

2018

VULCAN COUNTY BUDGET REPORT

FOR THE YEAR JANUARY 1 TO DECEMBER 31, 2018
VULCAN COUNTY, ALBERTA, CANADA

PREPARED BY VULCAN COUNTY:
CORPORATE SERVICES DEPARTMENT





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SECTION ONE

INTRODUCTION TO THE BUDGET REPORT

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INTRODUCTION

READER'S GUIDE TO THE BUDGET DOCUMENT

READER'S GUIDE 101

The intention of this document is to provide Council and the Ratepayers of Vulcan County the details and factors that influence the development of the operating and capital budget.

A comprehensive overview of the budget, operating segments/departments, and capital will be provided in this document. This overview outlines the strategies, priorities, and issues that Vulcan County faced during the development of the budget.



BUDGET REPORT SECTIONS

1) Introduction to the Budget Report

Provides an overview of the budget process/guidelines, profile of the County, and describes the strategic plan and priorities.

2) Operating Budget by Type

Gives details on operating revenues, expenditures, and transfers in the budget. These details will be provided for all types of revenue and expense.

3) Operating Budget by Segment

Provides details on each of the major segments/departments within the County. An overview and details of each department within the segments are provided. These segments include:

- General Government
- Protective Services
- Transportation Services
- Agricultural Services
- Planning and Development Services
- Community Services
- Utility Services

4) Capital Budget and Reserves

Provides details on the capital requirements of the County, including the acquisitions and funding sources. This section also provides details on the County's operating and capital reserves.

5) Appendix and Glossary

Provides extra information and a list of definitions that are used throughout the budget report.

BUDGET OVERVIEW

The budget overview will allow the reader to obtain an understanding of expenditures of the County and the sources of funding that support the County's operations and capital needs. This will be provided on a high-level basis. The detail within this report will support the summaries provided in the budget overview.

BUDGET GUIDELINES

The budget guidelines will provide the readers with information on the process of budgeting and how it is developed. It will provide information on what information is gathered to prepare the budget and how this information is applied throughout the budget.

OPERATING BUDGET

The operating budget provides resources for the ongoing day-to-day costs of delivering the municipal services to the County's ratepayers.

CAPITAL BUDGET

The capital budget deals with the costs to purchase or construct new infrastructure and invest in long-term fixed assets required for day-to-day operations. Examples include road and bridge construction, graders and equipment, and vehicles.

OPERATING SEGMENTS

The operating segments are the major groups of similar departments and activities. An example of this is the Protective Services segment, which includes operating departments, such as police, fire protection, emergency management, ambulance, regulatory, and safety.

BUDGET MESSAGE FROM THE CAO

Vulcan County strives to have its annual municipal budget as open and transparent as possible to ensure that the County remains accountable to the community and its ratepayers.

The budget process is an opportunity for Council and Administration to review the ever changing environment of the County, while ensuring that the County provides the appropriate levels of service throughout. These operating and capital budgets are developed using the Strategic Plan where the Goals and Priorities are set by Council. The County also has policies/principles that are used for the development of the operating and capital budgets.



To ensure that the County maintains its strong financial position and to reduce significant fluctuations in tax rates, the County has developed long-term budgets to review the large upcoming operating and capital projects. This includes the adoption of the following:

A 3 year operating plan creating a multi-year budget including large operating projects and projected cost increases.

A 5 year capital plan, which is developed out of the County's 20-year capital funding plan. The plan reviews the assets projected to be replaced within the upcoming 20 years and starts building reserves to fund the projected costs of replacing or acquiring these assets.

During the development of the 2018 municipal budget, there were many challenges that faced the County including uncertainty in assessment values, increasing costs of providing services to ratepayers, and the current economic state of the oil & gas sector. Through collaborative efforts between Council and Administration, the County was able to navigate these issues and was able to make a significant reduction in the residential property tax rate of 9.5%. There was also a small increase to farmland tax of approximately 4%, which equates to \$17/quarter section. The net effect was a reduction in general taxation of over \$160,000, which was one of Council's primary goals.

In an attempt to further improve the transparency of the County's annual municipal budget, we have developed this Budget Report to assist in providing additional details on the operating and capital budgets, guidelines for how the municipal budget is prepared, and other details relating to the budget process. We hope that this report assists you in understanding the municipal budget and the process that creates it.

I feel honoured to be part of a team that truly cares about the County and our efforts to provide the programs and services that we deliver to the County's ratepayers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nels Petersen', written over a light blue background.

Nels Petersen
Chief Administrative Officer



2017 BUDGET OVERVIEW

Vulcan County 2018 Final Budget

At the April 18, 2018 regular Council meeting, County Council approved the 2018 Operating and Capital Budgets, followed by the 2018 tax rates at a special meeting on April 23, 2018. Council and Administration were tasked with finding ways to reduce spending in order to reduce tax rates where possible. To that end, the budget was reviewed thoroughly to find additional efficiencies and cost reductions without affecting current service levels.

A comparison of the current and prior year property assessment figures is shown below. The different classes of property all saw changes, but the net impact was an increase to the County's assessment base:

Class	Assessment		
	2017	2018	Change
Residential	439,254,600	453,456,430	14,201,830
Commercial & Industrial	87,609,370	98,059,840	10,450,470
Farmland	204,305,680	204,838,410	532,730
Machinery and Equipment	116,822,580	108,157,680	(8,664,900)
Linear	689,075,790	686,522,100	(2,553,690)
Total	1,537,068,020	1,551,034,460	13,966,440

Based on the prior year's tax rates, the change in assessment would've resulted in additional tax collection of approximately \$80,000. However, Council and Administration's collective goal was to reduce the amount collected through general tax. After careful review of all aspects of the budget, \$161,000 was cut from general taxation for 2018 resulting in a net reduction in general tax collection of \$81,000.

Tax rates being applied to the various classes of property were also compared to neighboring municipalities during the budget process. As a result, the residential tax rate was reduced by 10% and the rate for farmland was increased by 4%. These changes work out to a savings of \$275/year for a residential property worth \$500,000, and an average increase to farmland of \$17 per quarter section.

Although there were challenges in the development of the 2018 budgets, the County was able to have a balanced budget while reducing the total amount of general tax revenue. Additionally, the County was able to maintain its strong financial position with respect to its operating and capital reserves. No unanticipated draws from County reserves were needed to fund the reduction in tax collection.

Some departments saw a surplus in 2017, and those surpluses have been placed in reserve to be drawn on over the next three years which will help mitigate any fluctuations in revenue requirements. The County was also able to maintain its 20-year capital plan (funded by capital reserves and projected reserve transfers).

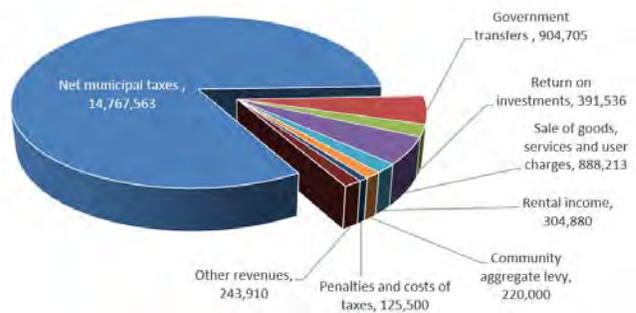
The 2018 Operating and Capital Budgets and additional information are available on our website:

www.vulcancounty.ab.ca > Your County > Corporate Services > Operating & Capital Budgets

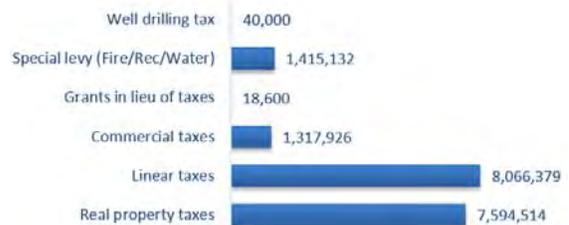
OPERATING BUDGET:

The County has budgeted \$17.85 million in operating revenues (net of requisitions) and \$18.18 million in operating expenses including amortization. After transfers to/from reserves and capital, there is a no budgeted operating surplus

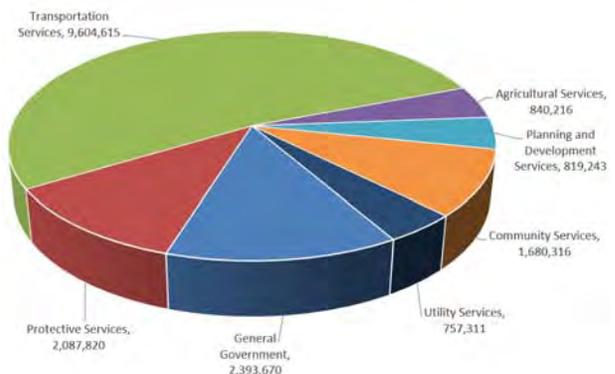
The County's operating revenues consist mostly of tax revenues (83%, net of requisitions). The remaining 17% is made up of other sources of income (i.e. operating grants, investment income, user fees, etc.).



Of the municipal taxes, the largest components include linear taxes (pipeline, wells, energy, etc.) totaling approximately 44% and real property taxes (residential, farmland, machinery & equipment, etc.) totaling 41%:



The following are the budgeted operating expenses (including amortization) for each of the County's major operating segments:



CAPITAL BUDGET:

The capital budget pertains to the construction and acquisition of capital assets, which includes the following:



The majority of engineered structures relate to the construction of roads and bridges throughout the County.

The capital budget is funded by a combination of capital grants, reserve funding, operating transfers, and sale of capital assets no longer in use.

The majority of funding for capital assets is from capital grants and capital reserves. It is budgeted that approx. \$4.5 million will be funded by capital grants and \$2.6 million funded by capital reserves.



2018 Budget Summary:

	2018 Budget	2017 Budget	Change
REVENUES:			
Taxes (Net of Requisitions)	14,767,563	14,717,913	49,650
Operating Grants	904,705	694,241	210,464
Return on Investment	391,536	393,236	(1,700)
Sales & User Charges	888,213	774,586	113,627
Rental Income	304,880	357,029	(52,149)
Other Revenues	589,410	532,987	56,423
	<u>17,846,307</u>	<u>17,469,992</u>	<u>376,315</u>
EXPENSES:			
Salaries & Benefits	6,606,464	6,603,690	2,774
Contracted Services	3,416,840	3,216,804	200,036
Material, Goods & Utilities	2,993,879	4,488,890	(1,495,011)
Grants to Boards & Agencies	2,479,797	2,820,420	(340,623)
Amortization & Capital	2,534,491	2,670,618	(136,127)
Other Expenses	151,721	162,628	(10,907)
	<u>18,183,192</u>	<u>19,963,050</u>	<u>(1,779,858)</u>
OPERATING INCOME (DEFICIT)	(336,885)	(2,493,058)	2,156,173
Capital Revenues	4,455,435	2,959,774	1,495,661
Capital Acquisitions	(9,079,800)	(9,796,881)	717,081
Disposal of Capital	301,330	64,000	237,330
Amortization Add-back (Non-cash)	4,328,196	4,328,196	-
Transfers from Reserves	3,992,717	8,455,540	(4,462,823)
Transfers to Reserves	(3,660,993)	(3,517,571)	(143,422)
NET EFFECT OF FUNDING	0	-	(0)

SIGNIFICANT CHANGES IN REVENUES:

- ◆ Taxes (Net of Requisitions) decreased due to the reduction in general tax rate.
- ◆ Operating Grants increased due to a grant for the creation of an inter-municipal development plan to be used in 2018.
- ◆ Sales & User Charges increased with additional cost and recovery charges (i.e. dust abatement program, fire training tower rental recoveries) and the sale of goods and materials.
- ◆ Rental income decreased with the merger of the County and Town's fire departments. Building rental is no longer charged to the Town.
- ◆ Other revenue increased mainly due to an updated projection on Community Aggregate Levy revenue.

SIGNIFICANT CHANGES IN EXPENSES:

- ◆ Contracted Services increased due to additional engineering expenses.
- ◆ Materials, Goods & Utilities decreased as gravel crushing was completed in the prior year.
- ◆ Grants to Boards & Agencies decreased because contributions to the Vulcan Hospital Expansion Project are expected to be lower in 2018.
- ◆ Amortization did not change because it was budgeted based on the prior year.

VULCAN COUNTY PROFILE

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 556,342 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:

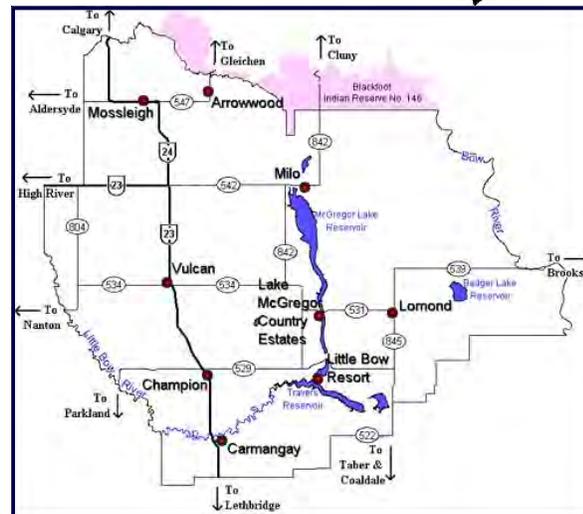
Highway 23 & 24

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

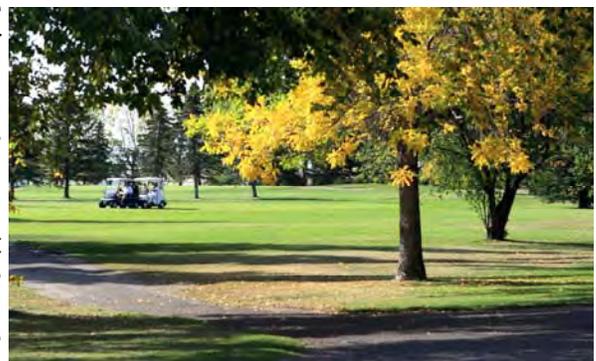


RECREATION AND ATTRACTIONS:

Communities within the County have a wide range of recreational facilities including playgrounds, community centres, seniors' 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 and the Majorville Medicine Wheel; while the aviation related attractions include the Royal Canadian Air Force Monument at the Vulcan Industrial Airport.



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 3 operational grain elevators in Vulcan County; 2 just south of the Town of Vulcan, and 1 within the Town of Vulcan.

The County includes significant amounts of geophysical drilling and pipeline activity with many oil and gas deposits put into production throughout the County.



Renewable energy production has become increasingly important in the County. The County currently has the largest wind facility in Western Canada producing an astonishing 300 megawatts - enough emissions-free electricity to power over 140,000 Alberta homes. The County has also been receiving significant interest in large scale solar production, including potentially having one of the largest solar facilities in Canada producing approximately 77.5 megawatts.

COUNTY SERVICES:

Vulcan County provides a number of services directly or jointly with other municipalities and commissions to the residents of the rural area and the County's hamlets. 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 & bridges;
- Agricultural Services - including weed/pest control, agricultural equipment rentals, County lands and other general agricultural services;
- Planning and Development Services - including development permits, zoning, sub-division and land-use bylaws;
- Community Services - including support for FCSS (Family and Community Support Services), recreational and cultural activities, tourism and economic development;
- Utility Services - including garbage disposal (with the Vulcan and District Waste Commission) and water services (with the Twin Valley Regional Water Commission and the Mossleigh Water Coop).

VULCAN COUNTY PROFILE - Continued

ORGANIZATIONAL STRUCTURE:

GOVERNANCE

Vulcan County is governed by its Council, which consists of Councillors elected from each of the 7 divisions of Vulcan County. Municipal elections are held every 4 years in the month of October. The next Municipal election will be held October 2021. The position of Reeve and Deputy Reeve are determined at each of the annual Organizational Meetings.

The position of Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to Council. The following are the Councillors and CAO of Vulcan County:



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

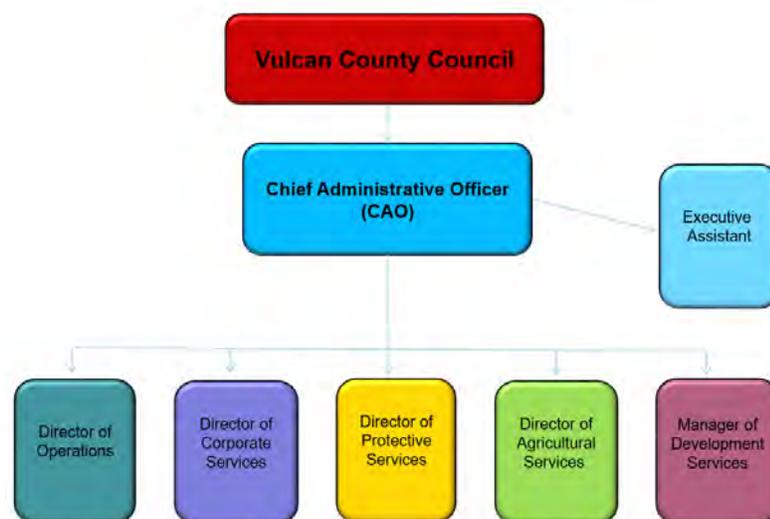


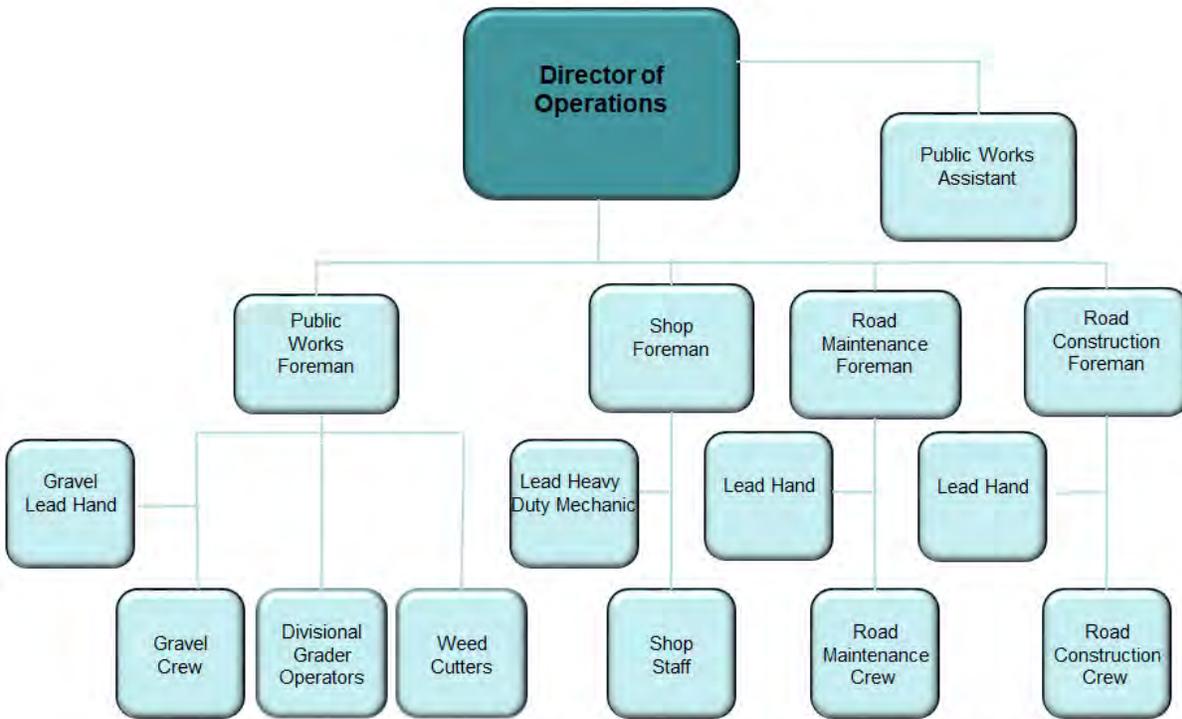
Doug Logan
Councillor
Division 7



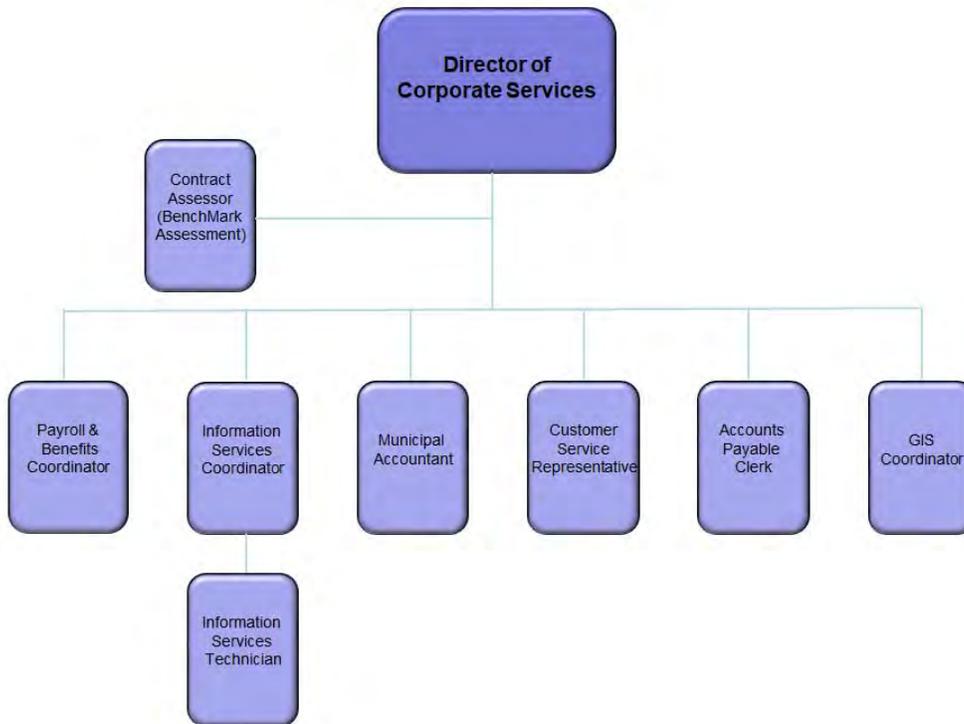
Nels Petersen
Chief Administrative Officer

ORGANIZATIONAL CHARTS



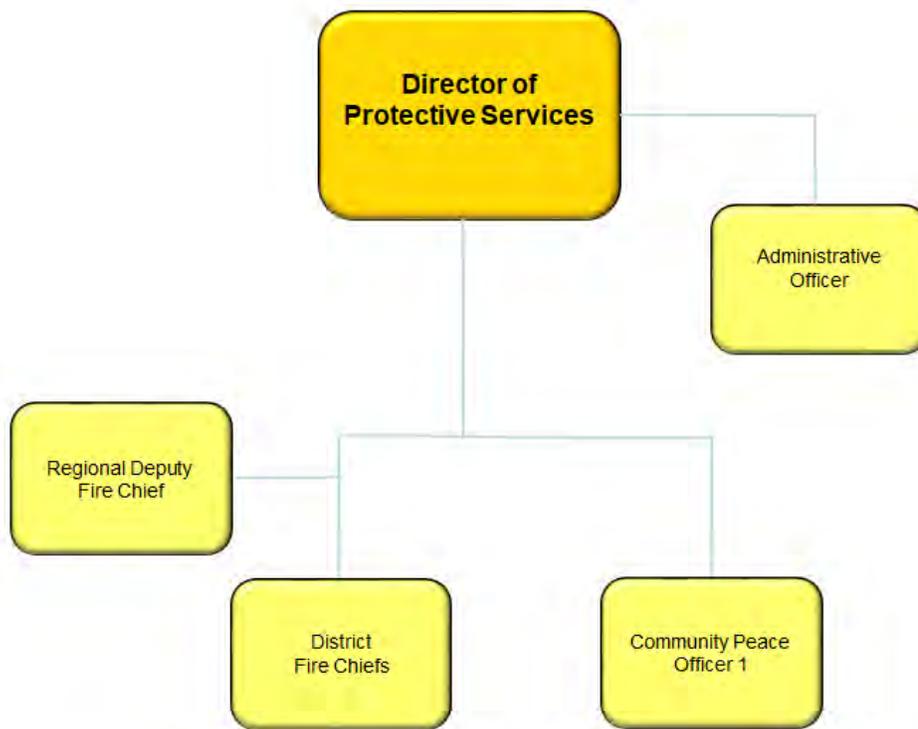


Operations - department includes road construction, road maintenance, gravelling, bridges, and fleet maintenance.



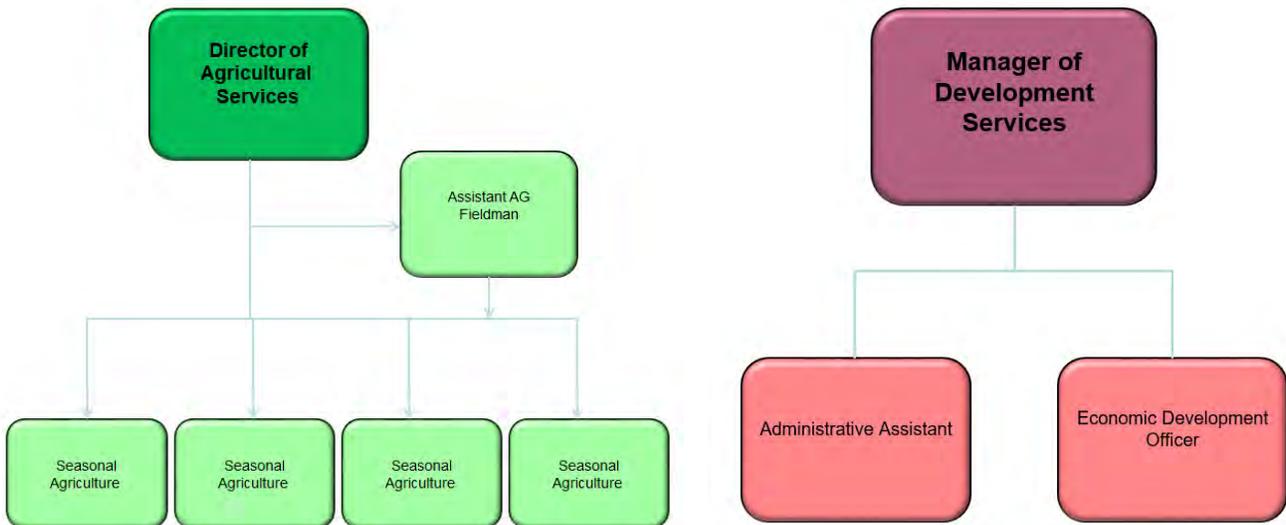
Corporate Services - department includes information technology, geographic information systems (GIS), and finance (i.e. assessment, taxation, receivables, payables, payroll, etc.).

VULCAN COUNTY PROFILE - Continued



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Protective Services - department includes fire protection services and bylaw enforcement.



Agricultural Services - department includes seeding, weed control / spraying, pest control, and agricultural equipment rentals.

Planning and Development Services - department includes development permits, zoning, subdivision, land use bylaws, and economic development.

STRATEGIC PLANNING & PRIORITIES

STRATEGIC PLAN

The purpose of Vulcan County's Strategic Plan is to create a "blueprint" for the future. Putting the right strategy together and developing a clear action plan aligned with effective implementation is vital to the success of Vulcan County. To achieve this, Vulcan County developed the *2018-2022 Strategic Plan* which includes the following departmental and County-wide goals:

DEPARTMENTAL GOALS

TRANSPORTATION SERVICES

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

- Continue with the County's 4-year bridge and road replacement program
- Purchase of future aggregate source lands within the County for future building materials
- Continue with the shoulder pull program
- Follow the County's 20-year capital replacement plan for road construction and maintenance equipment
- Provide specific safety training for equipment operators

PROTECTIVE SERVICES

Strategies intended to improve safeguards over the County over time, including the following:

- Increasing focus on public education and fire prevention
- Work toward regionalization of 2 remaining fire associations to unify fire protection services
- Partnership with the RCMP to provide a School Resource Officer to area schools
- Add a second Community Peace Officer and increase patrols for a greater law enforcement presence
- Update the County's safety policies and implement annual safety training for staff
- Purchase necessary equipment and complete staff training to operate an emergency response centre as needed

DEVELOPMENT SERVICES

Initiatives meant to protect ratepayers investment in their property while encouraging economic growth, including the following:

- Continue to improve the land use bylaw and municipal development plan
- Completion of 7 new inter-municipal development plans and updates to 4 existing plans
- Modernization of several policies including subdivision endorsement, sewage disposal, environmental policy, and more
- Ensure compliance with the South Saskatchewan Regional Plan
- Addition of an Economic Development Officer to bring new business to the County

AGRICULTURAL SERVICES

Strategies intended to assist local farmers and the environment, including the following:

- Initiation of the first phase of the baby's breath weed control program in 2018
- Increase weed control measures in areas of higher impact from weeds
- Work collaboratively with research stations to release insects to control leafy spurge
- Work with Alberta Agriculture to create a digital weed database to aid in weed control

STRATEGIC PLAN - Continued

CORPORATE SERVICES

Initiatives aimed to improve the County's administration and internal functions, including:

- Further development of Geographic Information Systems (GIS) to allow for greater utility and user interaction
- Streamline financial reporting to improve clarity of information while maintaining transparency
- Improvements to the County's I.T. environment including backups, security measures, and upgraded equipment
- Improve systems of internal control and audit reporting with the goal of further reducing audit fees
- Research and utilize additional grant funding sources

COUNTY-WIDE GOALS

RECRUIT AND RETAIN QUALITY STAFF

Staffing is the County's greatest resource. To maintain this resource, the plan calls for the following:

- Provide additional opportunities for professional development in all departments
- Complete a wage review to ensure the County is compensating staff appropriately
- Review of job descriptions
- Succession planning within departments

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GOVERNANCE

Strategies that impact the County as a whole by impacting the governance and direction of the County, such as:

- Continue to build on the good relationship that currently exists between Council and Administration
- Cooperation with neighbouring municipalities by following newly established inter-municipal development plans and collaborative frameworks
- Increase usage of social media to communicate more effectively with all stakeholders
- Diversification of assessment base through industrial development and renewable energy projects

PUBLIC HEALTH

Initiatives intended to improve the overall quality of life of County residents, including:

- Continue contributions to the Vulcan Hospital Expansion project until completed
- Continue contributing to the doctor recruitment and retention program
- Ongoing support for Family and Community Support Services (FCSS)

A graphic with the words "OUR GOALS" in large, white, 3D-style capital letters. The letters are set against a blue rectangular background that has horizontal lines, resembling a road or a track.

As part of the Strategic Plan for the County, Council provided the following statements indicating their vision, mission statement, and values for the governance and administration of the County and its programs.

- **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 they wish to foster within themselves and amongst their neighbours. With these ideals, Council believes the County can prosper both socially and economically.

2018 PRIORITIES, ISSUES, AND GOALS

1) TAX RATES & ASSESSMENT:

Reduction of tax rates and increasing the assessment base continues to be a main driving goal for the County in 2018. Last year saw a sudden reduction in the County's linear assessment value of over \$125 million - a loss of 15% of the total linear assessment value from prior years. The reduction amounted to a loss of \$1.14 million in tax revenue and significant budget challenges in 2017. The assessment value did not recover for 2018, so the challenges remain.

Additional efficiencies were found during the 2018 budget process and Council was able to reduce the residential property tax rate by cutting costs, finding additional revenue, and redistributing tax between property types. This resulted in a small increase to farmland taxes, but much less than the amount saved on residential.

Reduction of all tax rates remains a priority for Council going forward, as does increasing the assessment base by finding new sources of investment in the County. Currently, the County is exploring clean energy projects aggressively as a means to bring in considerable new assessment value, and tax revenue by extension.

