



ANNUAL FINANCIAL REPORT 2018

FOR THE YEAR ENDED DECEMBER 31, 2018
VULCAN COUNTY, ALBERTA, CANADA





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PREPARED BY VULCAN COUNTY
CORPORATE SERVICES DEPARTMENT





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WELCOME TO VULCAN COUNTY



WELCOME TO VULCAN COUNTY

Vulcan County is a rural municipality within Southern Alberta with a population of approximately 3,984 and is conveniently located one hour from both Calgary and Lethbridge. The County covers an area of 563,420 hectares and encompasses the following:

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

GEOGRAPHICAL INFORMATION:

Location:

Southern Alberta

Major Highways:

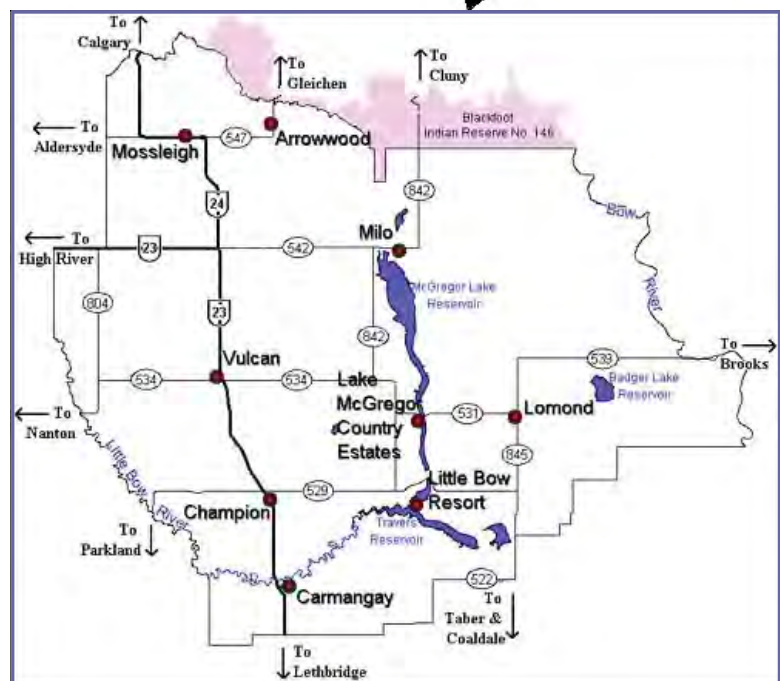
Highway 23 & 24

Secondary Highways:

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

Distance to Major Areas:

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



COUNTY PROFILE

COUNTY SERVICES:

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

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



ECONOMICS OF THE COUNTY:

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

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

RECREATION AND ATTRACTIONS:

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

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

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

VISION, MISSION STATEMENT, & VALUES

- **VISION**

To provide opportunity and growth through cooperation, progressive leadership, and accessible administration.

- **MISSION STATEMENT**

To provide a transparent government that is fair and effective.

- **VALUES**

- Accountability
- Leadership & Integrity
- Fiscal Responsibility
- Collaboration & Accessibility

Every four years, as a new Council is elected, Vulcan County develops a new strategic plan and priorities that provide the roadmap and direction of what the County needs to achieve for the next four-year period and beyond. Work done by previous Councils and Administrations are built on, keeping key stakeholders in mind. *(2018-2022 Strategic Plan)*



COUNTY COUNCIL AND THE CAO

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

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



Jason Schneider
Reeve
Division 3



Shane Cockwill
Deputy Reeve
Division 2



Serena Donovan
Councillor
Division 1



Laurie Lyckman
Councillor
Division 4



Michael Monner
Councillor
Division 5



Ryan Smith
Councillor
Division 6



Doug Logan
Councillor
Division 7



Nels Petersen
Chief Administrative Officer

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

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

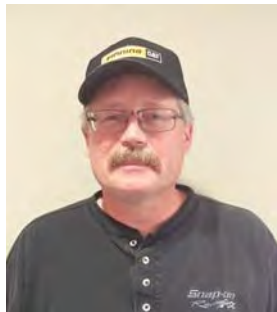
Governance & Priorities Committee Meetings are typically less formal and provide Administration opportunities to share information, discuss issues, and obtain direction from Council. This can include, but is not limited to, Budget Committee Meetings and Organizational Meetings.

ADMINISTRATION

The Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to Council. Reporting to the CAO in 2018 were four directors in charge of each of the County's departments, Development Officer, Economic Development Officer and the Manager of Legislative Services.

