



ANNUAL FINANCIAL REPORT 2017

FOR THE YEAR ENDED DECEMBER 31, 2017
VULCAN COUNTY, ALBERTA, CANADA





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PREPARED BY VULCAN COUNTY
CORPORATE SERVICES DEPARTMENT





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WELCOME TO VULCAN COUNTY

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WELCOME TO VULCAN COUNTY

Vulcan County is a rural municipality within Southern Alberta with a population of approximately 3,984 and is conveniently located one hour from both Calgary and Lethbridge. The County covers an area of 56,342 hectares and encompasses the following:

- Town of Vulcan
- Villages of Carmangay, Champion, Lomond, Milo and Arrowwood
- Hamlets of Brant, Ensign, Kirkcaldy, Shouldice, Queenstown, Mossleigh, Herronton, and Travers

GEOGRAPHICAL INFORMATION:

Location:

Southern Alberta

Major Highways:

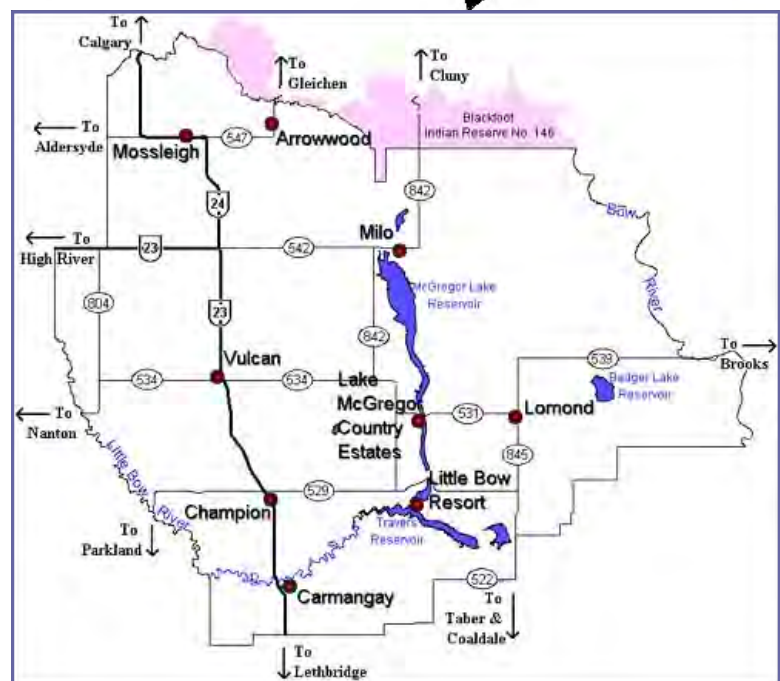
Highway 23 & 24

Secondary Highways:

Highway 529, 531, 534, 539, 542, 547, 804, 842, 845

Distance to Major Areas:

- 129 km (81 miles) to Calgary
- 94 km (59 miles) to Lethbridge
- 200 km (125 miles) to Coutts / Sweetgrass USA Border Crossing



COUNTY PROFILE

COUNTY SERVICES:

Vulcan County provides a number of services to its residents, either directly or jointly with other municipalities and commissions. These services include the following:

- General Government - including general administration and legislation;
- Protective Services - including fire protection, bylaw enforcement and safety;
- Transportation Services - including road maintenance, fleet repairs and construction of roads and bridges;
- Agricultural Services - including weed and pest control, Ag equipment rentals, provision of surface leases and other general agricultural services;
- Planning and Development Services - including development permits, zoning, subdivision and land-use bylaws;
- Community Services - including supporting FCSS, recreational and cultural activities, tourism and economical development;
- Utility Services—including garbage disposal (with the Vulcan and District Waste Commission) and water services (with Twin Valley Regional Water Commission and Mossleigh Water Coop).



ECONOMICS OF THE COUNTY:

The largest industry in Vulcan County is agriculture, encompassing approximately 444,000 hectares of farmland. The County is a member of the Foothills Little Bow Association and is part of the Bow River Irrigation District. There are three operational grain elevators in Vulcan County; two just south of the Town of Vulcan, and one within the Town of Vulcan.

Geophysical drilling and pipeline activity have become increasingly important in recent years, with many oil and gas deposits put into production.

RECREATION AND ATTRACTIONS:

Throughout the County, communities have a wide range of recreational facilities, including playgrounds, community centres, senior citizens drop-in centres, golf courses, ice arenas, swimming pools, and rodeo arenas.

Several water recreation areas in the County include the Travers Dam, Lake McGregor, Williams Lake and Badger Lake. Provincial Parks include the Little Bow Provincial Park, Little Bow Reservoir Provincial Recreation Area, McGregor Reservoir Provincial Recreation Area, Travers Reservoir Provincial Recreation area, and the Wyndham-Carseland Provincial Park.

County historical attractions that focus on the First Nations heritage are the Carmangay Tipi Rings, the Majorville Medicine Wheel, and the Sundial Medicine Wheel; while the aviation related attractions include the Royal Canadian Air Force Monument at the Vulcan Industrial Airport.

VISION, MISSION STATEMENT, & VALUES

- **VISION**

Striving towards innovation in agriculture and development while respecting our roots and history.

- **MISSION STATEMENT**

To provide collaborative leadership, governance and municipal services

- **VALUES**

- Fairness & Equality
- Respect & Trust
- Ethics
- Honesty

It is important to the Council of Vulcan County that these statements reflect the collaborative spirit that will enhance their own and their neighbours' initiatives and prospects for the future, and support the cooperative initiatives that will provide more cost effective municipal and other services within the region. *(2014-2017 Strategic Plan)*



COUNTY COUNCIL AND THE CAO

Vulcan County Council consists of Councillors elected from each of the 7 divisions of Vulcan County. As of 2013, Municipal elections are held every 4 years in the month of October. Consequently, the most recent municipal election took place in October 2017. The position of Reeve and Deputy Reeve are determined at each of the annual Organizational Meetings held in October of each year.

The position of Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to Council. The following are the elected Council members as of October 2017 and the County's CAO:



Jason Schneider
Reeve
Division 3



Shane Cockwill
Deputy Reeve
Division 2



Serena Donovan
Councillor
Division 1



Laurie Lyckman
Councillor
Division 4



Michael Monner
Councillor
Division 5



Ryan Smith
Councillor
Division 6



Doug Logan
Councillor
Division 7



Nels Petersen
Chief Administrative Officer

Outgoing Councillors include Derrick Annable, Murray McLean, Glen Gateman, and Roy Lucas. Vulcan County would like to take this opportunity to thank them for their years of service to the County.

Council holds two types of meetings: Council Meetings and Governance & Priorities Committee Meetings.

Council Meetings are more formal and where Council makes the actual decisions on important matters in the community. These Council Meetings are typically held the 1st and 3rd Wednesday of each month and are always open to the public and media.

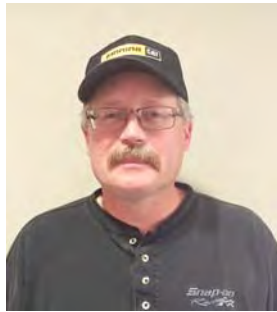
Governance & Priorities Committee Meetings are typically less formal and provide Administration opportunities to share information, discuss issues, and obtain direction from Council. This can include, but is not limited to, Budget Committee Meetings and Organizational Meetings.

ADMINISTRATION

The Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to Council. Reporting to the CAO in 2017 were four directors in charge of each of the County's departments, Development Officer and the Executive Assistant position.

The following are the departments of the County:

- **Operations** - department includes road construction, road maintenance, graveling, bridge construction, and fleet maintenance.
- **Corporate Services** - department includes information technology, geographic information systems (GIS), and finance (assessment, taxation, receivables, payables and payroll).
- **Protective Services** - department includes fire protection services and bylaw enforcement.
- **Agricultural Services** - department includes seeding, weed control, spraying, pest control and agricultural rentals.