2) BRIDGE AND ROAD PROJECTS:

Bridges and Roads will remain a top priority in 2018. Certain projects from 2017 were delayed to 2018, creating additional work to be done in the coming year. However, extensive overland flooding occurred early in 2018 during the budget process and attention will be placed on repair work and rebuilding of certain road and bridge assets. Almost \$5.7 million is budgeted for new bridges and roads. The cost of the flood remediation or how much the province will be able to cover is not yet known.

3) MOSSLEIGH DRAINAGE PROJECT:

Water drainage paths near Mossleigh were determined to require extensive modification several years ago, but right of way and easement issues prevented the initiation of the project. The final issue has been rectified so this long-awaited project can commence in 2018.



BUDGETING GUIDELINES

BASIS OF BUDGETING

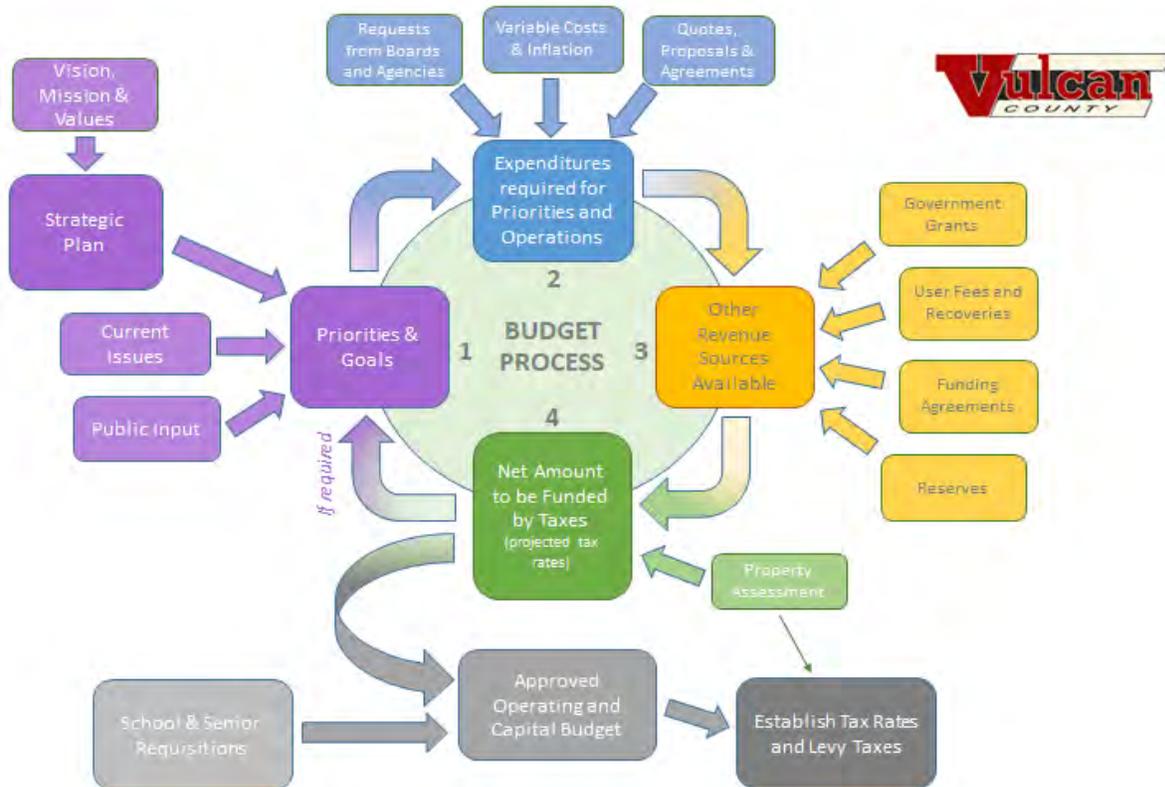
The Municipal Government Act (MGA) requires that the County Council adopt an operating and capital budget each year. An interim budget may also be passed until the final budget is adopted. The budget is based on the estimated operating and capital costs for the County. After reviewing the other revenue sources available to the County, the net difference is raised by the levying of property taxes.

Typically, the County adopts an interim operating budget in December in the year prior to the budget year which is available for the County's operations at the beginning of the year. Once the County receives the other information required for the final budget (i.e. final assessment amounts, grant allocations, school & seniors requisitions, etc) in March/April of the budget year, the County is able to adopt a final operating budget. The adoption of a final budget is done instead of amending the interim operating budget.

The capital budget is also typically adopted in December in the year prior to the budget allowing the County to pre-order large capital items during this time so that the County can receive reduced costs. Should there be any required changes during the final budget preparation, the capital budget will be amended accordingly.

The budgets are presented to a **Budget Committee** (comprised of all Councillors) which reviews the budgets in detail. Once they are in agreement on the budgets, they will provide the recommendation for formal approval.

The following is the budget process for the County:



An interactive version of the Budget Process may also be seen on our website:

www.vulcancounty.ab.ca > YOUR COUNTY > Departments > Corporate Services > Operating & Capital Budgets > Budget Process

MODIFIED ACCRUAL BASIS:

The County utilizes a modified accrual basis for its budgeting which is a combination of cash and accrual bases of accounting. The cash basis recognizes the transaction upon the exchange of money (i.e. expenses recognized when actually paid). The accrual basis recognizes the transaction when a liability is incurred and does not consider the timing of when the cash is exchanged (i.e. expense is recognized when the goods/services are received even if it is not paid until a later date).

SHORT-TERM ITEMS

The County typically utilizes a cash basis of accounting for recognizing transactions that will occur within the budget year, and would not be expected to take several years to resolve. These include a large amount of revenues and expenditures that would be recognized on the Statement of Operations (also known as an income statement or profit/loss) and would not be expected to create a payable or receivable at the end of the year.

LONG-TERM ITEMS & PROJECTS

The County typically utilizes an accrual basis of accounting for transactions that occur over a longer time period, typically extending over multiple budget years. These transactions are recognized in the budget based on when the transaction or service is provided (not based on exchange of cash). Should a project extend over multiple years, the revenues and expenses are recognized in the budget based on the estimated amount of the project to be completed in each of the budget years.



Although the County's Annual Financial Statements are fully prepared using the accrual basis of accounting, the budget remains in-line with this methodology as the short-term items are still projected to be completed before yearend. The County's Annual Financial Statements provide a reconciliation between the modified accrual basis and the full accrual basis, including items such as the proceeds on disposal of capital (cash basis) compared to recognizing the gain/losses on disposals of capital (accrual basis) and the crushing of gravel for inventory. Amortization of tangible capital assets and reserve transfers are included in the approved budget (as the budget is presented in a format consistent with the financial statements).

BUDGET PRESENTATION:

In accordance with MGA, Section 248.1, the County has adopted budgets that are in a format that is consistent with the financial statements. This section of the MGA was proclaimed in early 2016. This budget format has been adopted by Council and includes the following:

- Statement of Operations - revenues and expenses by department
- Schedule of Changes in Accumulated Surplus - transfer between reserves and capital
- Schedule of Tangible Capital Assets - capital additions/disposals and amortization
- Schedule of Property and Other Taxes - taxation revenues and requisitions
- Schedule of Government Transfers - government grants and contributions
- Schedule of Expenses by Object - expenses by the type of transaction
- Schedule of Segment Reporting - revenues and expenses in each major segment/department



The change to this presentation format allows the readers of the budget to easily tie the budget in to the annual financial statements, provide additional details compared to prior budget formats, and would allow the County's budget to be in similar format as other municipalities that also adopt this format. *See Appendix 1 for a copy of the Approved Operating and Capital Budgets.*

To assist the readers of the budget, the County also provides supplementary budget information, such as the budget in the prior format, summaries of revenues and expenses by object, and other reconciliations.

BASIS OF BUDGETING - Continued

FUND ACCOUNTING:

Vulcan County has 3 major types of funds: Operating, Capital and Reserves. Each fund has a defined purpose and recognizes the inputs and outlays to come up with a net change in the fund balances. These inputs and outlays include revenues, expenses, and transfers to/from the fund accounts. Each of these funds also have restrictions on the use of the balances; some of these restrictions are legislative, whereas others are restrictions imposed by County Council.

OPERATING FUNDS

The Operating Budget outlines the changes in these funds and includes all of the municipal programs and services in the operations of the County. This fund has the most expenditure each year, with the costs of these operating activities being covered through taxation, operating grants, user fees and other sources of revenue.

Typically, some operating funds are transferred to/from the other fund accounts, including:

- Operating funds used for capital projects
- Operating funds transferred to build capital or operating reserves
- Operating reserves used to fund operating costs and projects (i.e. contingency reserves)

Some of the legislative restrictions on these funds include the application of special tax levies, which requires these funds to be specifically used for the purpose in which the funds were raised (i.e. special tax levies for the Milo Fire Protection Area are required to be used for fire protection within that specific district).

CAPITAL FUNDS

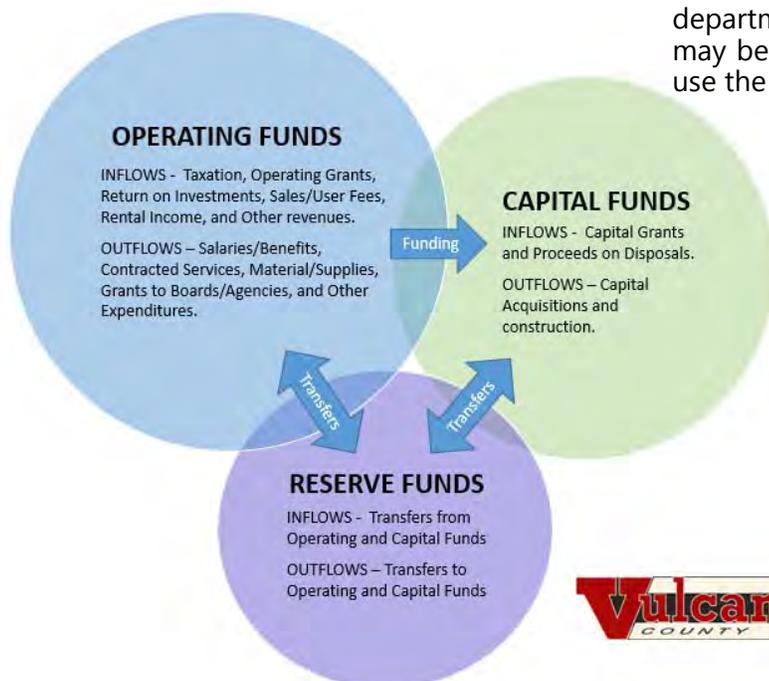
The Capital Budget outlines the changes in these funds and includes all of the capital acquisitions/construction and their respective funding sources. The capital funding may include capital grants, proceeds on disposals, and transfers between other fund accounts, including:

- Capital projects funded by operations
- Capital reserves used to fund the capital acquisitions/construction
- Capital funds transferred to build capital reserves (i.e. proceeds from sale put to reserves for future use)

RESERVE FUNDS

The County has both operating and capital reserves funds. The changes in the reserve funds are a result of the net reserve transfers to and from the operating and capital fund accounts.

Some of these reserves also have legislative restrictions placed on the funds (i.e. reserves built from special tax levies). Other reserves have restrictions imposed on them by Council (i.e. departmental reserves), but these fund restrictions may be modified by Council, should they want to use the funds for a different purpose.



FINANCIAL POLICIES AND PRINCIPALS:

Vulcan County has a number of financial policies relating to the budgets 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 other related legislation. These policies ensure that the County assesses long-term financial and budgetary impacts during the budget process. The following are some of the policies that are in place:

- Purchasing and Procurement Authority
- Compensation Policy
- Recreation Funding Policy
- Investment Policy
- Tangible Capital Assets
- Surplus Vehicle & Equipment Policy
- Reserves Policy



Two of the policies that have the most impact on the development of the budget include the Purchasing and Procurement Authority Policy and the Compensation Policy.

The **Purchasing and Procurement Authority Policy** (12-2203) sets the approval authorization limits and the procurement process for Administration, including that the County follows the New West Partnership Trade Agreement (NWPTA) and the Trade, Investment and Labour Mobility Agreement (TILMA). In relation to Capital, County Council has also set a threshold of \$30,000 requiring tender or proposals (considered significant capital). This ensures that the County is able to acquire capital that is priced competitively and that meets the requirements of the County. The policy effects the budget process as these items receive proposals/quotes throughout the budget process.

The **Compensation Policy** (12-3131) dictates the staff wages and compensation, including directions on determination and approval of staff salary grids and staff grid movements. Therefore, prior to the approval of the budgets, the salary grids are determined and provided to Council for approval. Occasionally, the salary grids are amended for final budget (if new or updated information is available). The approved salary grids are applied to each of the staff positions at their current grid levels, with the budget accounting for any anticipated grid movement.

All of the County's policies may also be seen on our website:

www.vulcancounty.ab.ca > YOUR COUNTY > Reeve and Council > Policies

The County also follows many principles that are not currently specified as policy that are used in the development and implementation of the budget. The following are some of these principles:

- **Balanced Budget** - the County is required under Municipal Government Act (MGA) to not budget for a deficit. To achieve this, through the budget process the County ensures that the budgeted revenues either meet or exceed the budgeted expenditures.
- **Long-term Budgeting** - the County wants to ensure long-term financial stability in budgeting. Therefore, the County has adopted the use of multi-year operating and capital budgets. Council has approved the use of a 3-year written operating plan and a 5-year written capital plan. To plan long-term capital spending, the County has a 20-year capital funding plan for capital acquisitions and projects projected within this term.
- **Debentures** - the MGA and related Alberta Regulations provide debt limits for borrowing. Although the County currently has minimal borrowing (relative to its limit), it is still a principle to follow when reviewing potential borrowing in the budget process.

The County also has other formal documents (i.e. Bylaws) to assist in the annual budgeting process, including the Fees for Service Bylaw which dictates the fees to be charged in the year. This assists in the determination of budgeted revenues resulting from these fees.

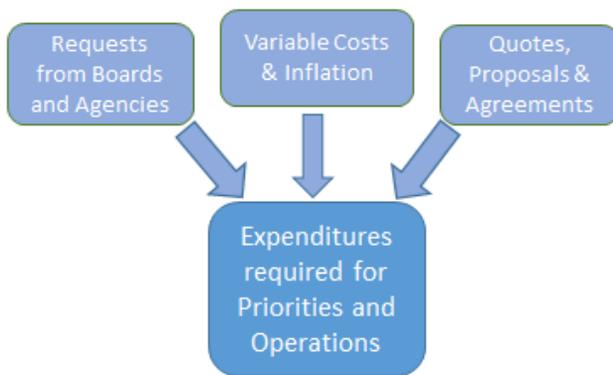
BUDGETING FOR EXPENDITURES

The County's priorities & goals will determine the required expenditures for programs and services. These priorities & goals are reviewed on an annual basis during the budget process, and are typically a result of the County's Strategic Plan, the current issues that are facing the County, and the input that we have received from our Ratepayers.

OPERATING EXPENDITURES:

The County has detailed listings of all of the transactions made in prior years. Therefore, the prior year actual expenditures are usually used as a base for what expenditures to expect in the coming year.

Each of the separate departments within the County has its own operating expenditures required to provide their services. The department heads (Directors and managers) periodically review their respective department's expenditures throughout the year.



The major operations of the County remain relatively consistent from year-to-year; hence, the current priorities & goals will only modify the specific sections of the budget relating to those goals. These base expenditures for operations are then modified to update the costs for the current budget year.

Some of the main factors that provide updates to these expenditures include:

- Variable Costs & Inflation,
- Quotes, Proposals & Agreements, and
- Requests from Boards and Agencies

VARIABLE COSTS & INFLATION

Variable costs & inflation are generally applied to the previous years costs to give a new baseline cost for the upcoming year. One significant variable cost is the cost of fuel/diesel; total fuel cost is based on estimated fuel usage multiplied by projected fuel cost. Inflation is also applied to operational costs from the prior year to estimate the cost increase in the following year. This is also applied to long-term financial planning since costs are expected to continue to increase over time.



Salaries, wages, and benefits have a combination of variable factors and inflationary factors. Variable factors include wage increases from grid movements and benefit rates depending on the wage levels. Inflationary factors include the determination of Cost of Living Adjustment (COLA) and market adjustments which are encompassed in the approved salary grids.



For the majority of these types of variable expenditures, the County takes a conservative approach to ensure that the budget is sufficient to cover the costs, including potential unexpected increases due to the nature of variable costs. There is usually a small "cushion" available in departmental costs for these types of increases.

• The County also budgets a Contingency Fund in its general operations if the costs exceed expectations or unexpected costs arise. The use of the Contingency Fund is subject to Council's approval. Should these funds not be required for the year, the resulting surplus may be added to reserves and potentially applied in future budget years.

QUOTES, PROPOSALS & AGREEMENTS

The County has a Purchasing Authority and Procurement Policy to guide the projects and costs that require quotes or proposals.

Typically with larger operating expenditures, the County receives quotes or proposals to ensure that the operating costs follow the legislation requiring proposals/tenders (i.e. if the value is over \$75,000 for goods/services). Often, the County receives quotes or proposals on items that are less than the legislative requirements to ensure competitive pricing.

The County may also have previously entered into agreements for services. The budgeted costs for these services are based on the agreements and the terms within the agreements.



REQUESTS FROM BOARDS AND AGENCIES

The County receives many requests for funding from external boards & agencies which are located within the County's borders.

There are currently 6 Recreation Committees which submit requests to the County to fund their recreational and cultural activities. These committees review multiple applications from organizations within their recreational area and provide recommendations to Council for funding.

There are also currently two Commissions that the County is a member of including Vulcan and District Waste Commission and Twin Valley Regional Water Commission. These organizations request operating funding based on the member agreements.

Other requests may include operational funding for literacy, medical assistance (ie. STARS), tourism, transportation initiatives, libraries, food banks, etc.

These funding requests from the boards/agencies are typically reviewed by the Budget Committee on an annual basis.

CAPITAL EXPENDITURES:

In accordance with the Purchasing Authority and Procurement Policy, any capital items over a \$30,000 threshold must go through the process of receiving tenders or proposals. Therefore, substantially all capital projects and purchases go through this process since very few are below \$30,000.



Although the policy allows for either tenders or proposals, typically the County will bring all of the capital acquisitions through the request for proposals process. Unlike tenders, which require the County to accept the lowest offer, requests for proposals allow the County to take other factors into account when making its decision. This can include historical experience with a vendor/model, warranty on capital, current equipment in fleet, and other factors.

Price/cost is usually the most critical factor in determining the successful proposal.

BUDGETING OTHER SOURCES OF REVENUE

The County has certain other revenue sources available to fund some of the required expenditures. These are often somewhat limited in terms of what is actually available for County use.

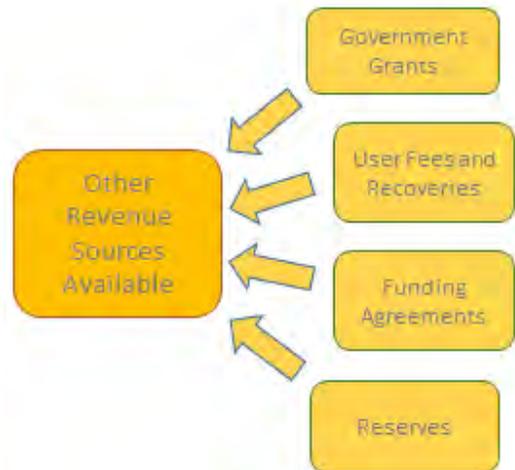
The main other sources of revenues include government grants, user fees/recoveries, funding agreements, and use of reserves.

These revenues are recognized on a conservative basis, meaning they are only included in the budget if likely to be received. Some of the revenues that are received each year can vary significantly from year-to-year. Therefore, these are usually included based on average or lower basis. Should the County receive more revenues than budgeted, the resulting surplus may be added to reserves and potentially applied in future budget years.

GOVERNMENT GRANTS

The majority of the current government grants are fixed based on factors such as population/roads. The County typically knows which grants are available and ensures that the appropriate eligible expenditures are funded by these grants. Major grant funding includes the Provincial MSI Operating and Capital grants.

Some of the grants are competitive in nature; the County submits applications for these grants, but is not guaranteed to receive the grant funding. These are typically not included in the budget unless Council has authorized the use of contingency funds or reserves to cover any unfunded portion.



USER FEES AND RECOVERIES

The County also typically determines which specific services are recovered by User Fees and Recoveries. The majority are typically set by the annual Fees for Service bylaw. These usually recover or partially recover the costs of the services provided.

Other revenues may include investment income, penalties, and other various revenue sources. These types of revenues usually vary from year-to-year so they are budgeted for conservatively.

FUNDING AGREEMENTS

The County has some specific funding agreements, including agreements on shared services with other municipalities. Some of these shared services can include the County providing IT services for some nearby urban municipalities. The County also manages the Doctor Retention Program which provides subsidies to the local clinics; under this agreement, the County receives funding from the urban municipalities to contribute towards this program.

Other funding agreements can include rental income. These rental agreements are typically based on multi-year contracts which provide rental rate terms for each year. As the rental revenues are in the agreements, the total expected amount per the agreement is included in the budget.

RESERVES

The County's reserves are funds specifically set aside for departments or projects. These are typically held until the project/purpose is undertaken. There are both operating and capital reserves including some reserves raised by special tax levies that are designated for the purpose the taxes were raised (MGA requirement). Council makes the decisions on the use and application of reserves.

Typically, the County avoids using dedicated reserves to fund operating deficits as the majority of these reserves have already been earmarked for specific purposes. The County would likely not want to deplete these reserves so that these funds are available for the purpose they were intended for.

DETERMINATION OF TAX RATES

As part of the municipal budget, County Council approves the amount of funds required to provide the required municipal services. From this amount, all other sources of municipal revenues and transfers other than taxation are subtracted (such as provincial grants, user fee revenues, etc.). The net remaining amount is to be raised by property taxes.

Net Amount to be Funded by Taxes is effectively:

$$\text{Total Cost of Expenditures} - \text{Non-Tax Revenue Sources} = \text{Amount to be raised through tax}$$

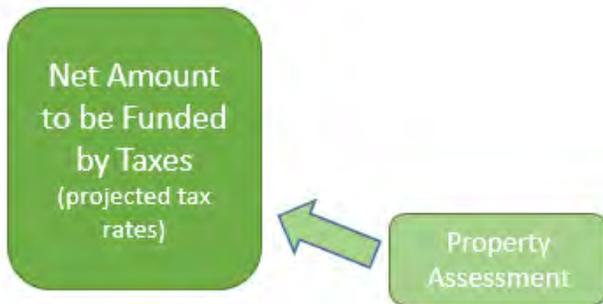
This will provide the total amount to be raised through taxes. Using the Property Assessment figures, the projected tax rates may be determined.

To calculate taxes, a tax rate is established through the County's Bylaws. The following is the formula to determine the tax rate:

$$\text{Tax Rate} = \frac{\text{Total Property Tax}}{\text{Total Assessment}}$$

Your property taxes are calculated by multiplying the assessed value of your property by the tax rate:

$$\begin{aligned} \text{Property Tax Bill} &= (\text{Assessment} \times \text{Municipal Tax Rates}) \\ &+ (\text{Assessment} \times \text{Education Tax Rate}) \\ &+ (\text{Assessment} \times \text{Senior Tax Rate}) \end{aligned}$$



The Municipal Tax Rates may include:

- *General Municipal Rates* - County-wide
- *Solid Waste Rate* - County-wide
- *Fire Protection Rate* - District specific
- *Recreation Rate* - District specific
- *Waterworks Rate* - Parcel specific

COUNTY-WIDE TAX RATES

The General Municipal Rates include the tax rates for residential and non-residential/farmland property and are used for County operations. The Solid Waste Rate is the tax rate to cover the operational costs of Vulcan and District Waste Commission. Both the General Municipal and the Solid Waste rates are distributed equally throughout the entire County.

The **General Municipal Rate** is determined by the net amount to be funded by taxes (excluding other amounts specifically taxed otherwise) and is divided by the total property assessment in the County. There are currently 5 major assessment classes that are applicable to the General Municipal Rate, including:

- Residential
- Farmland
- Non-Residential
- Machinery & Equipment (M&E)
- Linear

Of these classes Residential, Farmland, and Non-Residential (including M&E and linear) may have separate General Municipal Rates.

The **Solid Waste Rate** is mostly determined by the total contribution from the County towards the Vulcan and District Waste Commission ("Waste Commission").

This contribution is based on the total annual operating budget of the Waste Commission, with the County portion being pro-rated based on the estimated population in the County. This equates to approx. 56% of the operating costs of the Waste Commission.



DETERMINATION OF TAX RATES - Continued

SPECIAL TAX RATES

In accordance with the Municipal Government Act, Section 382, the County uses Special Tax Levies to raise revenues to pay for specific services that the County provides. Currently, the special services include fire protection, recreational services, and some waterworks. The Fire Protection and Recreation Rates are special tax levies for each of the 6 districts in the County. These districts include:

- Carmangay and District
- Champion and District
- Lomond and District
- Milo and District
- Vulcan and District
- Northwest District

The districts for both Fire Protection and Recreation effectively share the same borders (with some minor variance in locations based on fire response times). Maps of these areas are available on our website:

www.vulcancounty.ab.ca >
YOUR COUNTY > Corporate Services >
Assessment & Taxation > Property Tax
Calculator

The **Fire Protection Area Rate** is used to fund the operational costs of the fire department in your specific district within the County.

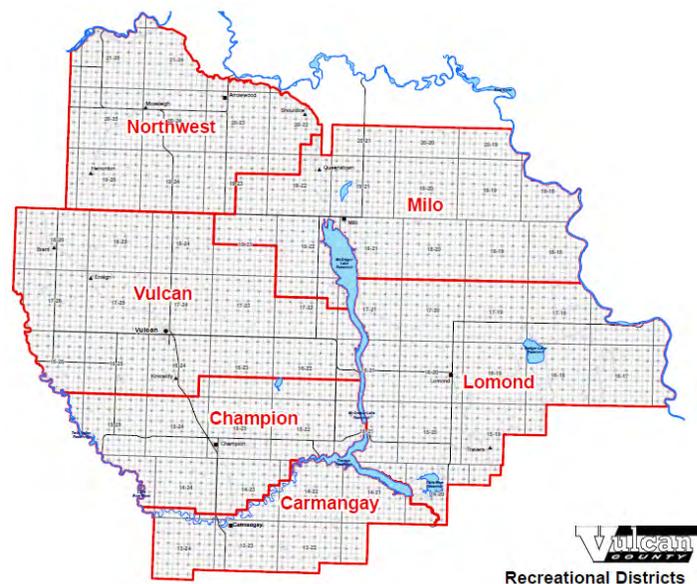
There are currently 3 regionalized fire departments, including Carmangay, Champion, and Vulcan. The County directly manages these departments, including setting the operating budget.

The remaining 3 fire departments are currently operated by Fire Associations and have service agreements in place to provide fire protection for the County. These Fire Associations provide the County with their annual operating budgets. These areas include Northwest, Milo, and Lomond.

Each of the districts' operating costs are reviewed by Council and their share of linear and other revenues are applied to offset these costs, resulting in the net amount to be raised by the special tax levies.

The **Waterworks Rate** is determined by the cost to build the water infrastructure for specific parcels of land. This includes residents using the Mossleigh Water Treatment Plant.

For 2018, the residents of Kirkcaldy will also have this special tax for their new connection to the TVRWC line. These cost recoveries are done over multiple years.



The **Recreational Area Rate** is used to fund the recreational activities that occur within your specific district as per your local Recreation Board's recommendations.

For each of the Recreation Areas, the local community groups within these areas provided recreational and cultural requests to the Recreation Board. The Board then reviews the applications and provides recommendations to Council on funding.

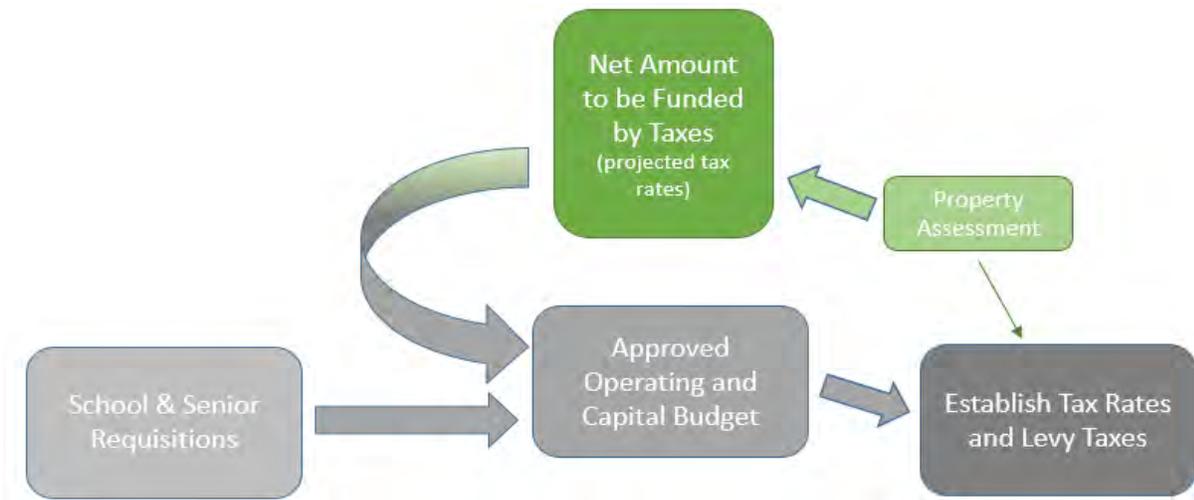
Once these recreational recommendations are reviewed by Council, the linear portion is applied against each district, resulting in the net amount to be raised by the special tax levies.



Council considers it a high priority that the County has tax rates in place that are competitive. For this reason, Council and Administration review the rates set by other comparable municipalities. If the projected final rates are not competitive, Council may wish to further review the objectives for the coming year and make changes. Review of the budget will continue until Council as a whole is satisfied.

Once Council is satisfied that the proposed tax rates are acceptable, the municipal tax rates are set in the draft Operating and Capital Budgets. Prior to finalization and approval of the budgets, the external School and Senior Support Requisitions are added to the budget.

The



School & Senior Requisitions are provided to the County from the Province and the Senior’s Foundation. The County does not have any control over these amounts.

REQUISITION RATES

The School Support tax rate and the Seniors Foundation tax rate are set once the County receives the annual requisitions from Alberta Learning and the Marquis Foundation.

Alberta Learning and the Marquis Foundation have requisitioning powers, and as such, the County is obligated by legislation to bill and collect taxes on behalf of Alberta Learning (for the distribution to public and separate school boards) and the Marquis Foundation (seniors housing). The County has no jurisdiction or control over their operations or budgeted tax revenue requirements.

All municipalities throughout the Province are required to levy charges on all assessable property (other than Machinery & Equipment and Electrical Power Generating properties). This typically represents approximately 20-25% of your total taxes, and is paid directly to Alberta Learning (Province) and to the Marquis Foundation.



DETERMINATION OF TAX RATES - Continued

PROPERTY ASSESSMENT:

Property taxes are levied based on the value of the property as determined from the property assessment process (this method is required by Provincial legislation). Property taxes are not a fee-for-service, but a way of distributing the cost for local government services and programs fairly throughout a municipality. Your property taxes are typically calculated using the market value assessment of your property (some types of property, like farmland, are regulated assessment).

Market value is the "most probable price that would be paid for a property in a competitive and open market". It assumes the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale and assumes that the transaction would not be affected by undue pressures.

The Alberta Government has mandated that property assessment:

- Be completed annually;
- Reflect the market value of a property as of July 1st of the previous year;
- Reflect the characteristics and physical conditions of the property as of December 31st of the previous year.