The following are the departments of the County:

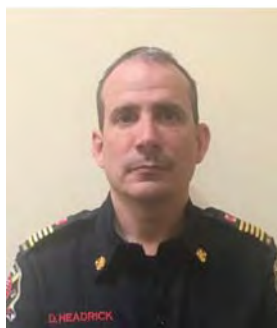
- **Operations** - department includes road construction, road maintenance, graveling, bridge construction, and fleet maintenance.
- **Corporate Services** - department includes information technology, geographic information systems (GIS), and finance (assessment, taxation, receivables, payables and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



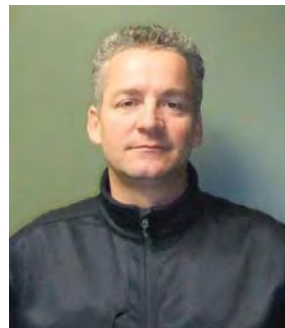
Mike Kiemele
Director of Operations



Nick Fai
Director of Corporate
Services

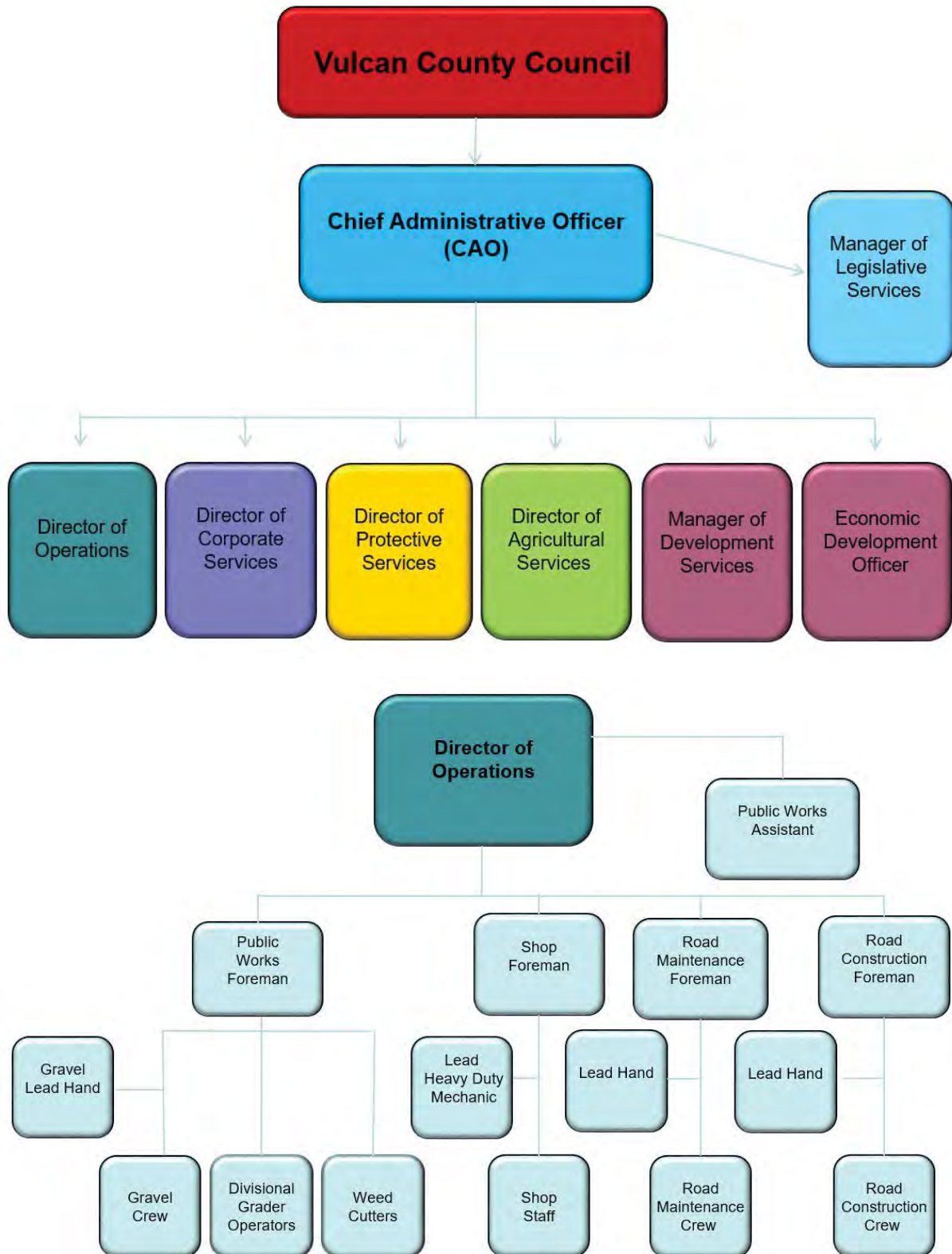


Doug Headrick
Director of Protective
Services

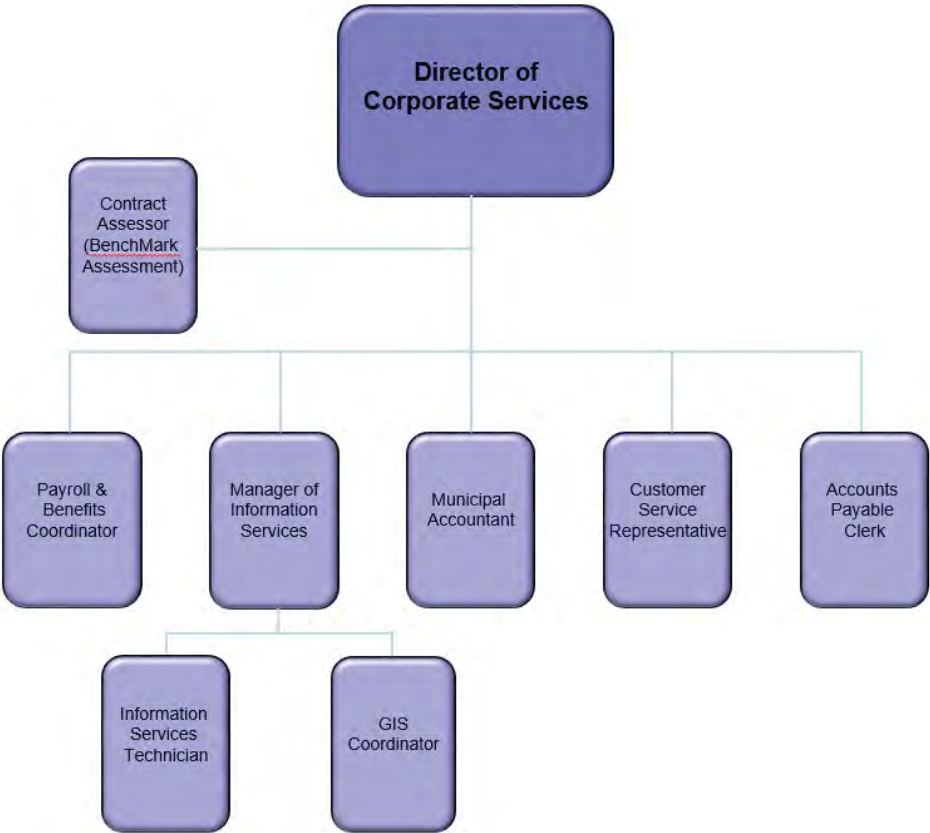


Kelly Malmberg
Director of Agricultural
Services

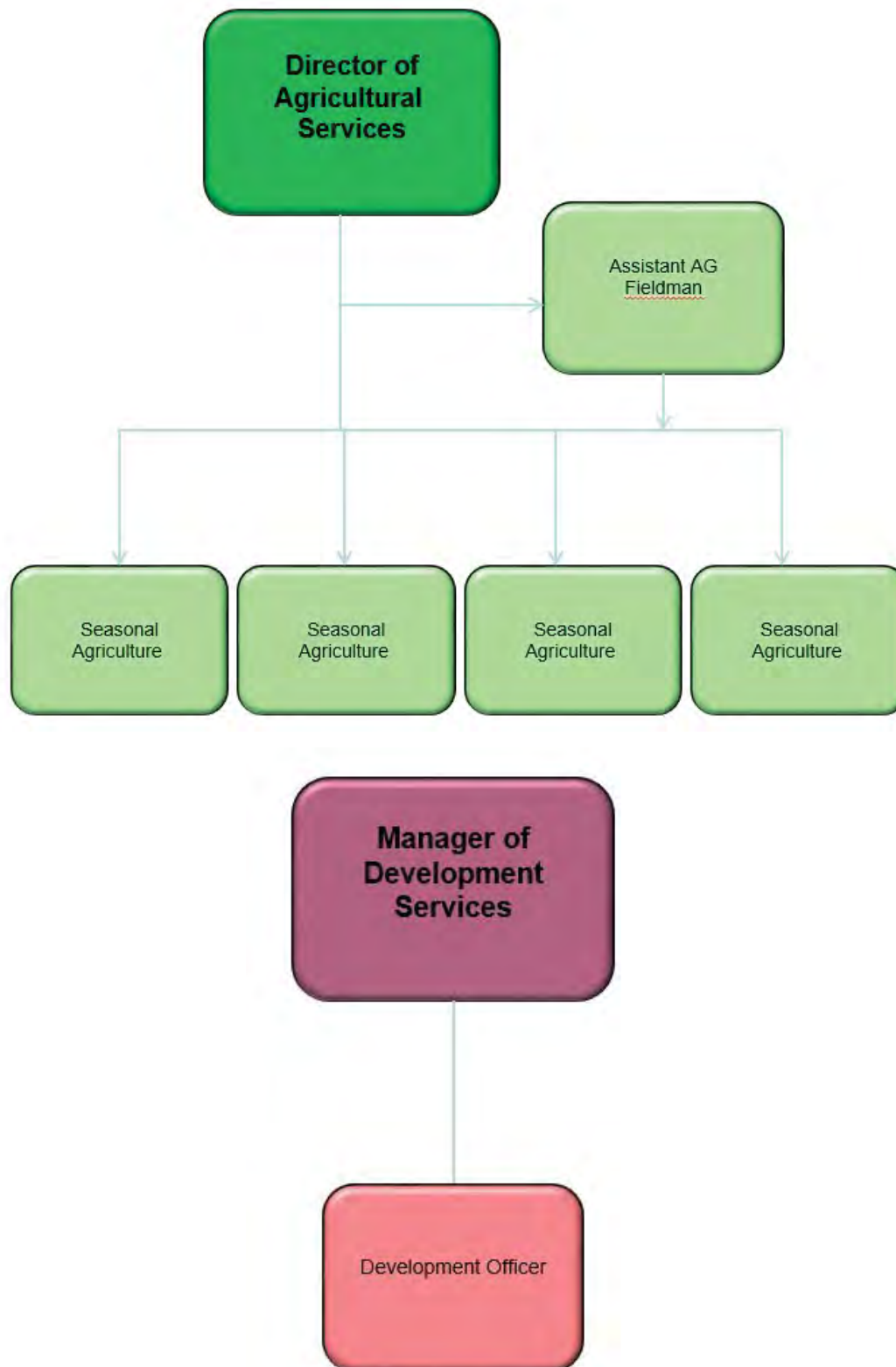
ORGANIZATION CHART:



ORGANIZATION CHART (CONTINUED):



ORGANIZATION CHART (CONTINUED):



STRATEGIC PLAN

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

1) INCREASED AND DIVERSIFIED ECONOMIC DEVELOPMENT

Active pursuit of opportunities to diversify our assessment base to support the services we provide to our residents, including the following strategies:

- Hire an in-house Economic Development Officer
- Re-write the Vulcan County Land Use Bylaw to ensure a good planning process while allowing for innovative land use without hindering growth
- Establishment of an economic development reserve fund
- Industrial / commercial park development
- Providing a receptive environment for renewable energy producers
- Updating our Municipal Development Plan and Reservoir Area Structure Plan to allow for further growth and improved planning
- Working with businesses to identify areas which may inhibit growth
- Expanding the County's marketing presence
- Exploring economic incentives which can be offered to potential new business or residential developments

2) FOSTER A COLLABORATIVE ENVIRONMENT

Vulcan County recognizes that we cannot action all of our objectives alone. To realize these objectives, the County has begun utilizing the following strategies:

- Creation of Inter-Municipal Development Plans with urban municipalities within the boundaries of Vulcan County
- Amendments to existing Inter-Municipal Development Plans with neighbouring rural municipalities
- Inter-municipal Collaborative Framework creation with our rural and urban neighbours
- Establish annual meetings with the Bow River Irrigation District to review capital projects and maintenance priorities
- Review and establish cost-sharing formulas for services that are equitable to all parties
- Institute annual meetings with the Siksika Nation to investigate opportunities for partnerships



3) MAINTAIN ROAD AND BRIDGE INFRASTRUCTURE

As a County, the majority of municipal activities typically relate to road and bridge infrastructure, making up approximately 52% of County expenditures. Vulcan County is committed to maintaining these assets by using the following strategies:

- Continued refinement and review of the 5-year and 20-year capital plans for equipment and infrastructure replacement and repairs
- Review and approve 4-year road and bridge construction programs that recognize efficiencies in engineering, construction, and project tendering
- Continue capital equipment replacement based on life cycle asset management that ensures a balance between maintenance costs and down time
- Further investigate potential new aggregate sources within the County to secure surfacing gravel requirements



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4) RESPONSIBLE & TRANSPARENT LEADERSHIP AND GOVERNANCE

Vulcan County will continue to endeavor to be a municipality which operates in a transparent and responsible manner. Key objectives to advance this priority are:

- Invest in and support a proficient and motivated workforce
- Provide levels of service that balance ratepayer needs with organizational capacity
- Build community confidence through responsible governance for long-term sustainability
- Promote community engagement in decision making and planning
- Develop a public participation policy
- Ensure timely compliance with regulatory and statutory obligations
- Continue to promote excellence through the production and submission of Annual Budget Reports and Annual Financial Reports to the Government Finance Officers Association
- Improve public communication through our website, social media accounts, and printed media
- Continued review of taxation rates in order to remain competitive with our rural neighbours

5) CONTINUED SUPPORT OF OUR AGRICULTURAL INDUSTRY

Vulcan County recognizes that our main industry within our borders is agriculture. As such, the County is committed to supporting this industry by implementing the following strategies:

- Continue to have an active and engages Agricultural Service Board that reviews and investigates new programming and services which are of benefit to the agricultural industry
- Initiate delivery of the ALUS program (Alternative Land Use Systems) to the County
- Work with the Vulcan and District Waste Commission on the collection of herbicide/pesticide containers in a way which works for all stakeholders
- Continue to support and participate in the Southern Alberta Weed Coordinator Program
- Increase weed control measures and awareness throughout the County
- Develop a digital weed database for Vulcan County

6) SAFE COMMUNITIES

Protection of our community is accomplished by 6 fire departments, 4 RCMP detachments, and the Vulcan County Community Peace Officer Program. To provide safe communities, the County will undertake the following initiatives:

- Hire a second Community Peace Officer to provide proactive patrols in all areas of the County
- Continue with education as a primary value in regards to law enforcement
- Create a partnership with the RCMP to assist in providing a School Resource Officer to area schools
- Complete all appendices for the Emergency Management Plan
- Ensure proper emergency management training is provided for all staff and regional partners
- Certify that all fire departments within Vulcan County are meeting the required levels of training for our service levels
- Implement a Community Crime Map in conjunction with the RCMP, which will allow users to know where criminal activity is happening.