Mike Kiemele
Director of Operations



Nick Fai
Director of Corporate
Services

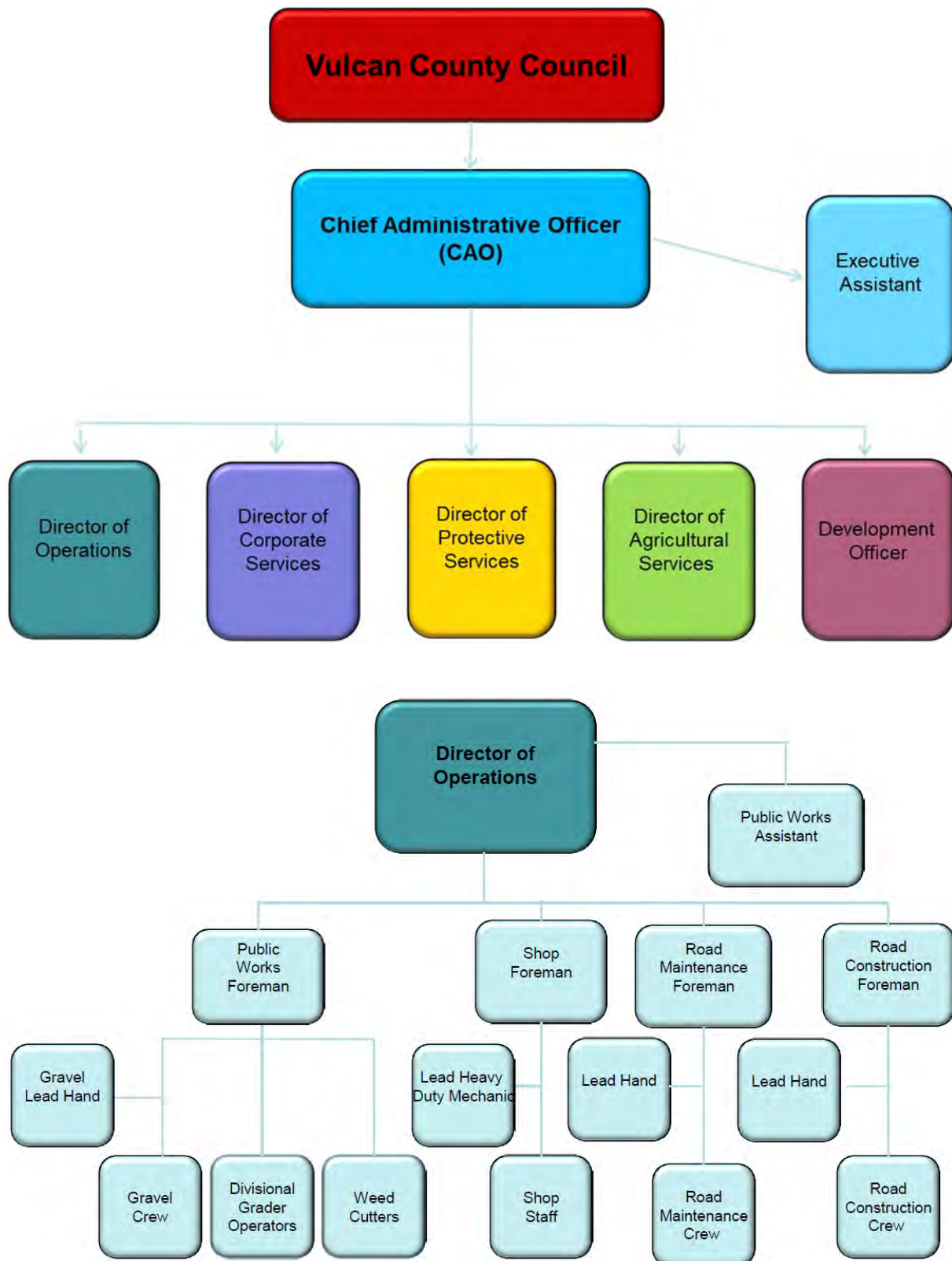


Stuart Larson
Director of Protective
Services

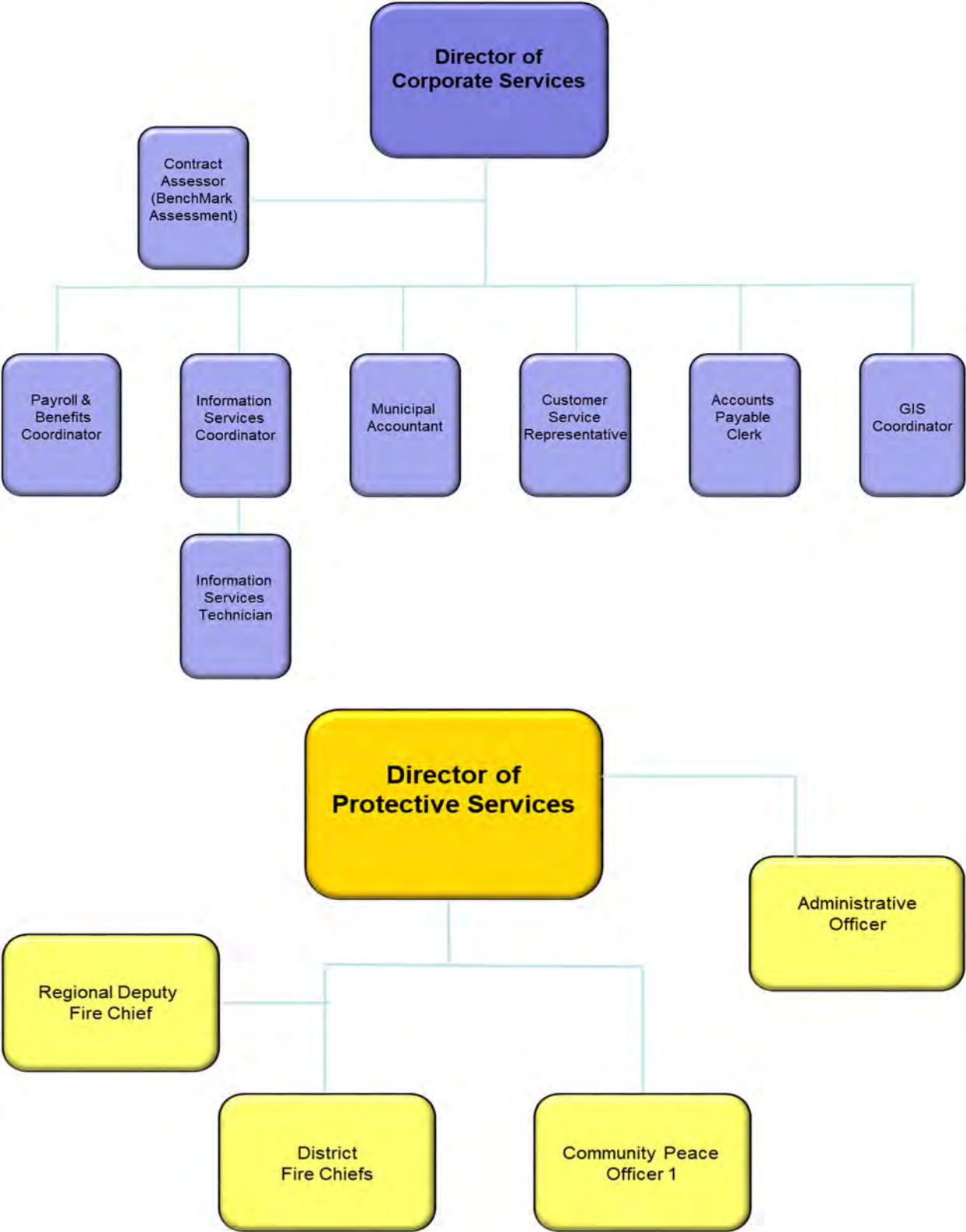


Kelly Malmberg,
Director of Agricultural
Services

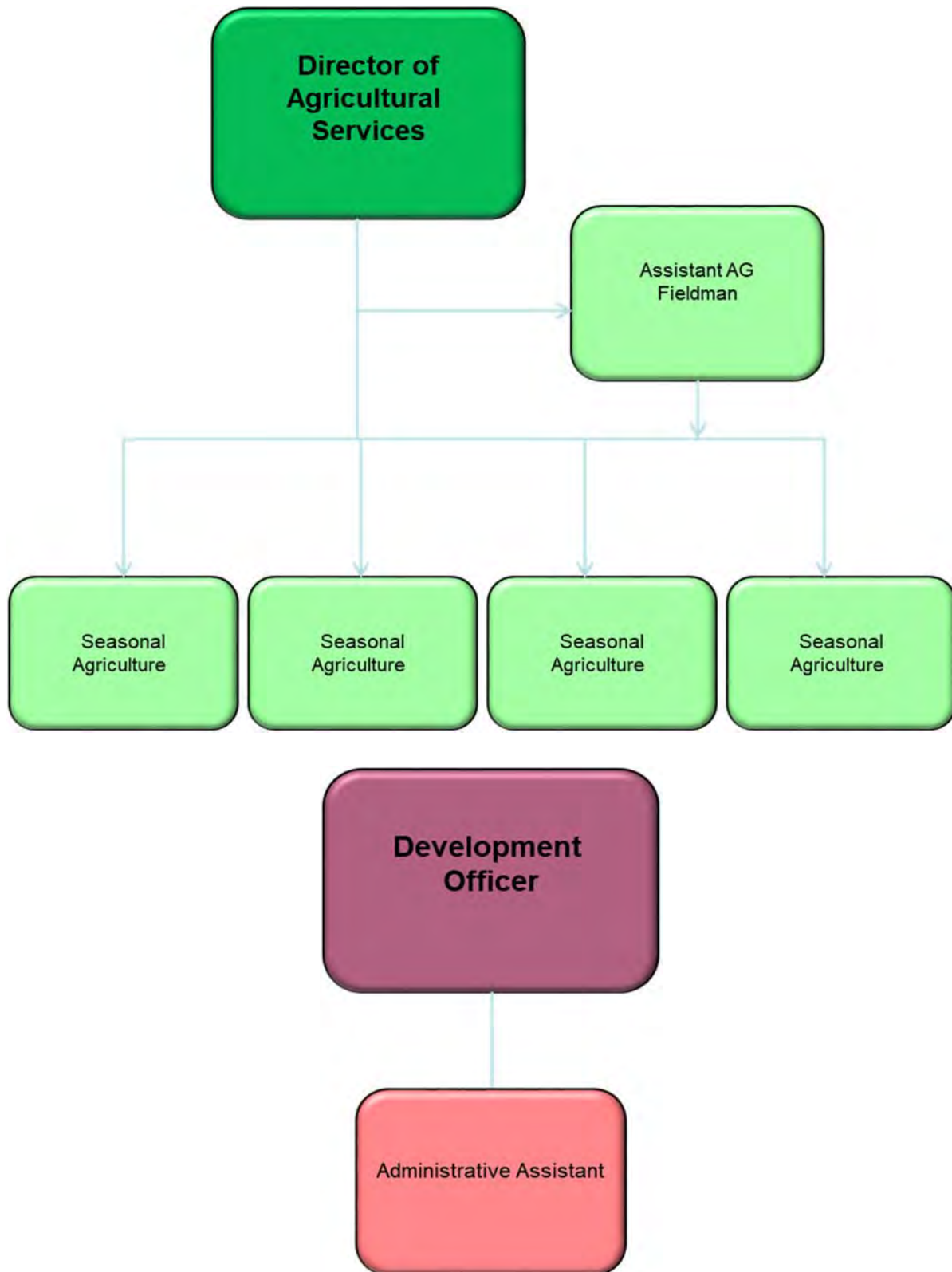
ORGANIZATION CHART:



ORGANIZATION CHART (CONTINUED):



ORGANIZATION CHART (CONTINUED):



STRATEGIC PLAN

The purpose of Vulcan County's Strategic Plan is to create a "blue print" for the future. Putting the right strategy together and developing a clear action plan for effective implementation is vital to the success of Vulcan County. To achieve this, Vulcan County developed the *2014-2017 Strategic Plan*, which included the following seven key goals:

1) TRANSPORTATION NETWORKS

Long-term cost effective road maintenance and rehabilitation plan, including the following strategies:

- Investigate new funding for bridge repair and replacement
- Bylaw enforcement of roadway irrigation
- Continue with the shoulder pull program
- Maintain the County's equipment replacement program
- Long-term plan for road rebuilding and rehabilitation

2) RECRUITMENT AND RETAIN QUALIFIED STAFF

Improve recruitment and retention of qualified staff, including the following strategies:

- Participate in the Municipal Intern Program
- Continue with the Apprenticeship Program within the Operations Department
- Partner with high schools and colleges to create education and employment opportunities
- Complete a bi-annual benefit and salary review
- Social interaction across organization
- Mutual respect between Council and Administration
- Retention of qualified machine operators

3) GROWTH AND DEVELOPMENT

To support the development of a business park with a hotel, restaurant and waterfront development, including the following strategies:

Business park with hotel and restaurant

- Collaborate with an urban municipality or developer (or independently)
- Business assessment; communicate with possible hotels and restaurants to find interest
- Investigate potential loans or tax breaks for new businesses

Waterfront development

- Streamline the development process
- Have sufficient staff for planning and development
- Potential collaboration with other group or groups for staffing
- Marketing

4) COLLABORATION FOR DOCTOR RECRUITMENT AND RETENTION

Doctor recruitment and retention, including the following strategies:

- Lobby provincial and federal governments
- Investigate communities with success stories
- Consider a specialty hospital
- Rural physician training program

5) PROTECTIVE SERVICES

Regionalization of fire services and to provide timely protective services to stakeholders, including the following strategies:

Regionalization of fire services

- Complete the transition with those already regionalized
- Build confidence with existing departments to help ease frustration with the other, non-regionalized departments

Provide timely protective services to stakeholders

- Hire qualified personnel
- Orientate personnel as to the mandate of the program as it relates to the County and other municipal partner needs

6) GOVERNANCE

Timely communication to ratepayers and consolidation of shop and administration in new building and yard, including the following strategies:

Timely communication to ratepayers

- Improve Website
- More timely information
- Utilize social media
- Newspaper advertisement

Consolidation of shop and administration in new building

- Financial Plan for the consolidation process
- Create new, updated agreements with External Stakeholders
- Establishing a working committee

7) WATER AND WASTE MANAGEMENT, SUPPLY AND INNOVATION

To move forward with the Southern Alberta Energy from Waste Association (SAEWA) Project, connect Kirkcaldy to the newly constructed waterline by 2017, and develop a feasibility study for the northern part of the County, including the following strategies:

To move forward with the SAEWA Project

- Meet with Council and communities to get buy-in to forward SAEWA host community proposal

Connect Kirkcaldy to the waterline by 2017

- Get buy-in from the residents of Kirkcaldy and the existing water commission

Develop feasibility study for the northern part of the County (Milo, Mossleigh, Arrowwood, & Brant)

- Obtain research grant funding for the feasibility study
- Get buy-in from potentially affected landowners
- Talk to the villages to determine their interest in project

In October 2017, the Alberta Municipal Elections were held. Subsequent to the election, County Council and Administration reviewed the Strategic Plan in March of 2018. The strategic plan will be updated and new County goals will be presented in a future information release, as well as in the 2018 annual report next year.



REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

It is our pleasure to submit Vulcan County's Annual Financial Report for the year ended December 31, 2017. The purpose of this Annual Financial Report is to provide our ratepayers with clear and transparent insight into the financial information and results of the County. The report also gives us an opportunity to analyze and provide commentary on the financial information contained within.

INTERNAL ACCOUNTING CONTROLS

Vulcan County maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. The controls are subject to regular reviews and revisions (as required). These controls include, but are not limited to, the financial policies set by Council, administrative procedures, external audits, and the budgeting process.

FINANCIAL POLICIES

Vulcan County has a number of policies relating to the financials that are reviewed and approved by Council. These policies are designed to ensure that there are appropriate controls in place to safeguard the County and to ensure that the County is compliant with the Alberta Municipal Government Act, Canadian Public Sector Accounting Standards, and all other applicable legislation. Some of the key areas addressed by current policies are:

- Signing Authority
- Tender Process Policy
- Purchasing Authority
- Investment Policy
- Corporate Credit Card
- Tangible Capital Assets
- Reserves Policy

There are multiple other policies in place as well. All of these policies are publically available on our website.



ADMINISTRATIVE PROCEDURES

Vulcan County has a number of internal procedures that are used to document the steps and methods required to perform many of the financial tasks in the County's administration. These internal procedures allow for ensuring that the proper steps are taken for recording financial transactions to ensure accuracy, consistency, and that policies are being followed appropriately.



The County utilizes a centralized accounting process. In this process, the Corporate Services Department is responsible for all common financial and computer systems used to record financial information. This information is then used to provide financial reports to Council, and is also used to create the County's year end financial statements which are audited by an external audit firm.

EXTERNAL AUDITS

In accordance with Section 280 of the Municipal Government Act, County Council appoints an independent auditor, BDO Canada Ltd, to report on the annual financial statements of the County. The auditors' responsibility is to express an opinion on whether or not the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.



The auditors have full access to all of the County's financial records and information, and will meet with staff, management, and the Reeve to discuss matters relating to the audit. The auditors also provide the County with a management letter providing comments on the internal controls.

For the 2017 Financial Statement audit, our auditors expressed a "qualified" audit opinion. The basis for the qualification is provided in the audit report in part 2 of this document and is not the result of a departure from Public Sector Accounting Standards. The auditors did not have any recommendations for improvements to the County's internal controls during the 2017 audit, indicating the overall effectiveness of the controls that are already in place.

BUDGET PROCESS

In accordance with Sections 242 and 245 of the Municipal Government Act, County Council approves an operating and capital budget on an annual basis. Typically, the majority of the budget is developed in September to November of the year prior to the budget, and approved as the Interim Budget in December. The Final Budget is usually approved in April when the last budget items are received, property assessments are finalized, and requisitions for schools and senior foundations are available.

There is currently a 20-year Capital Plan which assists in the development of the annual capital budget by outlining the County's long-term capital replacement requirements. The Plan is currently funded by existing capital reserves and projected contributions to those reserves. This methodology of long-term budgeting allows for more stable tax rates over time since rates would not have to be increased in years when large projects must be completed.

The County prepares a 3-year operating budget each year. The upcoming year is planned in great detail, with the 2 subsequent years being based on estimates. As each subsequent year arrives, it is also reviewed in detail before being implemented. The County takes into account several factors while budgeting including current economic conditions, provincial policy changes, and service requirements within the County.