To keep property details current and at values representing typical market values is a requirement of legislation and other regulations. The property assessment is an estimate of value based on similar properties that have sold in the property's specific area within the County.

The County contracts the assessment services to Benchmark Assessment Consultants Inc. which are accredited municipal assessors for Alberta (referred to as the Assessor's Office).

The Assessor's Office does not create the value of the property; it is created by the real estate marketplace. The Assessor's Office just measures it. The Alberta Land Titles Office informs the Assessor's Office of all real estate sales within the County.

The Assessor's Office applies the accepted mass appraisal best practices using information from all property sales within the County to estimate the market value of the property. They take into account all the market conditions that may affect the property's value such as location, size, shape, replacement cost, age and condition of the buildings. There are also some Provincial regulations and exemptions that are governed by legislation (i.e. farmland).

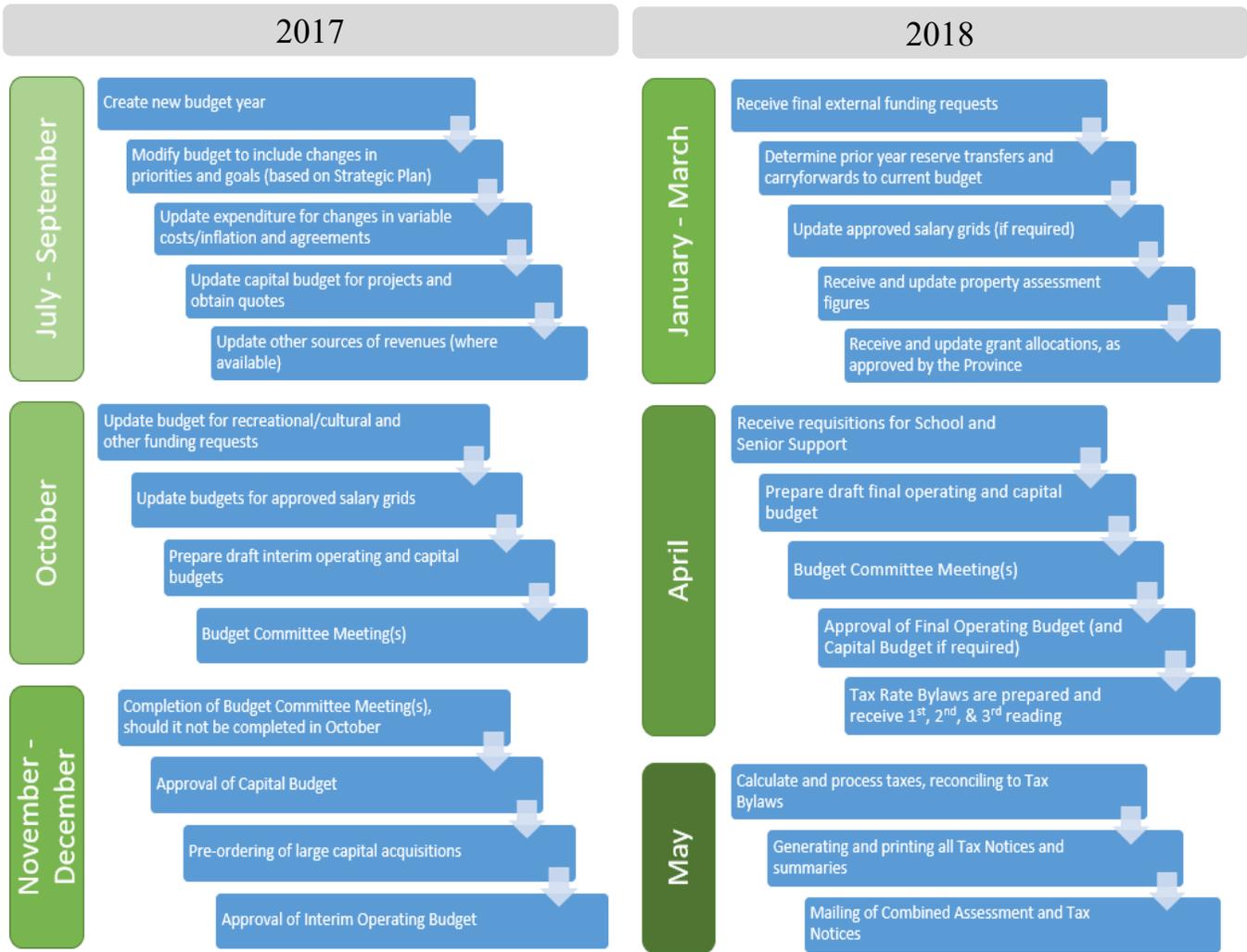
For more information on taxation and assessment, please see the forms and brochures (or frequently asked questions) that are available on our website:

www.vulcancounty.ab.ca > YOUR COUNTY > Corporate Services > Assessment & Taxation > Forms & Brochures (or FAQs)



BUDGET SCHEDULE AND CALENDER

The following is the budget calendar that was used for the development of the current year budget:



BUDGET COMMITTEE MEETING DATES:

- November 20-22, 2017 - Interim Budget Committee Meeting
- November 27, 2017 - Interim Budget Committee Meeting
- March 29, 2018 - Final Budget Committee Meeting
- April 5, 2018 - Final Budget Committee Meeting
- April 10, 2018 - Final Budget Committee Meeting

BUDGET APPROVAL DATES:

- December 6, 2017 - Approval of Interim Operating and Capital Budgets
- April 18, 2018 - Approval of the 2018 Final Operating and Capital Budgets





SECTION TWO

OPERATING BUDGET BY TYPE

SECTION TWO

Operating Budget by Type

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REVENUES

The County's operating revenues are typically budgeted on a conservative basis; whereas, the revenues are only included in the budget if it is considered to be more than likely received.

Typically, these operating revenues are determined by historical revenues received, funding agreements that are in place, and projected changes in service levels. Often many of the revenues correlate to expenditures that are also projected, such as government transfers for grant funding of operating costs.

The following is the 2018 budgeted operating revenues:

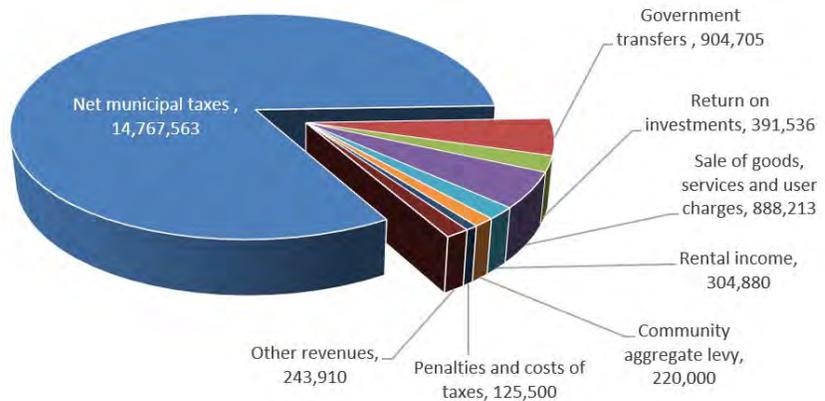
Net municipal taxes	14,767,563	82.7%
Government transfers	904,705	5.1%
Return on investments	391,536	2.2%
Sale of goods, services and user charges	888,213	5.0%
Rental income	304,880	1.7%
Community aggregate levy	220,000	1.2%
Penalties and costs of taxes	125,500	0.7%
Other revenues	243,910	1.4%
	<u>17,846,307</u>	



As shown, the taxation revenues (net of requisitions) represent the majority of the operating revenues from the County.

The other sources other than taxation are often somewhat limited in what is available to the County.

These operating revenues will be shown in detail in the following sections.



TAXATION

As part of the municipal budget process, County Council approves the amount of funds required to provide the required municipal services. From this amount, all other sources of municipal revenues and transfers, other than taxation, are subtracted (such as Provincial grants, investment income, user fees, etc.). This net remaining amount is to be raised by property taxation.

Overall, the taxable assessment for the County increased by almost \$14 million. With the prior year's tax rates, this would've resulted in an additional \$80,000 in tax revenue. However, Council and Administration's goal was to reduce the residential general tax rate and was successful at finding cost reductions and efficiencies to that end. The residential mill rate was reduced, saving approximately \$275 on a \$500,000 residential property.

Class	Taxable Assessment		
	2017	2018	Change
Residential	439,254,600	453,456,430	14,201,830
Commercial & Industrial	87,609,370	98,059,840	10,450,470
Farmland	204,305,680	204,838,410	532,730
Machinery and Equipment	116,822,580	108,157,680	(8,664,900)
Linear	689,075,790	686,522,100	(2,553,690)
Total	1,537,068,020	1,551,034,460	13,966,440

There was a small increase to the general farmland tax of approximately 4%. However, due to the regulated nature of farmland assessment, this increase amounts to about \$17 per quarter section.

The following was the resulting taxation budget (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
REVENUE:					
Net municipal taxes					
Real property taxes	\$ 7,651,991	\$ 7,649,359	\$ 7,565,844	\$ 7,815,272	\$ 7,815,272
Linear taxes	8,420,354	8,418,268	8,066,379	8,066,465	8,066,465
Commercial taxes	1,247,966	1,245,191	1,317,926	1,317,942	1,317,942
Government grants in lieu of taxes	16,500	19,713	18,600	18,600	18,600
Special levy	1,295,686	1,295,214	1,415,132	1,214,325	1,221,367
Well drilling tax	55,000	1,119	40,000	40,000	40,000
	18,687,497	18,628,863	18,423,881	18,472,604	18,479,646
School requisitions	(3,717,487)	(3,717,875)	(3,408,081)	(3,408,081)	(3,408,081)
Seniors foundation	(252,098)	(252,098)	(248,237)	(248,237)	(248,237)
	14,717,913	14,658,890	14,767,563	14,816,286	14,823,328



As shown above, there has been an overall decrease in the budgeted tax revenues. This is the result of reducing the residential general tax rate. The overall decrease is somewhat offset by increases on certain district special tax rates and the small increase to farmland tax. The projections for 2019 & 2020 are based on the 2018 budget and will be examined more closely in future budget years.



As shown above, there is a significant decrease in total requisitions for 2018. The decrease is largely due to a lower school requisition for 2018 compared to 2017, approximately \$310,000 less was requisitioned for education.

TAXATION - Continued

At the Special Council meeting on April 23, 2018, County Council approved and established the 2018 General Tax Rate and Special Levy Bylaws. These Tax Rate Bylaws are a result of the approved 2018 Operating and Capital Budgets.

- 2018 General Tax Rates (Bylaw 2018-013) for tax rates on the General Municipal, Waste Commission, School Requisitions, and the Seniors Requisition.
- 2018 Special Levy Tax Rates (Bylaw 2018-014, 2018-015, & 2018-016) for tax rates on the special tax levies for the fire protection areas, the recreational areas, and the waterworks upgrades.
- 2018 Designated Industrial Property Tax Rate (Bylaw 2018-017) for tax rates on designated industrial properties which are designed to recoup the cost of provincial assessment of those properties.

2018 General Tax Rates (Bylaw 2018-013):

The General Tax Rate Bylaw sets the rates required to raise the necessary revenues to cover the municipal expenditures and transfers, the levies for the Waste Commission, and the levies required to collect the Public and Separate School Requisitions and the Seniors Foundation Requisition. These tax rates are applied County-wide.

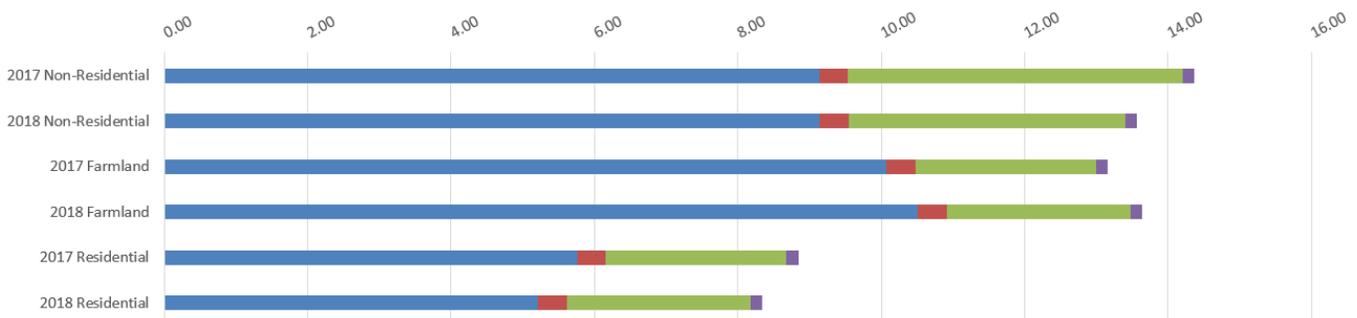
The following are the General Tax Rates as expressed in mills (1:1000):

General Municipal	2017 Rates	2018 Rates	% Change
Residential	5.7600	5.2100	0.0%
Farmland	10.0769	10.5075	4.3%
Non-Residential	9.1400	9.1400	0.0%

Waste Commission	2017 Rates	2018 Rates	% Change
Residential	0.3980	0.4113	3.3%
Farmland	0.3980	0.4113	3.3%
Non-Residential	0.3980	0.4113	3.3%

School Requisitions	2017 Rates	2018 Rates	% Change
Residential	2.5229	2.5585	1.4%
Farmland	2.5229	2.5585	1.4%
Non-Residential	4.6660	3.8612	-17.2%

Senior Requisition	2017 Rates	2018 Rates	% Change
Residential	0.1662	0.1601	-3.7%
Farmland	0.1662	0.1601	-3.7%
Non-Residential	0.1662	0.1601	-3.7%



The Waste Commission tax rates are applied to cover the County's share of the operational costs of the Vulcan and District Waste Commission. As a member of this Commission, the County covers 56% of these costs (based on the populations within the County). The requisition increased to \$637,941 (previously \$603,577).

The School Requisitions rates are for the requisitions from Alberta Learning (Alberta School Foundation Fund and Christ the Redeemer CSRD) which are based on equalized assessment throughout the Province. Seniors Requisition rates are for the requisition from the Marquis Foundation. Alberta Learning and the Marquis Foundation have requisitioning powers and, as such, the County is obligated by legislation to bill and collect taxes on their behalf. The County has no control over their tax revenue requirements. This typically represents approximately 20-25% of your total taxes, and Vulcan County is required to directly pay this to Alberta Learning and to the Marquis Foundation quarterly.

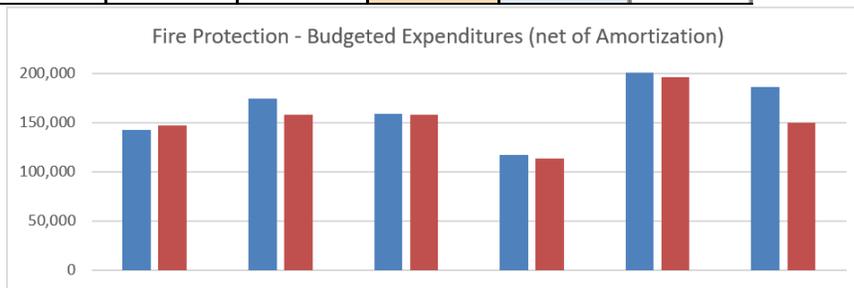
2018 Special Levy Tax Rates (Bylaw 2018-014, 2018-015, & 2018-016):

The Special Levy Tax Rate Bylaws set the rates required to raise the necessary revenues to district and/or parcel specific expenditures in accordance with Division 5 of the Municipal Government Act. These specific expenditures include the municipal costs and contributions to the Fire and Recreational Districts and the recovery of costs for the Mossleigh Water Treatment Plant. These special levy tax rates are only applied to the related district and/or parcels of land that the costs are associated with.

Fire Protection Districts (Bylaw 2018-014):

The following are the Special Levy Tax Rates as expressed in mills (1:1000):

Fire Protection Area	2015 Rates	2016 Rates	2017 Rates	2018 Rates	% Change
Carmangay and District	1.0661	1.6896	2.2602	1.8685	-17.3%
Champion and District	0.6115	0.9387	1.5369	1.3935	-9.3%
Lomond and District	0.4195	0.5250	0.6584	0.6503	-1.2%
Milo and District	0.2269	0.5690	0.6649	0.6942	4.4%
Vulcan and District	0.2437	0.0893	0.4071	0.3730	-8.4%
Northwest	0.6180	0.6910	0.6917	0.8504	22.9%
Linear	0.3216	0.3312	0.3411	0.3513	3.0%



	Carmangay and District	Champion and District	Lomond and District	Milo and District	Vulcan and District	Northwest
2018 Expenditure	142,859	174,693	158,576	116,737	214,398	186,488
2017 Expenditure	147,159	158,230	158,319	113,321	196,165	149,971
2018 Assessment	52,353,800	82,418,410	184,042,670	115,678,290	243,358,170	186,661,020
2017 Assessment	51,428,960	80,974,240	182,882,160	117,030,830	237,971,230	177,704,810

Carmangay and District – total of \$142,859 area cost with a total of \$45,036 of revenues (other than taxes), resulting in \$97,823 to be raised by special levies. Based on \$52.354 million in taxable assessment, the special levies equate to a rate of 1.8685 mills (0.0018685).

Champion and District – total of \$174,693 area cost with a total of \$59,843 of revenues (other than taxes), resulting in \$114,850 to be raised by special levies. Based on \$82,418 million in taxable assessment, the special levies equate to a rate of 1.3935 mills (0.0013935).

Lomond and District – total of \$158,576 area cost mostly from the request of the Fire Association with a total of \$38,893 of revenues (other than taxes), resulting in \$119,683 to be raised by special levies. Based on \$184,043 million in taxable assessment, the special levies equate to a rate of 0.6503 mills (0.0006503).

Milo and District – total of \$116,737 area cost mostly from the request of the Fire Association with a total of \$36,434 of revenues (other than taxes), resulting in \$80,303 to be raised by special levies. Based on \$115,678 million in taxable assessment, the special levies equate to a rate of 0.6942 mills (0.0006942). Milo District currently has no honorarium costs.

Vulcan and District – total of \$214,398 area cost with a total of \$123,626 of revenues (other than taxes), resulting in \$90,772 to be raised by special levies. Based on \$243,358 million in taxable assessment, the special levies equate to a rate of 0.3730 mills (0.0003730).

Northwest – total of \$186,488 area cost mostly from the request of the Fire Association with a total of \$27,751 of revenues (other than taxes), resulting in \$158,737 to be raised by special levies. Based on \$186,661 million in taxable assessment, the special levies equate to a rate of 0.8504 mills (0.0008504).

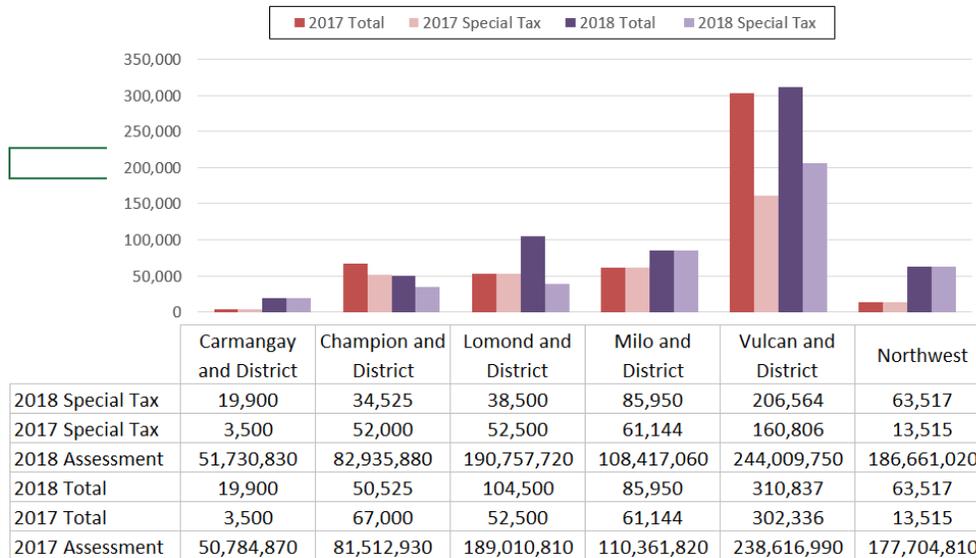
TAXATION - Continued

Recreational Districts (Bylaw 2018-015):

The following are the Special Levy Tax Rates as expressed in mills (1:1000):

Recreational Area	2015 Rates	2016 Rates	2017 Rates	2018 Rates	% Change
Carmangay and District	0.3440	0.1165	0.0000	0.3061	-%
Champion and District	0.5561	0.6788	0.5720	0.3518	-38.5%
Lomond and District	0.1515	0.1680	0.2436	0.1681	-31.0%
Milo and District	0.3122	0.2566	0.5046	0.7426	47.2%
Vulcan and District	0.6771	0.5944	0.6131	0.7873	28.4%
Northwest	0.0000	0.0305	0.0167	0.2840	1,700.6%
Linear	0.1271	0.1309	0.1348	0.1348	0.0%

Recreational Areas - Budgeted Expenditures
(total includes amount funded by General Municipal Taxes)



Carmangay and District – Approved requests from the Recreation Board totalled \$19,900. The linear portion of \$4,066 was applied to cover some of the contributions. The result was that \$15,834 was raised by special levies. Based on \$51.731 million in taxable assessment, the special levies equate to a rate of 0.3061 mills (0.0003061).

Champion and District – Approved requests from the Recreation Board totalled \$50,525. The linear portion of \$5,352 was applied to cover some of the contributions, as was \$16,000 in funds from general taxation. The result was that \$29,173 was raised by special levies. Based on \$82,936 million in taxable assessment, the special levies equate to a rate of 0.3518 mills (0.0003518). The items funded with general tax dollars were operating costs for the Champion Pool (\$15,000), and new sporting equipment for the school (\$1,000).

Lomond and District – Approved requests from the Recreation Board totalled \$104,500. The linear portion of \$6,429 was applied to cover some of the contributions, as was \$66,000 in funds from general taxation. The result was that \$32,071 was raised by special levies. Based on \$190,758 million in taxable assessment, the special levies equate to a rate of 0.1681 mills (0.0001681). The items funded with general tax dollars were operating and upgrade costs for the Lomond Community Centre (\$53,500), and 50% of the Rec Board’s operating costs (\$12,500).

Milo and District – Approved requests from the Recreation Board totalled \$85,950. The linear portion of \$5,435 was applied to cover some of the contributions. The result was that \$80,515 was raised by special levies. Based on \$108,417 million in taxable assessment, the special levies equate to a rate of 0.7426 mills (0.0007426).

Vulcan and District – Approved requests from the Recreation Board totalled \$310,837. The linear portion of \$14,464 was applied to cover some of the contributions, as was \$104,273 in funds from general taxation. The result was that \$192,100 was raised by special levies. Based on \$244,010 million in taxable assessment, the special levies equate to a rate of 0.7873 mills (0.0007873). The items funded with general tax dollars were 50% of operating costs for the Vulcan Arena (\$38,435), 50% of operating costs for the Vulcan Pool (\$40,538), operating costs for the Virginia Mitchell Ballpark, campground, and Ag grounds (\$22,500), and jerseys for the Vulcan Soccer Club (\$2,800).

Northwest – Approved requests from the Recreation Board totalled \$63,517. The linear portion of \$10,509 was applied to cover some of the contributions. The result was that \$53,008 was raised by special levies. Based on \$186,661 million in taxable assessment, the special levies equate to a rate of 0.2840 mills (0.0002840).



Waterworks (Bylaw 2018-016):

There were no changes to the Waterworks Special Levy Tax Rates (Mossleigh Water Treatment Plant) of \$368.55 per parcel. This charge is based on the amount of parcels that are connected to the waterline and is currently being recovered over 20 years.



Once the residences of Kirkcaldy are connected to the Twin Valley Regional Water Commission (TVRWC) waterlines, the special tax levies will be provided to these parcels to recover the costs of connecting to the waterline.

Designated Industrial Property (Bylaw 2018-017):

The Designated Industrial Property (DIP) Bylaw allows the County to bill back the costs of assessment for specific properties, the assessment of which, as of 2018, is under control of the province directly. The County pays our contract assessor to perform the assessment, and the province reimburses for those costs. The County then levies the property owners and forwards that money to the province, effectively charging the property owners for their own assessment. This is a matter of regulation and the County has no control over it. The Province sets the mill rate for this levy which is currently 0.0341 mills (0.0000341).

All of the County's Bylaws may also be seen on our website:

www.vulcancounty.ab.ca > YOUR COUNTY > Reeve and Council > Bylaws

For additional details on assessment and taxation, including overviews, forms/brochures, property tax calculator, TIPP program, FAQ and other details please visit our website:

www.vulcancounty.ab.ca > YOUR COUNTY > Corporate Services > Assessment & Taxation

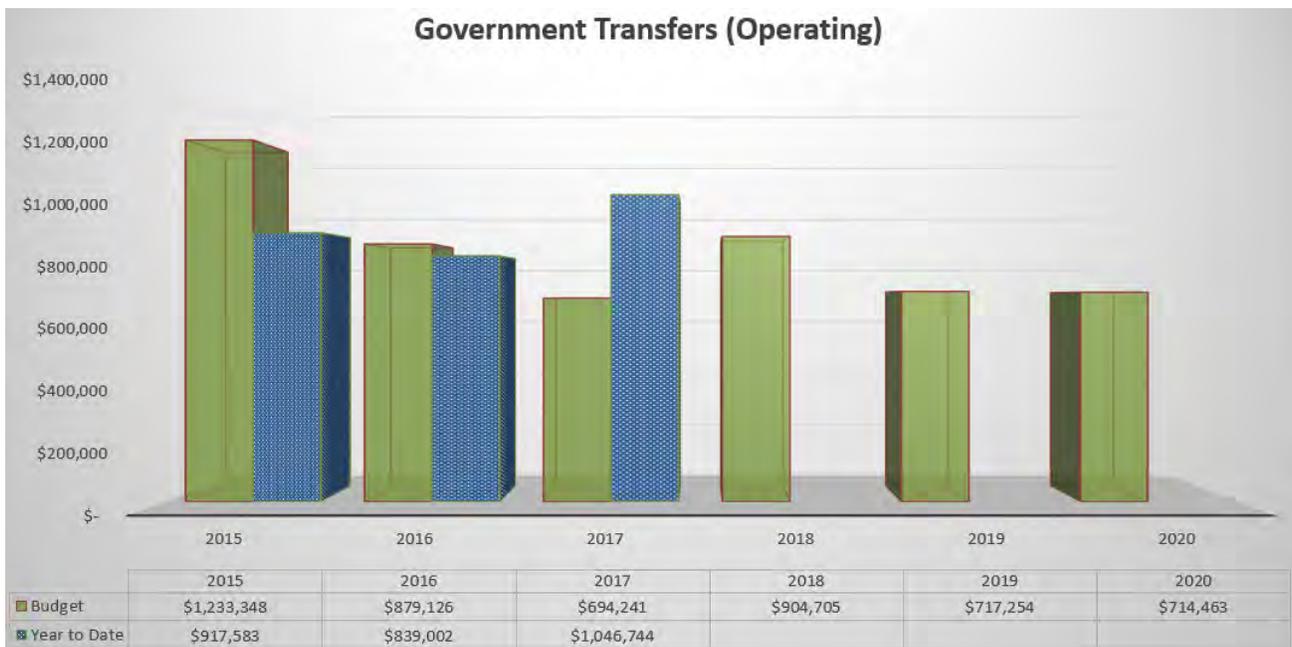


GOVERNMENT TRANSFERS / GRANTS

As part of the municipal budget process, County Council reviews all other sources of municipal revenues, including government transfers. Government transfers include Provincial Grants, Federal Grants, and contributions from other local governments.

The following was the resulting operating government transfers/grants (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Government transfers					
Provincial government transfers - Operating	\$ 414,305	\$ 350,280	\$ 536,790	\$ 358,630	\$ 355,630
Federal government transfers - Operating	210,854	210,569	219,734	219,734	219,734
Transfers from Local Government - Operating	69,082	485,896	148,181	138,890	139,099
	694,241	1,046,744	904,705	717,254	714,463



The majority of the government transfers for operations relate to the Municipal Sustainability Initiative (MSI) Operating grant, the Alberta Collaboration Partnership (ACP) grant, the Agricultural Service Board (ASB) grant, and the Federal Gas Tax (FGTF) grant.

The MSI Operating, ASB grant, and FGTF grant are based on funding allocations, which cover the eligible operating costs. These operating grants are budgeted to be fully used in year. The ACP grant is based on the grant funding agreements to cover specific operating costs included in the budgets.

The Doctor Retention Program and the Shared IT Services are based on funding agreements with the urban municipalities within the County.

The increase in budgeted government transfers is the result of an inter-municipal development plan being undertaken which is funded with ACP grant money. The amount of the funding is approximately \$200,000. The remainder of the increase is due to the transfer from the province to cover assessment costs for Designated Industrial Properties (DIP) which are now centralized.

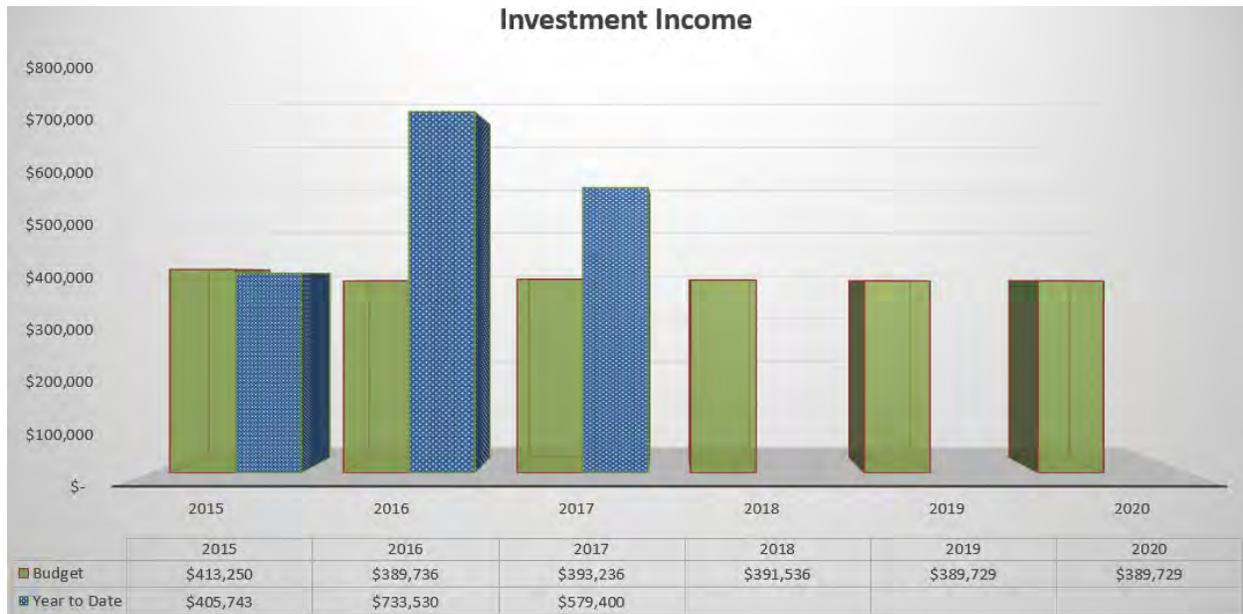
Provincial Government Grants:	
MSI Operating Grant	185,940
AG Service Board Grant	168,350
ACP Grants	178,500
Other	82,800
	615,590
Federal Government Grants:	
Federal Gas Tax Fund Grant	219,734
	219,734
Transfers from Local Government:	
Doctor Retention Program	56,407
Shared IT Services	12,974
	69,381

INVESTMENT INCOME

Investment Income is also included in the other sources of income. These revenues are based on the investments that the County holds (i.e. investments held to fund reserves).