In October 2017, the Alberta Municipal Elections were held. Subsequent to the election, County Council and Administration reviewed the Strategic Plan in March of 2018. The plan is reviewed every 4 years to allow each new Council an opportunity to set its goals and priorities for the length of their term.



REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

It is our pleasure to submit Vulcan County's Annual Financial Report for the year ended December 31, 2018. The purpose of this Annual Financial Report is to provide our ratepayers with clear and transparent insight into the financial information and results of the County. The report also gives us an opportunity to analyze and provide commentary on the financial information contained within.

INTERNAL ACCOUNTING CONTROLS

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

FINANCIAL POLICIES

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

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



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

ADMINISTRATIVE PROCEDURES

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



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

EXTERNAL AUDITS

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



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

For the 2018 Financial Statement audit, our auditors expressed a "clean" audit opinion, indicating that the financial statements are presented fairly in all material respects. The auditors did not have any recommendations for improvements to the County's internal controls during the 2018 audit, indicating the overall effectiveness of the controls that are already in place.

BUDGET PROCESS

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

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

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



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

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

The County's 2018 financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the preparation, accuracy, objectivity, and integrity of the financial statements and notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2018, and the results of its operations for the year then ended.

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

STATEMENT OF FINANCIAL POSITION

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

	2018	2017	Change
FINANCIAL ASSETS			
Cash and investments	24,631,691	23,327,089	1,304,602
Taxes and grants in lieu receivables	2,913,837	3,969,857	(1,056,020)
Trade and other receivables	843,256	772,552	70,704
Inventory held for resale	41,876	41,876	-
Long term investments	3,560,541	4,830,418	(1,269,877)
Loans and notes receivable	392,754	277,245	115,509
Other	319,089	294,509	24,580
	<u>32,703,044</u>	<u>33,513,546</u>	<u>(810,502)</u>
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	815,670	759,086	56,584
Deferred revenue	1,522,148	2,724,815	(1,202,667)
Employee benefit obligations	246,105	238,964	7,141
Obligations to other organizations	2,800,000	2,775,781	24,219
Obligations under capital lease	28,507	40,949	(12,442)
Long term debt	1,755,834	1,874,157	(118,323)
Other liabilities	587,292	640,666	(53,374)
	<u>7,755,556</u>	<u>9,054,418</u>	<u>(1,298,862)</u>
NET FINANCIAL ASSETS	<u>24,947,488</u>	<u>24,459,128</u>	<u>488,360</u>
NON-FINANCIAL ASSETS			
Tangible capital assets	107,455,248	107,659,792	(204,544)
Inventory for consumption	8,244,446	8,522,618	(278,172)
Prepaid expenses	193,446	182,065	11,381
	<u>115,893,140</u>	<u>116,364,475</u>	<u>(471,335)</u>
ACCUMULATED SURPLUS	<u>140,840,628</u>	<u>140,823,603</u>	<u>17,025</u>

STATEMENT OF FINANCIAL POSITION - continued

FINANCIAL ASSETS:

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

- Cash and short-term investments increased compared to the prior year. This is mainly due to the timing of when certain investments mature; investments maturing within 1-year are classified as short-term investments. There is a comparable reduction in long-term investments offsetting this.
- Tax receivables decreased, mainly due to the economic climate in the oil & gas industry. Certain companies that owed the County property taxes became insolvent in recent years, and the County had exhausted all legal avenues to pursue collection. These receivables had to be written off in order to comply with relevant accounting standards.
- Loans receivable increased, primarily due to a single loan issued to a local organization. The organization has taken loans from the County before and repaid them ahead of schedule.

FINANCIAL LIABILITIES:

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

- The balance in deferred revenue decreased mainly due to bridge projects from 2017 that were rescheduled to 2018. As work was completed, grant funds that were previously received and recorded as deferred revenue could be recognized into revenue in the current year.
- The obligations to other organizations includes the County's holdings to be put toward the Hospital Expansion Project at the Vulcan Hospital. This is a 2:1 matching agreement with the Vulcan County Health and Wellness Foundation. See note 10 to the financial statements for more information.
- Long-term debt decreased by the expected amount from two semi-annual debenture repayments.

