMENT - OVERVIEW	2 - 7
BREAKDOWN OF OPERATING REVENUES - DEPARTMENT / TYPE	8
ANALYSIS OF REVENUES BY TYPE:	
NET MUNICIPAL TAXES	9
GOVERNMENT TRANSFERS	10
RETURN ON INVESTMENTS	10 - 11
SALES OF GOODS, SERVICES, AND USER CHARGES	11
RENTAL INCOME	12
COMMUNITY AGGREGATE LEVY	12
PENALTIES AND COST OF TAXES	12
OTHER REVENUES	13
BREAKDOWN OF OPERATING EXPENSES - DEPARTMENT / TYPE	14
ANALYSIS OF EXPENSES BY TYPE:	
SALARIES, WAGES, AND BENEFITS	15 - 16
CONTRACTED AND GENERAL SERVICES	16 - 17
MATERIALS, GOODS, AND UTILITIES	18 - 19
TRANSFERS TO LOCAL BOARDS AND AGENCIES	20
INTEREST AND BANK CHARGES	21
OTHER EXPENSES	21
CAPITAL REPORT:	
ANALYSIS BY DEPARTMENT:	
TRANSPORTATION SERVICES	22
PROTECTIVE SERVICES	23
AGRICULTURAL SERVICES	24
GENERAL GOVERNMENT - ADMINISTRATION	25
UTILITY SERVICES	26
COMMUNITY SERVICES	27
BREAKDOWN OF CAPITAL REVENUES - DEPARTMENT / TYPE	28
BREAKDOWN OF CAPITAL EXPENSES - DEPARTMENT / TYPE	20

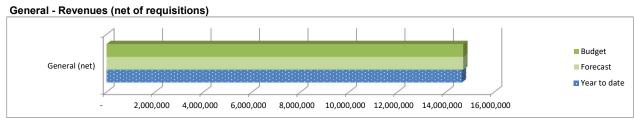
Note:

For display purposes, amortization expense of capital assets has been removed from the departmental expenditures, as this is a non-cash transaction and is only recorded at yearend. The approved budget is also displayed with amortization removed.

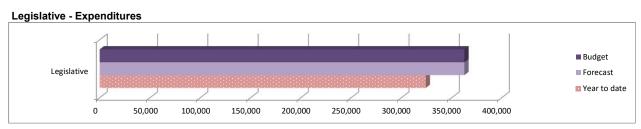
The yearend operating and capital reporting includes the financial information as at December 31st. The actual figures have been compared to the approved budget for the year.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

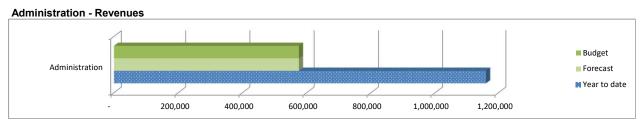
Analysis by Department



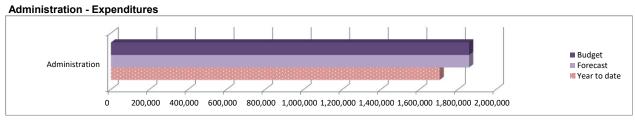
Budget and actual are very close. Slight variance is mainly due to less than expected well drilling tax collections. No new drilling was done in 2017. There were some other minor variances due to assessment changes as well.



Most of the variance from budget is due to lower than expected use of general services (registrations, postage, printing, and various other miscellaneous supplies).



Actual revenues were significantly higher than budget. This was due to a few factors: receipt of over \$130,000 from the distribution of the assets of an old reciprocal insurance exchange (ALARIE) to which the County subscribed, approximately \$350,000 more in tax penalties were charged than budgeted mainly due to oil and gas companies that haven't paid, more interest income on investments than expected, and higher recovery charges than budget from adding legal fees to certain parties' tax rolls.

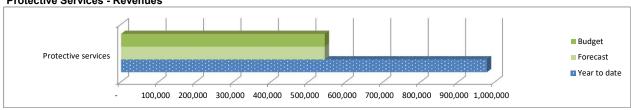


The budget figure was largely based on the prior year, but several variances contributed to the cost underrun: The linear assessment fee was not received as of audit date (\$31,000 budget), budgeted tech support was not required (\$12,000), lower investment management fees due to change in portfolio (\$18,000), server virtualization deferred to 2018 (\$5,000), less travel by admin staff (\$13,000) and personnel policy updates were done internally rather than contracted (\$6,000). Remainder of variance is due to a combination of many smaller variances.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

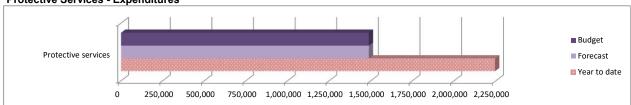
Analysis by Department - continued

Protective Services - Revenues



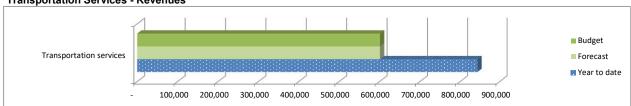
The increase in revenue in 2017 was mainly due to one significant unbudgeted item - the merger of the County and Town fire protection services. This came with a cash contribution to the County of \$422,000, which was the association's remaining funds. Also contributing to the higher revenue were additional recovery charges relating to the extra fire fighting work that was required over the summer.