The following was the resulting investment income (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Return on investments	393,236	579,400	391,536	389,729	389,729



The investment income is based on prior interest and dividends received on the County’s investments. The investment income is projected to remain relatively constant over the next couple of years with minor fluctuations for dividend income.

During 2016, the County modified its investment strategies from holding long-term government bonds to long-term GIC, which included a large one-time gain on the sale of bonds. With the additional proceeds from the sale of the bonds, the County was able to obtain a higher overall rate of return compared to holding the bonds. These long-term investments are scheduled to mature in conjunction with the large capital projects that are held in reserves.

For operating cash flows during the year, the County invests the funds received on taxation to fund the upcoming operating period in term deposits. Projected cash flow requirements are carefully reviewed in order to time the maturity dates of these deposits.

These recent investment strategies have been utilized to maximize the return on investment income and have been proven to increase investment income compared to prior investment strategies.

The Municipal Government Act (MGA), Section 250, also dictates the types of investments that a municipality is able to invest. Generally, only low-risk investments are permitted to protect municipal funds. The County has also adopted an Investment Policy (12-2204) to provide guidance on its investments to ensure the County tries to obtain the highest rate of return while also safeguarding the public funds held by the County.



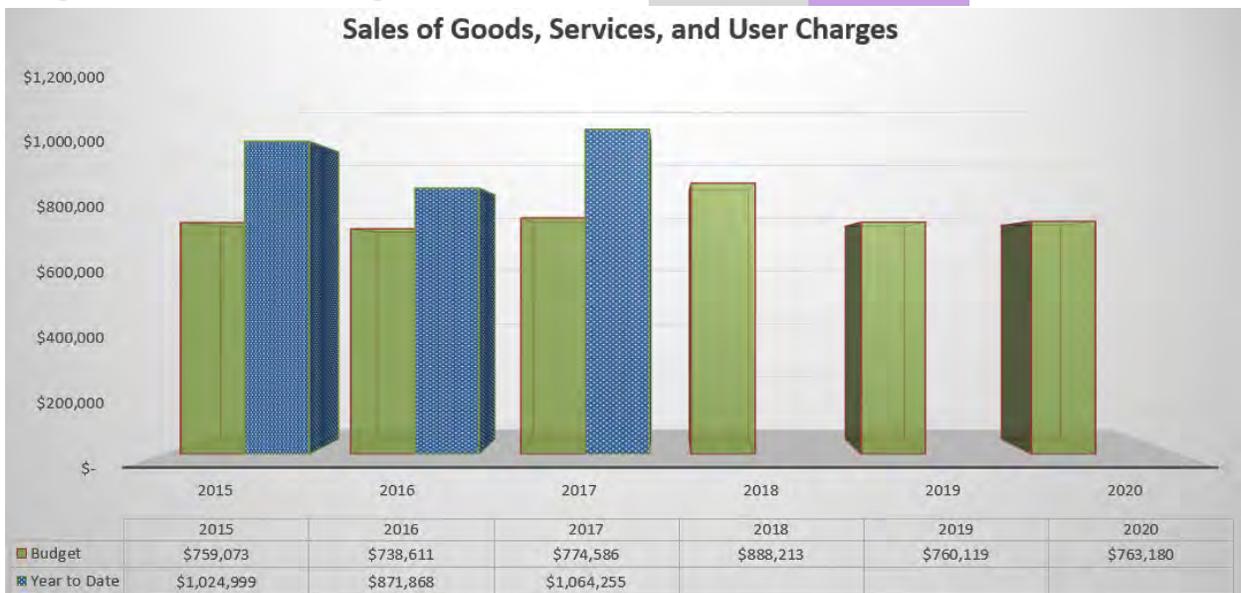
SALES OF GOODS, SERVICES & USER CHARGES

The sale of goods, services, and user charges are also included in other sources of income. These revenues are recognized on a conservative basis; whereas, they are only included in the budget if likely to be received.

Some of the revenues that are received each year can vary significantly from year-to-year; therefore, these usually are included based on average or lower basis. Should the County receive more revenues than budgeted, the resulting surplus may be added to reserves and potentially applied in future budget years.

The following was the resulting sale of goods, services, and user charges (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Sale of goods, services, and user charges	774,586	1,064,255	888,213	760,119	763,180



The sale of goods, services, and user charges include the sale of materials and supplies (i.e. gravel sales), surface rights, fees charged for services (i.e. permits, tax certificates, safety codes), and cost recoveries (i.e. dust abatement). Typically, historical revenues are used to project these revenues sources; while remaining conservative in the budgeting. An increase in budgeted revenue for 2018 was added to reflect actual results from the most recent 3 years.

The County also typically determines which specific services are recovered by User Fees and Recoveries. The majority are typically set by the annual Fee for Service bylaw. These usually recover or partially recover the costs of the services provided. All of the County's Bylaws may also be seen on our website:

Fees & Charges



www.vulcancounty.ab.ca > YOUR COUNTY > Reeve and Council > Bylaws

Historically, the actual cost recoveries revenue received has been significantly higher than budgeted. These cost recoveries were higher for items such as additional legal costs of oil/gas companies being added to the respective tax roll accounts and receiving additional surface right revenues compared to what was budgeted.

RENTAL INCOME

Rental Income is also included in other sources of income. These revenues are mostly based on the terms held within the rental agreements for County buildings. There is also a portion that relates to equipment rentals.

The following was the resulting rental income (with projections for the following two years):

**Vulcan County
Budget Comparison and Projections**

	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Rental Income	357,029	352,634	304,880	304,880	304,880



The majority of rental income is based on rental agreements that the County has with the RCMP, Alberta Health Services (AHS), and the Town of Vulcan for the rental in the Tri-Services Building. Rental income is projected to remain consistent for the next few years as most of the agreements still have a few years remaining.



There are also other rental agreements for buildings (i.e. Adult Learning building) and equipment rentals, including agricultural equipment.



COMMUNITY AGGREGATE LEVY

The community aggregate levies are also included in other sources of income. The community aggregate levy is the levy for transporting materials such as gravel and sand, where the rate of \$0.25/tonne is set by Bylaw 2017-027. As the actual amount transported can fluctuate significantly from year-to-year, and is outside of the County's control, the budget uses a somewhat conservative figure taking into account actual results from prior years.

The following was the resulting community aggregate levy (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Community aggregate levy	120,000	222,955	220,000	220,000	220,000



As shown above, the County has historically maintained a conservative budget of \$120,000 based on historical lows in community aggregate levies. Based on detailed review of the prior 5 years, it was determined that 2016 was unusually low and that the budgeted revenue should be increased. This was an example of being overly conservative in the past, and an opportunity to lessen the tax burden on Ratepayers going forward.

These revenues are applied against the road maintenance expenditures as the transportation of heavier goods such as aggregates (gravel, sand, etc.) cause more wear and tear on road infrastructure.

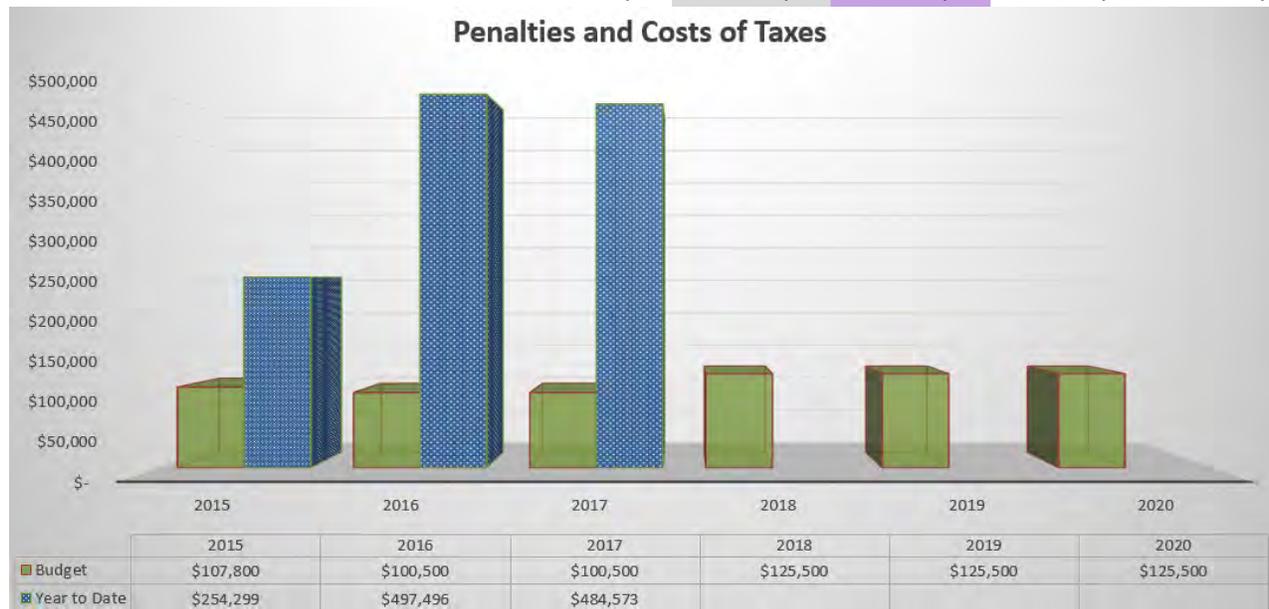


PENALTIES AND COSTS OF TAXES

Penalties and costs of taxes are also included in other sources of income. The penalties and costs of taxes are the penalties charged on unpaid taxes and are added to the tax roll. The application of penalties is to provide the County's ratepayers an incentive to pay on time since County operations depend upon prompt payment of property tax.

The following was the resulting penalties and costs of taxes (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Penalties and costs of taxes	100,500	484,573	125,500	125,500	125,500



During 2015-2017, there was a higher than usual amount due to a couple of larger accounts going into tax arrears. These revenues are projected at the same rate as in prior years. As the actual outstanding tax arrears fluctuate from year to year, and is outside of the County's control, the budget uses a conservative amount of \$50,000 of penalties on current year taxes, \$50,000 of penalties on tax arrears, and \$500 for other penalties. This amount is based on typical penalty amounts, normalizing for the current state of the oil and gas sector in Alberta.

The following is the penalty structure in accordance with Bylaw 2016-019 (Payment Due Date & Penalties Bylaw):



Penalties on Current Year taxes (due July 31st):

- August 1st - Six percent (6%) penalty on current tax levies outstanding
- October 1st - Three percent (3%) penalty on current tax levies outstanding
- December 1st - Three percent (3%) penalty on current tax levies outstanding

Penalties on Tax Arrears :

- January 1st - Twelve percent (12%) penalty on all tax arrears outstanding (all tax balances outstanding after December 31st)

OTHER REVENUES

Other revenues include fines, donations, recovery of accounts receivable, and other miscellaneous revenues. Most of these are not able to be projected; therefore, the budget currently only consists of the fines and other known revenues. Fine revenues are projected to also slightly increase for the next couple years.

The following was the resulting other revenues (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Other revenue					
Fines	21,500	14,059	44,500	21,500	21,500
Other	290,987	227,797	199,410	-	-
	312,487	241,856	243,910	21,500	21,500



During 2016, the County received \$657,326 matching contribution from the Town of Vulcan for the Vulcan Hospital Expansion Project. This was not budgeted for in the 2016 budget. The 2017 budget was projected that the remaining matching funds of \$290,987 will be received for the Vulcan Hospital Expansion Project. Not all funds were received, so the remainder again is included in 2018's budget.



EXPENDITURES

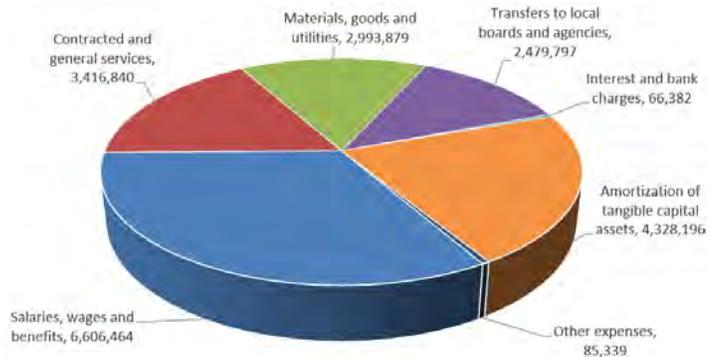
The majority of the County's operating expenditures are typically budgeted on a conservative basis to ensure that the budget is sufficient to cover the costs, including potential unexpected increases due to the nature of variable costs.

The following is the 2018 budgeted operating expenses:

Salaries, wages and benefits	6,606,464	33.1%
Contracted and general services	3,416,840	17.1%
Materials, goods and utilities	2,993,879	15.0%
Transfers to local boards and agencies	2,479,797	12.4%
Interest and bank charges	66,382	0.3%
Amortization of tangible capital assets	4,328,196	21.7%
Other expenses	85,339	0.4%
	<u>19,976,897</u>	
Machine expenses capitalized for construction	(1,793,705)	
	<u>18,183,192</u>	



The machine expenses capitalized for construction are a combination of other expenses such as salaries/wages, contracted services, and materials/goods that are part of the County's internally constructed assets. These assets mainly include roads and bridges. These costs are capitalized as part of the Capital Transfers.



These operating expenses will be shown in detail in the following sections.

SALARY, WAGES & BENEFITS

Salary, wages, and benefits includes all of the staff wages/benefits and Council per diems. All of the wages/benefits have the increases from the 2018 approved salary grids for cost of living increases, staff grid movements, and some market adjustments in the staff wages. The County does not operate in a union environment.

The County utilizes a 7 step salary/wage grid for each of the County staff. Each staff member is placed in a spot on the grid, and can move up annually if they receive a favorable performance review. The initial 2018 salary grids were approved by Council on December 6th, 2017 and after additional review, the final 2018 salary grids were approved on April 18th, 2018.

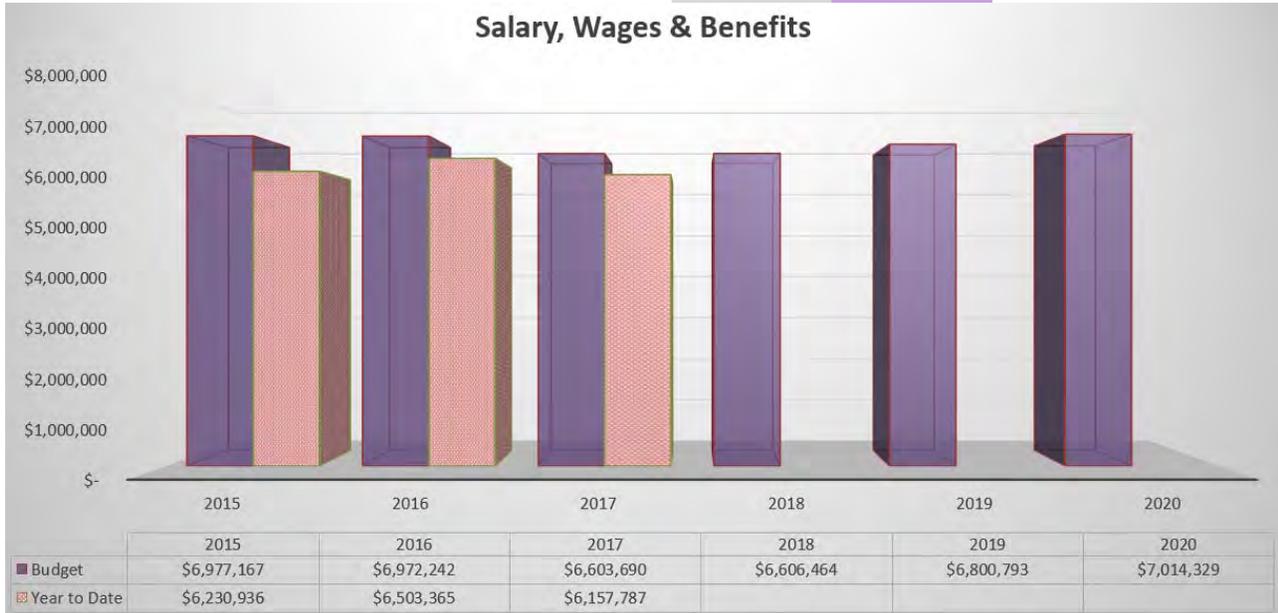
These salary/wage grids are developed in accordance with the Compensation Policy (12-3131); including a review of consumer price indexes (CPI) to assist in determining the Cost of Living Adjustments (COLA) for staff wages.

The Alberta CPI (per Stats Canada) is reviewed from October to September of the prior year and an average is calculated to determine the COLA. For 2018, the COLA was determined to be 1.20%.

SALARY, WAGES & BENEFITS - Continued

The following was the resulting salary, wages & benefits (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Salaries, wages and benefits	\$ 6,603,690	\$ 6,157,787	\$ 6,606,464	\$ 6,800,793	\$ 7,014,329



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During the 2018 budget process, wage costs remained flat for a couple of different reasons. Some employees who have served the County for several years were departing and were to be replaced with newer staff who are lower on the pay grid, reducing cost. This was offset by the decision to create new positions within Planning and Development and Protective Services for a nearly net nil total effect.

In previous budgets, the benefits have historically been based on a fixed percentage of wages; however, this has been shown to typically be over budgeted in the prior years. The County has modified the budgeted benefits to be based on the actual calculations and benefit rates for each type of benefit, while still remaining somewhat conservative in the application of the benefits (i.e. assuming all staff are on a family plans and that each staff fully utilize their wellness accounts).

This will allow the County to have more accurate budgeting for staff benefits.

Budget 2018

Full-Time Equivalents (FTE)

	2018 Budget	2017 Budget	2017 Actual	Change in budget	2016 Budget	2016 Actual
Management	6.02	6.12	5.17	-0.10	7.14	6.82
Operations (Public Works)	39.37	42.26	38.73	-2.89	46.42	44.38
Corporate Services	7.23	7.03	8.12	0.20	7.03	7.09
Protective Services	3.73	3.06	3.12	0.67	3.02	2.96
Agricultural Services	2.42	2.72	2.47	-0.30	2.42	1.98
Development Services	2.68	2.04	1.97	0.64	2.03	1.95
	61.45	63.23	59.58	-1.78	68.06	65.18



* FTE is based on full-time annual positions (ie. Seasonal staff are a partial FTE).

Overtime hours are in excess of regular FTE (ie. Can create greater than 1 FTE).

Salaries, Wages & Benefits - Budget Details



Note that the overtime was included in 2015 wages, but starting in 2016 it was budgeted separately.

In the Strategic Plan, the County has a strategic goal for "Recruitment and Retention of Qualified Staff." Effectively, the County wants to be the employer of choice for its staff. This includes many strategies/goals, including the following:

- Continual review of salaries and benefits, including comparing wages to other similar sized municipalities to ensure wages are competitive.
- The County currently has overtime agreements with the staff of the County; allowing the staff the option to bank and use their overtime. Many of the staff utilize this option to bank their overtime to allow them to have the paid time off at a later date.
- County Council has established many policies allowing a better work/life balance, including:
 - ◊ Flex Time Policy (12-3137) - allowing staff to adjust their work hours throughout the day, providing it still provides the availability to the staff/ratepayers.
 - ◊ Earned Day Off Policy (12-3138) - allowing staff to bank non-overtime hours that are above their regular work day and to have a scheduled day off every couple of weeks (i.e. bank time to have every third Friday off).
 - ◊ Wellness Policy (12-3135) - benefit providing up to \$300 per year on activities relating to wellness/fitness (i.e. gym memberships).
- There is a Vulcan County Social Club that is set up by the staff at the County. Council provides some matching funding, through the budget, to assist in funding some of the staff functions (i.e. BBQs, golf tournament, etc.).



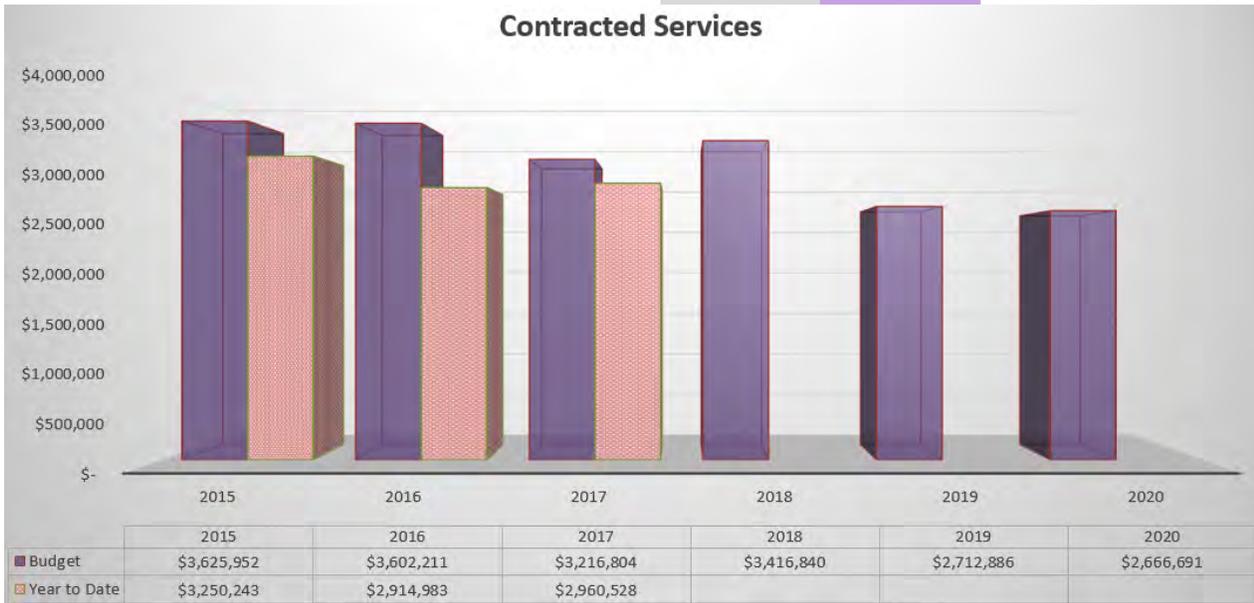
CONTRACTED SERVICES

Contracted services include the costs of repairs and maintenance, consulting services, audit and legal fees, leases, telecommunications, insurance, education/training, and other services. These expenses are typically budgeted on a conservative basis to ensure that the budget is sufficient to cover the costs, including potential unexpected increases due to variable costs. Some of these costs are based on agreements; for those costs, the amount budgeted agrees to the terms in the agreement.

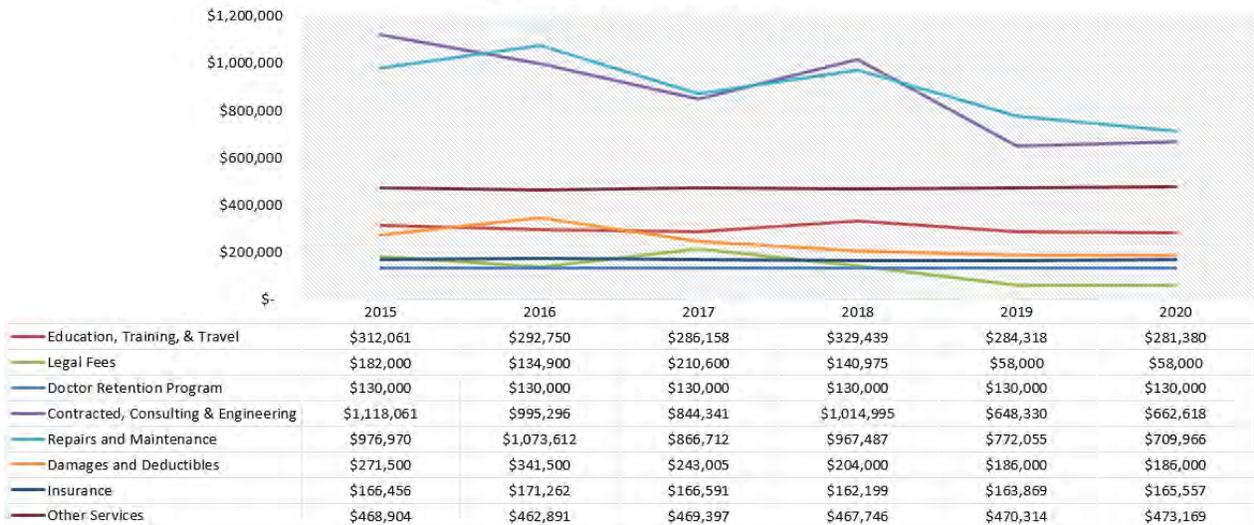
The following was the resulting contracted services (with projections for the following two years):

**Vulcan County
Budget Comparison and Projections**

	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Contracted and general services	3,216,804	2,960,528	3,416,840	2,712,886	2,666,691



Contracted Services - Budget Details



Although, most of these costs stay somewhat consistent from year to year (with no changes in service levels), these will change from year-to-year depending on the priorities and issues of the County for the upcoming budget year.

Education, Training, and Travel:

Education, training and travel costs are expecting an overall increase from the prior year budget of \$286,158 to \$329,439 in the current budget, but reductions in projected years. The reason for the increase in 2018 is that there are some newer staff who will require additional training, and the County has identified the need for additional safety courses to achieve compliance with OH&S. These costs are projected to fall in subsequent years as training is completed.

Legal Fees:

The legal fees are expected to decrease from \$210,600 to \$140,975 in 2018, and then further decline over time. This is due to the anticipated resolution of some current legal matters that the County is dealing with, particularly regarding tax collection. These matters have been ongoing for some time, but it appears they will be resolved soon, and legal fees will return to much lower levels.

Doctor Retention Program:

There is no budgeted changes with the Doctor Retention Program as these costs are based on the respective agreements with the local clinics/hospitals. The actual costs have been very comparable to the prior budgets (minimal variances in the locum costs).

Contracted, Consulting & Engineering:

The contract, consulting and engineering costs are expecting an overall increase from the prior year budget of \$844,341 to \$1,014,995 in the current budget but projected years will see significant declined. The majority of the increase relates to contracted bridge work which was originally slated for 2017 but pushed back to 2018, in one case due to regulatory issues. Costs for 2017 will therefore show up in 2018, leading to the budget increase.

Repairs and Maintenance:

The repairs and maintenance costs are expecting an overall increase from the prior year budget of \$866,712 to \$967,487 in the current budget, with reductions expected in projected years. The increase is partly due to a careful review of historical costs for equipment, vehicle, and infrastructure maintenance costs over the previous 5 years, but also due to some anticipated maintenance work on various roads throughout the County. The County continually monitors its infrastructure and will add maintenance projects if deemed necessary.

Damages and Deductibles:

The damages and deductibles costs are expecting an overall decrease from the prior year budget of \$243,005 to \$204,000 in the current budget and even further reductions in projected years. The majority of this decrease is due to the 2017 budget including a potential "damages" for tower sites and a potential drainage project that was planned. For the 2018 budget, the County carefully reviewed historical figures to come up with a lower number which is more representative of costs typically incurred.

Insurance:

The insurance costs remain relatively consistent from year to year with small adjustments based on historical increases in premium costs, and reductions due to removal of insurance on disposed or obsolete equipment. The current budget is slightly less than the 2017 budget as some pieces of equipment that were previously owned by the County were disposed of, and no longer required insurance.

Other Services:

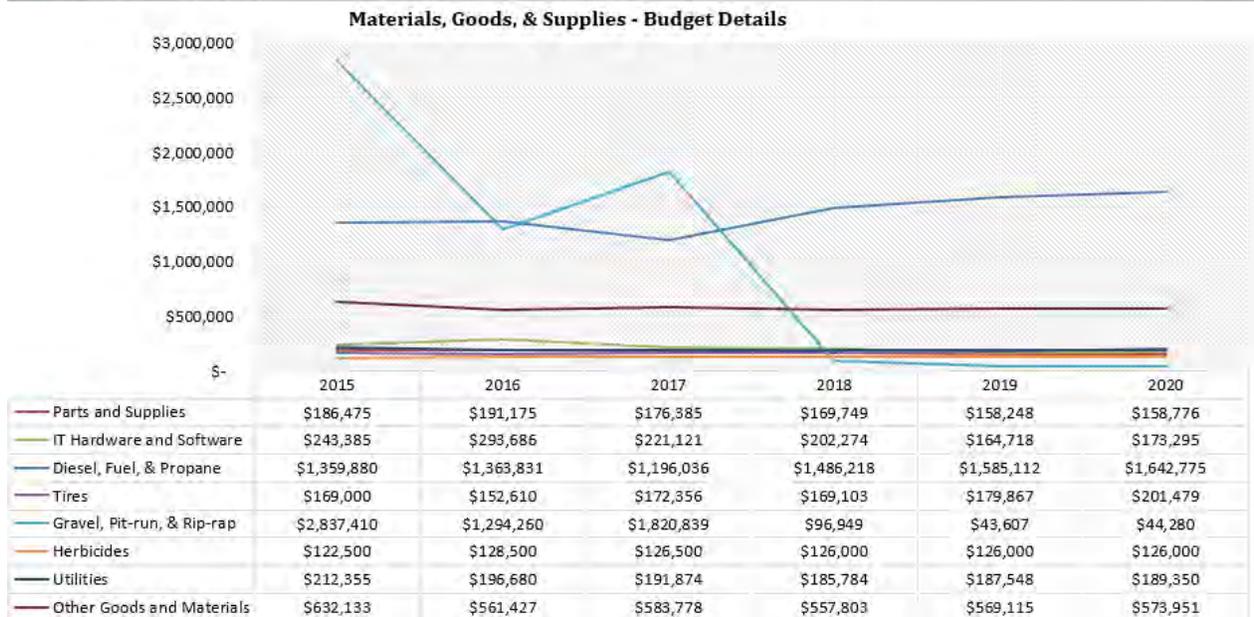
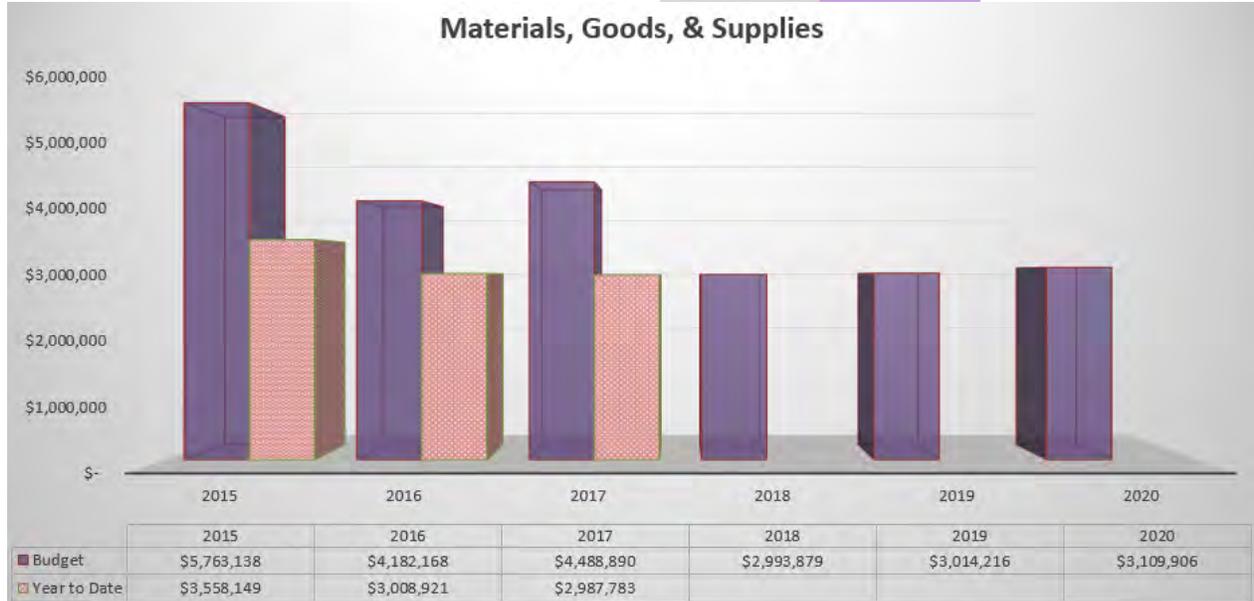
The other contracted and general services remains relatively consistent from year-to-year. These include smaller valued services such as subscriptions, advertising, etc.