NON-FINANCIAL ASSETS:

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

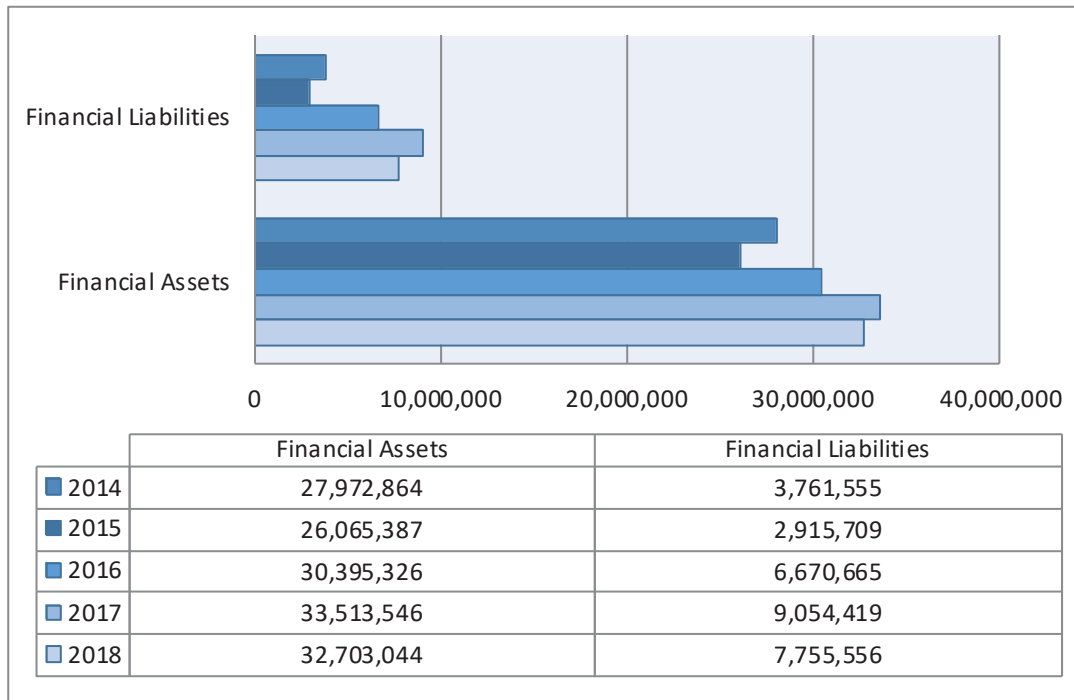
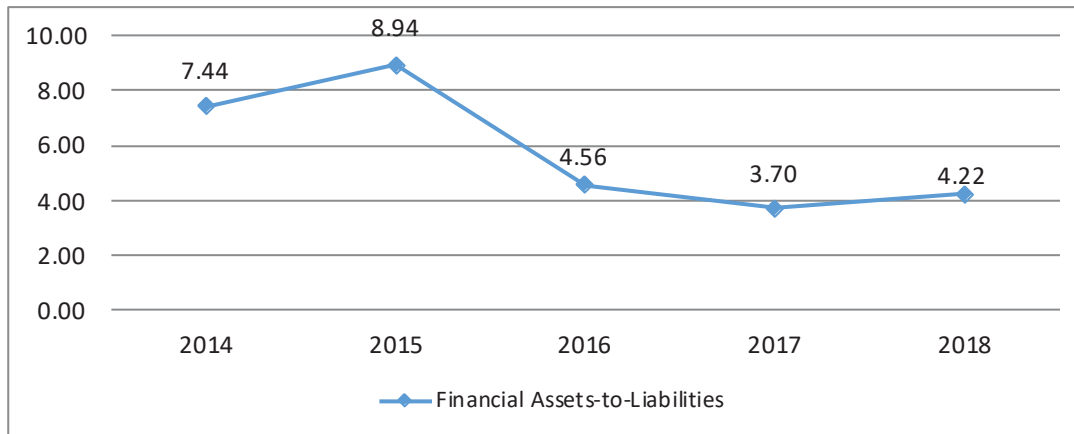
- Capital asset value decreased during the year since annual amortization expense was greater than the value of new assets purchased, leading to slightly lower combined net book value of assets.
- Inventory for consumption decreased, primarily as a result of previously crushed gravel being used during road construction.



STATEMENT OF FINANCIAL POSITION - continued

Overall, the County maintains a positive net financial position (financial assets exceeding financial liabilities) of approx. \$24.9 million. This is an increase from the prior year of approx. \$24.5 million. A positive net financial position allows the County to cover its financial liabilities and commitments with its financial assets.

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



As shown above, there were overall increase in both the net financial position and the Financial Assets to Liabilities ratio. This mostly relates to the decreases in long-term debt, deferred revenue, and tax receivables discussed earlier, with the reduction in deferred revenue and debt being slightly higher.