Protective Services - Expenditures



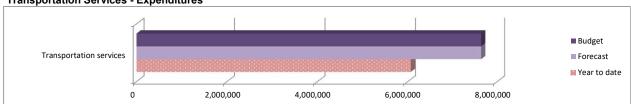
Three capital projects which were included in the capital budget did not qualify as capital either by Public Sector Accounting Standards or by County policy. To fund these assets, the capital funding had to be transferred to the operating side, and the purchases expensed here. The assets were funded through the sources noted in the capital budget (reserves). These assets included AFRRCS radios totalling \$359,010 (not capital per County policy), a contribution for a fire truck for the Northwest Fire Assocation totalling \$374,928 (not capital per PSAS - not a County asset), and a contribution for a fire truck for the Milo Fire Association totalling \$169,666 (not capital per PSAS - not a County asset).

Transportation Services - Revenues



2017 had higher than expected revenue from the community aggregate levy (\$100,000), approximately \$95,000 in gains on disposal of old equipment, and higher than expected revenues from new driveway maintenance agreements.

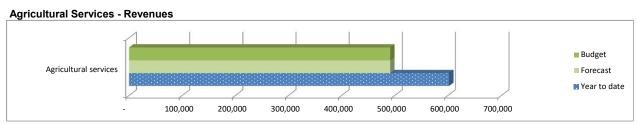
Transportation Services - Expenditures



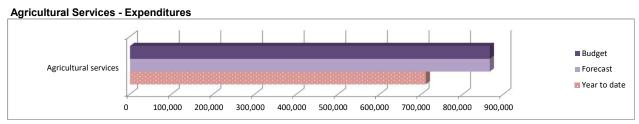
Several things contributed to the cost underrun in transportation in 2017. These include: less usage of gravel stock than budgeted due to timing of road construction and maintenance projects (\$1,075,000 less than budget. Crushing was completed as per budget, but gravel remains in inventory), reduction in wages expense due to both staffing changes and a reduction in overtime, \$98,000 for an in-progress road maintenance project that was deferred to 2018, and significantly lower requirement for blade replacements, tires, and other parts.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

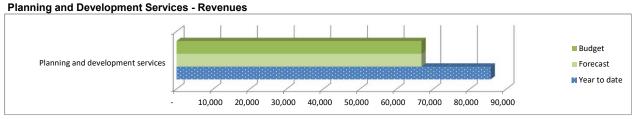
Analysis by Department - continued



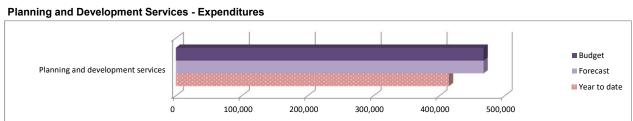
Actual revenue is greater than budget due to higher than expected revenues from surface leases - approximately \$158,000 more than budget. This is the second year in a row that revenues have been significantly higher than expectation.



Actual expense is comparable to the prior year. Variance from budget is due mainly to the expense (and revenue) relating to the weed coordinator's services for other municipalities being included in the budget. These are not County expenses, so they are not included in the actual expense here (about a \$55,000 difference). Remainder of variance is due to fewer repairs and parts than budgeted being needed and several other smaller variances.



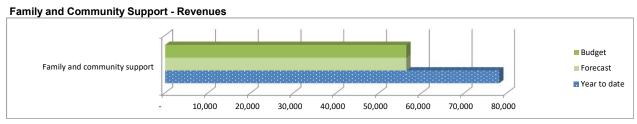
The majority for the variance between actual and budgeted revenue is additional revenues from development permits, about \$13,000 more than anticipated.



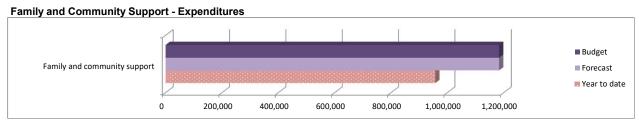
Variance from budget is due to a few costs coming in lower than expected, such as wage costs, legal, travel, and advertising.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

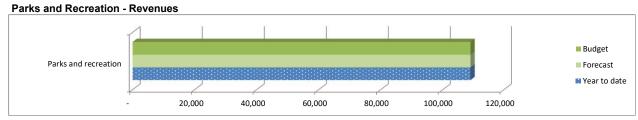
Analysis by Department - continued



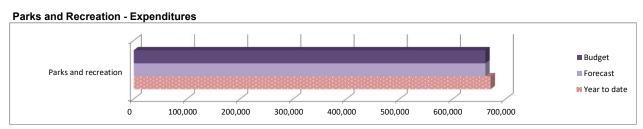
The variance between actual and budget is due almost entirely to the investment income on funds held for the hospital expansion project of \$23,000 which is not specifically budgeted for. There was a slight underrun in revenue from the doctor retention program of \$1,600 as well.