MATERIALS, GOODS & SUPPLIES

Materials, goods, and supplies includes the costs of supplies, utilities, information technology, diesel/fuel, gravel, herbicides, culverts, blades, tools, and other materials.

The following was the resulting materials, goods, and supplies (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Materials, goods and utilities	4,488,890	2,987,783	2,993,879	3,014,216	3,109,906



Although, most of these costs stay consistent from year to year (with the exception of gravel which varies with time timing of crushing and road projects), these will change from year-to-year depending on the priorities and issues of the County for the upcoming budget year.

Parts and Supplies:

The parts and supplies costs are expecting an overall decrease from the prior year budget of \$176,385 to \$169,749 in the current budget and even further reductions in projected years. The majority of this decrease is due to no longer retaining the Twin Valley Campground (which was given back to the Province at the end of 2017). Therefore, no additional supplies such as trees, pumps, etc. will be needed going forward.

IT Hardware and Software:

The IT hardware and software costs are expecting an overall decrease from the prior year budget of \$221,121 to \$202,274 in the current budget and even further reductions in projected years. During 2016-2017, the County had been implementing a new asset management software program, and the costs of implementation were included in those budgets. The implementation is largely completed at this time and further cost reductions are expected in the future as technical support from the software vendor becomes less necessary.

Diesel, Fuel, and Propane:

The diesel, fuel, and propane costs are expecting an overall increase from the prior year budget of \$1,196,036 to \$1,486,218 in the current budget and is projected to have small increases in future years. The majority of this 2018 increase is due to a three main factors. First, historical fuel expenditures were carefully reviewed by Administration and found that the prior year figure was too low. Second, estimates were made about the increase in fuel consumption necessary to provide County services like increased road maintenance and an additional Community Peace Officer. Third, market price projections were created that predicted an increase in fuel costs. Altogether, these amounted to an increase in the County's fuel budget of almost \$300,000 over the prior year.

Tires:

The tire costs are expecting an overall decrease from the prior year budget of \$172,356 to \$169,103 in the current budget, but have some increases in the projected years. The majority of this decrease is due to the review of actual expenditure stemming from doubling the replacement rate for grader tires. The effect of this was not as great as originally anticipated. Secondly, a review of historical tire replacement costs suggested we could reduce the budget figure slightly in 2018. Tire cost is still expected to rise in the future, so projected numbers are showing an increase year over year.

Gravel, Pit-run, and Rip-rap:

The gravel, pit-run, and rip-rap costs are expecting an overall decrease from the prior year budget of \$1,820,839 to \$96,949 in the current budget and are expected to remain relatively flat in the projected years. The majority of this 2018 decrease is due to the completion of the remaining 2015-2017 gravel crushing program in the prior year. Crushing is not projected to be required until the 2021 budget year.

Herbicides:

The herbicide costs remain relatively consistent from year to year with small decreases based on no longer providing herbicides at the campground.

Utilities:

The utilities costs remain relatively consistent from year to year with small changes based on a decrease from 2017 for the power of the Administrative building (based on historical actuals).

Other Goods and Materials:

Other contracted and general services remains relatively consistent from year-to-year. These costs include goods/services such as grader blades, culverts, signage, lumber, small tools, and other miscellaneous goods/materials.

TRANSFERS TO LOCAL BOARDS AND AGENCIES

Transfers to local boards and agencies include contributions to fire associations, recreation boards, tourism, waste and water commissions, and other community groups. The budgets are typically based on approved requests by Council during the budget process.

The following was the resulting transfers to local boards and agencies (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Transfers to local boards and agencies	2,820,420	3,150,296	2,479,797	1,622,282	1,613,907



Transfers to Local Boards and Agencies- Budget Details



The Town of Vulcan and Vulcan County are contributing matching funds toward the Vulcan Hospital Expansion project. During 2018, the remaining \$627,224 is projected to be contributed (\$199,410 from the Town of Vulcan and \$427,814 from the County). These contributions are held by the County until the project is started.

The following are some of the recreation and cultural contributions that the County provides:

Milo and District Recreation Area	
Milo Recreation Committee - Operations	\$36,600
Milo Ice Committee	5,000
Milo Community School	5,000
Milo Curling Club	5,000
Milo Board - Can Pitch	800
Milo Board - Playground Equipment	10,000
Milo Board - Digital Sign	5,000
Total Recreational Funding	67,400
Milo Board - Christmas in the park	750
Milo Hall - Operations	5,000
Milo Hall - Capital Renovations	10,000
Friends of the Milo Library	2,800
Total Cultural Funding	18,550
Total Recreation and Cultural Funding	\$85,950

Northwest Recreation Area	
Mossleigh Kids Ball Club	\$1,000
Arrowwood Lions	6,000
Arrowwood 4-H	1,000
Arrowwood & District ECS	1,500
Arrowwood Ag Society	5,000
Recreation Board Costs	860
Total Recreational Funding	15,360
Mossleigh Community Club	19,500
Arrowwood Comm. Rec. Association	4,500
Arrowwood Hall	19,157
Arrowwood Restoration Society	4,000
NW Fire Association - Family Christmas	1,000
Total Cultural Funding	48,157
Total Recreation and Cultural Funding	\$63,517

Carmangay and District Recreation Area	
Carmangay Curling Assoc.	\$17,900
Total Recreational Funding	17,900
Carmangay Historical Society	2,000
Total Cultural Funding	2,000
Total Recreational and Cultural Funding	\$19,900

Champion and District Recreation Area	
Champion Pool - Operating	\$30,000
Champion School	1,000
Total Recreational Funding	31,000
Champion Community Hall - Operating	10,000
Champion Pioneer Club	4,000
Champion School - Band	525
Champion School - Drama	500
Alston Hall	500
Champion Legion Hall	4,000
Total Cultural Funding	19,525
Total Recreation and Cultural Funding	\$50,525

Lomond and District Recreation Area	
Lomond Comm. Center Ag Society	\$27,500
Lomond Recreation Board - Operations	\$25,000
Lomond Ag Society - Utilities	\$26,000
Total Recreational Funding	78,500
Lomond 4H Club	\$1,000
Total Cultural Funding	1,000
Reserves - LCCAS Building	25,000
Total Recreation & Culture	\$104,500

Vulcan and District Recreation Area	
Vulcan Arena - Operating	\$76,870
Vulcan Swimming - Operating	81,075
Ball Park, Campground, & AG Grounds	45,000
Recreation Committee - Operations	72,778
Recreation Committee - Programming	7,254
Vulcan County Kid Sport	3,000
Vulcan Volleyball Club	1,250
Vulcan Minor Baseball	3,500
Southern Alberta Games	7,998
Total Recreational Funding	298,725
Heather Highland Dance & Cultural Society	550
Kirkcaldy Community Club	10,000
Vulcan & District - Cultural Events	3,000
Berrywater Community Centre	3,760
Total Cultural Funding	17,310
Total Recreation and Cultural Funding	\$316,035

The total recreation funding is \$508,885 (funded by special tax levies), cultural funding is \$106,542 (also funded through special tax levies), and allocated to reserves is a total of \$25,000. Total budgeted funding for recreation and cultural activities is \$640,427.

Vulcan County also funds other organizations throughout the County. The following are some of the other organizations that the County funds (other than recreation and culture):

Contributions to other organizations	
Rainbow Literacy Society	\$35,000
STARS Air Ambulance	15,572
Vulcan Town Airport - Operating	8,000
Soccer Club of Vulcan County	2,800
Foothills Forage and Grazing Association	3,000
Vulcan Daycare Society	2,500
Vulcan and District Tourism	25,000

Vulcan and District Waste Commission	\$629,600
Twin Valley Regional Water Commission	34,128
Doctor Retention Program- County's share	73,593
Farm Safety Center	3,000
Vulcan Regional Food Bank - Operations	4,000
FCSS - Operating	35,708
FCSS - Transportation Initiative	19,089
County of Vulcan Library Board	126,000
Total	\$1,016,990

The total contributions to the fire protection areas is budgeted at \$268,750; including \$122,750 to the Northwest Fire Association, \$53,000 to the Milo Fire Association, and \$93,000 to the Lomond Fire Association. These are funded by special tax levies, and are exclusive of the annual \$25,000 per district capital allocation for equipment, vehicle, and building replacement over time.

INTEREST & BANK CHARGES

The interest and bank charges includes bank and credit card fees, and interest on debentures.

The following was the resulting interest and bank charges (with projections for the following two years)

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Interest and bank charges				-	-
Bank Charges and Short Term Interest	25,800	11,045	20,300	20,300	20,300
Interest on Capital Long Term Debt	48,983	50,976	46,082	43,108	40,059
	74,783	62,020	66,382	63,408	60,359



The bank and credit card fee rates were able to be negotiated down from prior years and the County has recently implemented a "convenience fee" to recover the credit card fees on taxes.

In 2017, debenture interest rates matched budget, but banking fees were lower than expected. The budget was adjusted down to reflect this as no change to our typical banking practices is expected, and lower interest is expected on the debenture as the principal is paid down.



AMORTIZATION

The amortization expenses are non-cash expenditures to reduce the net book value of the tangible capital assets (roads, buildings, equipment).

The following was the resulting amortization (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Amortization of tangible capital assets	4,328,196	4,480,221	4,328,196	4,404,509	4,514,622



Amortization is currently budgeted based on the prior year as this provides a base for the estimated reduction in the net book value of the County's tangible capital assets. The projected amortization in future years is based on historical increases in amortization.

To recognize assets and to determine amortization, the County has adopted a Tangible Capital Assets Policy (12-2214) which provides guidance on the estimated useful lives of specific asset classes (based on the productive use of the asset). Amortization is recognized on a straight-line basis. This policy provides guidance to the County's Administration to ensure that the amortization is recognized in a rational and systematic manner, and aids in the formulation of the 20-year Capital Plan. The following are the useful lives of the major asset classes:

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



OTHER EXPENDITURES

The other expenditures include contingency expenses, tax and receivable write-offs, contributions of interest to reserves, and other miscellaneous expenses. Most of these are not able to be projected; therefore, the budget currently only consists of the contingency and tax write-offs.

The following was the resulting other expenditures (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Other expenses					
Contingency	70,000	55,073	65,000	25,000	25,000
Tax Discounts & Write-offs	12,845	29,739	12,847	12,847	12,847
Other	5,000	25,069	7,492	7,492	7,492
	87,845	-265	85,339	45,339	45,339



The majority of the 2015-2016 actual costs include write-offs of large tax oil & gas accounts that went insolvent and increases to the gravel reclamation liability for the gravel crushing program.

The increases in the gravel reclamation liability relates to the projected liability that will incur to reclaim the County's gravel pits. Currently the gravel pits have had the top soil/dirt removed from the surface of the pits and stored in piles off to the side so that the gravel in the ground may be easily accessed for crushing to create gravel inventory. Once the gravel has been removed, the County is required to reclaim the lands by shaping the lands to have a maximum slope (6:1 ratio) and to reapply the top soil/dirt over the exposed lands. The changes in this liability are not budgeted as it is not reasonable to be determined until the crushing program is completed.

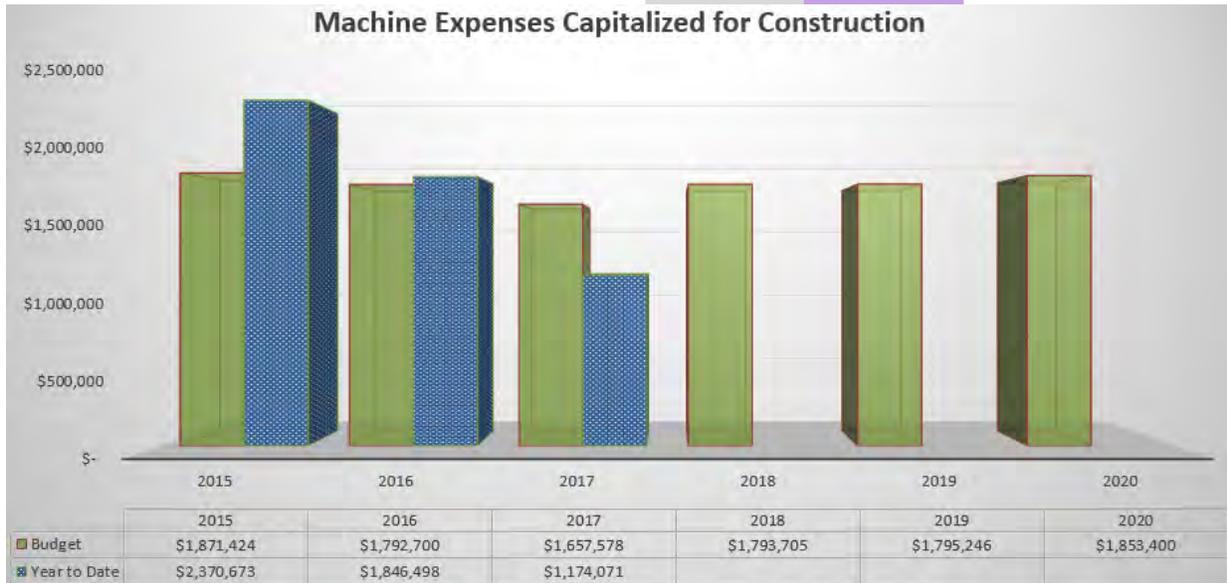


MACHINE EXPENSES CAPITALIZED

The machine expenses capitalized for construction relates to the capitalization of operating expenses used for the internal construction of roads and bridges. These operating costs are included in the other operating expenses, such as wages/benefits, engineering costs, gravel, culverts, crop damages and other costs relating to the construction. The County breaks this amount out instead of netting the expenditure against what is capitalized.

The following was the resulting machine costs capitalized for construction (with projections for the following two years):

Vulcan County Budget Comparison and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
Machine expenses capitalized for construction	(1,657,578)	(1,174,071)	(1,793,705)	(1,795,246)	(1,853,400)



These expenses can vary significantly from year-to-year and are based on a percentage of the operating costs of the various departments within Public Works. Various costs within Public works are capitalized as part of road construction for internally constructed road projects. A portion of wages, materials, and overhead are allocated to the projects based on miles built and machine hours used.

2017 saw a budget underrun due to the postponement of a pair of projects. Those are expected to be completed in 2018, so the budget has been increased accordingly.



TRANSFERS

RESERVE AND CAPITAL TRANSFERS

The operating budget also includes the reserve and capital transfers to reconcile to the net budget effect for the fiscal year. The total operating revenues less the operating expenses is then either transferred to capital or funded/transferred to the County's operating and capital reserves. The net effect on the "accumulated surplus" is the operating surplus or deficit for each of the fiscal years.

These include both transfers to and from reserves and transfers to capital. The reserve transfers include the application of reserves used to fund operating and capital activities and the projected budgeted funds that are to be transferred into capital or operating reserves for future use. The transfers to capital include budgeted funds used to fund capital, amortization of tangible capital assets, and the transfer of gains/losses on disposals of tangible capital assets.

The following was the resulting transfers (with projections for the following two years):

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2017	2017	2018	2019	2020
TOTAL BUDGETED REVENUES	17,469,992	18,752,366	17,846,307	17,355,267	17,362,581
TOTAL BUDGETED EXPENSES	(19,963,050)	(18,711,380)	(18,183,192)	(16,868,187)	(17,171,753)
EXCESS OF REVENUES OVER EXPENSES	(2,493,058)	40,986	(336,885)	487,081	190,828
RESERVE AND CAPITAL TRANSFERS:					
Transfer of Amortization	4,328,196	4,480,221	4,328,196	4,404,509	4,514,622
Transfer of Gain/Loss on disposal	0	(13,979)	0	0	0
Transfer from Reserves	3,335,011	3,568,564	1,506,598	482,241	200,841
Transfer to Reserves	(3,512,570)	(7,866,298)	(3,659,794)	(3,459,591)	(3,464,536)
Transfer to Capital Functions	(1,657,578)	(293,966)	(1,838,116)	(1,817,646)	(1,875,800)
Transfer of Principal Repayment	0	(11,702)	0	0	0
TOTAL RESERVE AND CAPITAL TRANSFERS	2,493,058	(137,159)	336,883	(390,487)	(624,873)
TOTAL NET EFFECT ON ACCUMLATED SURPLUS	\$ 0	\$ (96,173)	\$ (2)	\$ 96,593	\$ (434,045)

As shown above, there is a projected surplus in 2019 and a deficit in 2020; however, this will be significantly revised when the final assessment and tax information is available. Should the County's assessment increase, it will reduce the deficit/increase the surplus. However, if there is no assessment increases (or decreases), the County will either have to try to further reduce the operating costs, try to find increases in operating revenues, use reserves, and/or increase tax rates to eliminate the operating deficit. As this information is not known at this time, the deficit is shown until the County can determine the appropriate course of action.

RESERVE TRANSFERS:

TRANSFERS FROM RESERVES

The transfers from reserves is the amount of funding used from operating reserves that have been set up in prior years. This can include the reserves that have been built up specifically for operating expenditures or that have been built from prior surpluses.

The 2018 transfer from reserves is substantially smaller than the prior year as the majority relates to the completion of the gravel crushing program of approximately \$1.74 million in 2017. The other transfer amounts are comparable to the prior year and generally relate to the funding of capital reserves in order to follow the 20-year capital plan.

TRANSFERS TO RESERVES

The transfers to reserves are the amount of funds that are raised in the operating budget to be used for either future operating projects or capital projects:

- Currently, the County has a 20- year capital funding program; in which there is approximately \$2.9 million to \$3.1 million put into capital reserves for this program (funding both 2018 and future years' capital acquisitions).
- There is also approximately \$600,000 budgeted to be allocated to operating reserves for future projects. This includes approximately \$279,200 allocated to the gravel crushing reserves each year so that the reserve will be sufficient to cover the next gravel crushing project in 2020-2021.

The 2017 budget and actuals include the transfers to reserves for the debenture funds received for the Vulcan Hospital Expansion Project.



CAPITAL TRANSFERS:

TRANSFER OF AMORTIZATION

The transfer of amortization is the offset to the amortization expense included in the operating expenses. This transfer is to apply the reduction in the net book value of the tangible capital assets (roads, buildings, equipment) to the "equity in tangible capital assets," a separate account which helps to break down the proportion of accumulated surplus that has been allocated to capital assets.

TRANSFER OF GAIN/LOSS ON DISPOSAL

The County does not budget for estimated gains/losses on disposals (these are only included in the actual figures). The 2017 actuals include the total gains on disposals (included in revenues) of \$101,059 and the total loss on disposals (included in expenses) of \$87,080; therefore, the net gain transferred to capital was \$13,979.

TRANSFERS TO CAPITAL FUNCTIONS

The transfers to capital function is the offset to the capitalization of the machine expenses included in the operating expenses. This is to transfer these operating costs to the capital costs of the internally constructed projects (i.e. roads and bridges).

TRANSFERS OF PRINCIPAL REPAYMENTS

The transfers of principal repayments relates to the principal portion of the long-term debt (or capital lease obligation, in this case) for the payments made throughout the year. The County is currently budgeting the total lease payments as expenditures in contracted services. The lease is with respect to a vehicle used by the County and has 4 years remaining.





SECTION THREE

OPERATING BUDGET BY SEGMENT

SECTION THREE Operating Budget by Segment

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74	Community Services
76	Utility Services



SEGMENT REPORTING

SEGMENT OVERVIEW

Vulcan County provides numerous services to its citizens, including general, protective, transportation, agricultural, planning and development, community and utility services.

For management reporting and tracking purposes, these services are separated into segments/departments. Certain departments have been separately disclosed in the segmented information, along with the services they provide.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The following are each of the segment's operating revenues and expenses:

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	Final Budget 2018 Total
REVENUE								
Net municipal taxes	\$ 12,714,490	903,343	-	-	-	495,250	654,479	\$ 14,767,563
Government transfers (operating)	123,714	55,000	219,734	168,350	172,500	165,407	-	904,705
Return on investments	391,536	-	-	-	-	-	-	391,536
Sale of goods, services and user charges	48,300	142,834	255,180	365,000	74,550	-	2,349	888,213
Rental income	-	297,880	-	7,000	-	-	-	304,880
Community aggregate levy	-	-	220,000	-	-	-	-	220,000
Penalties and costs of taxes	125,500	-	-	-	-	-	-	125,500
Other revenues	-	44,500	-	-	-	199,410	-	243,910
	<u>13,403,540</u>	<u>1,443,557</u>	<u>694,914</u>	<u>540,350</u>	<u>247,050</u>	<u>860,067</u>	<u>656,828</u>	<u>17,846,307</u>
EXPENSES								
Salaries, wages and benefits	\$ 1,094,071	654,925	4,174,525	346,107	318,490	-	18,345	\$ 6,606,464
Contracted and general services	800,531	462,404	1,317,874	114,400	496,518	167,771	57,343	3,416,840
Materials, goods and utilities	248,030	236,296	2,228,746	266,117	4,235	8,715	1,740	2,993,879
Transfers to local boards and agencies	55,572	278,750	8,000	13,650	-	1,457,748	666,077	2,479,797
Interest and bank charges	20,300	-	-	-	-	46,082	-	66,382
Amortization of tangible capital assets	89,827	455,445	3,669,176	99,942	-	-	13,806	4,328,196
Machine expenses capitalized for construction	-	-	(1,793,705)	-	-	-	-	(1,793,705)
Other expenses	85,339	-	-	-	-	-	-	85,339
	<u>2,393,670</u>	<u>2,087,820</u>	<u>9,604,615</u>	<u>840,216</u>	<u>819,243</u>	<u>1,680,316</u>	<u>757,311</u>	<u>18,183,192</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 11,009,869	(644,263)	(8,909,701)	(299,866)	(572,193)	(820,249)	(100,483)	\$ (336,885)

The above segment reporting is outlined in Schedule 6 of the Approved Budget.



This report provides a combination of reporting by type and by department and should assist the reader of the budget by showing which types of transactions occur within each department.

In recent years, the County reviewed and modified the segment reporting to potentially allow for a more accurate portrayal of the County's operations by combining the departments that have similar activities. The following were some of the changes:

- Agricultural, Planning & Development, and Tourism/Economic Development were previously combined into a segment referred to as "Economic and Agricultural Services". These are now disclosed separately, with Tourism/Economic Development being included with Community Services.
- The Community Services segment is an additional segment that includes the funding to external boards and agencies (previously in General Government segment) and includes the Tourism/Economic Development.

As the budget is in a format that is similar to the financial statements, the expenses are displayed by departments in the Statement of Operations and they are also displayed by type/object in the Schedule of Expenses by Object (Schedule 5). Segment reporting is the combination of these two methods of displaying the expenses. The following is a reconciliation between the departments in the Statement of Operations and the major segment reporting:

BUDGETED STATEMENT OF OPERATIONS

EXPENSES

Legislative	\$ 411,278
Administration	1,904,795
Protection services	2,087,820
Transportation services	9,604,615
Agricultural services	840,216
Planning and development services	819,243
Family and community support	860,903
Parks and recreation	779,502
Tourism and economic development	39,911
Utility Services	757,311
Other	77,597

General Government includes:

- Legislative
- Administration
- Other

Community Services includes:

- Family and community services
- Parks and recreation
- Tourism and economic development

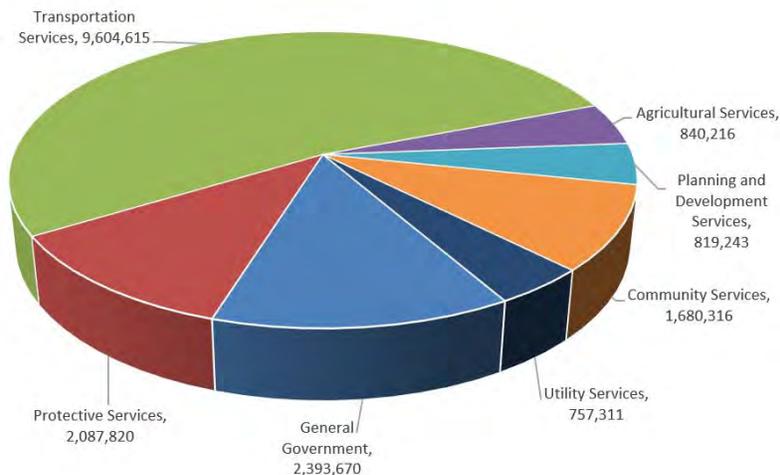
TOTAL EXPENSES

	18,183,192	
General Government	2,393,670	13.2%
Legislative	411,278	
Administration	1,904,795	
Other General	77,597	
Protective Services	2,087,820	11.5%
Transportation Services	9,604,615	52.8%
Agricultural Services	840,216	4.6%
Planning and Development Services	819,243	4.5%
Community Services	1,680,316	9.2%
Family and Community Services	860,903	
Parks and Recreation	779,502	
Tourism and Economic Development	39,911	
Utility Services	757,311	4.2%
	18,183,192	



These totals for the major segments agree to the total expenses in the segment reporting, including details of types of expenses (i.e. salaries/wages, contracted services, materials, etc.).

The following is the breakdown of expenses by each of the major segments:



As shown in the chart, Transportation Services represents the majority of all of the County's Expenditures (approx. 52.8%). As a County, the majority of the municipal activities typically relate to road and bridge infrastructure.

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. This assists with the Strategic Plan's goals of providing governance and the recruitment and retention of qualified staff.

The following is the 2018 General Government segment budget:

	General Government
REVENUE	
Net municipal taxes	\$ 12,714,490
Government transfers (operating)	123,714
Return on investments	391,536
Sale of goods, services and user charges	48,300
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	125,500
Other revenues	-
	13,403,540
EXPENSES	
Salaries, wages and benefits	\$ 1,094,071
Contracted and general services	800,531
Materials, goods and utilities	248,030
Transfers to local boards and agencies	55,572
Interest and bank charges	20,300
Amortization of tangible capital assets	89,827
Machine expenses capitalized for construction	-
Other expenses	85,339
	2,393,670
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 11,009,869

This reporting segment includes the following departments within the County:

- General Municipal (10-00)
- Legislative Services (11-xx)
- Administration Services (12-02)
- Elections, Census & Referendums (19-01)
- Other Government Requisitions (81-01)

Full-Time Equivalents (FTE)			
General Government			
	Budget 2018	Prior year	Change
Management	3.02	3.09	(0.07)
Corporate Services	7.23	7.03	0.20
	10.25	10.12	0.13

Management includes the Chief Administrative Officer (CAO), the Director of Corporate Services, and the Executive Assistant to the CAO.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The General Government segment provides the majority of all revenues for the County by way of general municipal taxation. Other revenues that are only applicable to this segment are the return on investments and the tax penalties.

Government transfers includes contributions for shared IT services and MSI operating funding. The sales of goods, services and user charges relate to issuance of tax certificates and cost recoveries

SEGMENT EXPENDITURES:

The expenditures are the costs required to provide the services included in this segment.

The transfers to local boards and agencies include Rainbow Literacy, STARS Air Ambulance, and other various organizations. Interest and bank charges mostly relate to credit card fees. Other expenses relate to tax write-offs and the contingency funds.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- The reduction in the residential mill rate resulted in a tax savings of nearly \$250,000 for residential rate payers.
- Approximately \$88,000 more tax is being applied to farmland. This increase averages \$17 per quarter section.
- Reduction in contracted services from the prior year relates to the completion of software implementation during 2017.
- The budget includes various legal expenses relating to tax collection and certain other matters. Total legal cost is expected to be lower in 2018 than the prior year.
- Cost reductions throughout the budget in order to reduce the tax burden on rate payers as much as possible.

Vulcan County Budget Segments	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - GENERAL GOVERNMENT					
REVENUES:					
10-00 General Municipal Function	\$ 13,300,261	\$ 13,676,617	\$ 13,231,024	\$ 13,478,618	\$ 13,478,618
11-00 Legislative Services - General	-	-	-	-	-
12-02 General Administration	85,865	235,395	172,514	160,763	160,972
19-01 Elections, Census and Referendums	-	4,620	-	-	-
81-01 Other Government Requisitions	(52)	(4,239)	2	(24)	(24)
	13,386,075	13,912,393	13,403,540	13,639,357	13,639,566
EXPENSES:					
10-00 General Municipal Function	\$ 255,574	\$ 145,057	\$ 210,161	\$ 140,161	\$ 140,161
11-00 Legislative Services - General	159,070	118,637	129,083	121,388	126,469
11-01 Legislative Services - Division 1	26,900	26,939	45,046	39,831	39,843
11-02 Legislative Services - Division 2	28,250	27,384	33,260	33,260	33,260
11-03 Legislative Services - Division 3	42,577	49,532	53,086	50,901	50,913
11-04 Legislative Services - Division 4	28,082	24,222	42,651	39,302	39,314
11-05 Legislative Services - Division 5	27,295	32,059	39,767	35,580	35,580
11-06 Legislative Services - Division 6	25,535	20,926	31,808	31,042	31,042
11-07 Legislative Services - Division 7	24,845	24,411	36,577	36,355	36,355
12-02 General Administration	1,759,956	1,680,187	1,772,231	1,670,921	1,708,741
19-01 Elections, Census and Referendums	14,850	20,927	-	-	-
	2,392,934	2,170,281	2,393,670	2,198,741	2,241,678
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ 10,993,141	\$ 11,742,112	\$ 11,009,869	\$ 11,440,616	\$ 11,397,889

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

10-00 - General Municipal Function

General Municipal Function is used to record revenues and expenditures that have a global Corporate impact and cannot be assigned to a particular function. Examples are Municipal Taxes on the Revenue side and a General Contingency Fund on the Expense side. The excess of revenue over expenditure in this Department is counter-balanced by deficits in other departments for which individual tax rates are not levied to derive revenues. Each year, the budget is established in December using the previous year's assessment values, with a tentative tax rate set. Once the current year assessment values are received at the end of February, those numbers are updated and the Budget is given final approval in April, in time to approve the Tax Rate Bylaws and generate and mail out the annual Assessment and Tax Notices. A priority of this department is to keep the general tax rates competitive with other municipalities.

11-XX - Legislative Services

Legislative Services encompasses all activities related to County Council. These include memberships in political associations and related travel and associated costs to attend conferences. A portion of administrative support staff costs are also allocated to this function. The County currently has 7 electoral divisions with each division having its own department to track its costs separately. A goal of this department is to provide efficient and effective governance to the County operations.

12-02 - Administrative Services

Overall management and administration services required primarily to administer the municipality as a whole and operate the Municipal Office. Activities include central office operations, customer service, A/R and A/P, assessment & taxation, payment and collection for all services provided by the County, Payroll and HR, IT services, and the sale of information, pins, maps etc. In contributing to the achievement of this objective, the CAO's Office and the Corporate Services Department focus on Policy Development and Review, Bylaw Administration, enhanced customer service, improved communications both internally with Staff and Council, and externally with the public at large. A priority of this department is to provide efficient and effective governance, including providing timely communication to the ratepayers.

19-01 - Elections, Census & Referendums

Municipal Elections are held every 4 years and, at the discretion of Council, a by-election or referendum/plebiscite may be required, or a census other than the Federal Census. Costs and activities for these requirements are recorded in this functional area. No expenditure is expected in 2018 as this is not an election year.