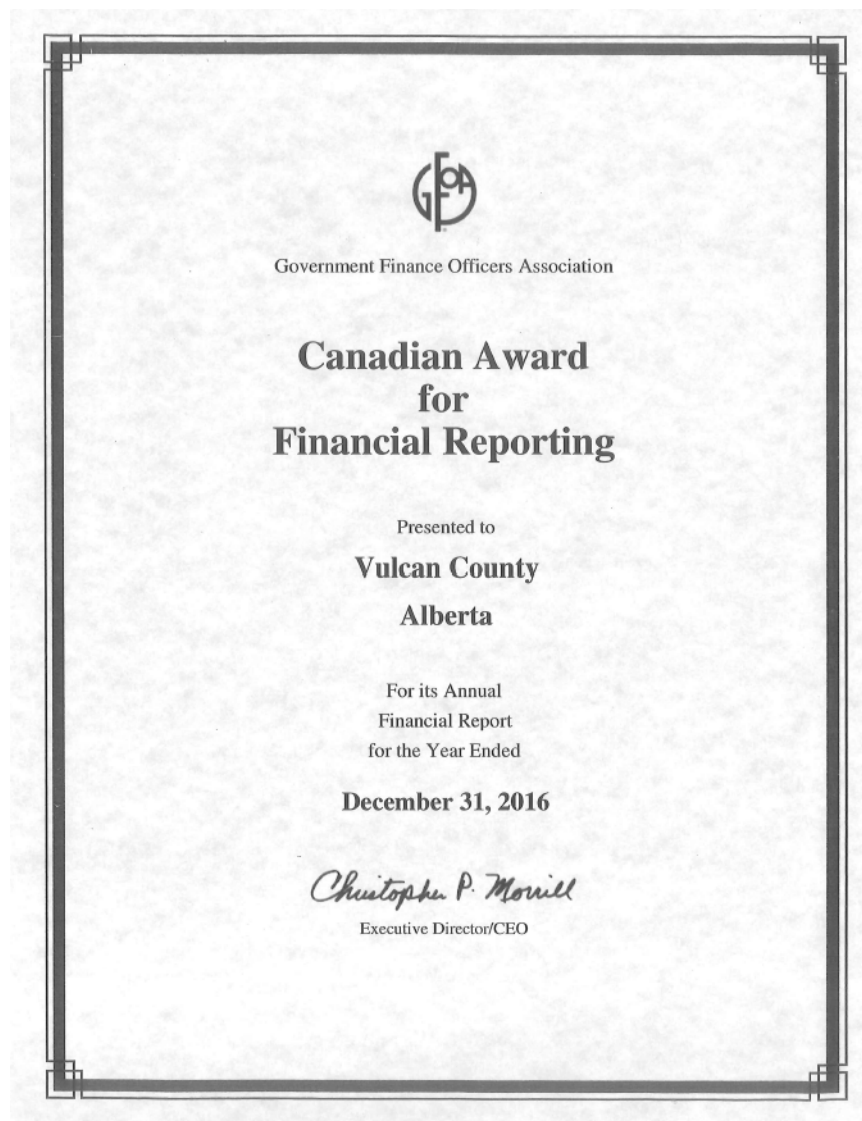
After the budget is approved by Council, expenditures are controlled by formal purchasing policies, financial systems, and financial reporting designed to prevent budget overruns.

GFOA CANADIAN AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to Vulcan County for its annual Report for the fiscal year ended December 31, 2016. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principals and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and are submitting it to the GFOA.



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

The County's 2017 financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the preparation, accuracy, objectivity, and integrity of the financial statements and notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2017, and the results of its operations for the year then ended.

The following Financial Statement Discussion and Analysis is also prepared by management and is intended to explain and expand on information in the financial statements. The discussion and analysis is not part of the actual financial statements and therefore is not specifically audited.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position highlights the financial assets and liabilities, the non-financial assets, and the accumulated surplus. This statement is used to evaluate the County's ability to finance its financial liabilities and commitments.

	2017	2016	Change
FINANCIAL ASSETS			
Cash and investments	23,327,089	20,914,575	2,412,514
Taxes and grants in lieu receivables	3,969,857	2,716,399	1,253,458
Trade and other receivables	772,552	737,428	35,124
Inventory held for resale	41,876	42,083	(207)
Long term investments	4,830,418	5,342,000	(511,582)
Loans and notes receivable	277,245	356,473	(79,228)
Other	294,509	286,368	8,141
	<u>33,513,546</u>	<u>30,395,326</u>	<u>3,118,220</u>
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	759,087	675,846	83,241
Deferred revenue	2,724,815	951,782	1,773,033
Employee benefit obligations	238,964	223,429	15,535
Obligations to other organizations	2,775,781	2,084,731	691,050
Obligations under capital lease	40,949	52,650	(11,701)
Long term debt	1,874,157	1,989,579	(115,422)
Other liabilities	640,666	692,648	(51,982)
	<u>9,054,419</u>	<u>6,670,665</u>	<u>2,383,754</u>
NET FINANCIAL ASSETS	<u>24,459,127</u>	<u>23,724,661</u>	<u>734,466</u>
NON-FINANCIAL ASSETS			
Tangible capital assets	107,659,792	108,487,392	(827,600)
Inventory for consumption	8,522,618	7,570,991	951,627
Prepaid expenses	182,065	232,196	(50,131)
	<u>116,364,475</u>	<u>116,290,579</u>	<u>73,896</u>
ACCUMULATED SURPLUS	<u>140,823,602</u>	<u>140,015,240</u>	<u>808,362</u>

STATEMENT OF FINANCIAL POSITION - continued

FINANCIAL ASSETS:

Overall, there has been an increase in the County's financial assets, but not uniformly across all asset types. The main reasons for the various changes from the prior year were:

- The tax deadline was moved up 2 months in 2017 to July 31st. The result of this change was effectively a 10-month gap between tax collections instead of the usual 12-month gap. This meant fewer County dollars were spent on operations prior being 'topped up' again, so a higher balance of funds was maintained.
- Tax receivables increased, mostly due to penalties on arrears. Management believes this is largely the result of the downturn in the oil and gas sector and its effect on those companies' ability to pay taxes promptly.
- The balance in the County's long-term investments decreased in 2017 mainly due to the timing of when various investments mature. Some of the County's long-term investments mature within the following year, so they are now considered short-term investments for accounting purposes.

FINANCIAL LIABILITIES:

Overall, there has been an increase in the financial liabilities of the County, and, as with the financial assets, the increase was not uniform. The biggest changes from the prior year were:

- The balance in deferred revenue increased mainly due to two bridge projects that were rescheduled to 2018. Had these projects been completed, the County would have recognized revenue from grant funding to pay for them. Until completed, received grant funds will be shown as deferred revenue.
- The obligations to other organizations includes the County's holdings to be put toward the Hospital Expansion Project at the Vulcan Hospital. This is a 2:1 matching agreement with the Vulcan County Health and Wellness Foundation. As they raise funds, the Town and County contribute double the amount raised. See note 10 to the financial statements for more information.
- Long-term debt decreased by the expected amount from two semi-annual debenture repayments.

NON-FINANCIAL ASSETS:

Non-financial assets are assets that are not available to "pay off" existing liabilities and are held to provide services for the County. This includes capital assets (road/bridge infrastructure, vehicles, equipment, etc.) and gravel inventory. The following changes occurred during the year:

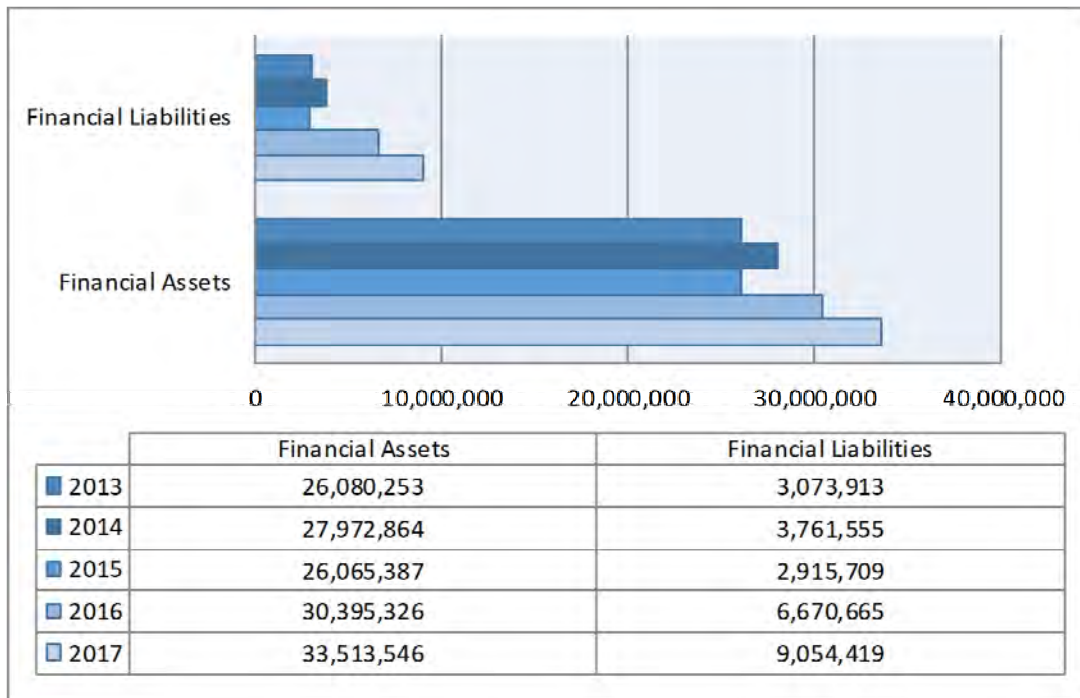
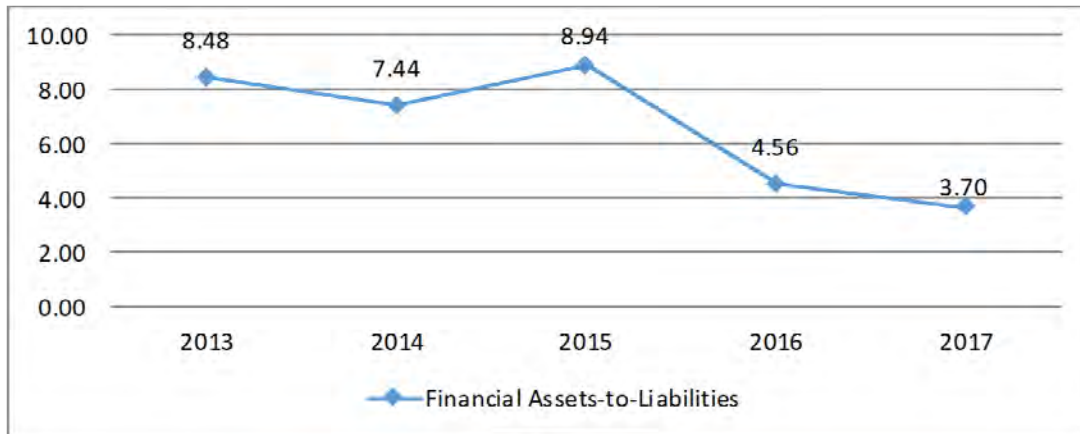
- Capital asset value decreased during the year since annual amortization expense was greater than the value of new assets purchased. This is mainly the result of road and bridge projects originally scheduled for 2017 being moved to 2018. Had they been completed, the value here would've increased.
- Gravel was crushed during 2017 and was added to inventory for consumption. In future years, this gravel will be used for road projects and the balance here will decrease.



STATEMENT OF FINANCIAL POSITION - continued

Overall, the County maintains a positive net financial position (financial assets exceeding financial liabilities) of approx. \$24.5 million. This is an increase from the prior year of approx. \$23.8 million. A positive net financial position allows the County to cover its financial liabilities and commitments with its financial assets.

The following is a 5-year trend analysis on the net financial assets:



As shown above, although there was an overall increase in the net financial position, there was a reduction in the Financial Assets to Liabilities ratio since there were similar increases in both the financial assets and liabilities. This mostly relates to the increase to deferred revenue discussed earlier, as well as obligations for the Vulcan Hospital Expansion project.

STATEMENT OF FINANCIAL POSITION - continued

ACCUMULATED SURPLUS:

The accumulated surplus is made up of three components; Unrestricted Surplus, Restricted Surplus (Reserves), and Equity in Tangible Capital Assets as outlined in Schedule 1 of the Financial Statements.

Schedule 1	2017	2016
Unrestricted Surplus	1,091,768	1,187,942
Restricted Surplus (Reserves)	32,112,991	30,392,556
Equity in Tangible Capital Assets	107,618,843	108,434,742
Accumulative Surplus	140,823,602	140,015,240

The Restricted Surplus is the combination of both the capital and operating reserves:

	2017	2016
Capital Reserves	14,838,630	14,780,939
Operating Reserves	17,274,361	15,611,617
Total Restricted Surplus (Reserves)	32,112,991	30,392,556
Net Financial Assets	24,459,127	23,724,661
Inventory for Consumption	8,522,618	7,570,991
Total Funding Available	32,981,745	31,295,652

As shown above, the combination of the net financial assets and the inventory for consumption are sufficient to cover all reserves. Therefore, the County's reserves are considered to be "fully funded" reserves.

The Equity in Tangible Capital Assets equates to the net book value (NBV) of the Tangible Capital Assets as described in Schedule 2 (Schedule of Tangible Capital Assets) less the capital debt (Capital Lease Obligation):

	2017	2016
Tangible Capital Assets - cost	196,799,587	193,932,393
Tangible Capital Assets - amortization	(89,139,795)	(85,445,001)
Tangible Capital Asset (NBV)	107,659,792	108,487,392
Capital Lease Obligation	(40,949)	(52,650)
Equity in Tangible Capital Assets	107,618,843	108,434,742

Note: the long-term debt acquired does not relate to the acquisition of tangible capital assets and therefore is not included in the capital debt amount in determining the equity in tangible capital assets.

STATEMENT OF OPERATIONS

The Statement of Operations highlights the revenues and expenses of the County. This statement is mainly used to evaluate County operations as compared to the budget and the prior year.