Variance from the budget is mainly due to the difference between budgeted and actuals for the contribution to the hospital expansion project (\$915,000 budget vs \$691,000 actual). The actual contributions are based on funds raised by the Vulcan County Health and Wellness Foundation during the year and are difficult to predict.



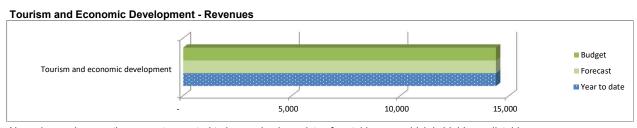
Budget, forecast, and actual revenue all agree as the annual MSI operating allocation of \$109,000 was fully recognized.



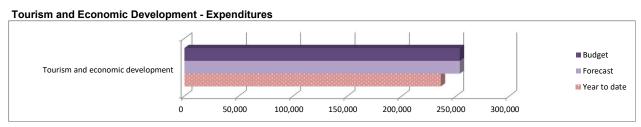
Actual expense is comparable to budget. \$10,000 variance was due to an extra donation made to the Food Bank.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

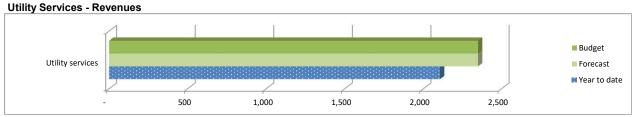
Analysis by Department - continued



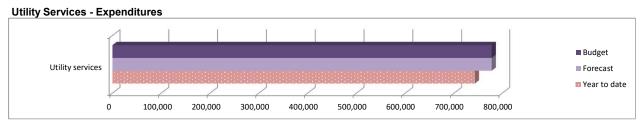
No variances here as the amount expected to be received consists of rental income which is highly predictable.



Actual and budget, are comparable. Small variance from budget was due to a smaller grant given to the Vulcan Business Development Society than originally budgeted.



Year to date revenues are slightly lower than budget because there were three fewer parties invoiced for garbage services in Brant than anticipated.



Cost is comparable to the prior year. Variance from budget is due to the estimated legal fees for expropriation not being used and were carried forward to the 2018 budget, a savings that was partially offset by additional water analysis and testing costs.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis by Department - continued

Other

0

10,000

20,000

30,000

Other - Revenues Other Other - 50,000 100,000 150,000 200,000 250,000 300,000

Similar to the cost underun in Family and Community Support Services above, this revenue is budgeted based on estimates for how much money VCHWF is able to raise and was less than budget. The revenue here corresponds to the Town of Vulcan's contribution which they will be paying to the County when contruction is set to begin.



40,000



Budget variance is due to less use of general contingency dollars than expected (\$70,000 budget vs \$11,000 actual). The \$70,000 is a best guess for what might be needed in an unusual year and is usually a high estimate.

50,000

60,000

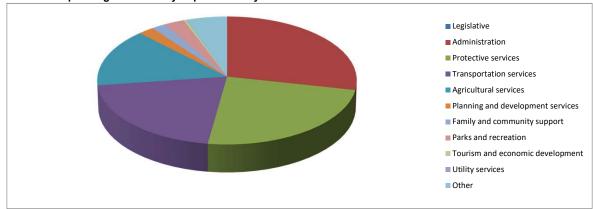
70,000

80,000

90,000

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

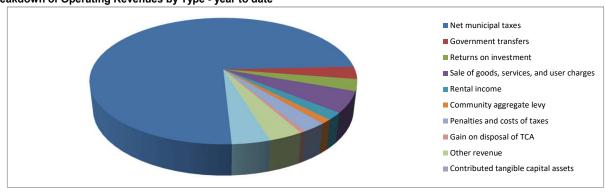
Breakdown of Operating Revenues by Departments - year to date



Department	Budget	Year to date	Budget %
Legislative	-	-	0.00%
Administration	575,601	1,160,264	201.57%
Protective services	543,884	978,204	179.86%
Transportation services	601,189	843,650	140.33%
Agricultural services	491,462	602,435	122.58%
Planning and development services	66,800	85,689	128.28%
Family and community support	56,407	78,161	138.57%
Parks and recreation	109,000	109,000	100.00%
Tourism and economic development	14,400	14,400	100.00%
Utility services	2,349	2,106	89.66%
Other	290,987	219,702	75.50%
	2,752,079	4,093,611	