81-01 - Other Government Requisitions

This function serves to represent the portion of the overall Tax Levy which is required to be collected by Vulcan County on behalf of other authorities and redistributed back to those authorities. Education and Senior's Foundation requisitions are in this area. The values represented in the Interim Budget represent the same numbers as the prior year in terms of dollars, tax rates and assessment values. These values and dollar amounts are then updated once hard assessment numbers are finalized in March/April and the Actual Requisition numbers are received.

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 Officers. This assists with the Strategic Plan's goals of providing protective services and bylaw enforcement on the transportation networks.

The following is the 2018 Protective Services segment budget:

	Protective Services
REVENUE	
Net municipal taxes	\$ 903,343
Government transfers (operating)	55,000
Return on investments	-
Sale of goods, services and user charges	142,834
Rental income	297,880
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	44,500
	1,443,557
EXPENSES	
Salaries, wages and benefits	\$ 654,925
Contracted and general services	462,404
Materials, goods and utilities	236,296
Transfers to local boards and agencies	278,750
Interest and bank charges	-
Amortization of tangible capital assets	455,445
Machine expenses capitalized for construction	-
Other expenses	-
	2,087,820
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (644,263)

This reporting segment includes the following departments within the County:

- Police Protection (21-01)
- Fire Protection (23-xx)
- Emergency Management (24-01)
- Ambulance services (25-01)
- Regulatory Services (26-01)
- Health & Safety (27-01)

Full-Time Equivalents (FTE)			
Protective Services			
	Budget 2018	Prior year	Change
Management	1.00	1.04	(0.04)
Protective Services	3.73	3.06	0.67
	4.73	4.10	0.63

This segment includes the following staffing: The Director of Protective Services, 2 County Peace Officers, Deputy Fire Chief, and Admin Support.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The Protective Services segment revenues include the special tax levies relating to the Fire Protection Areas. Government transfers include MSI operating funding for the CPO positions and APC grants for training and developing regional emergency management and safety plans.

Sales of goods/services and user charges include the recoveries of charges from highway accidents and recovery of utility charges on rentals. Rental income includes the rentals of the Tri-Services building to the RCMP and AHS.

SEGMENT EXPENDITURES:

The expenditures are the costs required to provide the services included in this segment (these costs are identified above).

The transfers to local boards and agencies include Fire Associations contributions.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- 4 out of the 6 fire districts saw reductions in the total amount levied through special tax for fire protection.
- Salaries, wages and benefits increased over the prior year due to the addition of a second Peace Officer.
- Reduction in rental income for 2018 is due to the merger of the County and Town of Vulcan fire departments. Rent is no longer being charged to the Town.



Vulcan County Budget Segments	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - PROTECTIVE SERVICES					
REVENUES:					
21-01 Police Protection	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000
23-01 Fire Protection Services - General	251,544	610,047	260,675	265,384	269,867
23-16 Fire Protection Services - Northwest	122,919	500,031	158,737	116,365	116,233
23-17 Fire Protection Services - Milo	77,814	247,552	80,303	77,677	77,181
23-27 Fire Protection Services - Vulcan	157,597	151,059	174,836	153,828	153,412
23-19 Fire Protection Services - Lomond	120,409	125,807	119,683	116,996	116,425
23-20 Fire Protection Services - Champion	136,449	170,826	126,850	127,971	128,210
23-21 Fire Protection Services - Carmangay	128,741	139,109	110,323	120,318	120,788
24-01 Emergency Management	23,715	-	-	-	-
25-01 Ambulance Services	95,850	95,043	95,850	95,850	95,850
26-01 Regulatory Services	82,600	73,718	106,300	82,600	82,600
27-01 Health & Safety	30,000	-	-	-	-
	1,437,638	2,323,193	1,443,557	1,366,989	1,370,566
EXPENSES:					
21-01 Police Protection	\$ 148,660	\$ 139,353	\$ 147,210	\$ 149,131	\$ 151,101
23-01 Fire Protection Services - General	685,450	1,023,523	694,989	679,799	693,090
23-16 Fire Protection Services - Northwest	87,383	462,564	123,483	83,483	83,483
23-17 Fire Protection Services - Milo	35,733	205,652	53,733	53,733	53,733
23-27 Fire Protection Services - Vulcan	233,101	170,048	250,908	235,119	237,884
23-19 Fire Protection Services - Lomond	122,135	140,246	121,978	122,657	123,352
23-20 Fire Protection Services - Champion	150,698	173,831	166,740	145,957	147,510
23-21 Fire Protection Services - Carmangay	98,049	87,579	93,332	88,960	89,416
24-01 Emergency Management	99,784	83,646	74,629	75,419	77,513
25-01 Ambulance Services	18,884	17,521	18,884	19,129	19,381
26-01 Regulatory Services	175,495	160,013	296,503	264,014	276,861
27-01 Health & Safety	88,395	51,309	89,843	85,058	93,894
	1,943,766	2,715,283	2,132,231	2,002,460	2,047,217
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (506,129)	\$ (392,090)	\$ (688,674)	\$ (635,471)	\$ (676,651)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

21-01 - Police Protection Services

The RCMP is Canada's national police service. The County has a working relationship with the RCMP which includes leasing a building to them so they may provide service in our area. An objective of this department is to utilize the rental revenues towards future capital replacement.

23-XX - Fire Protection Services

Providing fire protection services to the County and its residents. To work with all stakeholders within the County to provide cost effective efficient emergency services. To manage and provide Fire Life Safety Inspections, Fire Prevention, and Safety training. The County currently has 6 fire protection districts with separate departments to track the costs within each (which assists in determining the special tax levies within each district). Goals of this department include the future regionalization of all of the fire departments, and providing effective and efficient fire services.

24-01 - Emergency Management

Ensures that all municipalities and collaborative groups within the County work together in the prevention, preparedness and response to disasters and emergencies. This ensures the delivery of vital services during a crisis.

25-01 - Ambulance Services

Vulcan County continues to have a working relationship with Ambulance Services provided by Alberta Health Services. By providing the Tri-Services building rental, Vulcan County helps reassure its residents they have these services.

26-01 - Regulatory Services

Responsible for the overall interpretation and enforcement of Provincial Statutes and Municipal Bylaws within the County and other contracted municipalities. Activities include infrastructure protection, road safety, inspections, investigations, and assistance to other municipal and emergency services. Regulatory services achieves success through collaboration, cooperation and communication with other municipal, provincial and federal departments to evaluate and deliver effective law enforcement. A goal of this department is to provide timely services and bylaw enforcement within the County.

27-01 - Health and Safety

Vulcan County supports initiatives that contribute to the overall Health and Safety of the staff within the organization. This area covers purchasing of protective equipment and tools, first aid supplies, safety training and software. An objective of this department is to make improvements to the health and safety program so the County can receive its Certificate of Recognition (COR) status.

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. This assists with the Strategic Plan's goal of providing the transportation networks.

The following is the 2018 Transportation Services segment budget:

	Transportation Services
REVENUE	
Net municipal taxes	\$ -
Government transfers (operating)	219,734
Return on investments	-
Sale of goods, services and user charges	255,180
Rental income	-
Community aggregate levy	220,000
Penalties and costs of taxes	-
Other revenues	-
	694,914
EXPENSES	
Salaries, wages and benefits	\$ 4,174,525
Contracted and general services	1,317,874
Materials, goods and utilities	2,228,746
Transfers to local boards and agencies	8,000
Interest and bank charges	-
Amortization of tangible capital assets	3,669,176
Machine expenses capitalized for construction	(1,793,705)
Other expenses	-
	9,604,615
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (8,909,701)

This reporting segment includes the following departments within the County:

- Common Services (31-01)
- Road Transportation (32-00)
- Road Construction (32-01)
- Road Maintenance (32-02)
- Road Graveling (32-03)
- Bridges (32-04)
- Air Transportation (33-01)

Full-Time Equivalents (FTE)			
Transportation Services	Budget 2018	Prior year	Change
Management	1.00	0.89	0.11
Transportation Services	39.37	42.26	(2.89)
	40.37	43.15	(2.78)

This segment includes the following staffing: Director of Operations, construction staff, and repair / maintenance staff.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

Transportation Services segment revenues include government transfers (FGTF grant funding) for road construction projects.

Sales of goods/services and user charges include the sale of gravel to the Town/Villages and to individuals/companies, recoveries on the dust abatement program, and providing other services with fees (i.e. driveway maintenance).

This is the only segment that includes the Community Aggregate Levies as these levies are to assist with road maintenance programs.

SEGMENT EXPENDITURES:

The expenditures are the costs required to provide the services included in this segment.

The transfers to local boards and agencies include Vulcan Airport contributions. Machine expenses capitalized for construction relates to the expenditures for internally constructed assets (i.e. road/bridges).

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- After careful review of prior years' actual revenue, the estimate for revenue from the Community Aggregate Levy was increased from \$120,000 to \$220,000.
- A reduction in materials, goods, and utilities of approximately \$1.5 million relates to the completion of the gravel crushing program in the prior year. This cost is not expected again for a few years.
- Fuel consumption was reviewed in detail, resulting in a more accurate reflection of actual usage. Fuel prices were also projected forward and estimated cost was increased accordingly.



Vulcan County Budget Segments	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - TRANSPORTATION SERVICES					
REVENUES:					
31-01 Common Services	\$ 1,870	\$ 11,934	\$ 1,870	\$ 1,870	\$ 1,870
32-00 Road Transportation	3,500	60,724	4,950	4,000	4,000
32-01 Road Construction	217,854	234,036	233,734	233,734	233,734
32-02 Road Maintenance	200,315	348,175	346,360	312,835	314,487
32-03 Road Graveling	177,650	188,781	108,000	108,000	108,000
32-04 Bridges	-	-	-	-	-
33-01 Air Transport	-	-	-	-	-
	601,189	843,650	694,914	660,439	662,091
EXPENSES:					
31-01 Common Services	\$ 1,201,870	\$ 1,092,543	\$ 1,157,086	\$ 1,162,168	\$ 1,177,477
32-00 Road Transportation	4,950,596	4,674,684	4,940,758	4,973,940	5,012,757
32-01 Road Construction	429,062	771,452	438,321	439,469	456,228
32-02 Road Maintenance	1,248,421	1,122,506	1,323,131	1,352,222	1,388,268
32-03 Road Graveling	3,152,667	1,925,580	1,425,123	1,446,801	1,530,276
32-04 Bridges	312,196	364,339	312,196	318,902	326,135
33-01 Air Transport	8,000	8,000	8,000	8,000	8,000
	11,302,813	9,959,104	9,604,615	9,701,501	9,899,140
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (10,701,624)	\$ (9,115,453)	\$ (8,909,701)	\$ (9,041,062)	\$ (9,237,049)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

31-01 - Common Services

Common Services are required to administer fleet maintenance and repair on all Vulcan County Equipment. In contributing to the achievement of this objective, the Director of Operations and the Common Services Department focus on routine and preventative maintenance, promoting a safe work environment and improved communications both with Staff and Management, and externally with the public.

32-00 - Road Transportation

Road Transportation services are required primarily to meet the ongoing maintenance of gravel roads within Vulcan County. Activities include divisional road grading, roadside mowing and snow removal. Rail crossing maintenance and shoulder pulling also fall within the scope of this program. Safe and efficient equipment operation and general workplace safety are a top priority. To achieve this objective, Road Transportation focuses on enhanced customer service and improved communications both internally with Staff and Management, and externally with the public.

32-01 - Road Construction

Road Construction services are required primarily to build or reconstruct roads within the County. Activities include road building, reconstruction, roadway drainage, fence removal and replacement, and crop damage reimbursement. Safe and efficient operation of equipment and general workplace safety are a top priority. To achieve this objective, Road Construction focuses on future road development, assistance with road maintenance, enhanced service, and improved communications with Staff and Management. A goal of this department is to provide long-term cost effective road rehabilitation.

32-02 - Road Maintenance

Road Maintenance services are required primarily to maintain and repair roads within Vulcan County. Activities include repair or replacement of culverts, ditch cleanout, signage installation, dust abatement, asphalt and pothole repairs, and the closing of roads if they become impassable. Road Maintenance is also responsible for working closely with Alberta Transportation's Bridge Inspector to ensure bridges are kept in a good state of repair. Safe and efficient operation of equipment and general workplace safety are a top priority. To achieve this objective, the Road Maintenance department focuses on future road maintenance, assistance with road construction, and continued training. A goal/objective of this department is to provide long-term cost effective road maintenance.

32-03 - Road Graveling

Road Graveling services are required primarily on newly constructed roads or the re-graveling of existing roads. Activities include crushing, application of gravel, and the expansion of new and existing pits. The Director of Operations and the Graveling Department focus on safe and efficient equipment operation and enhanced customer service.

32-04 - Bridges

Bridge services are required to ensure the safety, maintenance and replacement of bridges and bridge culverts within Vulcan County. Activities include working with Alberta Transportation on bridge inspections, minor maintenance, and acquiring engineering and contracting services for major projects. The Director of Operations focuses on bridge inspection and productive partnerships with Alberta Transportation to acquire funding for bridge replacement. A goal for current year is the replacement of 5 bridge projects and to investigate new funding for bridge repairs/replacement.

33-01 - Air Transportation

Includes the contribution to the Airport Board for the operations of the Vulcan Airport. This is jointly owned by County and Town of Vulcan (administration is provided by the Town of Vulcan).

AGRICULTURAL SERVICES

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

The following is the 2018 Agricultural Services segment budget:

	Agricultural Services
REVENUE	
Net municipal taxes	\$ -
Government transfers (operating)	168,350
Return on investments	-
Sale of goods, services and user charges	365,000
Rental income	7,000
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	-
	540,350
EXPENSES	
Salaries, wages and benefits	\$ 346,107
Contracted and general services	114,400
Materials, goods and utilities	266,117
Transfers to local boards and agencies	13,650
Interest and bank charges	-
Amortization of tangible capital assets	99,942
Machine expenses capitalized for construction	-
Other expenses	-
	840,216
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (299,866)

This reporting segment includes the following departments within the County:

- General Agricultural Services (62-00)
- Training, Tours & Conferences (62-02)
- Roadside Spraying & Weed Control (62-03)
- Roadside Seeding (62-04)
- Pest Control (62-05)
- Campgrounds (62-09)
- County Agricultural Lands (69-01)

Full-Time Equivalents (FTE)			
Agricultural Services			
	<u>Budget 2018</u>	<u>Prior year</u>	<u>Change</u>
Management	1.00	1.04	(0.04)
Agricultural Services	2.42	2.72	(0.30)
	3.42	3.76	(0.34)

This segment includes the following staffing: Director of Agricultural Services and various seasonal positions as demand requires.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

Agricultural Services segment revenues include government transfers (for the AG Service Board grant for the related costs of providing agricultural services).

Sales of goods/services and user charges include the surface rights/grazing lease income that the County receives on County owned lands, and sale of herbicides/strychnine. Rental income is from the rental of agricultural equipment.

SEGMENT EXPENDITURES:

The expenditures are the costs required to provide the services included in this segment.

The transfers to local boards and agencies include Foothills Forage Association, Farm Safety Center, and other various organizations.

Contracted and general services include the one-third share of the surface rights revenues being provided to the grazing lessees.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- The campground is no longer being operated by the County as of the end of 2017. The County has given the land back to the Province. The campground had been creating losses in prior years (costs exceeded the benefit of maintaining the campground), so the decision was made to discontinue its operations.
- Utility expenses have been budgeted lower after review of prior year actuals.

Vulcan County Budget Segments	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - AGRICULTURAL SERVICES					
REVENUES:					
62-00 General Agriculture Services	\$ 222,850	\$ 178,151	\$ 175,350	\$ 175,350	\$ 175,350
62-02 Training, Tours & Conferences	-	-	-	-	-
62-03 Roadside Spraying & Weed Control	10,000	3,409	10,000	10,000	10,000
62-04 Roadside Seeding	-	-	-	-	-
62-05 Pest Control	30,000	34,840	45,000	45,000	45,000
62-09 Campgrounds	13,612	10,521	-	-	-
69-01 County Agriculture Lands	215,000	248,874	310,000	215,000	215,000
	491,462	475,795	540,350	445,350	445,350
EXPENSES:					
62-00 General Agriculture Services	\$ 349,853	\$ 258,458	\$ 296,718	\$ 294,851	\$ 299,984
62-02 Training, Tours & Conferences	40,805	32,693	45,026	43,880	44,387
62-03 Roadside Spraying & Weed Control	265,382	190,898	269,367	272,922	278,347
62-04 Roadside Seeding	80,588	46,480	85,043	86,626	88,457
62-05 Pest Control	45,432	49,026	60,643	60,686	60,867
62-09 Campgrounds	89,483	64,099	31,114	-	-
69-01 County Agriculture Lands	94,195	34,724	52,305	53,033	53,690
	965,737	676,378	840,216	811,999	825,732
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (474,275)	\$ (200,583)	\$ (299,866)	\$ (366,649)	\$ (380,382)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

62-00 - General Agricultural Services

Overall management and administration services required primarily to administer the Agricultural Service Board. Activities include central office operations, and the general areas of our programming that are not funded by the Agricultural Service Board Grant that is administered by Alberta Agriculture.

62-02 - Training Tours & Conferences

Overall support for training opportunities and to address agricultural issues and to help Agricultural Services perform their programming to the ratepayers as efficiently and effectively as possible. This program is grant funded by Alberta Agriculture.

62-03 - Roadside Spraying & Weed Control

As required by the Weed Control Act of Alberta, the Roadside Spraying Program will ensure that Vulcan County's Agricultural Services control all weed infestations along our right-of-ways, as well as weed inspection along all private land in Vulcan County. Weed control is one of the top priorities within this department and this program is grant funded from Alberta Agriculture.

62-04 - Roadside Seeding

Overall support of the roadside seeding program which includes seeding of all roadsides that have been effected by road construction as well as the seeding of private land effected by the road construction program. Ensures that Agricultural Services follows the Soil Conservation Act in Alberta.

62-05 - Pest Control

Overall management and administration of pest control services to the farm and ranch community within Vulcan County, this program is in place to ensure that producers have proper control options on pest control by providing liquid strychnine to control high infestations of Richardson Ground Squirrels within Vulcan County. This product can only be administered by Agricultural Service Boards within Alberta and is controlled by the Pest Management Regulatory Agency (PMRA). Ensures that Agricultural Services follows the Pests Act.

62-09 - Campgrounds

Formerly responsible for the overall management and administration of the Twin Valley Dam Campground. County administration of the campground ended in 2017, but amortization expense for County assets located there is still accounted for in the 2018 budget. These assets will be transferred to another department in the future.

69-01 - County Agricultural Lands

This area deals with the management of the Tax Recovery Properties that have been titled to the County. Management of the grazing leases, surface leases, pipeline agreements and stocking reports are included in this section.

PLANNING AND DEVELOPMENT SERVICES

Planning and Development Services facilitates development in accordance with the Land Use Bylaw as approved by County 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. This department assists with the Strategic Plan's goals of providing growth and development.

The following is the 2018 Planning and Development Services segment budget:

	Planning and Development Services
REVENUE	
Net municipal taxes	\$ -
Government transfers (operating)	172,500
Return on investments	-
Sale of goods, services and user charges	74,550
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	-
	247,050
EXPENSES	
Salaries, wages and benefits	\$ 318,490
Contracted and general services	496,518
Materials, goods and utilities	4,235
Transfers to local boards and agencies	-
Interest and bank charges	-
Amortization of tangible capital assets	-
Machine expenses capitalized for construction	-
Other expenses	-
	819,243
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (572,193)

This reporting segment includes the following departments within the County:

- Planning, Zoning & Development (61-01)
- Subdivision & Land Development (66-01)

Full-Time Equivalents (FTE)			
Development Services			
	Budget 2018	Prior year	Change
Management	0.00	0.06	{0.06}
Development Services	2.68	2.04	0.64
	2.68	2.10	0.58

This segment includes the following staffing: Manager of Development Services, Economic Development Officer, Development Assistant. The CAO currently oversees this department, but no portion of his FTE is allocated here at this time.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The Planning and Development Services segment revenues include the sales of goods & services and user charges for development and subdivision fees, permits, road closure fees, and safety codes/compliance fees.

SEGMENT EXPENDITURES:

The expenditures are the costs required to provide the services included in this segment (these costs are identified above).

Contracted services includes the membership to the Oldman River Regional Services Commission (ORRSC), which provides assistance in planning & development, subdivisions, and assistance in developing the County's inter-municipal development plans.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- A government transfer will be recognized in 2018 as the County uses grant funding to put together inter-municipal development plans (IMDPs) with Vulcan, Champion, and Arrowwood.
- Contracted service expense is expected to increase in 2018 due to the above mentioned IMDPs. The grant revenue will offset this expense.
- An ortho mapping project is slated to take place in 2018. This is done every three years.
- The position of Economic Development Officer was added in 2018. This position is tasked with strengthening the County's assessment base and business presence.

**Vulcan County
Budget Segments**

	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - PLANNING AND DEVELOPMENT SERVICES					
REVENUES:					
61-01 Planning, Zoning & Development	\$ 65,000	\$ 83,729	\$ 245,250	\$ 72,750	\$ 72,750
66-01 Subdivision & Land Development	1,800	1,960	1,800	1,800	1,800
	66,800	85,689	247,050	74,550	74,550
EXPENSES:					
61-01 Planning, Zoning & Development	\$ 352,174	\$ 299,927	\$ 696,068	\$ 409,329	\$ 422,328
66-01 Subdivision & Land Development	115,175	114,310	123,175	116,084	118,000
	467,349	414,237	819,243	525,413	540,328
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (400,549)	\$ (328,548)	\$ (572,193)	\$ (450,863)	\$ (465,778)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

61-01 - Planning, Zoning & Development

To administer development permits and regulate land use in an efficient and responsive way, therefore mitigating land use conflicts. Land use planning to manage the development of land within the County as well as the protection of County resources. The contract for Safety Code Permit Services is also contained in this area. Every third year the ORTHO-photo project is conducted, and this is due to be done in 2018.

66-01 - Subdivision & Land Development

To regulate land use in an efficient and responsive way, thereby providing quality service and the mitigation of land use conflicts. Land use planning to manage the development of land within the County as well as the protection of County resources.



A goal in the Strategic Plan is for growth and development in the County, including potential development of a business park and waterfront development. The Planning and Development Services department has been working towards these goals through collaboration with the Town of Vulcan to undertake a study on the viability of a business park between the Town of Vulcan and the County. This department has also been working with potential developers on land development on the north part of Lake McGregor (west of the Village of Milo). The budget supports this goal by providing the funding necessary to have proper staffing in place to accomplish these objectives.

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. This assists with the Strategic Plan's goals of improving the overall health of County residents and maintaining doctor retention and recruitment.

The following is the 2018 Community Services segment budget:

	Community Services
REVENUE	
Net municipal taxes	\$ 495,250
Government transfers (operating)	165,407
Return on investments	-
Sale of goods, services and user charges	-
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	199,410
	860,067
EXPENSES	
Salaries, wages and benefits	\$ -
Contracted and general services	167,771
Materials, goods and utilities	8,715
Transfers to local boards and agencies	1,457,748
Interest and bank charges	46,082
Amortization of tangible capital assets	-
Machine expenses capitalized for construction	-
Other expenses	-
	1,680,316
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (820,249)

This reporting segment includes the following departments within the County:

- FCSS (51-01)
- Daycare (52-01)
- Other Public Health (52-03)
- Tourism & Economic Development (63-01)
- Recreation Boards (71-01)
- Libraries (74-01)
- Cultural Programs & Events (74-02)

This segment has no specific staffing. Any related staffing is provided though the General Government segment. No charges are allocated to this segment.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The Community Services segment revenues include the special tax levies relating to the Recreational Area. Government transfers include contributions for the Doctor Retention Program and the MSI operating funding allocated towards the library board.

Other revenues include the Town's contribution to the Vulcan Hospital Expansion Project.

SEGMENT EXPENDITURES:

Contracted and general services include the Doctor Retention Program and memberships to the Chinook Arch Regional Library System.

The transfers to local boards and agencies include contributions to the Recreation Boards for recreation and cultural activities, libraries, FCSS, Tourism, and towards the Vulcan Hospital Expansion Project.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- The Vulcan Hospital Expansion Project is projected to be funded by the end of 2018. Therefore, the Town of Vulcan matching contributions are expected during the year. The Town's and the County's matching shares will be contributed to a liability account and held until the project is started.
- There was an increase in the request from the library board from \$109,000 to \$126,000; which is currently being funded 87% by MSI Operating grants.
- The Vulcan Business Development Society is no longer being funded by the County, nor is the County collecting rent from them.

Vulcan County Budget Segments	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - COMMUNITY SERVICES					
REVENUES:					
51-01 FCSS	\$ -	\$ -	\$ -	\$ -	\$ -
52-01 Daycare	-	-	-	-	-
52-03 Other Public Health	56,407	78,161	56,407	56,407	56,407
63-01 Tourism & Economic Development	14,400	14,400	-	-	-
71-01 Recreation Boards	390,507	390,026	388,708	283,285	285,160
74-01 Libraries	109,000	109,000	109,000	109,000	109,000
74-02 Cultural Programs & Events	-	-	106,542	62,907	62,907
Vulcan Hospital Expansion Project - Capital	-	219,702	199,410	-	-
	570,314	811,289	860,067	511,599	513,474
EXPENSES:					
51-01 FCSS	\$ 49,290	\$ 50,835	\$ 55,097	\$ 55,097	\$ 55,097
52-01 Daycare	5,000	5,000	2,500	-	-
52-03 Other Public Health	213,983	210,009	176,082	189,858	178,434
63-01 Tourism & Economic Development	253,460	236,010	39,911	34,915	34,915
71-01 Recreation Boards	442,774	442,774	511,685	359,780	359,780
74-01 Libraries	138,688	138,665	157,275	157,275	157,275
74-02 Cultural Programs & Events	80,177	90,177	110,542	62,907	62,907
Vulcan Hospital Expansion Project - Capital	-	691,050	627,224	-	-
	1,183,371	1,864,520	1,680,316	859,831	848,408
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (613,057)	\$ (1,053,231)	\$ (820,249)	\$ (348,232)	\$ (334,934)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

51-01 - FCSS

Vulcan County supports initiatives that contribute to the overall well-being of the County's residents. Family and Community Support Services (FCSS) is a regional initiative with the other area Municipalities and is funded 80% by the Province and 20% by the partner Municipalities. The amount shown above represents the County's 20% of the partnership share (\$35,708), along with the County's share of the Transportation initiative for passengers.

52-01 - Daycare

Vulcan County provides subsidies to the Vulcan Daycare (if available). Those subsidies are recorded in this functional area.

52-03 - Other Public Health

Vulcan County supports initiatives that contribute to the well-being of County Residents by participating in and managing the regional Physician Recruitment and Retention Program. This municipal partnership is administered by Vulcan County. Funding for the Hospital Expansion project through debenture payment for the initiative is provided here. The Vulcan County Health and Wellness Foundation receives operating funds from this area as well (if available - funding not available in 2018). An objective of this department is to maintain the doctor recruitment and retention program.

63-01 - Tourism & Economic Development

Vulcan County participates in and supports regional initiatives which develop and strengthen the area through Tourism and Economic Development. Support for the Tourism Society is in this area.

71-01 - Recreation Boards

The County offers support to Recreation Boards to promote and encourage healthy active lifestyles for the residents within the County. The proceeds go towards the upkeep of recreational facilities as well as recreational programs offered at these facilities and by local area groups.

74-01 - Libraries

Vulcan County supports all regional libraries through the Vulcan County Library Board. Vulcan County is also a member of the Chinook Arch Regional Library System (CARLS) which enhances the libraries within the County and provides greater access to library services and materials to all residents.

74-02 - Cultural Programs & Events

The County offers support through the Recreation Boards to promote and encourage cultural programs, facilities and events within the county. The proceeds go towards the upkeep of cultural facilities as well as cultural programs offered at these facilities and by these community groups.

UTILITY SERVICES

Vulcan County is a member of the Twin Valley Regional Water Commission and the Vulcan District Waste Commission. Operations for the Mossleigh Water Treatment Plant are contracted to Rocky View Utility Corp. This assists with the Strategic Plan's goals of collaboration for providing water and waste water management, supply and innovation.

The following is the 2018 Utility Services segment budget:

	Utility Services
REVENUE	
Net municipal taxes	\$ 654,479
Government transfers (operating)	-
Return on investments	-
Sale of goods, services and user charges	2,349
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	-
	656,828
EXPENSES	
Salaries, wages and benefits	\$ 18,345
Contracted and general services	57,343
Materials, goods and utilities	1,740
Transfers to local boards and agencies	666,077
Interest and bank charges	-
Amortization of tangible capital assets	13,806
Machine expenses capitalized for construction	-
Other expenses	-
	757,311
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (100,483)

This reporting segment includes the following departments within the County:

- Storm Sewers & Drainage (37-01)
- Water Supply & Distribution (41-01)
- Twin Valley Regional Water (41-02)
- Solid Waste Management (43-03)

This segment has no specific staffing. Any relating staffing is provided though the General Government segment. Minimal charges are allocated to this segment.



SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The Utility Services segment revenues include the tax levies relating to the contribution to the Vulcan and District Waste Commission.

Sales of goods/services and user charges include the annual charges for garbage pickup in the Hamlet of Brant.

SEGMENT EXPENDITURES:

Contracted and general services include the contract to operate the Mossleigh Water Treatment Plant and legal fees to potentially expropriate land for drainage (if required).

The transfers to local boards and agencies include contributions to the Vulcan and District Waste Commission and to the Twin Valley Regional Water Commission.

BUDGET HIGHLIGHTS

The following are some of the 2018 budget highlights for this segment:

- There was an increase in the contribution to the Vulcan and District Waste Commission to \$629,600 (previously \$603,577), resulting in an increase in tax levies.
- The Kirkcaldy water line was completed in 2017, resulting in a new tax levy for Kirkcaldy residents. The levy will be used to recoup construction costs of the water line.
- Legal costs are included in the budget for the potential expropriation of land for drainage (if required). This was expected in previous years but has not occurred yet.

**Vulcan County
Budget Segments**

	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020
SEGMENT - UTILITY SERVICES					
REVENUES:					
37-01 Storm Sewers & Drainage	\$ -	\$ -	\$ -	\$ -	\$ -
41-01 Water Supply & Distribution	11,425	11,425	16,538	16,538	16,538
41-02 Twin Valley Regional Water Commission	-	-	-	-	-
43-03 Solid Waste Management	614,102	613,652	640,290	640,445	640,445
	625,527	625,077	656,828	656,983	656,983
EXPENSES:					
37-01 Storm Sewers & Drainage	\$ 68,163	\$ 14,807	\$ 6,723	\$ 7,058	\$ 7,424
41-01 Water Supply & Distribution	76,687	90,063	76,250	86,764	87,303
41-02 Twin Valley Regional Water Commission	32,961	50,069	34,128	34,128	34,128
43-03 Solid Waste Management	613,998	613,407	640,210	640,291	640,396
	791,810	768,346	757,311	768,241	769,250
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (166,283)	\$ (143,268)	\$ (100,483)	\$ (111,258)	\$ (112,267)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

37-01 - Storm Sewers & Drainage

This function represents activities related to the provision of services for Storm Facilities and Surface Drainage. An objective of this department includes the completion of the drainage project near the Hamlet of Mossleigh.

41-01 - Water Supply & Distribution

This function reflects the costs and other activities related to the well and water treatment plant in the Hamlet of Mossleigh. The Well and Water Plant are owned and operated by the County, while the water distribution system is owned and operated by the Mossleigh Water Co-op. The waterline connection to the Hamlet of Kirkcaldy is also included in this area. A priority of this department includes recouping the costs of construction of the Kirkcaldy water line and potentially reviewing the feasibility of a northern regional waterline (potentially combined with other goals of waterfront development just west of Milo).