	2017 - Budget	2017	2016
OPERATING REVENUE			
Net municipal taxes	14,717,913	14,658,890	15,491,243
Government transfers	694,241	624,347	839,002
Return on investments	393,236	579,400	733,530
Sale of goods, services and user charges	712,786	1,052,435	864,215
Rental income	357,029	352,634	355,410
Community aggregate levy	120,000	222,955	149,287
Penalties and costs of taxes	100,500	484,573	497,496
Gain on disposal of tangible capital assets	-	101,059	26,813
Other revenues	374,287	676,208	752,963
	<u>17,469,992</u>	<u>18,752,501</u>	<u>19,709,959</u>
OPERATING EXPENSES			
Legislative	362,554	324,110	285,775
Administration	1,947,785	1,806,441	1,962,577
Protection services	1,943,767	2,746,165	1,720,869
Transportation services	11,302,813	9,948,597	10,863,798
Agricultural services	965,737	803,018	810,091
Planning and development services	467,349	414,237	534,207
Family and community support	1,183,542	956,894	2,338,374
Parks and recreation	661,639	671,616	733,948
Tourism and economic development	253,460	236,010	243,172
Utility Services	791,809	768,346	740,853
Other	82,595	36,083	313,069
	<u>19,963,050</u>	<u>18,711,517</u>	<u>20,546,733</u>
OPERATING NET INCOME	(2,493,058)	40,984	(836,774)
CAPITAL REVENUES			
Government transfers for capital	2,959,774	767,378	2,769,481
TOTAL NET INCOME	466,716	808,362	1,932,707
ADD:			
Proceeds from sale of capital assets	64,000	115,241	178,442
Transfers from reserves to operations	8,455,540	6,278,381	7,233,665
Amortization of capital assets	4,328,196	4,480,221	4,328,198
Net (gain) loss on disposal of capital assets	-	(13,979)	810,407
LESS:			
Transfer to reserves	(3,517,571)	(7,998,816)	(8,232,494)
Capital expenditures/purchases	(9,796,881)	(3,765,584)	(5,960,392)
TOTAL NET EFFECT OF INCOME	-	(96,174)	290,533

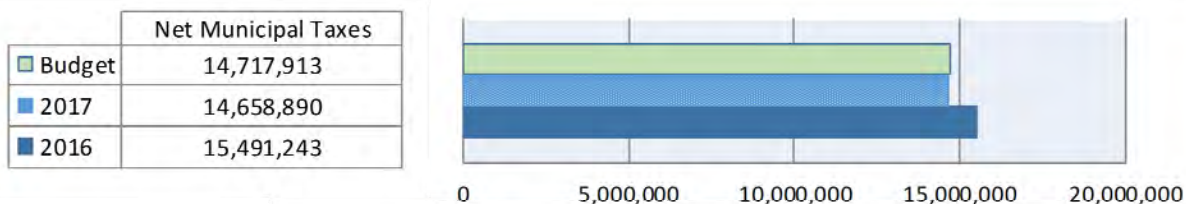
The total net effect of income represents the allocation to the Unrestricted Surplus. As shown above, this is determined by taking the total net income as well as the effects of the transfers to/from reserves and the contributions to/from capital.

STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES

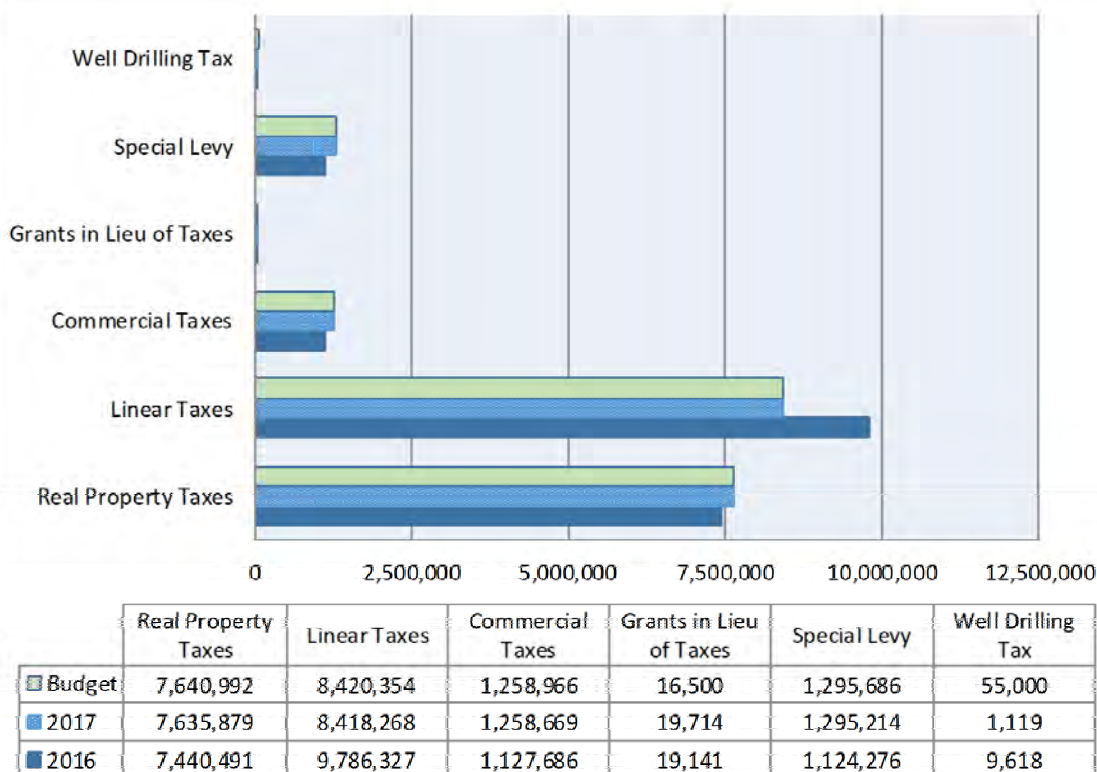
Operating revenues include all of the revenues for the County other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), operating grants, and other revenues from the operations of the County (i.e. investment, user charges, rentals, etc.).

The following is an analysis on the net municipal taxes compared to the budget and the prior year:



The overall net municipal taxes are relatively comparable to the budget, but significantly lower than the prior year. This is due to a reduction in the County's linear assessment in 2017 which reduced the amount of tax to be collected from linear property. The County was successful in making budget cuts to mitigate this reduction in revenue.

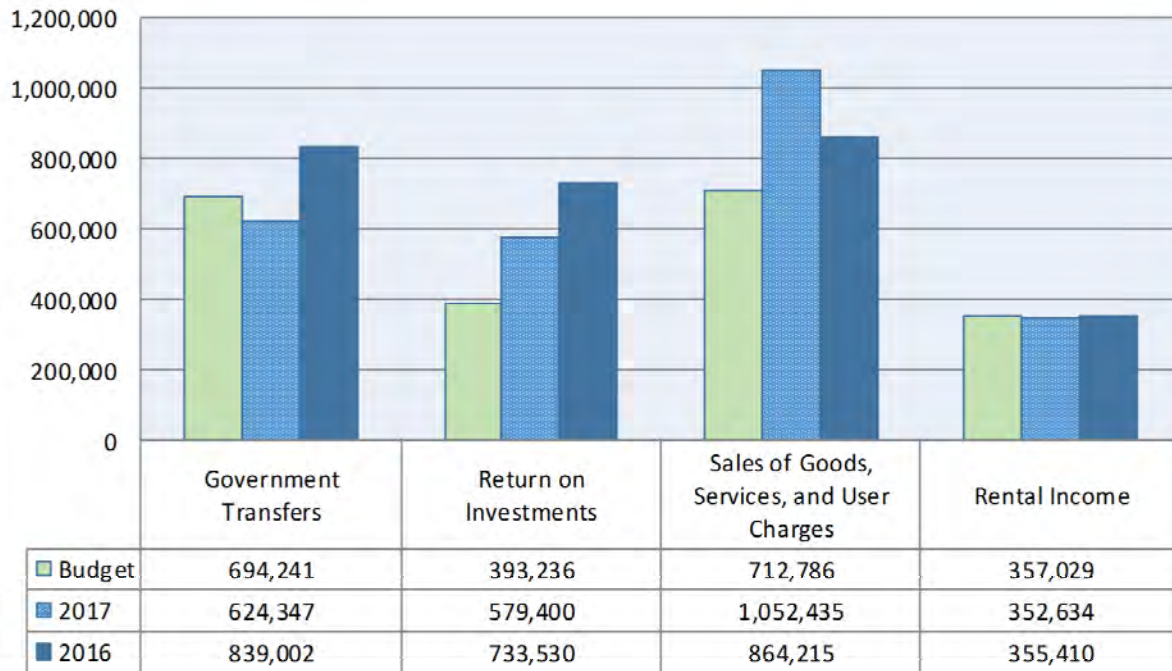
Tax revenues are recorded as revenue as of May 31st each year, and the associated tax receivables are shown as assets at the same time. Tax penalties are shown as revenue and assets as of the dates outlined in County Bylaw 2016-019. The following are the details of the tax revenues as displayed in Schedule 3 of the financial statements (not shown net of requisitions):



STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES - continued

The following is an analysis of operating grants revenue and some of the other revenues from operations compared to the budget and the prior year:



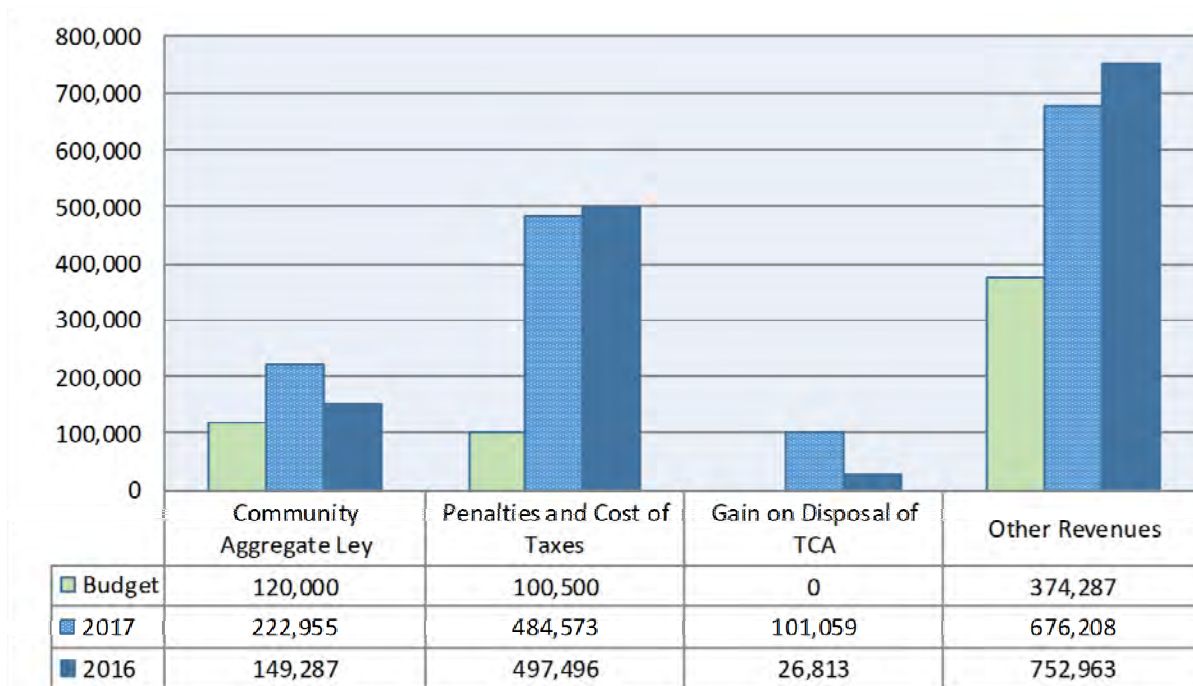
Some of the major variances from budget and the prior year include:

- Operating transfers were less than the prior year, mainly due to the last portion of a grant for an inter-municipal development plan being used in 2016, as well as Alberta Community Partnership funding being recognized in 2016, neither of which were recognized in 2017. The variance from budget was due to not completing the Regional Emergency Management program in 2017, which meant the revenue from that program's funding could not be recognized.
- The prior year had a higher return on investments due to the selling of bonds for a significant gain. Variance from budget is mainly due to a cash payment relating to Alarie, a former insurance reciprocal exchange to which Vulcan County was a subscriber. Also, the budget factored in a conservative estimate for interest rates in 2017, but actuals were slightly higher.
- Increase over budget for Sales, Goods, Services, and User Charges was mainly due to two factors: Surface lease revenue was higher than budget for the second year in a row, and recovery charges were higher as well. The recovery charges were higher partly due to increased incidents of emergency response, but also due to transfers of legal bills to the tax rolls of parties who have failed to pay their taxes.
- Rental Income was comparable to both the budget and the prior year. Slight decrease from prior year was due to less equipment rental than anticipated.

STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES - continued

The following is an analysis on the remaining other revenues from operations compared to the budget and the prior year:



Some of the major variances from budget and the prior year include:

- The budget for the Community Aggregate Levy is a conservative estimate based on the previous five years. Actual levies can fluctuate significantly from year to year which was the case here; approximately \$100,000 more was collected than budget and approximately \$75,000 more than in 2016.
- The majority of the budget variance for Penalties and Costs of Taxes relates to the penalties for non-payment of property tax by some oil and gas companies, as was the case in the prior year. The budget here is generally done on a very conservative basis since the expectation is for tax to be paid promptly.
- Gains on disposal of assets can vary significantly from year to year and are not budgeted for in operating income. Estimates of value are included when preparing the capital budget as they are used on the capital side to help fund new acquisitions.
- The main reason for the variance over budget in Other Revenue is the receipt of more than \$400,000 from the Vulcan Fire Association as part of their merging with the County Fire Department. This was not foreseen when preparing the 2017 budget and, therefore, was not included in the budget.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES

The operating expenses are presented on the Statement of Operations by each separate department. They are also redisplayed by the type of expense in Schedule 5 (Schedule of Expenses by Object). The following is an analysis of some of the expenses compared to budget and the prior year (excluding capitalization costs):



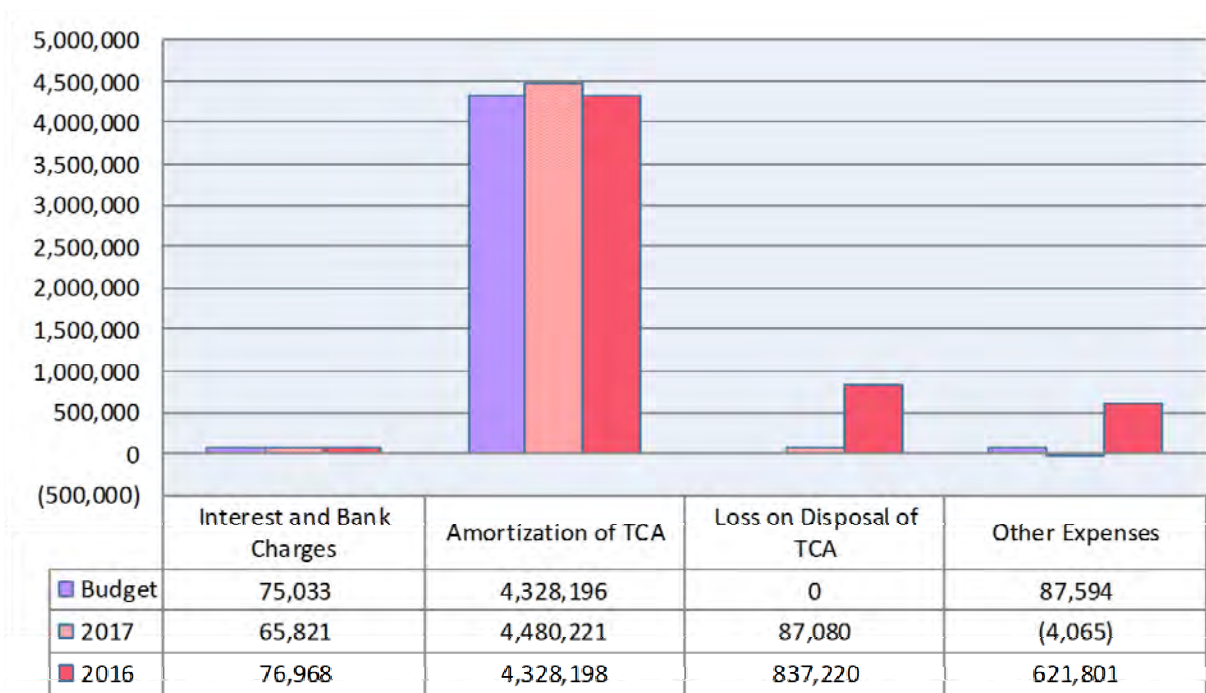
Some of the major variances from budget and the prior year include:

- Reduction of staffing expense compared to prior year and budget is due to a few factors: newer hires starting lower on the pay grid than departing staff, vacancies caused by departing staff that were not filled, positions being budgeted for a full year but not hired until part way through the year, and less overtime required overall.
- Actual Contracted and General expenses were very close to the prior year. The reduction from budget was partly caused by lower legal fees than expected (approximately \$50,000 less was spent than anticipated). Additionally, County weed coordinator expenses were about \$55,000 less than budgeted. The rest of the budget variance is smaller amounts across several different departments.
- Materials, Goods, and Utilities expenses were comparable to the prior year. The main reason for the budget variance is that, while gravel crushing was done as per budget in 2017, most of it was unused and remained in inventory at year end (approximately \$1,000,000 worth of gravel).
- Variance from budget is due to the transfers to the Northwest and Milo Fire Associations for the purchase of new fire trucks (originally included in the capital budget). Variance from the prior year is due to the significantly larger contribution to the hospital expansion project made in 2016.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

The following is an analysis of the remaining expenses compared to budget and the prior year (excluding capitalization costs).



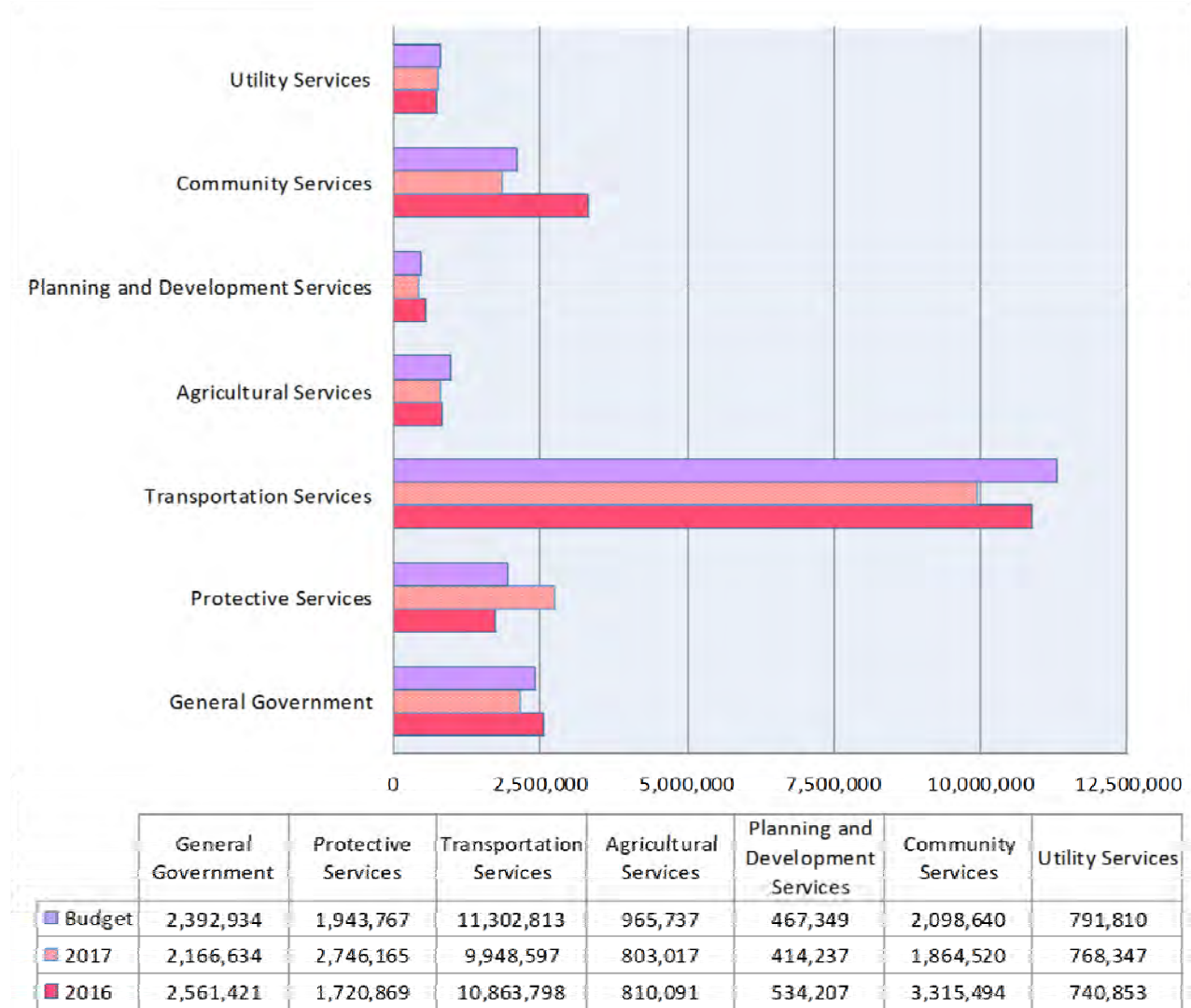
Some of the major variances from budget and the prior year include:

- Interest is comparable to prior year and budget. Slight reduction from budget and prior year is due to lower bank service charges than expected.
- Amortization of Tangible Capital Assets is greater than both the budget and the prior year as the budget was based on the prior year. The increase relates to the purchase of new assets in 2017 and their subsequent amortization expense.
- Losses on Capital Asset disposal are not budgeted and can fluctuate greatly from one year to the next depending on what's being disposed of. The prior year showed a bigger loss from asset disposal due to the required reconstruction of a road which still showed a net book value in the County's records. That net book value was shown as a loss when the road was demolished and rebuilt.
- The negative balance in Other Expenses is a result of the revaluation of the County's gravel reclamation liability based on the year end survey of gravel pit volumes. The liability was reduced by approximately \$66,000. This was partially offset by tax discounts on assessment, contribution of interest to the Hospital Expansion Project, and use of the contingency fund.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

Schedules 6 and 7 (Schedule of Segment Disclosure) present the operating expenses by major segments which are a combination of the departments that have similar activities.



Two segments had significant variances between budget and actual figures:

- Transportation Services showed less actual expense than budget. This was primarily due to fewer road projects being done in 2017 than expected, and the resulting impact on staffing costs and gravel usage.
- Protective Services expenditure was higher than budget, mainly due to the accounting treatment of some items included in the capital budget. Certain items (radios and a pair of firetrucks, specifically) did not meet the criteria to be considered capital, so funding transfers were made in order to account for them as operating expenditures. Total operating and capital expenditure was not impacted by this accounting treatment.

See Note 19 to the 2017 Financial Statements for a detailed description of each segment and its activities.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

The following is a breakdown of the departments included in each of the major segments, as shown in Schedule 6 and 7 (Schedule of Segmented Disclosure):

	2017 - Budget	2017	2016
GENERAL GOVERNMENT			
Legislative	362,554	324,110	285,775
Administration	1,947,785	1,676,541	1,962,577
Other	82,595	165,983	313,069
	<u>2,392,934</u>	<u>2,166,634</u>	<u>2,561,421</u>
PROTECTIVE SERVICES	1,943,766	2,746,165	1,720,869
TRANSPORTATION SERVICES	11,302,813	9,948,597	10,863,798
AGRICULTURAL SERVICES	965,737	803,017	810,091
PLANNING AND DEVELOPMENT SERVICES	467,349	414,237	534,207
COMMUNITY SERVICES			
Family and community support	1,183,542	956,894	2,338,374
Parks and recreation	661,638	671,616	733,948
Tourism and economic development	253,460	236,010	243,172
	<u>2,098,640</u>	<u>1,864,520</u>	<u>3,315,494</u>
UTILITY SERVICES	791,810	768,347	740,853

The variances from budget and prior year above are the same as previously discussed in this report. See Schedules 6 and 7 (Schedule of Segmented Disclosure) for a detailed breakdown of each segment by type (both revenues and expenses).

The County has been providing detailed financial reports throughout the year. These are available to the public on our website at <http://www.vulcancounty.ab.ca>. To find these reports, navigate to the following section of the website:

Your County > Departments > Corporate Services > Financial Statements & Reporting

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

The Statement of Changes in Net Financial Assets reconciles the difference between opening and closing net financial assets as compared to the County's net income for the year. It does this by showing how much money was spent on or recovered from non-financial assets, such as capital assets or inventory.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows summarizes the sources and uses of cash and cash equivalents. It reconciles the opening and closing cash positions of the County using the operating revenues and expenses, capital funding and expenditures, investment and financing transactions.

As the revenues and expenses include "non-cash" transactions such as amortization expense, these "non-cash" transactions are removed from the income to indicate the actual effect on cash.

SCHEDULES OF THE FINANCIAL STATEMENTS

There are currently 7 schedules in the financial statements, which are used to provide additional detail to the financial statements. These schedules include:

- Schedule 1 - Schedule of Changes in Accumulated Surplus
- Schedule 2 - Schedule of Tangible Capital Assets
- Schedule 3 - Schedule of Property and Other Taxes
- Schedule 4 - Schedule of Government Transfers
- Schedule 5 - Schedule of Expenses by Object
- Schedule 6 - 2017 Schedule of Segmented Disclosure
- Schedule 7 - 2016 Schedule of Segmented Disclosure

Schedules 1 and 2 provide additional details on the accumulated surplus and tangible capital assets as presented in the Statement of Financial Position.

Schedules 3 to 7 provide additional details on the revenues and expenses as presented in the Statement of Operations.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional detail. These notes include the following:

- Significant accounting policies
- Details of Financial Statement balances
- Segment reporting details
- Disclosure of additional information not recorded in the financials
 - Debt limits
 - Council and CAO remuneration
 - Local Authorities Pension Plan
 - Commitments and contingencies

FUTURE OUTLOOKS

Going forward, the County will seek to continue to deliver the municipal services that are expected by ratepayers, while improving in several key ways. New funding sources are being explored which could help alleviate the tax burden from County residents, and efficiencies are continually being sought out in order to reduce expenditure while improving service.

There are challenges facing the County as well. The current economic climate can create difficulty in terms of tax collection, particularly in the oil and gas industry. The County will use every means at its disposal to collect on these debts.

In order to help realize its objectives, the County makes use of long-term budgets to carefully plan out future revenues and expenditures. The County has developed a 3-year written plan for budgeting operating activities and a 5-year written plan for budgeting capital acquisitions.

- The 3-year operating plan effectively creates a multi-year budget for upcoming operating activities, including large operating projects and projecting cost fluctuations.
- The 5-year capital plan is developed out of the County's 20-year capital funding plan. The 20-year plan includes all County assets and their estimated replacement dates over the next 20-years. From this plan, reserves are built and used as needed which allows for less variation in tax rates from one year to the next.

The County will continue to develop new strategies that aim to address the above goals and concerns in order to maintain the programs, services, and infrastructure provided by the County.

Respectfully submitted,



Nick Fai, CPA
Director of Corporate Services
May 25, 2018



FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017



VULCAN COUNTY FINANCIAL STATEMENTS

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April 18, 2018

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, 2017, and the results of its operations for the year then ended.

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

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

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

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

Respectfully,

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

Nels Petersen
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read "Nick Fai".

Nick Fai, CPA
Director of Corporate Services



Tel: 403 328 5292
Fax: 403 328 9534
www.bdo.ca

BDO Canada LLP
600 Lethbridge Centre Tower
400 - 4 Avenue South
Lethbridge AB T1J 4E1 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, 2017, 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 qualified audit opinion.