^{*} excludes general revenues (net municipal taxes) for display purposes

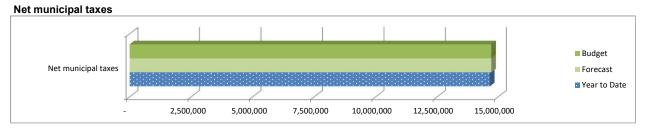
Breakdown of Operating Revenues by Type - year to date



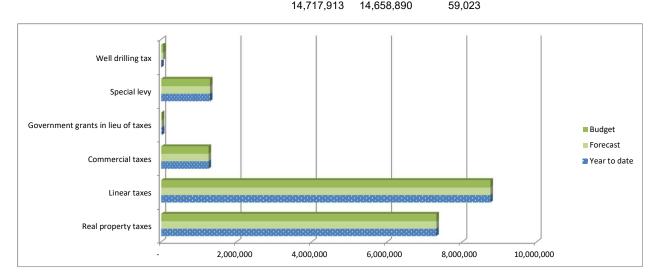
Type of revenue	Budget	Year to date	Budget %
Net municipal taxes	14,717,913	14,658,890	99.60%
Government transfers	694,241	624,347	89.93%
Returns on investment	393,236	579,400	147.34%
Sale of goods, services, and user charges	712,786	1,052,435	147.65%
Rental income	357,029	352,634	98.77%
Community aggregate levy	120,000	222,955	185.80%
Penalties and costs of taxes	100,500	484,573	482.16%
Gain on disposal of tangible capital assets	-	101,059	0.00%
Other revenue	374,287	676,208	180.67%
Contributed tangible capital assets	-	-	0.00%
	17 469 992	18 752 501	

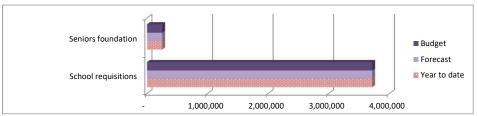
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Revenues by Type



Supplement	Budget	Year to date	Remaining
Real property taxes	7,313,061	7,308,017	5,044
Linear taxes	8,748,285	8,746,130	2,155
Commercial taxes	1,258,966	1,258,669	297
Government grants in lieu of taxes	16,500	19,714	(3,214)
Special levy	1,295,686	1,295,214	472
Well drilling tax	55,000	1,119	53,881
-	18,687,498	18,628,863	58,635
School requisitions	3,717,487	3,717,875	(388)
Seniors foundation	252,098	252,098	- '
	14 717 913	14 658 890	59 023

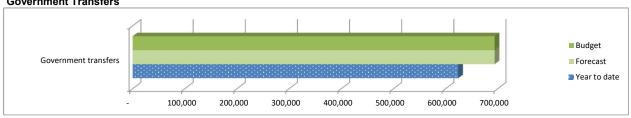




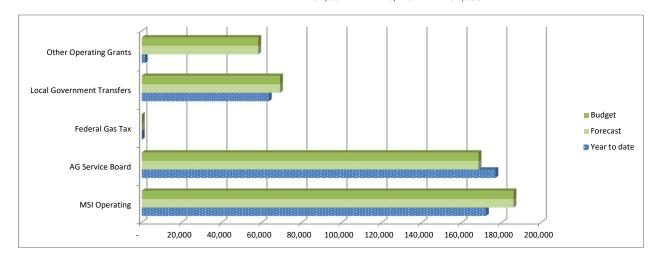
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

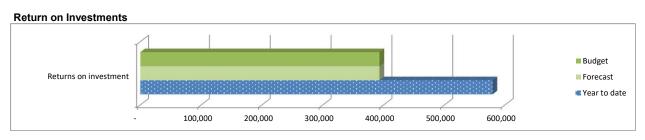
Analysis of Revenues by Type - continued

Government Transfers



Supplement	Budget	Year to date	Remaining
MSI Operating	185,940	172,021	13,919
AG Service Board	168,350	176,759	(8,409)
Federal Gas Tax	-	-	-
Local Government Transfers	69,082	63,498	5,584
Other Operating Grants	58,215	1,500	56,715
-	481 587	413 778	67 809



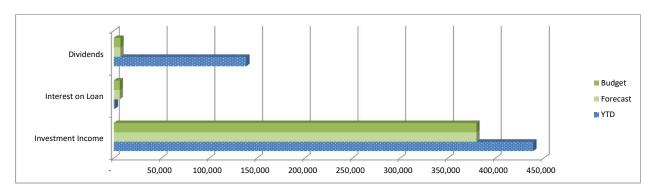


Supplement	Budget	Year to date	Remaining
Investment Income	380,000	439,213	(59,213)
Interest on Loan	6,236	1,222	5,014
Dividends	7,000	138,965	(131,965)
	393,236	579,400	(186,164)