41-02 - Twin Valley Regional Water

Covers the Twin Valley Regional Water Commission (TVRWC). Until or unless this project expands into the rural area, Vulcan County will have minimal involvement in the overall operation of the Commission, other than ensuring that the landowners in the County who have the waterline through their properties are treated fairly. Three members of Council sit on the Commission Board. The County share of administration costs is 25% and share of operations is based on usage, which covers the water consumption of the various rural co-ops connected to the system.

43-03 - Solid Waste Management

Funds are paid directly to the Vulcan District Waste Commission to administer the solid waste management in the County as well as the six urban Municipalities within the County (who also contribute). As this is a locally organized Commission, subsequently approved by the Province, it has requisitioning powers granted under legislation. There is also a small fee charged to the Hamlet of Brant residents as they receive individual garbage pick up. A priority of this department includes the review of the Southern Alberta Energy from Waste Association (SAEWA) project for a waste processing facility.





SECTION FOUR

CAPITAL BUDGET, RESERVES, & DEBT

SECTION FOUR

Capital Budget, Reserves, & Debt

CAPITAL BUDGET

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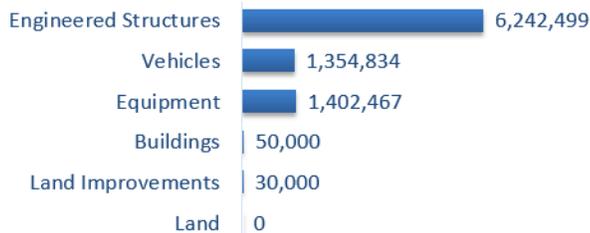


CAPITAL BUDGET

OVERVIEW

The following is the capital budget (with projections for the following four years):

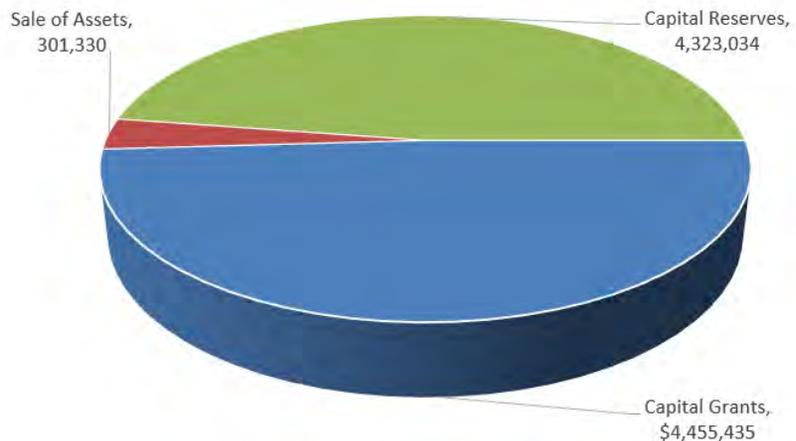
Vulcan County Capital Budget and Projections	Budget 2017	Actual 2017	Budget 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022
CAPITAL ACQUIRED:							
Land	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Land Improvement	30,000	29,105	30,000	-	-	-	-
Buildings	387,675	552,126	50,000	114,520	-	-	134,661
Equipment	1,420,930	629,588	1,402,467	1,102,082	1,980,623	277,676	1,066,179
Vehicles	1,457,339	524,315	1,354,834	788,304	385,882	519,500	415,670
Engineered Structures	6,500,937	2,156,636	6,242,499	6,080,372	4,211,615	11,857,528	3,896,077
TOTAL CAPITAL ACQUIRED	\$ 9,796,881	\$ 3,891,770	\$ 9,079,800	\$ 8,085,278	\$ 6,578,120	\$ 12,654,704	\$ 5,512,587
CAPITAL FUNDING:							
Capital Grants	\$ 2,959,774	\$ 767,378	\$ 4,455,435	\$ 2,568,638	\$ 2,568,638	\$ 2,568,638	\$ 2,568,638
Sale of Assets	64,000	253,128	301,330	-	-	-	-
Contributed Asset	-	-	-	-	-	-	-
Transfer from Capital Reserves	6,773,107	2,709,817	4,323,034	5,516,640	4,009,482	10,086,066	2,943,949
Transfer to Capital Reserves	-	(132,518)	-	-	-	-	-
Transfer from Operating Function	-	1,197,570	-	-	-	-	-
Transfer to Operating Function	-	(903,605)	-	-	-	-	-
Capital Lease acquired	-	-	-	-	-	-	-
TOTAL CAPITAL FUNDING	9,796,881	3,891,770	\$ 9,079,800	\$ 8,085,278	\$ 6,578,120	\$ 12,654,704	\$ 5,512,587



As shown above, these are the total capital acquisitions/construction budgeted for 2018. The majority of the engineered structures relate to the construction of roads and bridges throughout the County.

The majority of the funding for the capital budget is from capital grants followed closely by capital reserves. These reserves have been built up over time as part of the 20-year capital plan in order to fund these projects.

The MSI Capital grant allocation is fully utilized in these capital projects. These grants have been allocated primarily to bridge projects, but also to certain heavy equipment and vehicle purchases.



The capital budget will be broken down in greater detail in the following sections.

LAND & LAND IMPROVEMENT

Land and Land Improvement include the acquisition of lands for the County and improvements on these County owned lands.

The following are the capital budgets of land/land improvements:

Capital Aquired:			
Land & Land Improvements:			
23-01	General Fire Protection	Phase two - training tower pavement	30,000
			<u>30,000</u>
Capital Funding:			
	Capital reserves		30,000
			<u>30,000</u>

Land/land improvements acquisitions are typically non-recurring costs that vary significantly from year-to-year. In the 2018 capital budget, there is \$30,000 to pave the parking lot surrounding the fire training tower and is funded through capital reserves. This is phase 2 of the paving project.



BUILDINGS

Buildings include the acquisition and construction of new buildings and additions or upgrades to existing buildings that are owned by the County.

The following are the capital budgets of buildings:

Capital Aquired:			
Buildings:			
62-00	General Agricultural Services	Storage facility for pesticide containers	50,000
			<u>50,000</u>
Capital Funding:			
	Capital reserves		50,000
			<u>50,000</u>

Building acquisitions and construction are typically infrequent costs vary significantly from year-to-year. In the 2018 capital budget, there is \$50,000 to build a storage facility for pesticide containers within the Ag Services department. This will be funded through capital reserves.



EQUIPMENT

Equipment includes the acquisition/development of new pieces of equipment including technology, office equipment, shop/light duty equipment, and heavy duty equipment (i.e. graders, dozer).

The following are the capital budgets of equipment :

Capital Acquired:

Equipment:

23-01	General Fire Protection	Automated External Defibrillator	113,882
23-01	General Fire Protection	Skid pack for Fire Command Truck	17,174
23-27	Vulcan Fire Protection Area	Thermal imaging camera	12,500
23-27	Vulcan Fire Protection Area	4 x breathing apparatus	32,000
23-20	Champion Fire Protection Area	SCBA compressor & fill station	45,000
23-20	Champion Fire Protection Area	Rescue boat	100,000
32-00	Road Transportation	Two Caterpillar 160M Graders	914,406
32-00	Road Transportation	Mower attachment	65,505
32-01	Road Construction	20' Pro Till Disc	102,000
			1,402,467

Capital Funding:

Capital reserves	171,500
Grants	938,437
Sale of assets	272,530
Transfer from operating	20,000
	1,402,467

Equipment acquisitions are always required, but the specific items will vary significantly from year-to-year. The only significant reoccurring equipment purchases are for graders; the County typically purchases 2 graders per year.

The 2018 capital budget, includes the following:

- General Fire Protection (23-01) - Emergency response equipment including an automated external defibrillator (AED) and a skid pack for the new Fire Command vehicle being purchased in 2018. Both of these purchases are being funded with MSI Capital grant money.
- Vulcan Fire District (23-27) - A new thermal imagine camera to help locate hot spots while fighting grass fires is planned to be purchased, as are 4 new breathing apparatuses for use by volunteer firefighters during incident response. These items are being funded from capital reserves.
- Champion Fire District (23-20) - A rescue boat is being added to the equipment pool to allow for water rescues in the area, which is something the current equipment pool could not accomplish. Additionally, a self-contained breathing apparatus compressor & fill station is to be purchased. The boat is funded with MSI Capital dollars, and the compressor station is funded jointly by capital reserves and a transfer from operating.
- Road Transportation (32-00) - As noted above, 2 new graders are being purchased, along with a mower attachment. These items are all funded with MSI Capital funding.
- Road Construction (32-01) - A 20' Pro Till Disc attachment is being purchased which will help work with dirt/soil on new road projects. This is funded through capital reserves.



VEHICLES

Vehicles acquisitions light duty trucks (i.e. pickups) and heavy duty vehicles (i.e. fire trucks, hi-way tractors).

The following is the capital budget for vehicles:

Capital Aquired:

Vehicles:

12-02	Administration	GMC Colorado	37,162
23-01	General Fire Protection	Replacement for FC2 truck	80,615
23-17	Milo Fire Protection Area	New fire engine	450,000
23-27	Vulcan Fire Protection Area	Replacement for Engine 272	406,845
23-27	Vulcan Fire Protection Area	Bush buggy apparatus	80,000
26-01	Regulatory Services	Vehicle for second CPO	65,411
32-02	Road Maintenance	1-Ton Diesel Crew Cab	51,554
32-02	Road Maintenance	Tandem Gravel Truck w/ gravel box	183,247
			1,354,834

Capital Funding:

Capital reserves	950,016
Contributed assets	284,792
Grants	80,615
Sale of assets	15,000
Transfer from operating	24,411
	1,354,834

Vehicle acquisitions are required every year, but do vary significantly in their type and purpose.

The 2018 capital budget, includes the following:

- Administration (12-02) - Administration is purchasing a new SUV to use for travel to various meetings throughout the County and reduce mileage reimbursement expense. The vehicle is funded partly through capital reserves and partly from the sale of two older vehicles.
- General Fire Protection (23-01) – One of the Fire Command trucks is at the end of its useful life as a command vehicle and is being replaced. This is being funded with MSI grant money.
- Milo (23-17) and Vulcan (23-27) Fire Districts - Both districts are receiving vehicles for firefighting in 2018. Milo will receive a new fire engine (funded with capital reserves), and Vulcan will be getting a replacement engine as well (funded jointly by capital reserves and contributed assets from the Town of Vulcan). Additionally, the Vulcan District will be purchasing a bush buggy with money drawn from its capital reserve.



- Regulatory Services (26-01) - With the addition of a new CPO, a second vehicle is needed. The vehicle will be purchased with the remaining capital reserve money for this department, as well as a transfer from operating.

- Road Maintenance (32-02) - As part of the capital plan, a new truck and gravel truck are required. These are funded from capital reserves, with a little coming from the sale of two older trucks.

ENGINEERED STRUCTURES

Engineered structures include the construction/development of infrastructure including roads, bridges, water systems, drainage, and other systems

The following are the capital budgets for engineered structures:

Capital Aquired:

Engineered Structures:			
32-01	Road Construction	Capitalization of road construction	1,605,338
32-04	Bridges	2018 bridge projects (6 projects)	4,074,235
37-01	Storm Sewers & Drainage	Mossleigh drainage projects	562,926
			<u>6,242,499</u>

Capital Funding:

Capital reserves	1,012,410
Grants	3,436,383
Transfer from operating	1,793,706
	<u>6,242,499</u>

Engineered structure construction/development (specifically bridges) are typically non-recurring costs that vary significantly from year-to-year. The only significant recurring engineered structures are road construction projects; there will virtually always be roads built during the year, but bridges, water lines, drainage and other systems aren't always in progress.

The 2018 capital budget, includes the following:

- Road Construction (32-01) - These roads are internally constructed by the County's road construction crew. Therefore, the internal costs relating to these roads are capitalized (i.e. salaries, contracted services, materials, etc.). These costs are funded by the operating fund which includes Federal Gas Tax grant funding and general funding through taxation.
- Bridges (32-04) - There are currently 4 bridge projects that are outside of the County's ability to complete internally, so those projects are being contracted out. One project is Bridge File 6980 which was originally to be completed in 2017 but was delayed due to potential environmental impact which has since been mitigated and cleared with the Department of Fisheries and Oceans. The remaining projects can be completed internally and a portion of this departments operating costs will be capitalized similar to road construction. The majority of bridge project costs are funded through MSI Capital.
- Storm Sewers & Drainage (37-01) - There is a section of land near the Hamlet of Mossleigh that has been proposed for a drainage project. The project has been in the works for multiple years (awaiting land easement). The easement issue has been resolved and the construction of the drainage project will start in 2018. This project is funded by MSI Capital grants.



LONG-TERM CAPITAL FUNDING PLAN

The County currently utilizes a 5 year written capital plan to address the future requirements of the County in upcoming years and to ensure that the County is prepared and has the funding available for these future capital projects and purchases. This ensures that these activities are planned in a fiscally responsible manner. The plan further allows for stability in capital funding requirements so as to avoid significant fluctuations from one year to the next (a goal of the Strategic Plan).

The County also utilizes a 20 year capital funding program. All the costs and estimated replacement dates for the County's capital assets are projected forward. When an asset is due to be either purchased or constructed, the total projected replacement costs (using inflation rates) is effectively "saved up" through the building of the capital reserves over this period of time. For example: a grader with an estimated replacement cost of \$450,000 is scheduled to be replaced in 5 years; therefore, a total of \$90,000 of funds are allocated to a capital reserve each year, so that when the grader is to be purchased after 5 years, the funds will be available.



This methodology is used to "level out" the annual funding requirements to avoid the highs and lows in capital requirements from year-to-year. The scheduled replacement of the capital is based on the estimated useful lives of the assets which takes into account the costs/benefits of replacing the asset vs. the costs to maintain the assets. A goal in the Strategic Plan is to have a long-term, effective road maintenance and rehabilitation program (including maintaining the equipment replacement program); therefore, the utilization of the 20-year capital funding plan aligns with the goals of the Strategic Plan.

This 20-year capital funding program already takes into account the projected non-recurring capital requirements. As such, the County already has plans (and reserves) to fund these capital items. This assists the County with its priority to keep its tax rates competitive. If the funding plan were not in place, tax rates could spike in years with higher capital requirements, leading to less competitive taxes. The capital reserve balances are closely monitored so that the County is aware of any potential issues long in advance.

The 20 year capital funding program is considered a "living" document and is updated on an annual basis to take into account changes in capital reserve levels, changes in years of replacement, and projected replacement costs. As the year of replacement gets closer to the current year, the estimations of replacement costs typically become more accurate.

The capital reserves have been built up over the past few years as part of this 20 year capital funding program, which will allow the County to fund these projects without radical changes in tax rates or taking on additional debt. County Council approves the road and bridge capital programs. They cooperate with Administration in determining priorities and years of replacement, and the plan is reviewed by Council every 4 years.

The following pages include charts for the replacement of the capital currently included in the twenty 20 year capital funding program.

EFFECT OF CAPITAL PURCHASES ON OPERATIONS

The capital budget can have a material effect on the operating budget due to the costs of maintaining and operating new assets, as well as potential required training on proper usage of new assets. The 2018 budget includes several capital additions, but few are expected to have an effect on operating costs.

The County currently maintains 2,677km of roadways. Operating costs in the road maintenance department, which include staff wages, materials, contractors and other costs required to keep roads functional, are budgeted to reach 1,138,805, not including amortization (a non-cash expense). Therefore, road maintenance can be expected to average approximately \$425/year/km of roadway. When the County constructs new roads, this will affect operating costs. In 2018, road projects consist of road reconstruction rather than new roads, so no impact on operating costs is expected.

Bridge construction has primarily changed to culvert installation which has had a positive impact on operations. Culverts are not as easily damaged during flooding events and therefore incur fewer maintenance and repair costs on the operational side.

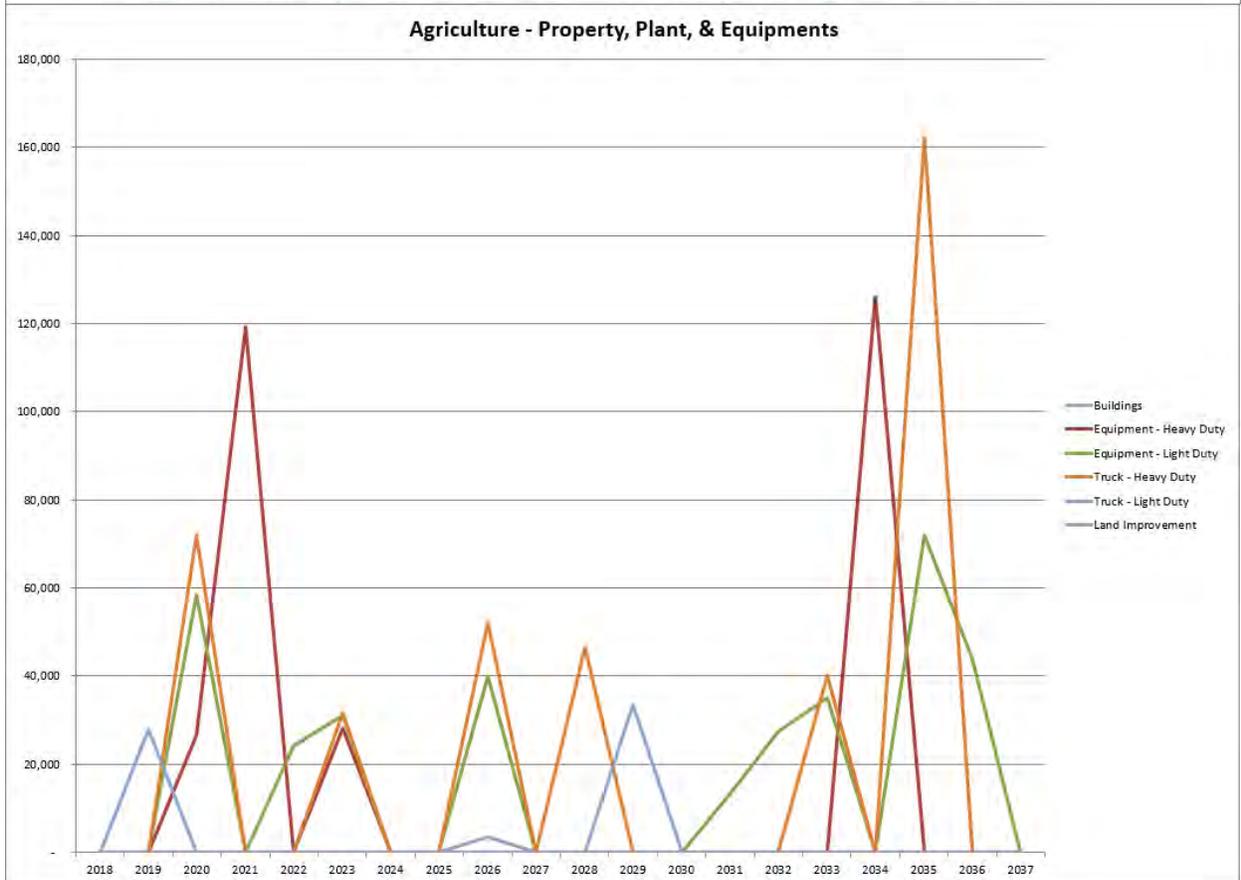
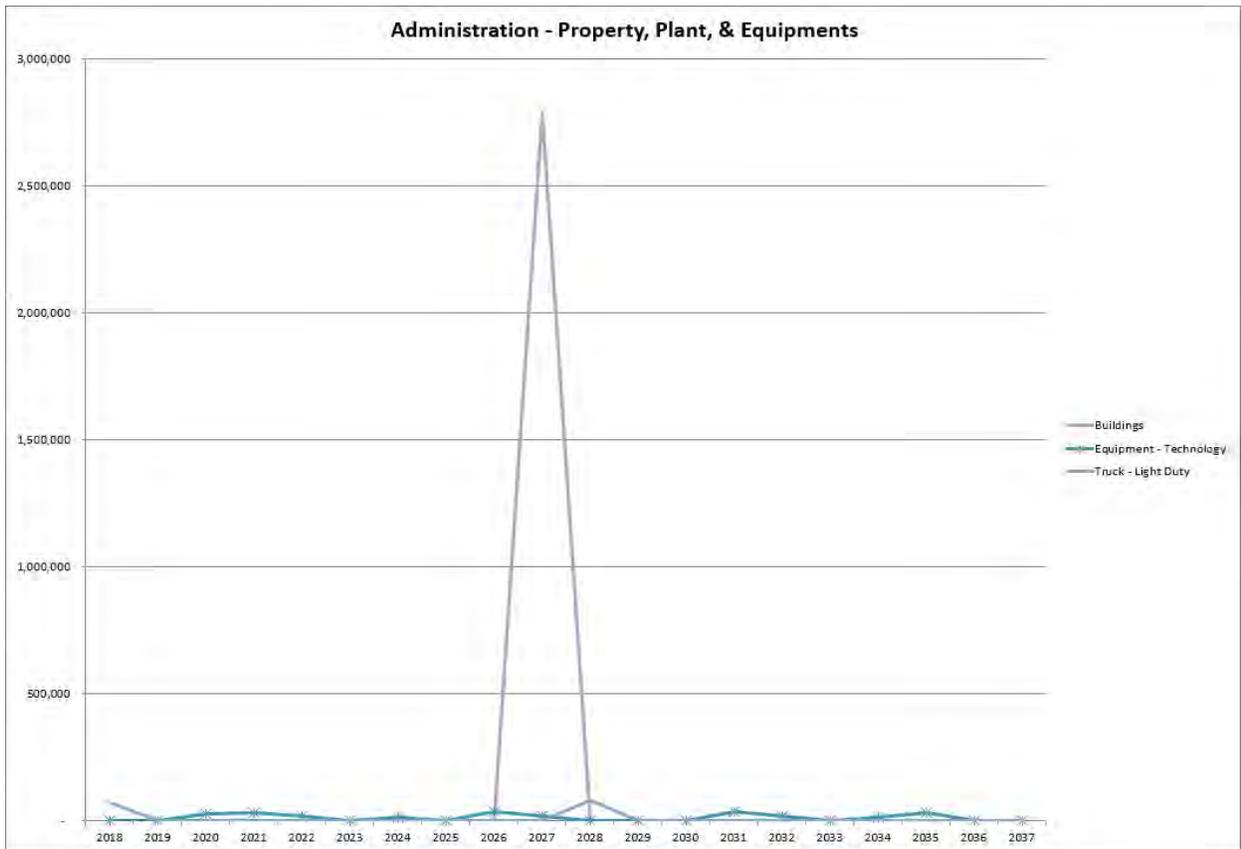
In terms of equipment additions, the majority of the 2018 acquisitions are replacements of other pieces of equipment in accordance with the 20-year capital plan. Those that aren't simple replacements include the automated external defibrillator and rescue boat within protective services, which are expected to incur some training costs. Those costs are not readily quantifiable at this time, but are not expected to be significant.

Two vehicles are being added in 2018 which will bring additional fuel, maintenance, and insurance costs into operations. One is the GMC Colorado being purchased in Administration, and the other is the new vehicle to be used by the County's newly hired additional Peace Officer. The CPO vehicle purchase is more driven by operations due to the identified need for a second Peace Officer, but the purchase will still come with operational expenses like the Admin vehicle.

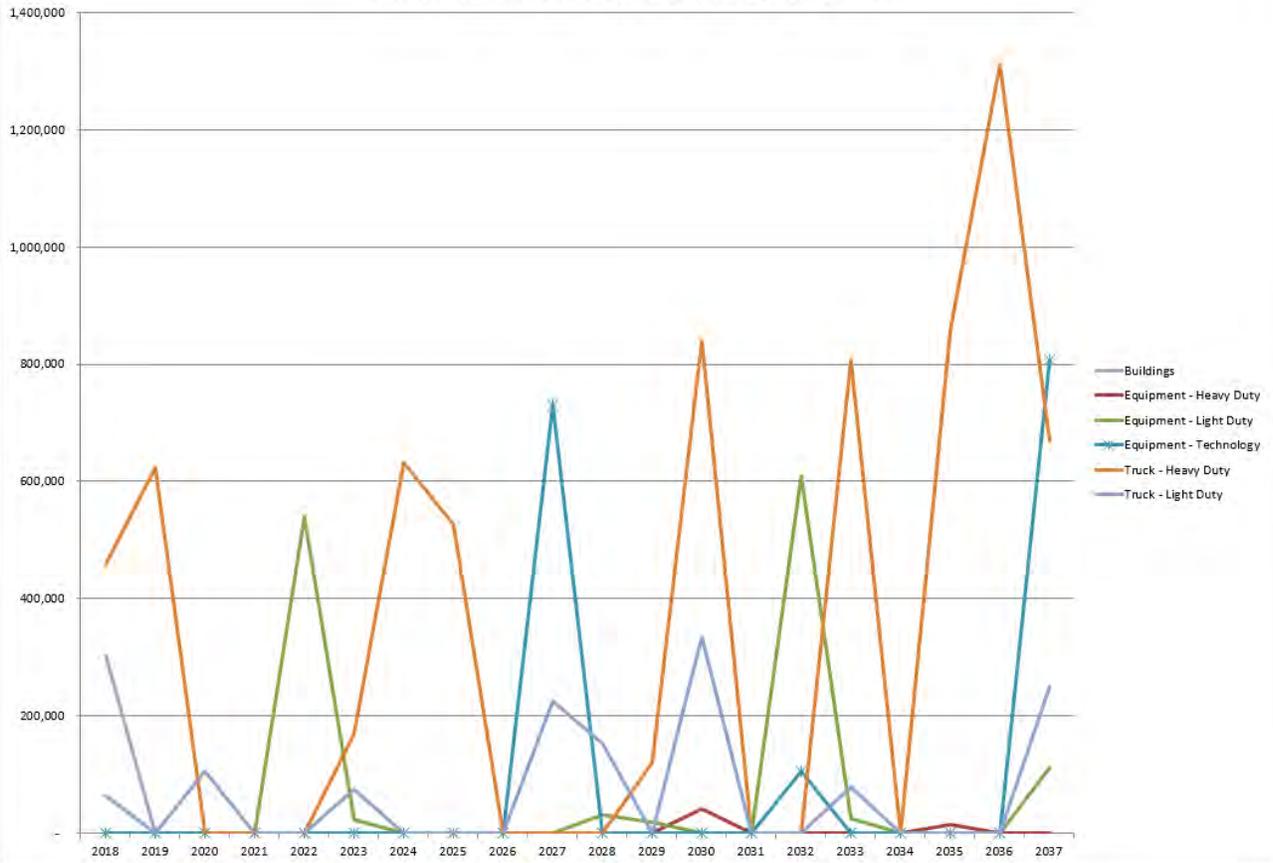


LONG-TERM CAPITAL FUNDING PLAN - Continued

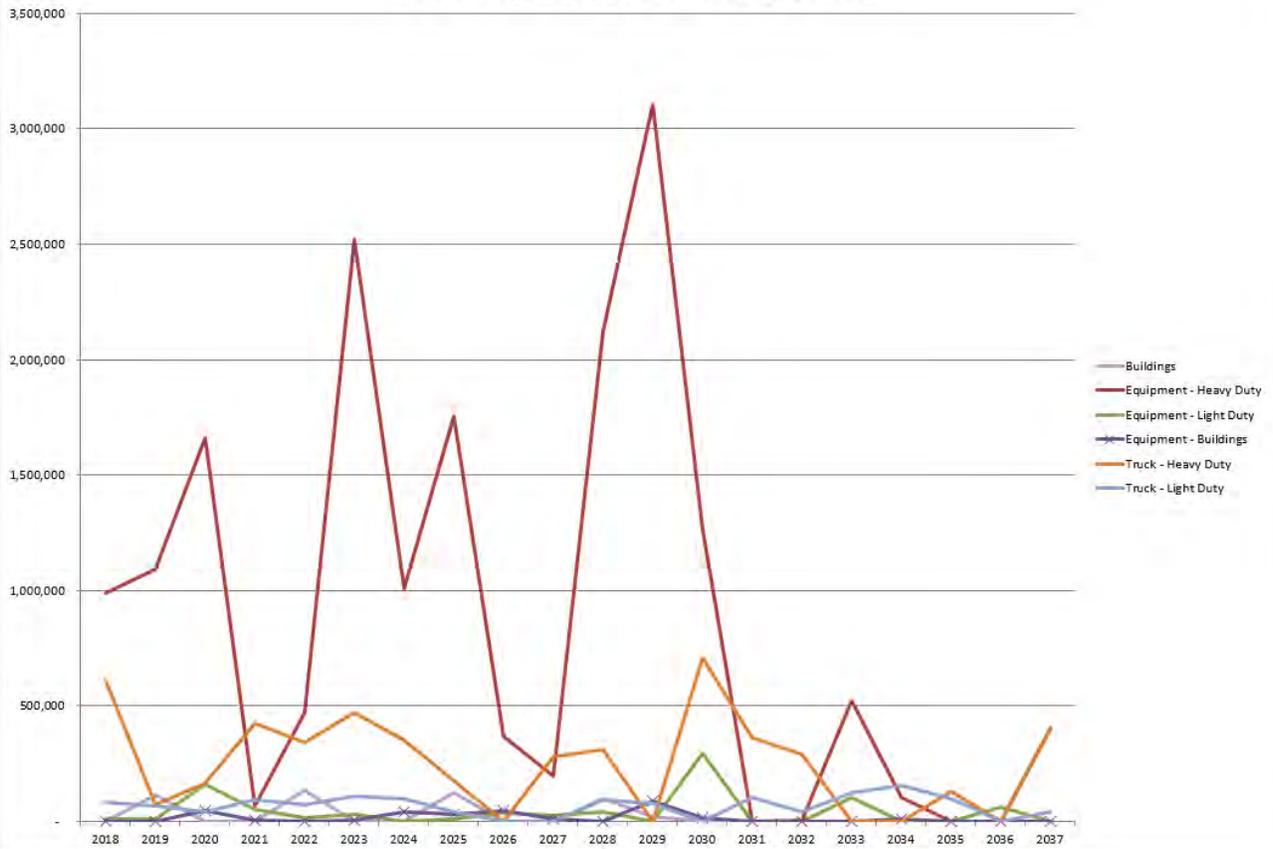
* The Administration Building is projected to be replaced by 2027, but this will be reviewed on an ongoing basis.