Basis for Qualified Opinion

During the year, a County rate payer entered into receivership. The rate payer currently owes the County outstanding property taxes and arrears totaling \$3,216,763 at December 31, 2017. As at the audit report date, there is insufficient information available for management to reasonably estimate the amount of any valuation provision that may be necessary. Therefore, we were not able to determine whether any adjustment might be necessary to bad debt expense for the year ended December 31, 2017, and taxes and grants in lieu receivables and accumulated surplus as at December 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Vulcan County as at December 31, 2017 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 18, 2018

VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and investments (note 2)	\$ 23,327,089	\$ 20,914,575
Taxes and grants in lieu receivables (note 3)	3,969,857	2,716,399
Trade and other receivables (note 4)	772,552	737,428
Inventory held for resale	41,876	42,083
Long term investments (note 5)	4,830,418	5,342,000
Loans and notes receivable (note 6)	277,245	356,473
Other (note 7)	294,509	286,368
	<u>33,513,546</u>	<u>30,395,326</u>
LIABILITIES		
Accounts payable and accrued liabilities	759,087	675,846
Deferred revenue (note 8)	2,724,815	951,782
Employee benefit obligations (note 9)	238,964	223,429
Obligations to other organizations (note 10)	2,775,781	2,084,731
Obligations under capital lease (note 11)	40,949	52,650
Long term debt (note 12)	1,874,157	1,989,579
Other liabilities	640,666	692,648
	<u>9,054,419</u>	<u>6,670,665</u>
NET FINANCIAL ASSETS	<u>24,459,127</u>	<u>23,724,661</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 13)	107,659,792	108,487,392
Inventory for consumption (note 14)	8,522,618	7,570,991
Prepaid expenses	182,065	232,196
	<u>116,364,475</u>	<u>116,290,579</u>
ACCUMULATED SURPLUS (schedule 1, note 16)	<u>\$ 140,823,602</u>	<u>\$ 140,015,240</u>

Contingencies and commitments - See note 25 & 26)

APPROVED BY:

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

VULCAN COUNTY

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2017

	Budget (note 17)	2017	2016
REVENUE			
Net municipal taxes (schedule 3)	\$ 14,717,913	\$ 14,658,890	\$ 15,491,243
Government transfers (schedule 4)	694,241	624,347	839,002
Return on investments	393,236	579,400	733,530
Sale of goods, services and user charges	712,786	1,052,435	864,215
Rental income	357,029	352,634	355,410
Community aggregate levy	120,000	222,955	149,287
Penalties and costs of taxes	100,500	484,573	497,496
Gain on disposal of tangible capital assets	-	101,059	26,813
Other revenues	374,287	676,208	752,963
TOTAL REVENUE	17,469,992	18,752,501	19,709,959
EXPENSES			
Legislative	362,554	324,110	285,775
Administration	1,947,785	1,806,441	1,962,577
Protection services	1,943,767	2,746,165	1,720,869
Transportation services	11,302,813	9,948,597	10,863,798
Agricultural services	965,737	803,018	810,091
Planning and development services	467,349	414,237	534,207
Family and community support	1,183,542	956,894	2,338,374
Parks and recreation	661,639	671,616	733,948
Tourism and economic development	253,460	236,010	243,172
Utility Services	791,809	768,346	740,853
Other	82,595	36,083	313,069
TOTAL EXPENSES	19,963,050	18,711,517	20,546,733
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(2,493,058)	40,984	(836,774)
OTHER			
Government transfers for capital (schedule 4)	2,959,774	767,378	2,769,481
EXCESS OF REVENUE OVER EXPENSES	466,716	808,362	1,932,707
ACCUMULATED SURPLUS, BEGINNING OF YEAR	140,015,240	140,015,240	138,082,533
ACCUMULATED SURPLUS, END OF YEAR	\$ 140,481,956	\$ 140,823,602	\$ 140,015,240

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

VULCAN COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2017

	Budget (note 17)	2017	2016
EXCESS OF REVENUE OVER EXPENSES	\$ 466,716	\$ 808,362	\$ 1,932,707
Acquisition of tangible capital assets	(9,796,881)	(3,753,883)	(6,013,042)
Proceeds on disposal of tangible capital assets	64,000	14,182	151,629
Amortization of tangible capital assets	4,328,196	4,480,221	4,328,198
Loss on disposal of tangible capital assets	-	87,080	837,220
	<u>(5,404,685)</u>	<u>827,600</u>	<u>(695,995)</u>
Net change in inventory for consumption	-	(951,627)	(631,124)
Acquisition of prepaid expenses	-	(182,065)	(232,196)
Use of prepaid expenses	<u>-</u>	<u>232,196</u>	<u>201,591</u>
	<u>-</u>	<u>(901,496)</u>	<u>(661,729)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(4,937,969)	734,466	574,983
NET FINANCIAL ASSETS, BEGINNING OF YEAR	23,724,661	23,724,661	23,149,678
NET FINANCIAL ASSETS, END OF YEAR	\$ 18,786,692	\$ 24,459,127	\$ 23,724,661

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

VULCAN COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2017

	2017	2016
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 808,362	\$ 1,932,707
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,480,221	4,328,198
Loss on disposal of tangible capital assets	87,080	837,220
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	(1,253,458)	(1,277,045)
Decrease (increase) in trade and other receivables	(35,124)	1,570,831
Decrease in inventory held for resale	207	137,726
Decrease in loans receivable	79,228	99,891
Decrease (increase) in other financial assets	(8,141)	60,333
Increase in inventory for consumption	(951,627)	(631,124)
Decrease (increase) in prepaid expenses	50,131	(30,605)
Increase (decrease) in accounts payable	83,241	(169,018)
Increase (decrease) in deferred revenue	1,773,033	(361,669)
Increase in employee benefit obligations	15,535	20,213
Increase in obligations to other organizations	691,050	2,084,731
Increase (decrease) in obligations under capital lease	(11,701)	52,650
Increase (decrease) in other liabilities	(51,982)	138,470
Cash provided by operating transactions	<u>5,756,055</u>	<u>8,793,509</u>
CAPITAL		
Acquisition of tangible capital assets	(3,753,883)	(6,013,042)
Proceeds on disposal of tangible capital assets	<u>14,182</u>	<u>151,629</u>
Cash applied to capital transactions	<u>(3,739,701)</u>	<u>(5,861,413)</u>
INVESTING		
Decrease in long term investments	<u>511,582</u>	<u>2,130,797</u>
Cash provided by investing transactions	<u>511,582</u>	<u>2,130,797</u>
FINANCING		
Long term debt issued	-	2,046,224
Long term debt repaid	<u>(115,422)</u>	<u>(56,645)</u>
Cash provided by (applied to) financing transactions	<u>(115,422)</u>	<u>1,989,579</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	<u>2,412,514</u>	<u>7,052,472</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,914,575</u>	<u>13,862,103</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 23,327,089</u>	<u>\$ 20,914,575</u>

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

VULCAN COUNTY

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2017

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus (note 18)	Equity in Tangible Capital Assets (note 15)	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 1,187,942	30,392,556	108,434,742	\$ 140,015,240	\$ 138,082,533
Excess of revenues over expenses	\$ 808,362	-	-	\$ 808,362	\$ 1,932,707
Unrestricted funds designated for future use	(7,998,816)	7,998,816	-	-	-
Restricted funds used for operations	3,097,216	(3,097,216)	-	-	-
Restricted funds used for tangible capital assets	-	(3,181,165)	3,181,165	-	-
Current year funds used for tangible capital assets	(584,419)	-	584,419	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	101,262	-	(101,262)	-	-
Annual amortization expense	4,480,221	-	(4,480,221)	-	-
Change in accumulated surplus	\$ (96,174)	1,720,435	(815,899)	\$ 808,362	\$ 1,932,707
BALANCE, END OF YEAR	\$ 1,091,768	32,112,991	107,618,843	\$ 140,823,602	\$ 140,015,240

VULCAN COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2017

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2017	2016
COST:								
BALANCE, BEGINNING OF YEAR	\$ 5,738,535	1,167,964	10,330,386	16,144,653	5,865,766	154,685,079	\$ 193,932,393	\$ 189,999,202
Acquisition of tangible capital assets	-	29,105	552,127	629,588	524,315	1,597,453	3,332,588	5,873,841
New construction-in-progress	-	-	-	-	-	421,295	421,295	139,201
Disposition of tangible capital assets	-	-	-	(301,464)	(309,161)	(276,064)	(886,689)	(2,079,851)
BALANCE, END OF YEAR	5,738,535	1,197,069	10,882,513	16,472,787	6,080,920	156,427,763	196,799,587	193,932,393
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	\$ -	184,917	2,880,305	7,877,329	2,511,527	71,990,923	\$ 85,445,001	\$ 82,207,805
Annual amortization	-	33,686	278,602	1,520,918	480,931	2,166,084	4,480,221	4,326,198
Accumulated amortization on disposal	-	-	-	(237,586)	(196,059)	(351,782)	(785,427)	(1,091,002)
BALANCE, END OF YEAR	-	218,603	3,158,907	9,160,661	2,796,399	73,805,225	89,139,795	85,445,001
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,738,535	978,466	7,723,606	7,312,126	3,284,521	82,622,538	\$ 107,659,792	\$ 108,487,392
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,738,535	983,047	7,450,081	8,267,334	3,354,239	82,694,156	\$ 108,487,392	

VULCAN COUNTY

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2017

SCHEDULE 3

	Budget (note 17)	2017	2016
TAXATION			
Real property taxes	\$ 7,640,992	\$ 7,635,879	\$ 7,440,491
Linear taxes	8,420,354	8,418,268	9,786,327
Commercial taxes	1,258,966	1,258,669	1,127,686
Government grants in lieu of taxes	16,500	19,714	19,141
Special levy	1,295,686	1,295,214	1,124,276
Well drilling tax	55,000	1,119	9,618
	<u>18,687,498</u>	<u>18,628,863</u>	<u>19,507,539</u>
REQUISITIONS			
School requisitions	3,717,487	3,717,875	3,789,172
Seniors foundation	252,098	252,098	227,124
	<u>3,969,585</u>	<u>3,969,973</u>	<u>4,016,296</u>
NET MUNICIPAL TAXES	<u>\$ 14,717,913</u>	<u>\$ 14,658,890</u>	<u>\$ 15,491,243</u>

VULCAN COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2017

SCHEDULE 4

	Budget (note 17)	2017	2016
TRANSFERS FOR OPERATING			
Local government transfers	\$ 69,082	\$ 63,498	\$ 78,489
Provincial government transfers	414,305	350,280	550,630
Federal government transfers	210,854	210,569	209,883
	<u>694,241</u>	<u>624,347</u>	<u>839,002</u>
TRANSFERS FOR CAPITAL			
Provincial government transfers	<u>2,959,774</u>	<u>767,378</u>	<u>2,769,481</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,654,015</u>	<u>\$ 1,391,725</u>	<u>\$ 3,608,483</u>

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2017

SCHEDULE 5

	Budget (note 17)	2017	2016
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,603,690	\$ 6,158,349	\$ 6,503,365
Contracted and general services	3,216,804	2,960,101	2,960,984
Materials, goods and utilities	4,488,891	2,987,785	3,008,920
Transfers to local boards and agencies	2,820,420	3,150,296	4,055,775
Interest and bank charges	75,033	65,821	76,968
Amortization of tangible capital assets	4,328,196	4,480,221	4,328,198
Machine expenses capitalized for construction	(1,657,578)	(1,174,071)	(1,846,498)
Loss on disposal of tangible capital assets	-	87,080	837,220
Other expenses	87,594	(4,065)	621,801
	<u>\$ 19,963,050</u>	<u>\$ 18,711,517</u>	<u>\$ 20,546,733</u>

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2017 Total
REVENUE								
Net municipal taxes	\$ 12,752,130	893,763	-	-	-	390,026	622,971	\$ 14,658,890
Government transfers (operating)	26,736	46,500	210,569	176,759	-	163,783	-	624,347
Return on investment	556,022	-	-	-	-	23,378	-	579,400
Sale of goods, services and user charges	79,727	145,665	314,714	424,533	85,689	-	2,107	1,052,435
Rental income	1,462	335,630	-	1,142	-	14,400	-	352,634
Community aggregate levy	-	-	222,955	-	-	-	-	222,955
Penalties and other costs of taxes	484,573	-	-	-	-	-	-	484,573
Gain on disposal of tangible capital assets	-	5,847	95,412	-	-	-	-	101,059
Other revenues	8,095	448,411	-	-	-	219,702	-	676,208
	<u>13,908,745</u>	<u>1,875,616</u>	<u>843,650</u>	<u>602,434</u>	<u>85,689</u>	<u>811,289</u>	<u>625,078</u>	<u>18,752,501</u>
EXPENSES								
Salaries, wages and benefits	1,057,260	552,127	3,951,222	348,823	234,246	-	14,671	6,158,349
Contracted and general services	633,290	719,052	1,020,877	180,455	177,791	156,996	71,840	2,960,101
Material, goods and utilities	250,316	185,570	2,364,557	175,046	2,200	9,255	841	2,987,785
Transfers to local boards and agencies	51,150	779,244	8,000	6,000	-	1,650,131	655,771	3,150,296
Interest and bank charges	10,707	6,976	-	-	-	48,138	-	65,821
Amortization of tangible capital assets	101,647	501,021	3,759,436	92,693	-	-	25,424	4,480,221
Machine expenses capitalized for construction	-	-	(1,174,071)	-	-	-	-	(1,174,071)
Loss on disposal of tangible capital assets	-	2,175	84,905	-	-	-	-	87,080
Other expenses	62,264	-	(66,329)	-	-	-	-	(4,065)
	<u>2,166,634</u>	<u>2,746,165</u>	<u>9,948,597</u>	<u>803,017</u>	<u>414,237</u>	<u>1,864,520</u>	<u>768,347</u>	<u>18,711,517</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>11,742,111</u>	<u>(870,549)</u>	<u>(9,104,947)</u>	<u>(200,583)</u>	<u>(328,548)</u>	<u>(1,053,231)</u>	<u>(143,269)</u>	<u>40,984</u>
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	-	767,378	-	-	-	-	767,378
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 11,742,111</u>	<u>(870,549)</u>	<u>(8,337,569)</u>	<u>(200,583)</u>	<u>(328,548)</u>	<u>(1,053,231)</u>	<u>(143,269)</u>	<u>\$ 808,362</u>

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2016

SCHEDULE 7

	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
	<u>15,126,742</u>	<u>1,338,162</u>	<u>566,306</u>	<u>638,902</u>	<u>173,767</u>	<u>1,285,911</u>	<u>580,169</u>	<u>19,709,959</u>
EXPENSES								
Salaries, wages and benefits	1,185,809	553,910	4,194,085	316,054	235,993	-	17,514	6,503,365
Contracted and general services	605,394	299,306	1,286,646	230,849	295,583	162,622	80,584	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
	<u>2,561,421</u>	<u>1,720,869</u>	<u>10,863,798</u>	<u>810,091</u>	<u>534,207</u>	<u>3,315,494</u>	<u>740,853</u>	<u>20,546,733</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>12,565,321</u>	<u>(382,707)</u>	<u>(10,297,492)</u>	<u>(171,189)</u>	<u>(360,440)</u>	<u>(2,029,583)</u>	<u>(160,684)</u>	<u>(836,774)</u>
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	78,962	-	2,690,019	-	-	-	500	2,769,481
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 12,644,283</u>	<u>(382,707)</u>	<u>(7,607,473)</u>	<u>(171,189)</u>	<u>(360,440)</u>	<u>(2,029,583)</u>	<u>(160,184)</u>	<u>\$ 1,932,707</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 - 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.