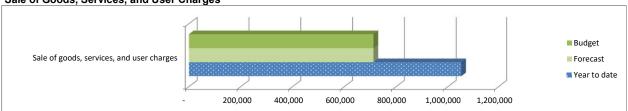
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Revenues by Type - continued

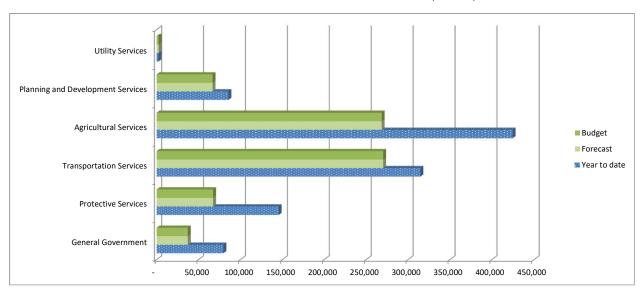
Return on Investments - continued



Sale of Goods, Services, and User Charges

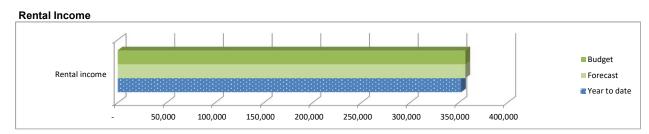


Supplement	Budget	Year to date	Remaining
General Government	37,250	79,728	(42,478)
Protective Services	67,440	145,665	(78,225)
Transportation Services	270,335	314,714	(44,379)
Agricultural Services	268,612	424,533	(155,921)
Planning and Development Services	66,800	85,689	(18,889)
Utility Services	2,349	2,106	243
	712,786	1,052,435	(339,649)

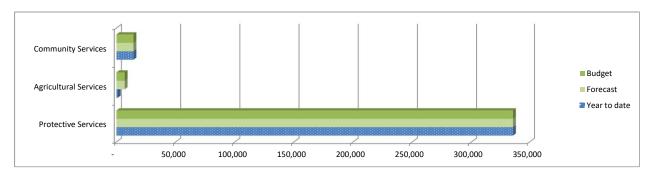


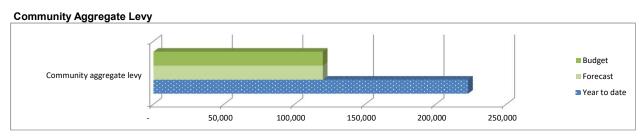
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Revenues by Type - continued



Supplement	Budget	Year to date	Remaining
Protective Services	335,629	335,630	(1)
Agricultural Services	7,000	1,142	5,858
Community Services	14,400	14,400	-
	357.029	352.634	4.395





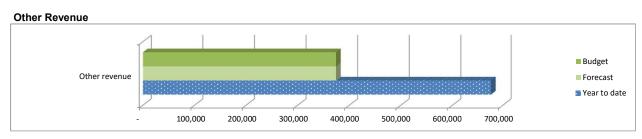
Supplement	Budget	Year to date	Remaining
Community aggregate levy	120,000	222,955	(102.955)

Penalties and Costs of Taxes - 50,000 100,000 150,000 200,000 350,000 400,000 450,000 500,000

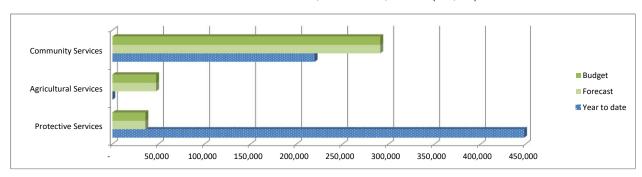
Supplement	Budget	Year to date	Remaining
Penalties on Current Taxes	50,000	157,815	(107,815)
Penalties on Tax Arrears	50,000	326,757	(276,757)
Penalties on Receivables	500	-	500
	100,500	484,573	(384,073)

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Revenues by Type - continued



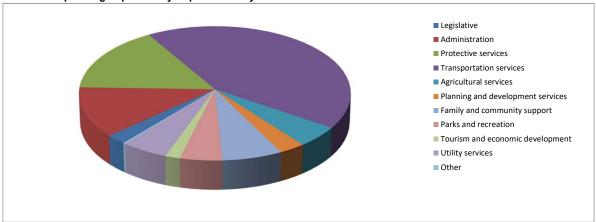
Supplement	Budget	Year to date	Remaining
Protective Services	35,800	448,411	(412,611)
Agricultural Services	47,500	-	47,500
Community Services	290,987	219,702	71,285
	374,287	676,208	(301,921)



Note: The large amount of revenue collected by Protective Services was due to the merger with the Vulcan Fire Association. This resulted in merging of assets including over \$400,000.