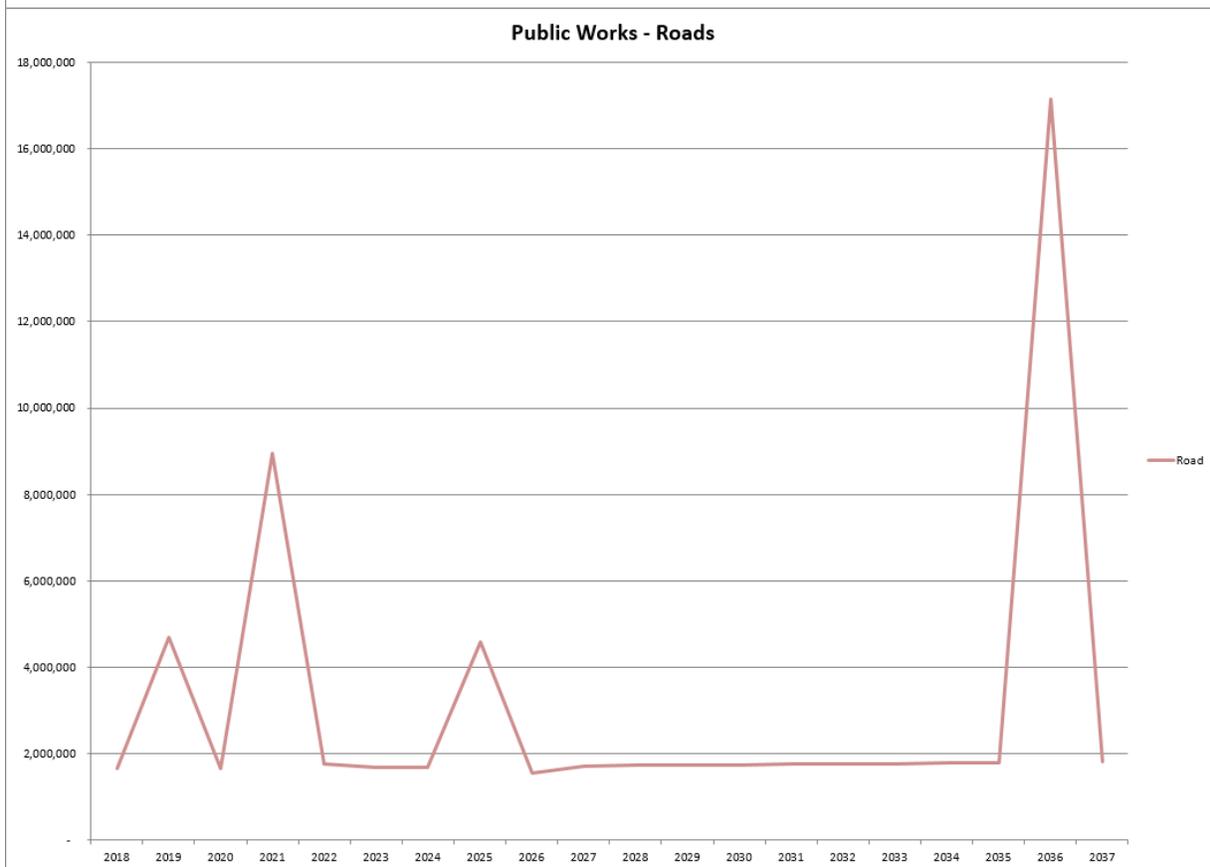
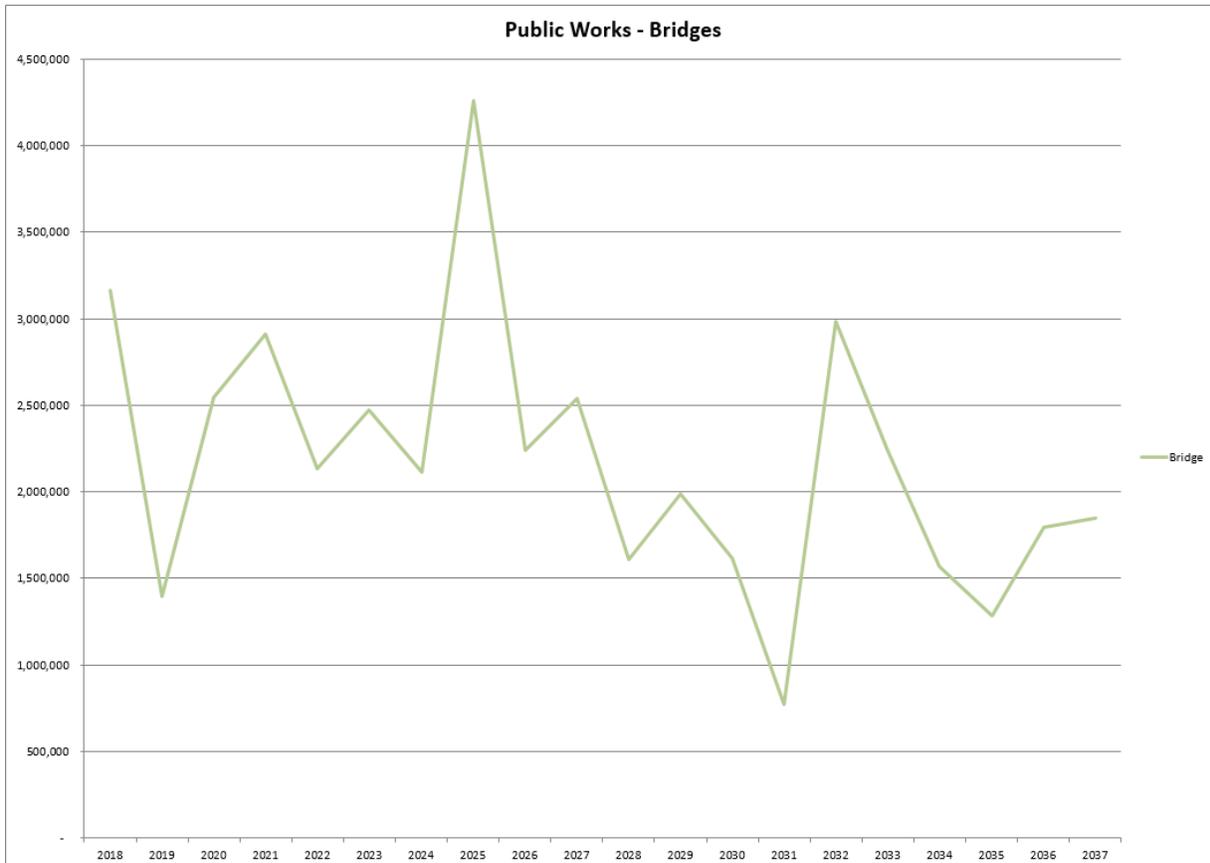
Protective Services - Property, Plant, & Equipments



Public Works - Property, Plant, & Equipments



LONG-TERM CAPITAL FUNDING PLAN - Continued



RESERVES & FUND BALANCES

OPERATING & CAPITAL RESERVES

The following is the projected changes in the operating and capital reserves:

RESTRICTED SURPLUS Budget 2018	2018 Opening	Budgeted	Operating		Capital	Projected 2018 Closing
		Council Reallocation	Transfer to Reserves	Transfer from Reserves	Transfer from Reserves	
Capital Restricted Surplus						
General Government	100,329	0	0	0	(22,162)	78,167
Protective Equipment	2,197,083	0	1,782,888	0	(1,077,345)	2,902,626
Transportation Equipment	2,127,416	0	122,999	0	0	2,250,415
Road Construction	1,596,465	0	263,342	0	(102,000)	1,757,807
Bridge Construction	911,864	850,000	616,930	0	(1,012,410)	1,366,384
Gravel Crushing	190,717	0	0	0	0	190,717
Mossleigh Water Treatment Plant - Recovery	(475,279)	0	11,425	0	0	(463,854)
Kirkcaldy Waterline - Recovery	0	(6,574)	5,113	0	0	(1,461)
Environment Development Equipment	92,968	0	31,227	0	(48,800)	75,395
Campground	0	0	0	0	0	0
Capital Acquisition	7,077,067	(1,000,000)	28,356	0	0	6,105,423
Capital Contingency	1,000,000	0	0	0	0	1,000,000
Total Capital Restricted Surplus	14,818,630	(156,574)	2,862,280	0	(2,262,717)	15,261,619
Operating Restricted Surplus						
Assessment Appeal	72,054	0	0	0	0	72,054
Community Enhancement	50,000	0	0	0	0	50,000
General Government Service	717,889	0	0	(103,250)	0	614,639
Protective Services	1,142,991	0	0	(62,210)	0	1,080,781
Transportation Contingency	1,693,135	0	28,000	(178,000)	0	1,543,135
Road Construction	1,777,579	0	0	(116,950)	0	1,660,629
Road Maintenance	524,000	0	0	(68,000)	(222,201)	233,799
Gravel Crushing	4,954,281	0	279,240	(157,000)	0	5,076,521
Uncrushed Gravel Inventory	4,351,891	0	0	0	0	4,351,891
Bridges	52,459	150,000	0	(183,274)	0	19,185
Air Transportation	20,000	0	0	0	0	20,000
Water Management	133,774	0	0	0	0	133,774
Environment Treatment	1,892	0	0	0	0	1,892
Vulcan Hospital Project - Debenture Funding	152,934	0	0	(427,814)	0	(274,880)
Vulcan Hospital Project - Debenture Recovery	(1,932,226)	0	118,323	0	0	(1,813,903)
Planning and development	356,844	0	0	(24,000)	0	332,844
Agriculture Services	783,271	0	0	(51,100)	0	732,171
Campground	0	0	0	0	0	0
Recreation and Culture	415,975	0	71,254	0	0	487,229
Operating Contingency	2,025,618	6,574	300,695	(135,000)	0	2,197,887
Total Operating Restricted Surplus	17,294,361	156,574	797,512	(1,506,598)	(222,201)	16,519,648
Total Restricted Surplus	32,112,991	0	3,659,792	(1,506,598)	(2,484,918)	31,781,267

The changes in the reserve funds are a result of the net reserve transfers to and from the operating and capital fund accounts. There are also budgeted transfers between the reserve accounts projected to be reallocated during the year (the majority relates to use of the general capital acquisition reserve).

The operating fund account provides \$3,659,792 towards the operating and capital reserves to be used for future use or specific purposes. A total of \$2,862,280 is transferred into capital reserves; including \$2.5 million to fund the 20 year capital funding program. A total of \$797,512 is transferred into the operating reserves, including \$279,240 for the 2021 gravel crushing program and a total of \$300,695 to the operating contingency reserve (to mitigate potential future write-offs of taxes, and to provide for future economic development).

There is \$1,506,598 of reserves used for the operating fund including \$427,814 in debenture funding as the County's remaining share of the matching contributions.

OPERATING & CAPITAL RESERVES - Continued

There is \$2,484,918 of reserves used for the capital fund, including \$1,077,345 from capital reserves to fund the capital acquisitions of Protective Services (the majority of which is going toward the purchase of two new fire trucks as noted on page 83), and \$1,114,410 from capital reserves to fund purchases within Transportation Services (including bridges and equipment).

Overall, there is an increase in capital reserve balances of \$442,989 planned by the end of 2018. While several capital acquisitions are planned for the year (a total of \$9,079,800 worth of acquisitions), almost half of the acquisitions are funded with grants, lessening the burden on County reserves and allowing an increase in the overall balance. The increase in capital reserve balances is in line with the 20-year capital plan.

There is also an overall decrease of \$924,711 expected in operating reserve balances which mostly relate to the use of the remaining funds set aside for the Vulcan Hospital Expansion Project and several other transfers.

FUND BALANCES

ACCUMULATED SURPLUS (FUND BALANCES)

2018 BUDGET EFFECTS

	Unrestricted Surplus (Operating Funds)	Restricted Surplus (Reserve Funds)	Equity in Tangible Capital Assets (Capital Funds)	Total Funds
2018 Opening Balance	\$ 1,091,768	\$ 32,112,991	\$ 107,618,843	\$ 140,823,602
Operating Income (Deficit)	(336,885)		4,455,435	4,118,550
Transfer to/from Reserves	(760,087)	(331,724)	1,091,811	-
Amortization of TCA	4,328,196		(4,328,196)	-
Proceeds on Disposals	301,330		(301,330)	-
Transfer to/from Funds accounts	(3,532,554)		3,532,554	-
2018 Budget Effects	-	(331,724)	4,450,274	4,118,550
Projected 2018 Closing Balance	1,091,768	31,781,267	112,069,117	144,942,152

The 3 major types of funds are the Operating Funds, the Capital Funds and the Reserve Funds. The following are the projected fund balances based on the 2018 budgets:

As shown above, there is no net effect on the Operating Funds as the County is operating on a balanced budget. The Reserve Funds have a net decrease of \$331,724 resulting from the net transfers to and from the operating and capital funds. There is an overall \$4,450,274 increase in the Capital Funds as the capital additions exceed the reduction of the capital through amortization.

Note: the net deficit from operations of \$336,885 (including amortization expense), plus the capital grants of \$4,455,435 results in a total increase in the accumulated surplus (total funds) of \$4,118,550 (Excess of Revenues over Expenses).

The 2018 budget effects are also shown in both the Budgeted Schedule of Change in Accumulated Surplus (Schedule 1) and the Budgeted Schedule of Tangible Capital Assets (Schedule 2), as presented in the approved Operating and Capital Budget. These schedules are included in the next section of this document.

DEBT AND DEBT LIMITS

The County currently has two long-term debts: a debenture with Alberta Capital Finance Authority (ACFA), and an obligation under capital lease of the Community Peace Officer's vehicle. The total debt and annual repayments are significantly less than the County's debt limits.

Debt/Debentures

2018 Budget Effects

	ACFA	Capital Lease	Total Debt
2018 Opening Debt Balances	1,874,157	40,949	1,915,106
Loan Payments	(164,405)	(14,539)	(178,944)
Interest Portion	46,082	2,097	48,179
Principle Portion	(118,323)	(12,442)	(130,765)
Projected 2018 Closing Debt	1,755,834	28,507	1,784,341

	Total Debt Limit	Debt Servicing Limit
Debt Limits (per 2017 F/S)	28,128,752	4,688,125
Total Debt	1,915,106	178,944
Amount of debt limit unused	26,213,646	4,509,181
% Used	6.8%	3.8%

The County's debt limits are legislated in Alberta Regulation 255/00; in which, the total debt limit (total maximum principle debt) is calculated at 1.5 times the municipal revenues and the debt servicing limit (total maximum annual debt payments) is calculated at 0.25 times the municipal revenues. As shown above, based on the debt limits calculated in the 2017 Audited Financial Statements, the County has only used a small portion of its maximum debt and debt servicing (6.8% of total available debt and 3.8% of annual debt servicing).

The debenture received from ACFA related to funding the County's share of the Vulcan Hospital Expansion Project. In March 2016, the County borrowed a total of \$2,046,224 over 15 years at a rate of 2.498% interest. These rates are locked in for the duration of the term. The County recuperates the loan payments through the general tax rate, with the principal portion being a recovery on the reserves that were used (creating a transfer to the reserve account).

The capital lease of the CPO vehicle was entered into during 2016. The terms of the lease required it to be classified as capital, with the County showing both the asset value and debt on its Statement of Financial Position. The lease payments effectively become loan payments on the obligation under the capital lease (including the imputed interest rate of 6.15% - term of 5 years). The total value of the lease when it was acquired was \$62,764 in February 2016.

Currently, with the utilization of the 20-year capital funding program, building of specific reserves for large operating projects and the use of long-term budgeting should assist the County in mitigating the requirements to take on additional debt.

Although it may not be the intention of the County to take on additional debt in the future, having borrowing ability is an option which could prove to be beneficial, should an unexpected event or opportunity present itself in the future. Depending on market conditions, borrowing could even make financial sense should interest rates on borrowing vs. cashing in investments for purchases shift.





SECTION FIVE

APPENDIX AND GLOSSARY

SECTION FIVE

Appendix and Glossary

APPENDIX AND GLOSSARY

- 95 Appendix 1 - 2018 Approved
Operating and Capital Budget
- 99 Appendix 2 - MSI Grant Allocations
- 100 Appendix 3 - 5-Year Statistics
- 105 Glossary and Acronyms



APPENDIX AND GLOSSARY

APPENDIX 1 - 2018 APPROVED OPERATING AND CAPITAL BUDGETS

VULCAN COUNTY

BUDGETED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2018

	<u>Final Budget 2018</u>
REVENUE	
Net municipal taxes	\$ 14,767,563
Government transfers	904,705
Return on investments	391,536
Sale of goods, services and user charges	888,213
Rental income	304,880
Community aggregate levy	220,000
Penalties and costs of taxes	125,500
Other revenues	<u>243,910</u>
TOTAL REVENUE	\$ <u>17,846,307</u>
EXPENSES	
Legislative	\$ 411,278
Administration	1,904,795
Protection services	2,087,820
Transportation services	9,604,615
Agricultural services	840,216
Planning and development services	819,243
Family and community support	860,903
Parks and recreation	779,502
Tourism and economic development	39,911
Utility Services	757,311
Other	<u>77,597</u>
TOTAL EXPENSES	<u>18,183,192</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(336,885)
OTHER	
Contributed tangible capital assets	-
Government transfers for capital (schedule 4)	<u>4,455,435</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u><u>4,118,550</u></u>

VULCAN COUNTY

BUDGETED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2018

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Final Budget 2018
Excess of revenues over expenses	\$ 4,118,550	-	-	\$ 4,118,550
Unrestricted funds designated for future use	(3,660,994)	3,660,994	-	-
Restricted funds used for operations	1,344,326	(1,344,326)	-	-
Restricted funds used for tangible capital assets	-	(2,648,392)	2,648,392	-
Current year funds used for tangible capital assets	(6,431,408)	-	6,431,408	-
Contributed tangible capital assets	-	-	-	-
Disposal of tangible capital assets	301,330	-	(301,330)	-
Annual amortization expense	4,328,196	-	(4,328,196)	-
Increase (decrease) in accumulated surplus	\$ 0	(331,724)	4,450,274	\$ 4,118,550

VULCAN COUNTY

BUDGETED SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2018

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	Final Budget 2018
COST:							
Acquisition of tangible capital assets	\$ -	30,000	50,000	1,402,467	1,354,834	6,242,499	\$ 9,079,800
New construction-in-progress	-	-	-	-	-	-	-
Disposition of tangible capital assets	-	-	-	(273,730)	(27,600)	-	(301,330)
TOTAL	-	30,000	50,000	1,128,737	1,327,234	6,242,499	8,778,470
ACCUMULATED AMORTIZATION:							
Annual amortization	\$ -	43,289	274,458	1,386,150	500,219	2,124,080	\$ 4,328,196
Accumulated amortization on disposal	-	-	-	-	-	-	-
TOTAL	-	43,289	274,458	1,386,150	500,219	2,124,080	4,328,196
NET INCREASE (DECREASE) TO TANGIBLE CAPITAL ASSETS	\$ -	(13,289)	(224,458)	(257,413)	827,015	4,118,419	\$ 4,450,274

APPENDIX 1 - Continued

VULCAN COUNTY

BUDGETED SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2018

	<i>SCHEDULE 3</i>
	<u>Final Budget 2018</u>
TAXATION	
Real property taxes	\$ 7,594,514
Linear taxes	8,066,379
Commercial taxes	1,317,926
Government grants in lieu of taxes	18,600
Special levy	1,415,132
Well drilling tax	40,000
	<u>18,452,551</u>
REQUISITIONS	
School requisitions	3,408,081
Seniors foundation	248,237
	<u>3,656,318</u>
NET MUNICIPAL TAXES	<u>\$ 14,796,233</u>

VULCAN COUNTY

BUDGETED SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2018

	<i>SCHEDULE 4</i>
	<u>Final Budget 2018</u>
TRANSFERS FOR OPERATING	
Local government transfers	\$ 148,181
Provincial government transfers	536,790
Federal government transfers	219,734
	<u>904,705</u>
TRANSFERS FOR CAPITAL	
Provincial government transfers	4,455,435
Federal government transfers	-
	<u>4,455,435</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 5,360,140</u>

VULCAN COUNTY

BUDGETED SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2018

SCHEDULE 5

Final Budget 2018

EXPENSES BY OBJECT

Salaries, wages and benefits	\$ 6,606,464
Contracted and general services	3,416,840
Materials, goods and utilities	2,993,879
Transfers to local boards and agencies	2,479,797
Interest and bank charges	66,382
Amortization of tangible capital assets	4,328,196
Machine expenses capitalized for construction	(1,793,705)
Other expenses	85,339
	<u>\$ 18,183,192</u>

VULCAN COUNTY

BUDGETED SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	Final Budget 2018 Total
REVENUE								
Net municipal taxes	\$ 12,714,490	903,343	-	-	-	495,250	654,479	\$ 14,767,563
Government transfers (operating)	123,714	55,000	219,734	168,350	172,500	165,407	-	904,705
Return on investments	391,536	-	-	-	-	-	-	391,536
Sale of goods, services and user charges	48,300	142,834	255,180	365,000	74,550	-	2,349	888,213
Rental income	-	297,880	-	7,000	-	-	-	304,880
Community aggregate levy	-	-	220,000	-	-	-	-	220,000
Penalties and costs of taxes	125,500	-	-	-	-	-	-	125,500
Other revenues	-	44,500	-	-	-	199,410	-	243,910
	<u>13,403,540</u>	<u>1,443,557</u>	<u>694,914</u>	<u>540,350</u>	<u>247,050</u>	<u>860,067</u>	<u>656,828</u>	<u>17,846,307</u>
EXPENSES								
Salaries, wages and benefits	\$ 1,094,071	654,925	4,174,525	346,107	318,490	-	18,345	\$ 6,606,464
Contracted and general services	800,531	462,404	1,317,874	114,400	496,518	167,771	57,343	3,416,840
Materials, goods and utilities	248,030	236,296	2,228,746	266,117	4,235	8,715	1,740	2,993,879
Transfers to local boards and agencies	55,572	278,750	8,000	13,650	-	1,457,748	666,077	2,479,797
Interest and bank charges	20,300	-	-	-	-	46,082	-	66,382
Amortization of tangible capital assets	89,827	455,445	3,669,176	99,942	-	-	13,806	4,328,196
Machine expenses capitalized for construction	-	-	(1,793,705)	-	-	-	-	(1,793,705)
Other expenses	85,339	-	-	-	-	-	-	85,339
	<u>2,393,670</u>	<u>2,087,820</u>	<u>9,604,615</u>	<u>840,216</u>	<u>819,243</u>	<u>1,680,316</u>	<u>757,311</u>	<u>18,183,192</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 11,009,869	(644,263)	(8,909,701)	(299,866)	(572,193)	(820,249)	(100,483)	\$ (336,885)
OTHER								
Government transfers (capital)	-	311,671	3,580,838	-	-	-	562,926	4,455,435
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 11,009,869	(332,592)	(5,328,863)	(299,866)	(572,193)	(820,249)	462,444	\$ 4,118,550

APPENDIX 2 - MSI GRANT ALLOCATIONS

Municipal Sustainability Initiative (MSI)

Operating Grant

	<u>2018 Budget</u>
Carry-forward balance	13,919
2018 Grant Allocation	178,118
Available MSI Funds	192,037

	<u>Budgeted cost</u>	<u>Grant Funded</u>
Libraries	126,000	109,000
Public Security and Safety	45,000	45,000
Staff development	53,881	31,940
	<u>224,881</u>	<u>185,940</u>

Unallocated MSI Funds	6,097
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Municipal Sustainability Initiative (MSI)

Capital Grant

	<u>2018</u>
Carry-forward balance	1,406,095
2018 Grant Allocation	3,057,115
Available MSI Funds	4,463,210

	<u>Budgeted cost</u>	<u>Grant Funded</u>
Fire AED	113,882	113,882
Fire Rapid Response	80,615	80,615
Fire Rapid Response Skid Pack	17,174	17,174
Rescue boat (Champion)	100,000	100,000
Road Transportation Graders	914,406	641,876
Mower Attachment	65,505	65,505
Bridge projects	3,337,362	2,873,457
Drainage project	562,926	562,926
	<u>5,191,870</u>	<u>4,455,435</u>

Unallocated MSI Funds	7,775
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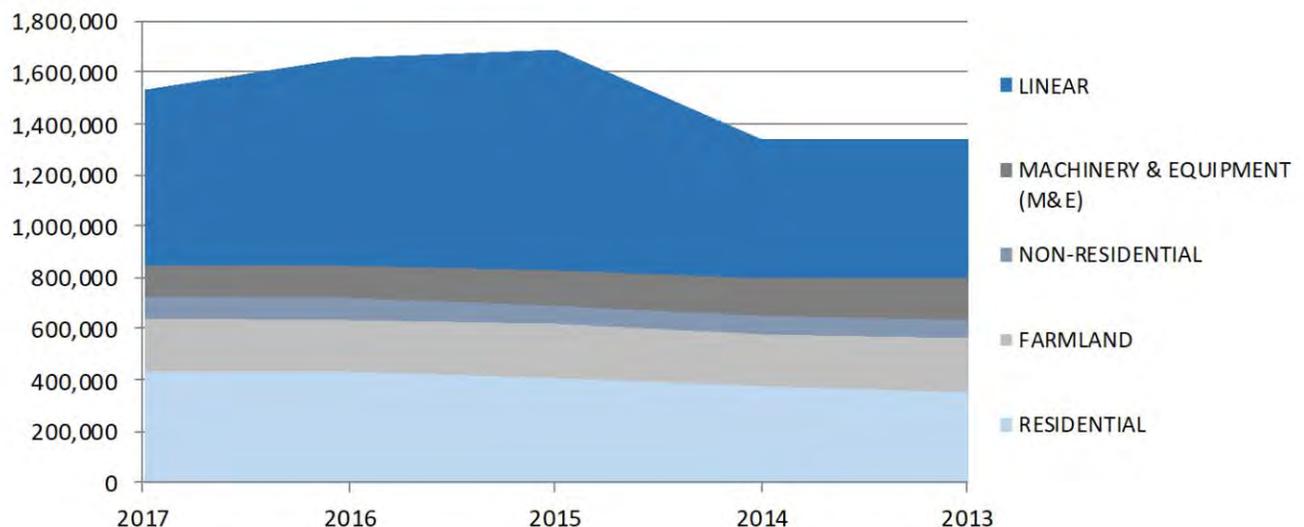
APPENDIX 3 - FIVE (5) YEAR STATISTICS (Actuals)

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



APPENDIX 3 - Continued

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

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 ASSET	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

APPENDIX 3 - Continued

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
Net Long-Term 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

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.

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

GLOSSARY AND ACRONYMS

GLOSSARY:

ACCRUAL BASIS ACCOUNTING

Accrual basis of accounting for recognizing transactions that occur over a longer time period; typically, extending over multiple budget years. These transactions are recognized in the budget based on when the transaction or service is provided (not based on exchange of cash).

AMORTIZATION

The systematic allocation of an asset to expense over a certain period of time. This is a non-cash transaction, in which, an asset is expensed over its projected useful life.

APPROPRIATION

The act of setting money aside by formal action for a specific use, such as is the case with reserve allocations.

APPROVED BUDGET

The budget(s) that have been presented and have been approved by Council by way of Council Motion, which will govern the County's operations for the budget year. This may include interim or final budgets.

ASSESSMENT

The value established for property for use as a basis of levying taxes for municipal purposes. Assessment can be valued by market or regulated rates.

BALANCED BUDGET

A budget where the total budgeted revenues/transfers in match the total budgeted expenditures/transfers out.

BASE BUDGET

The base budget is the budget carried forward from the prior year to maintain the same service levels and is at the same rates/costs as budgeted in the prior year.

BUDGET

An estimate of revenue and a plan for expenditures of an organization, either for a specific time period or for a specific project.

CAPITAL BUDGET

The planned capital revenues, expenditures, and transfers required for the acquisition/construction of the tangible capital assets for the County in the current budget year.

CAPITAL EXPENDITURES

Expenditures to acquire, develop or construct tangible capital assets.

CAPITALIZATION

The inclusion of expenditures into the cost of a tangible capital asset. Internally constructed capital assets include the capitalization of the related costs.

CASH BASIS ACCOUNTING

Cash basis of accounting for recognizing transactions that occur in a short time period (based on the exchange of cash). These include revenues and expenses that will typically be completed in the budget year and are not expected to occur over multiple years.

COUNCIL/COUNCILLORS

The governing body that is elected to represent the ratepayers of the County. Councillors are the individual members that make up the Council; in which, there are currently seven (7) Councillors on Council. Elections for Councillors occur every four (4) years.

CONTINGENCY FUNDS

The budgetary reserve/account set aside for emergencies or unforeseen expenditures (not otherwise budgeted).

CONTRACTED SERVICES

Services provided to the County by external organizations, individuals, or agencies. The County contracted out these services as the County does not have the expertise or resources to complete the work internally (i.e. engineering and legal services).

DEBT/DEBENTURE

A financial obligation resulting from the borrowing of money. A debenture is a certificate of indebtedness; typically issued by another governmental body (i.e. ACFA).

DEBT LIMITS

The regulated limits on the amount of debt that a municipality may borrow or the amount of annual repayment imposed to a municipality. Regulated by forms of legislation (i.e. MGA, Alberta Regulations).

DEFICIT

The result of expenditures/transfers out exceeding the revenues/transfers in (costs greater than revenues). The MGA requires that a municipality can not budget a deficit and if a deficit results in a period of three years that it has to be recovered in the following budget year.

DEPARTMENTS

The management responsible for an operation program or a group of related activities within a functional area. The County has multiple departments for the operations of the County; whereas, there may be multiple departments held within an operating segment.

EXPENDITURES/EXPENSE

The use of financial resources for cash outflows or transactions resulting in current or future cash outflows.

FEES FOR SERVICE

User charges and fees for services provided by the County.

FUND ACCOUNTING

The use of specific groups of funds/activities which are a self-balancing set of accounts containing inflows and outflows; which is tracked and funded separately. The County's fund accounting includes the Operating (general) funds, the Capital funds, and the Reserve funds.

GENERAL OPERATING FUND

The general operating fund provides the resources necessary to complete the day-to-day activities of a municipality, which includes operational and administrative activities.

GOVERNMENT GRANTS

A monetary contribution by a governmental unit to another governmental unit. Typically, the grants received by the County are from larger governmental bodies that are higher forms of government (i.e. Provincial and Federal).

INFLATION

The increase in price levels/costs caused by economic factors.

INFRASTRUCTURE

The facilities and assets used by the County to deliver the programs and services. These include (but are not limited to) roads, bridges, land, and buildings.

LINEAR ASSESSMENT

The assessment on properties such as cable, electrical power/generation, telecommunications, pipelines, and wells. These types of properties are assessed by the Provincial assessor's office.

OPERATING BUDGET

The planned operating revenues, expenditures and transfers required to deliver the programs and services that the County provides.

RATEPAYER

An individual or organization that owns assessable property in the County and as such, is taxed by the County.

RESERVES

The operating and capital funds held for a future use or for a specific purpose. These reserves are typically held for multiple budget years.

REVENUES

The financial resources received from cash inflows or transactions resulting in current or future cash inflows.

SPECIAL TAX LEVY

The tax levies issued for specific purposes under Section 382 of the MGA. The County currently utilizes the levies for fire protection, recreational areas, and waterworks.

SEGMENT

The overall management responsibility for an operation or a group of related operations within a functional area. An operating segment may include multiple departments.

SURPLUS

The result of revenues/transfers in exceeding the expenditures/transfers out (revenues greater than expenses). Surpluses are often transferred to reserves at the yearend to be used in future budget years.

TANGIBLE CAPITAL ASSETS

A capital asset that has a physical form. These tangible capital assets (TCA) include (but are not limited to) land, infrastructure, vehicles, and equipment.

TAXES

The compulsory charges levied by a government for the purpose of financing services for the common benefit of the government's ratepayers.



ACRONYMS:

ORGANIZATIONS:

- ACFA - Alberta Capital Finance Authority
- AHS - Alberta Health Services
- CARLS - Chinook Arch Regional Library System
- FCSS - Family and Community Support Services
- RCMP - Royal Canadian Mounted Police
- SAEWA - Sothern Alberta Energy from Waste Association
- TVRWC - Twin Valley Regional Water Commission
- VBDS - Vulcan Business Development Society

GRANTS:

- ACP - Alberta Community Partnership grant
- ASB - Agricultural Service Board grant
- FGTF - Federal Gas Tax Fund grant
- MSI - Municipal Sustainability Initiative grants (Operating and Capital)

OPERATIONS:

- A/P - Accounts Payable
- A/R - Accounts Receivable
- CAO - Chief Administrative Officer
- COLA - Cost of Living Adjustment
- CPO - Community Peace Officer
- FTE - Full-Time Equivalent
- GIS - Geographical Information Systems
- HR - Human Resources
- IT - Information Technology
- TCA - Tangible Capital Assets
- MGA - Municipal Government Act
- M&E - Machinery and Equipment



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