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. CASH AND INVESTMENTS

	2017	2016
Cash	\$ 2,618,756	\$ 1,999,501
High interest savings	2,034,836	1,722,325
Temporary investments	18,673,497	17,192,749
	<u>\$ 23,327,089</u>	<u>\$ 20,914,575</u>

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 2.22% (2016 - 1.60% to 1.80%). High interest savings include investment savings accounts held at ATB Securities Inc.

Included in temporary investments is a restricted amount of \$2,724,815 (2016 - \$951,782) held exclusively for eligible projects and \$2,775,781 (2016 - \$2,084,731) held for the obligation to the Vulcan County Health 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, 2017 the balance owing on these facilities is \$23,309 (2016 - \$nil).

3. TAX AND GRANTS IN LIEU RECEIVABLES

	2017	2016
Current taxes and grants in lieu of taxes	\$ 1,230,347	\$ 1,610,544
Arrears	2,766,618	1,134,691
Allowance for doubtful accounts	(27,108)	(28,836)
	<u>\$ 3,969,857</u>	<u>\$ 2,716,399</u>

4. TRADE AND OTHER RECEIVABLES

	2017	2016
Trade receivables	347,480	147,191
Requisition under-levies	109,003	152,344
Interest receivable	74,170	72,260
GST receivable	59,638	92,125
Other receivables	182,834	274,081
Allowance for doubtful accounts	(573)	(573)
	<u>\$ 772,552</u>	<u>\$ 737,428</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

5. LONG TERM INVESTMENTS

	2017	2016
Guaranteed Investment Certificates	<u>\$ 4,830,418</u>	<u>\$ 5,342,000</u>

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

	2017	2016
Carmangay Fire Association - annual pmt \$10,000, matures 2020	\$ 30,000	\$ 40,000
Carmangay Curling Association - annual pmt \$13,000, matures in 2026	117,000	-
Vulcan Fire Co-op - annual pmt \$10,000, matures 2021	40,000	50,000
Northwest Fire Protection Association - annual pmt \$25,000, matures 2018	25,000	50,000
Milo Seed Cleaning Association	-	133,616
Blackie & District Seed Cleaning Association	14,937	29,274
Mossleigh Water Co-op	<u>50,308</u>	<u>53,584</u>
	<u>\$ 277,245</u>	<u>\$ 356,474</u>

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

Loan receivable from 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%.

Loan receivable from Mossleigh Water Co-op is interest free and has a semi-annual payment of \$3,277. Loan is repayable over 20 years.

Loan receivable from Carmangay Curling Association is interest free (contributed by Vulcan County) and has an annual payment of \$13,000. Loan is repayable over 10 years.

7. OTHER ASSETS

Included in other assets are two trust bank accounts:

	2017	2016
Vulcan County Public Reserves Trust	\$ 140,932	\$ 137,528
Vulcan County Tax Sale Trust	137,354	133,069
	<u>\$ 278,286</u>	<u>\$ 270,597</u>

Both accounts are earning interest at prime less 1.9% (2016 prime less 1.9%).

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

8. DEFERRED REVENUE

	2016	Externally Restricted Inflows	Revenues Earned	2017
Alberta Municipal Sustainability Initiative - Capital	\$ 631,768	\$ 2,352,200	\$ (767,377)	\$ 2,216,591
Alberta Municipal Sustainability Initiative - Operating	2,460	183,480	(172,021)	13,919
Inter-Municipal Development Plan - RCP	-	174,279	-	174,279
Flood Mitigation - SAFRP	119,834	-	-	119,834
Surface Rights	126,505	126,640	(126,505)	126,640
Other	71,215	20,087	(17,750)	73,552
Total, Invested in short term investments	\$ 951,782	\$ 2,856,686	\$ (1,083,653)	\$ 2,724,815

Alberta Municipal Sustainability Initiative - Capital

The Province provides conditional grant funding through this program to assist with various capital expenditures in the County. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Alberta Municipal Sustainability Initiative - Operating

The Province provides conditional grant funding through this program to assist with various operating expenditures in the County. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Inter-Municipal Development Plan - RCP

This Regional Collaboration Program (RCP) grant is for the development of 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 is expected to begin in 2018.

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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

9. EMPLOYEE BENEFIT OBLIGATIONS

	2017	2016
Accrued vacation payable	\$ 238,964	\$ 223,429
	<u>\$ 238,964</u>	<u>\$ 223,429</u>

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.

10. OBLIGATIONS TO OTHER ORGANIZATIONS

	2017	2016
VCHWF - Hospital Expansion Project - County contributions	\$ 1,893,290	\$ 1,421,942
VCHWF - Hospital Expansion Project - Town contributions	882,491	662,789
	<u>\$ 2,775,781</u>	<u>\$ 2,084,731</u>

During 2016, Vulcan County and the Town of Vulcan agreed to contribute to the Vulcan Hospital Expansion Project. 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 released.

11. OBLIGATIONS UNDER CAPITAL LEASE

	2017	2016
Capital lease obligation	\$ 40,949	\$ 52,650
	<u>\$ 40,949</u>	<u>\$ 52,650</u>

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

2018	14,539
2019	14,539
2020	14,539
2021	1,212
Total minimum lease payments	<u>44,829</u>
Less: imputed interest	<u>(3,880)</u>
	<u>\$ 40,949</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

12. LONG TERM DEBT

	2017	2016
Tax supported debentures	\$ 1,874,157	\$ 1,989,579
	<u>\$ 1,874,157</u>	<u>\$ 1,989,579</u>

The current portion of long term debt amounts to \$115,422 (2016 - \$nil).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	\$ 118,323	\$ 46,082	\$ 164,405
2019	121,297	43,108	164,405
2020	124,346	40,059	164,405
2021	127,471	36,933	164,404
2022	130,676	33,729	164,405
Thereafter	1,252,044	145,398	1,397,442
	<u>\$ 1,874,157</u>	<u>\$ 345,309</u>	<u>\$ 2,219,466</u>

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, 2017 (2016 - \$nil).

Interest on long term debt amounted to \$48,138 (2016 - \$40,127)

The Municipality's total cash payment for interest in 2017 was \$48,983 (2016 - \$25,557)

13. TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (schedule 2)	\$ 196,799,587	\$ 193,932,393
Accumulated amortization (schedule 2)	<u>(89,139,795)</u>	<u>(85,445,001)</u>
	<u>\$ 107,659,792</u>	<u>\$ 108,487,392</u>

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 (2016 - \$nil).

Capital lease assets are initially recognized at the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. In 2016, the County entered into a capital lease arrangement for a vehicle where a leased tangible capital asset of \$62,764 was recognized. As at December 31, 2017, the leased tangible capital asset had \$12,027 of total accumulated amortization.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

14. INVENTORIES FOR CONSUMPTION

	2017	2016
Inventory for consumption - gravel	\$ 8,031,787	\$ 7,118,460
Inventory for consumption - parts	490,831	452,531
	<u>\$ 8,522,618</u>	<u>\$ 7,570,991</u>

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,351,891 (2016 - \$4,686,220).

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (note 13)	\$ 107,659,792	\$ 108,487,392
Capital lease obligation (note 11)	<u>(40,949)</u>	<u>(52,650)</u>
	<u>\$ 107,618,843</u>	<u>\$ 108,434,742</u>

16. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus	\$ 1,091,768	\$ 1,187,942
Restricted surplus (note 18)	32,112,987	30,392,554
Equity in tangible capital assets (note 15)	<u>107,618,843</u>	<u>108,434,742</u>
	<u>\$ 140,823,598</u>	<u>\$ 140,015,238</u>

17. 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.

	2017	2016
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 466,716	\$ 2,389,118
ADD: Proceeds from sale of capital assets	64,000	198,250
ADD: Transfer from restricted surplus to operations	8,455,540	7,715,746
ADD: Amortization of tangible capital assets	4,328,196	4,014,425
LESS: Transfers to restricted surplus	(3,517,571)	(6,621,154)
LESS: Capital expenditures	<u>(9,796,881)</u>	<u>(7,694,537)</u>
Budget approved by Council	<u>\$ -</u>	<u>\$ 1,848</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

18. RESTRICTED SURPLUS

	2017	2016
Capital Restricted Surplus		
General Government	\$ 100,329	\$ 100,329
Protective Equipment	2,197,083	2,102,193
Transportation Equipment	2,127,416	1,973,156
Road Construction	1,596,465	1,380,131
Bridge Construction	911,864	1,257,067
Gravel Crushing	190,717	129,542
Mossleigh Water Treatment Plant - Recovery	(475,279)	(319,874)
Environment Development Equipment	92,968	106,130
Air Transport	20,000	-
Campground	-	7,500
Capital Acquisition	7,077,067	7,044,765
Capital Contingency	1,000,000	1,000,000
	<u>14,838,630</u>	<u>14,780,939</u>
Operating Restricted Surplus		
Assessment Appeal	72,054	107,054
Community Enhancement	50,000	50,000
General Government Service	717,888	559,375
Protective Services	1,142,991	629,455
Transportation Contingency	1,693,135	1,390,590
Road Construction	1,777,579	1,762,579
Road Maintenance	524,000	204,000
Gravel Crushing	4,954,281	4,677,080
Uncrushed Gravel Inventory	4,351,891	4,686,220
Bridges	52,459	52,459
Water Management	133,774	141,774
Environment Treatment	1,892	1,892
Vulcan Hospital Project - Debenture Funding	152,934	624,282
Vulcan Hospital Project - Debenture Recovery	(1,932,226)	(1,989,579)
Planning and development	356,844	303,844
Agriculture Services	783,272	494,372
Campground	-	84,348
Recreation and Culture	415,976	305,384
Operating Contingency	2,025,617	1,526,488
	<u>17,274,361</u>	<u>15,611,617</u>
Total Restricted Surplus	<u>\$ 32,112,991</u>	<u>\$ 30,392,556</u>

In 2016, the County received a debenture for \$2,046,224 to fund the Vulcan Hospital Project. As at December 31, 2017, the County had contributed a total of \$1,893,290 of these funds towards this project (see Note 9), resulting in \$152,934 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 \$598,129 as at December 31, 2017. Council applied \$100,000 towards these upgrades, leaving \$498,129 in costs which will be recovered through an annual special water tax levy over a 20 year period. To date, there has been \$22,850 recovered by special water tax levies. The funds held in the Capital Acquisition Reserve were used to fund these upgrades and will be recovered by the special water tax levies.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

19. 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 boards.

Utility Services

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

20. 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:

	2017	2016
Total debt limit	\$ 28,128,752	\$ 29,564,939
Total debt	1,915,106	2,042,229
Amount of debt limit unused	\$ 26,213,646	\$ 27,522,710
Debt servicing limit	\$ 4,688,125	\$ 4,927,490
Debt servicing	178,944	178,944
Amount of debt servicing limit unused	\$ 4,509,181	\$ 4,748,546

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.

21. 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:

	2017			2016
	Salary / Per Diems	Benefits & Allowances	Total	Total
Councillors				
Division 1 - Gateman	\$ 12,507	\$ 3,576	\$ 16,083	\$ 19,132
Division 1 - Donovan	5,990	853	6,843	-
Division 2 - Cockwill	19,000	4,807	23,807	6,918
Division 3 - Schneider	37,625	5,383	43,008	36,573
Division 4 - Annable	11,531	3,522	15,053	21,325
Division 4 - Lyckman	4,716	798	5,514	-
Division 5 - Monner	21,500	3,939	25,439	22,639
Division 6 - McLean	10,316	3,476	13,792	19,526
Division 6 - Smith	4,056	370	4,426	-
Division 7 - Lucas	10,700	3,490	14,190	21,221
Division 7 - Logan	5,297	823	6,120	-
Chief Administrative Officer - Petersen	\$ 138,002	\$ 28,768	\$ 166,770	\$ 29,816
Designated Officer(s)	115,785	28,048	143,833	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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

22. 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 253,862 people and 417 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 2017 were \$500,301 (2016 - \$508,420). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2017 were \$461,382 (2016 - \$468,651).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

23. 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.

24. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2017 (2016 - \$nil) as a result of this standard.