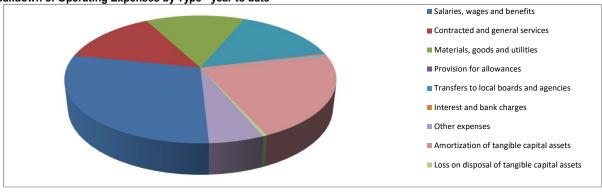
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Breakdown of Operating Expenses by Departments - year to date



Department	Budget	Year to date	Budget %
Legislative	362,554	324,110	89.40%
Administration	1,857,958	1,704,794	91.76%
Protective services	1,488,322	2,245,145	150.85%
Transportation services	7,633,637	6,064,908	79.45%
Agricultural services	865,795	710,325	82.04%
Planning and development services	467,349	414,237	88.64%
Family and community support	1,183,542	956,894	80.85%
Parks and recreation	661,639	671,616	101.51%
Tourism and economic development	253,460	236,010	93.12%
Utility services	778,003	742,922	95.49%
Other	82,595	36,083	43.69%
	15,634,854	14,107,044	

Breakdown of Operating Expenses by Type - year to date

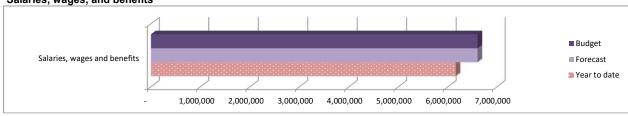


Type of expense	Budget	Year to date	Budget %
Salaries, wages and benefits	6,603,690	6,158,349	93.26%
Contracted and general services	3,216,804	2,960,101	92.02%
Materials, goods and utilities	4,488,891	2,987,785	66.56%
Transfers to local boards and agencies	2,820,420	3,150,296	111.70%
Interest and bank charges	75,033	65,821	87.72%
Other expenses	87,594	(128,317)	-146.49%
Loss on disposal of tangible capital assets	-	87,080	0.00%
Machine expenses capitalized	(1,657,578)	(1,174,071)	0.00%
	15,634,854	14,107,044	
Amortization of tangible capital assets	4,328,196	4,480,221	103.51%
	19 963 050	18 587 265	

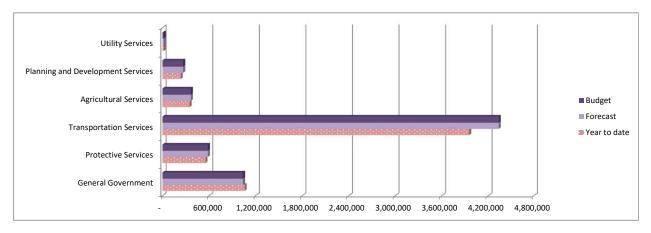
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type

Salaries, wages, and benefits



Supplement	Budget	Year to date	Remaining
General Government	1,037,050	1,057,260	(20,210)
Protective Services	584,363	552,127	32,236
Transportation Services	4,336,324	3,951,222	385,102
Agricultural Services	364,859	348,823	16,036
Planning and Development Services	266,177	234,246	31,931
Utility Services	14,917	14,671	246
	6,603,690	6,158,349	445,341

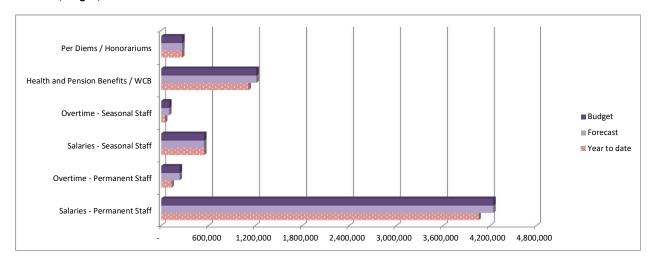


Supplement	Budget	Year to date	Remaining
Salaries - Permanent Staff	4,240,841	4,051,646	189,195
Overtime - Permanent Staff	234,220	131,120	103,100
Salaries - Seasonal Staff	546,456	547,874	(1,418)
Overtime - Seasonal Staff	99,868	47,388	52,479
Health and Pension Benefits / WCB	1,215,033	1,114,516	100,517
Per Diems / Honorariums	267,272	265,242	2,030
	6,603,690	6,157,787	445,904

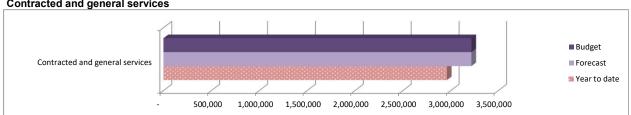
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued

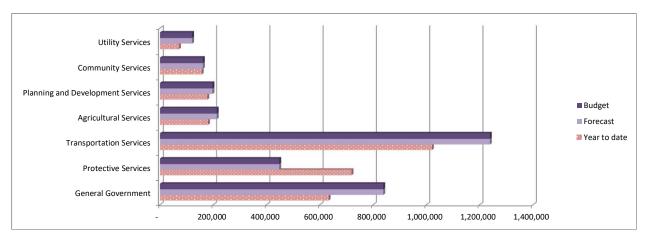
Salaries, wages, and benefits - continued



Contracted and general services



Supplement	Budget	Year to date	Remaining
General Government	838,267	633,292	204,975
Protective Services	447,859	719,050	(271,191)
Transportation Services	1,238,392	1,020,877	217,515
Agricultural Services	213,145	180,456	32,689
Planning and Development Services	197,233	177,791	19,442
Community Services	161,188	156,996	4,192
Utility Services	120,720	71,639	49,081
	3,216,804	2,960,101	256,703

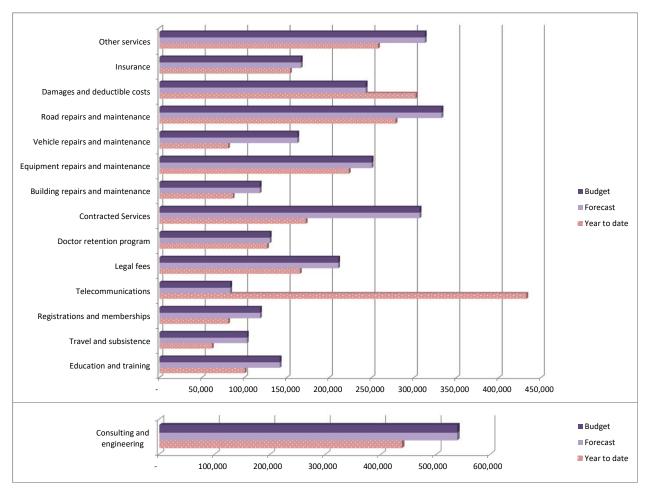


YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued

Contracted and general services - continued

Supplement	Budget	Year to date	Remaining
Education and training	141,700	100,490	41,210
Travel and subsistence	102,958	61,760	41,198
Registrations and memberships	118,484	80,965	37,519
Telecommunications	83,430	432,602	(349,172)
Legal fees	210,600	165,521	45,079
Doctor retention program	130,000	126,871	3,129
Contracted Services	306,534	172,401	134,133
Consulting and engineering	537,807	437,526	100,281
Building repairs and maintenance	118,136	86,317	31,819
Equipment repairs and maintenance	250,066	223,146	26,920
Vehicle repairs and maintenance	162,416	80,876	81,540
Road repairs and maintenance	332,414	278,258	54,156
Damages and deductible costs	243,005	301,942	(58,937)
Insurance	166,591	153,858	12,733
Other services	312,663	257,568	55,095
	3,216,804	2,960,101	256,703

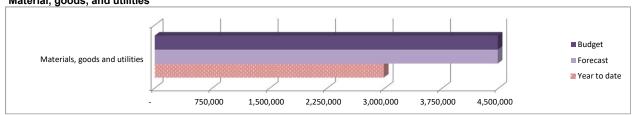


Note: Expense variance in telecommunications was caused by the purchase of AFRRCS radios these were originally budgeted as capital additions, but did not meet the County's criteria for capital assets. They were expensed here in operating.

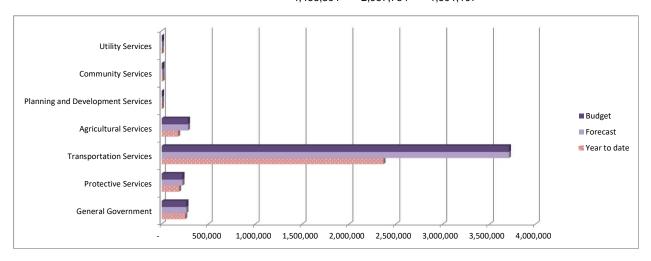
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued

Material, goods, and utilities



Supplement	Budget	Year to date	Remaining
General Government	263,467	250,315	13,152
Protective Services	221,449	185,570	35,879
Transportation Services	3,708,500	2,364,557	1,343,943
Agricultural Services	279,641	175,046	104,595
Planning and Development Services	3,939	2,200	1,739
Community Services	8,415	9,255	(840)
Utility Services	3,480	841	2,639
	4.488.891	2,987,784	1.501.107

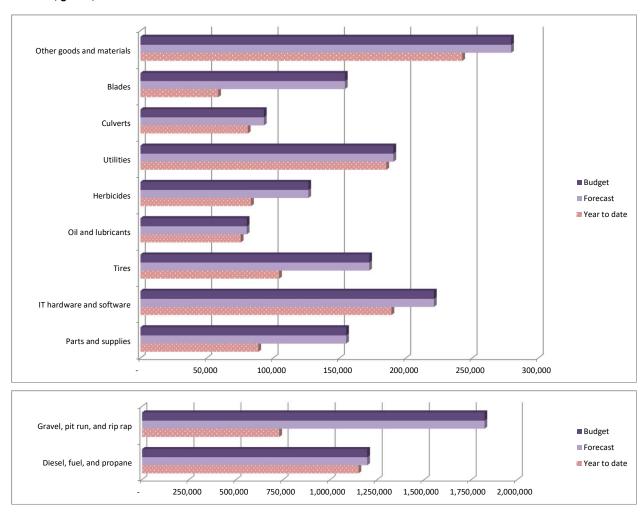


Supplement	Budget	Year to date	Remaining
Parts and supplies	154,960	88,821	66,139
IT hardware and software	221,121	189,163	31,958
Diesel, fuel, and propane	1,196,036	1,150,180	45,857
Tires	172,356	104,492	67,864
Oil and lubricants	80,085	75,561	4,523
Gravel, pit run, and rip rap	1,820,839	728,928	1,091,911
Herbicides	126,500	83,354	43,146
Utilities	190,574	185,284	5,290
Culverts	93,000	80,920	12,080
Blades	154,048	58,608	95,440
Other goods and materials	279,372	242,474	36,898
-	4.488.891	2.987.785	1.501.106

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued

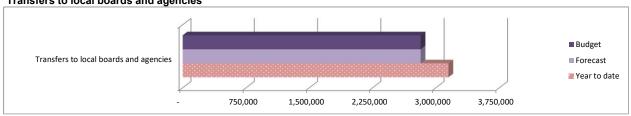
Material, goods, and utilities - continued



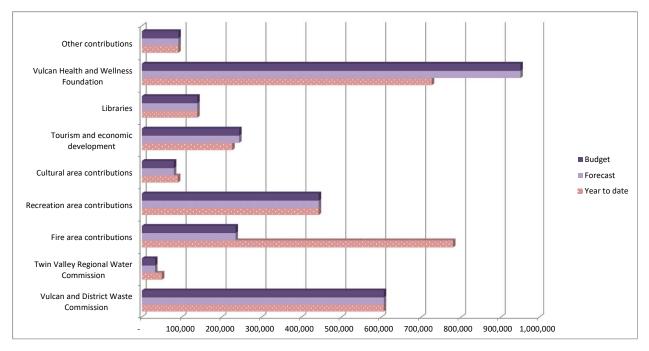
YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued

Transfers to local boards and agencies



Supplement	Budget	Year to date	Remaining
Vulcan and District Waste Commission	605,926	605,702	224
Twin Valley Regional Water Commission	32,961	50,069	(17,108)
Fire area contributions	234,650	779,244	(544,594)
Recreation area contributions	442,774	442,774	(0)
Cultural area contributions	80,177	90,177	(10,000)
Tourism and economic development	243,545	226,295	17,250
Libraries	138,688	138,665	23
Vulcan Health and Wellness Foundation	950,269	726,050	224,219
Other contributions	91,430	91,320	111
	2,820,420	3,150,296	(329,876)

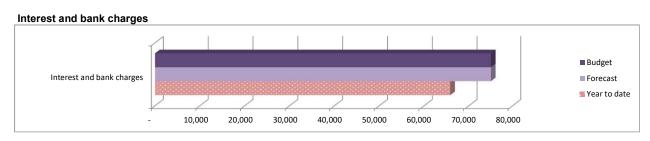


Note: The Vulcan Health and Wellness Foundation budget includes approximately \$915,000 of matching contributions for the Vulcan Hospital Project; whereas, these funds are held by the County until the project is started. Contributions are recognized based on the 2:1 matching of the funds raised by the Foundation.

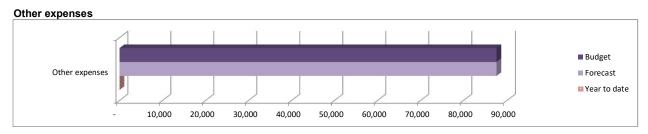
Note: Fire area contributions include two contributions to the Milo and Northwest Fire Associations totalling approximately \$545,000 for new fire trucks. These were included in the capital budget, but do not meet the definition of capital assets and were expensed on the operating side here.

YEAREND OPERATING REPORT YEAR ENDED DECEMBER 31, 2017

Analysis of Expenses by Type - continued



Supplement	Budget	Year to date	Remaining
Interest and bank charges	75,033	65,821	9,212



Supplement	Budget	Year to date	Remaining
Write-off of uncollectable tax	12,595	25,938	(13,343)
Gravel reclamation	-	(190,581)	190,581
Inventory reduction	-	208	(208)
Contingency fund	70,000	11,256	58,744
Other expenses	4,999	24,862	(19,863)
	87,594	(128,317)	215,911