25. 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.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

26. COMMITMENTS

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 259,433 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.45 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 2.95% and assuming annual inflation of 1.50%. The gravel pits have an estimated useful life ranging from 12 to 69 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$352,740 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 \$925,579. This equipment was billed and received subsequent to year end.

27. PRIOR YEAR FIGURES

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

28. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



STATISTICS

YEAR ENDED DECEMBER 31, 2017

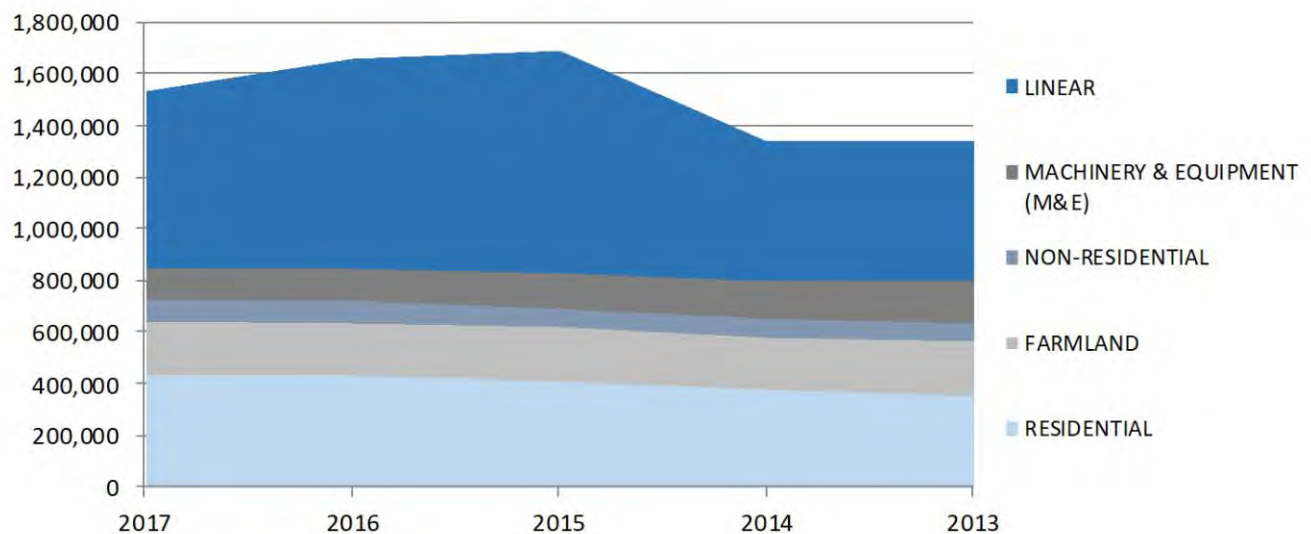


DEMOGRAPHICS, AREA, & OTHER

	2017	2016	2015	2014	2013
POPULATION	3,984	3,984	3,893	3,893	3,893
NUMBER OF DWELLING UNITS	2,145	2,138	2,125	2,065	2,218
AREA OF MUNICIPALITY IN HECTARES	556,342	556,342	556,342	556,342	556,342
NUMBER OF HAMLETS	8	8	8	8	8
ROAD MAINTAINED (Km)	2,672	2,672	2,672	2,672	2,672
WATER PIPELINE (Km)	455	454	454	454	454
DEVELOPMENT PERMITS	60	69	54	66	71
SUBDIVISIONS APPLICATIONS	18	11	20	20	18
FULL TIME STAFF	49	64	59	56	57

PROPERTY ASSESSMENT (in thousands)

	2017	2016	2015	2014	2013
RESIDENTIAL	439,255	436,186	416,179	381,027	361,476
FARMLAND	204,306	204,013	204,199	204,147	204,178
NON-RESIDENTIAL	87,609	83,524	76,883	72,395	70,296
MACHINERY & EQUIPMENT (M&E)	116,822	123,016	135,065	144,018	163,222
LINEAR	689,076	814,329	858,761	541,310	540,645
TOTAL ASSESSMENT	1,537,068	1,661,068	1,691,087	1,342,897	1,339,817



TAX RATES (expressed in mills)

	2017	2016	2015	2014	2013
MUNICIPAL					
Residential	5.7600	5.7600	5.7600	5.7600	5.7600
Farmland	10.0769	9.5970	9.1400	9.1400	9.1400
Non-Residential, M&E, and Linear	9.1400	9.1400	9.1400	9.1400	9.1400
WASTE COMMISSION	0.3980	0.3412	0.3164	0.3882	0.3791
EDUCATION REQUISITION					
Residential and Farmland	2.5229	2.4130	2.3668	2.4610	2.6075
Non-Residential and Linear	4.6660	3.9729	3.6489	3.6943	3.7357
SENIOR FOUNDATION REQUISITION	0.1662	0.1387	0.1302	0.1579	0.1461
SPECIAL LEVY - FIRE PROTECTION AREA					
Carmangay and District	2.2602	1.6896	1.0661	1.3652	0.6912
Champion and District	1.5369	0.9387	0.6115	0.6509	0.2383
Lomond and District	0.6584	0.5250	0.4195	0.2987	0.1481
Milo and District	0.6649	0.5690	0.2269	0.3442	0.2536
Vulcan and District	0.4071	0.0893	0.2437	0.3378	0.1262
Northwest	0.6917	0.6910	0.6180	0.6399	0.4732
Linear	0.3411	0.3312	0.3216	0.3122	0.3031
SPECIAL LEVY - RECREATIONAL AREA					
Carmangay and District	0.0000	0.1165	0.3440	0.6478	0.0162
Champion and District	0.5720	0.6788	0.5561	0.6179	0.3357
Lomond and District	0.2436	0.1680	0.1515	0.1406	0.1082
Milo and District	0.5046	0.2566	0.3122	0.3572	0.2621
Vulcan and District	0.6131	0.5944	0.6771	0.3897	0.2389
Northwest	0.0167	0.0305	0.0000	0.0027	0.0000
Linear	0.1348	0.1309	0.1271	0.1234	0.1198

TOTAL TAX COLLECTIONS

	2017	2016	2015	2014	2013
Net Municipal Taxes	14,658,890	15,491,243	15,593,397	12,419,678	12,132,072
School Requisitions	3,717,875	3,789,172	3,718,658	3,715,034	3,755,091
Seniors Requisitions	252,098	227,124	220,245	212,080	195,697
TOTAL TAX COLLECTIONS	18,628,863	19,507,539	19,532,300	16,346,792	16,082,860

ASSETS, LIABILITIES, & SURPLUS

	2017	2016	2015	2014	2013
TAX RECEIVABLE AS % OF TAXES					
Tax Receivables	3,969,857	2,716,399	1,439,354	846,191	965,511
Total Tax Levies	18,628,863	19,507,539	19,532,301	16,346,790	16,082,860
Tax Receivable as % of Taxes	21.3%	13.9%	7.4%	5.2%	6.0%
Financial Assets	33,513,546	30,395,326	26,065,387	27,972,864	26,080,253
Financial Liabilities	(9,054,419)	(6,670,665)	(2,915,709)	(3,761,555)	(3,073,913)
NET FINANCIAL ASSETS	24,459,127	23,724,661	23,149,678	24,211,309	23,006,340
Tangible Capital Assets	107,659,792	108,487,392	107,791,397	104,637,218	102,951,507
Inventory Held for Consumption	8,522,618	7,570,991	6,939,868	4,385,348	5,110,680
Prepaid Expenses	182,065	232,196	201,591	183,792	169,585
ACCUMULATIVE SURPLUS	140,823,602	140,015,240	138,082,534	133,417,667	131,238,112
Unrestricted Surplus	1,091,768	1,187,942	897,409	896,650	7,908,695
Restricted Surplus (Reserves)	32,112,991	30,392,556	29,393,728	27,883,799	20,377,910
Equity in Tangible Capital Assets	107,618,843	108,434,742	107,791,397	104,637,218	102,951,507
ACCUMULATIVE SURPLUS	140,823,602	140,015,240	138,082,534	133,417,667	131,238,112

REVENUES (by source)

	2017	2016	2015	2014	2013
Net Municipal Taxes	14,658,890	15,491,243	15,593,397	12,419,678	12,132,072
Government Transfers	624,347	839,002	778,748	1,183,649	907,568
Return on Investments	579,400	733,530	405,743	395,617	434,653
Sale of Goods, Services, and User Charges	1,052,435	864,215	903,222	959,381	810,664
Rental Income	352,634	355,410	346,232	294,684	294,813
Community Aggregate Levy	222,955	149,287	259,213	282,789	127,522
Penalties and Costs of Taxes	484,573	497,496	254,299	163,343	134,472
Gain on Disposal of Capital Assets	101,059	26,813	43,431	0	72,477
Other Revenue	676,208	752,963	120,041	67,783	103,454
OPERATING REVENUES	18,752,501	19,709,959	18,704,326	15,766,924	15,017,695
Contributed Tangible Capital Assets	0	0	0	0	836,725
Government Transfers for Capital	767,378	2,769,481	3,893,203	2,516,327	3,575,216
TOTAL REVENUES	19,519,879	22,479,440	22,597,529	18,283,251	19,429,636

EXPENSES (by function and object)

	2017	2016	2015	2014	2013
EXPENSES BY FUNCTION					
Legislative	324,110	285,775	365,768	287,864	284,849
Administration	1,806,441	1,962,577	1,763,226	1,927,001	1,992,912
Protection services	2,746,165	1,720,869	1,466,953	1,381,614	1,187,252
Transportation services	9,948,597	10,863,798	10,484,568	9,803,242	10,854,148
Agricultural services	803,018	810,091	823,176	775,473	624,465
Planning and development services	414,237	534,207	442,352	367,517	365,282
Family and community support	956,894	2,338,374	214,943	186,720	178,870
Parks and recreation	671,616	733,948	684,775	500,852	405,422
Tourism and economic development	236,010	243,172	266,392	192,122	182,416
Utility Services	768,346	740,853	628,794	615,296	601,140
Other	36,083	313,069	791,715	65,993	811,035
TOTAL EXPENSES	18,711,517	20,546,733	17,932,662	16,103,694	17,487,791

* The term "function" refers to the grouping of expenses by department or service

EXPENSE BY OBJECT

Salaries, wages and benefits	6,158,349	6,503,365	6,230,936	5,774,452	5,385,996
Contracted and general services	2,960,101	2,960,984	3,178,521	2,962,885	3,747,147
Materials, goods and utilities	2,987,785	3,008,920	3,558,148	3,417,437	3,282,721
Transfers to local boards and agencies	3,150,296	4,055,775	1,862,877	1,504,365	1,375,684
Interest and bank charges	65,821	76,968	38,930	50,626	52,535
Amortization of tangible capital assets	4,480,221	4,328,198	4,014,425	3,722,577	3,663,080
Machine expenses capitalized for construction	(1,174,071)	(1,846,498)	(2,370,673)	(1,712,801)	(1,420,904)
Loss on disposal of capital assets	87,080	837,220	454,493	176,194	475,617
Other expenses	(4,065)	621,801	965,005	207,959	925,915
TOTAL EXPENSES	18,711,517	20,546,733	17,932,662	16,103,694	17,487,791

* The term "object" refers to the grouping by the nature or type of expense

DEBT SUPPORTED BY TAXES

	2017	2016	2015	2014	2013
Gross Debt (supported by tax)	1,915,106	2,042,229	0	0	0
County Population	3,984	3,984	3,893	3,893	3,893
LONG-TERM DEBT PER CAPITA	481	513	0	0	0

* Note: Net debt, defined as the difference between debt and "cash & cash equivalents", is zero for all years

TRANSFERS TO LOCAL BOARDS AND AGENCIES

	2017	2016	2015	2014	2013
TRANSFERS TO OTHER LOCAL GOVERNMENTS					
Vulcan District Waste Commission	605,702	554,000	529,804	504,665	497,247
Twin Valley Regional Water Commission	50,069	66,516	26,856	23,601	24,540
Vulcan Business Development Society	127,200	146,430	154,159	89,078	75,000
Vulcan and District Tourism Society	86,595	86,595	89,679	80,000	80,000
Vulcan Library Board	109,000	91,000	79,000	76,700	76,700
Fire Area Contributions	779,244	262,700	247,450	216,380	195,380
Recreation Area Contributions	442,774	465,045	494,089	359,440	252,315
Other local governments and organizations	949,712	2,383,489	241,840	154,501	174,502
	3,150,296	4,055,775	1,862,877	1,504,365	1,375,684

Note: The 2017 transfer to other local governments and organizations includes approximately \$700,000 in matching contributions for the Vulcan Hospital Expansion project.

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ANNUAL SURPLUS

	2017	2016	2015	2014	2013
TOTAL REVENUES	19,519,879	22,479,440	22,597,529	18,283,251	19,429,636
TOTAL EXPENSES	(18,711,517)	(20,546,733)	(17,932,662)	(16,103,694)	(17,487,791)
ANNUAL SURPLUS	808,362	1,932,707	4,664,867	2,179,557	1,941,845
ADD: Proceeds from Sale of Tangible Capital Assets	101,262	178,443	316,510	786,854	1,236,768
ADD: Transfer from Restricted Surplus to Operations	3,097,216	8,044,072	8,640,091	2,991,304	3,655,821
ADD: Amortization of Tangible Capital Assets	4,480,221	4,328,198	4,014,425	3,722,577	3,663,080
LESS: Transfers to Restricted Surplus	(7,998,816)	(8,232,494)	(9,738,958)	(10,320,999)	(5,068,774)
LESS: Capital Expenditures	(584,419)	(5,960,393)	(7,896,176)	(6,371,335)	(5,148,470)
ALLOCATION TO UNRESTRICTED SURPLUS	(96,174)	290,533	759	(7,012,042)	280,270





CONTACT INFORMATION

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Special thanks to Rick Beck, EDF EN Canada, and various other photographers
for providing pictures of the County used in this report.