STATEMENT OF FINANCIAL POSITION - continued

ACCUMULATED SURPLUS:

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

Schedule 1	2018	2017
Unrestricted Surplus	1,493,729	1,091,769
Restricted Surplus (Reserves)	31,920,158	32,112,991
Equity in Tangible Capital Assets	107,426,741	107,618,843
Accumulative Surplus	140,840,628	140,823,603

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

	2018	2017
Capital Reserves	16,589,495	14,838,630
Operating Reserves	15,330,663	17,274,361
Total Restricted Surplus (Reserves)	31,920,158	32,112,991

Net Financial Assets	24,947,488	24,459,128
Inventory for Consumption	8,244,446	8,522,618
Total Funding Available	33,191,934	32,981,746

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

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

	2018	2017
Tangible Capital Assets - cost	199,974,014	196,799,587
Tangible Capital Assets - amortization	(92,518,766)	(89,139,795)
Tangible Capital Asset (NBV)	107,455,248	107,659,792
Capital Lease Obligation	(28,507)	(40,949)
Equity in Tangible Capital Assets	107,426,741	107,618,843

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

STATEMENT OF OPERATIONS

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

	2018 - Budget	2018	2017
OPERATING REVENUE			
Net municipal taxes	14,767,563	14,777,202	14,658,890
Government transfers	904,705	958,531	624,347
Return on investments	391,536	570,401	579,400
Sale of goods, services and user charges	873,912	1,148,512	1,052,435
Rental income	304,880	353,265	352,634
Community aggregate levy	220,000	203,956	222,955
Penalties and costs of taxes	125,500	739,321	484,573
Gain on disposal of tangible capital assets	-	209,326	101,059
Other revenues	258,210	134,498	676,208
	<u>17,846,306</u>	<u>19,095,012</u>	<u>18,752,501</u>
OPERATING EXPENSES			
Legislative	411,278	388,098	324,110
Administration	1,904,795	1,807,970	1,806,441
Protection services	2,087,820	2,403,045	2,746,165
Transportation services	9,604,615	10,575,050	9,948,597
Agricultural services	840,216	689,459	803,018
Planning and development services	819,243	599,308	414,237
Family and community support	860,903	447,923	956,894
Parks and recreation	779,502	842,564	671,616
Tourism and economic development	39,911	40,844	236,010
Utility Services	757,311	772,690	768,346
Other	77,597	3,512,840	36,083
	<u>18,183,191</u>	<u>22,079,791</u>	<u>18,711,517</u>
OPERATING NET INCOME	<u>(336,885)</u>	<u>(2,984,779)</u>	<u>40,984</u>
CAPITAL REVENUES			
Contributed tangible capital assets	284,792	284,792	
Government transfers for capital	4,455,435	2,717,012	767,378
TOTAL NET INCOME	<u>4,403,342</u>	<u>17,025</u>	<u>808,362</u>
ADD:			
Proceeds from sale of capital assets	301,330	152,422	115,241
Transfers from reserves to operations	3,707,926	5,732,708	6,278,381
Amortization of capital assets	4,328,196	4,684,268	4,480,221
Net (gain) loss on disposal of capital assets	-	8,653	(13,979)
LESS:			
Transfer to reserves	(3,660,994)	(5,539,875)	(7,998,816)
Capital expenditures/purchases	(9,079,800)	(4,653,241)	(3,765,584)
TOTAL NET EFFECT OF INCOME	<u>-</u>	<u>401,960</u>	<u>(96,174)</u>

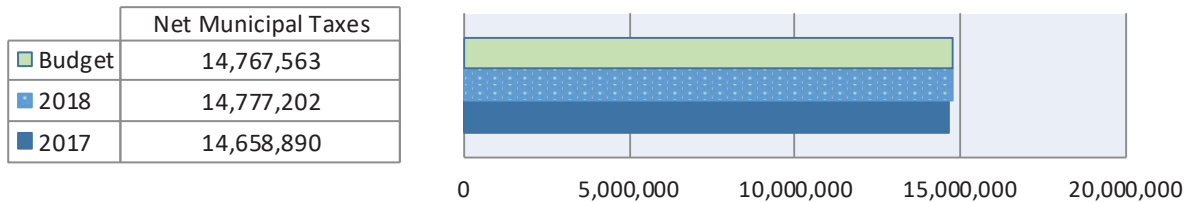
The total net effect of income represents the allocation to the Unrestricted Surplus. As shown above, this is determined by taking the total net income as well as the effects of the transfers to/from reserves and the contributions to/from capital.

STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES

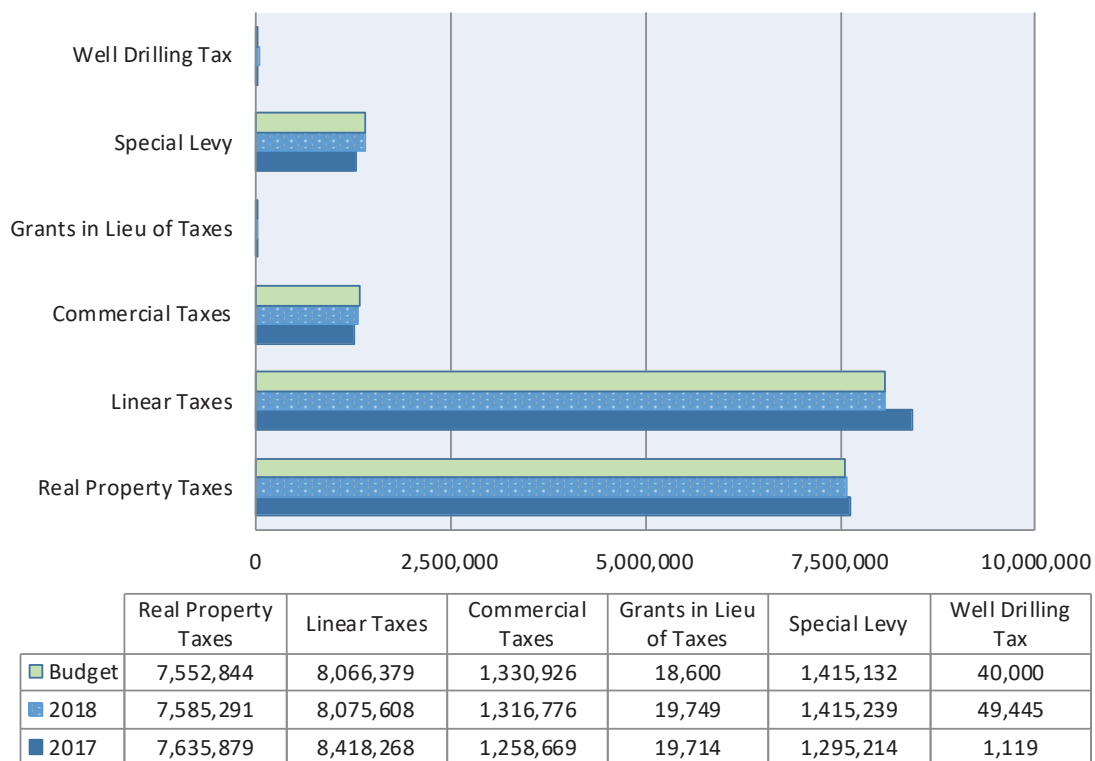
Operating revenues include all of the revenues for the County other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), operating grants, and other revenues from the operations of the County (i.e. investment income, user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

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



The overall net municipal taxes are relatively comparable to the budget and the prior year. This is due to a reduction in the general tax rate in 2018, but was offset by an increase in residential assessment values within the County as well as increases to some special tax levies.

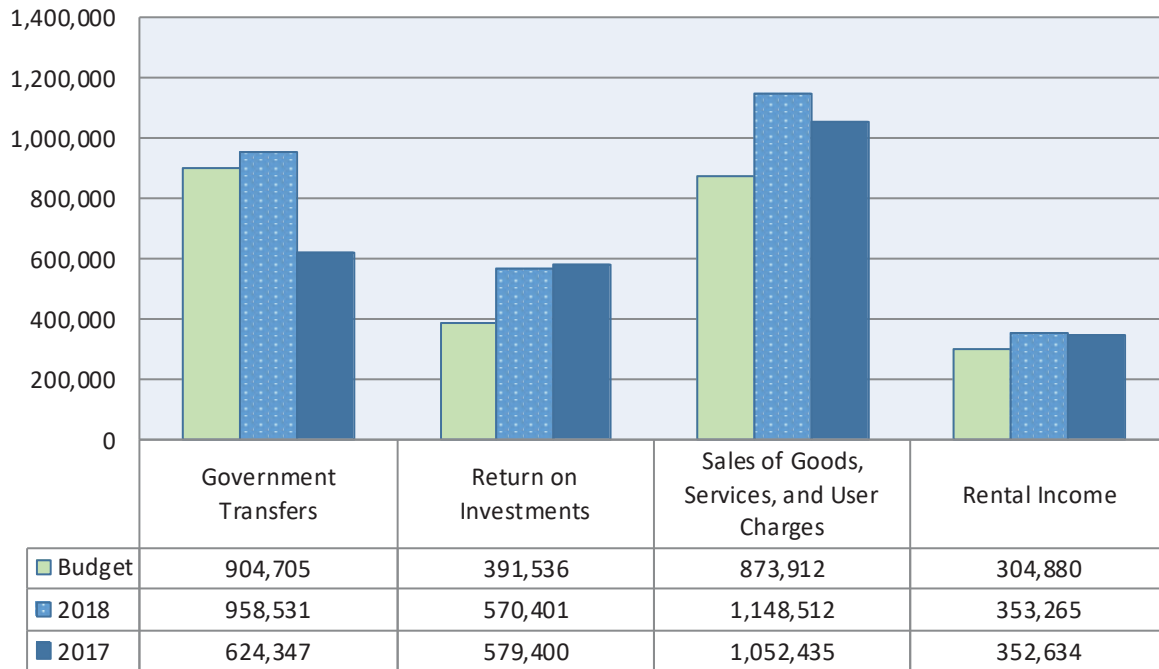
Tax revenues are recorded as revenue as of May 31st each year, and the associated tax receivables are shown as assets at the same time. Tax penalties are shown as revenue and assets as of the dates outlined in County Bylaw 2016-019. The following are the details of the tax revenues as displayed in Schedule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



STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES - continued

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



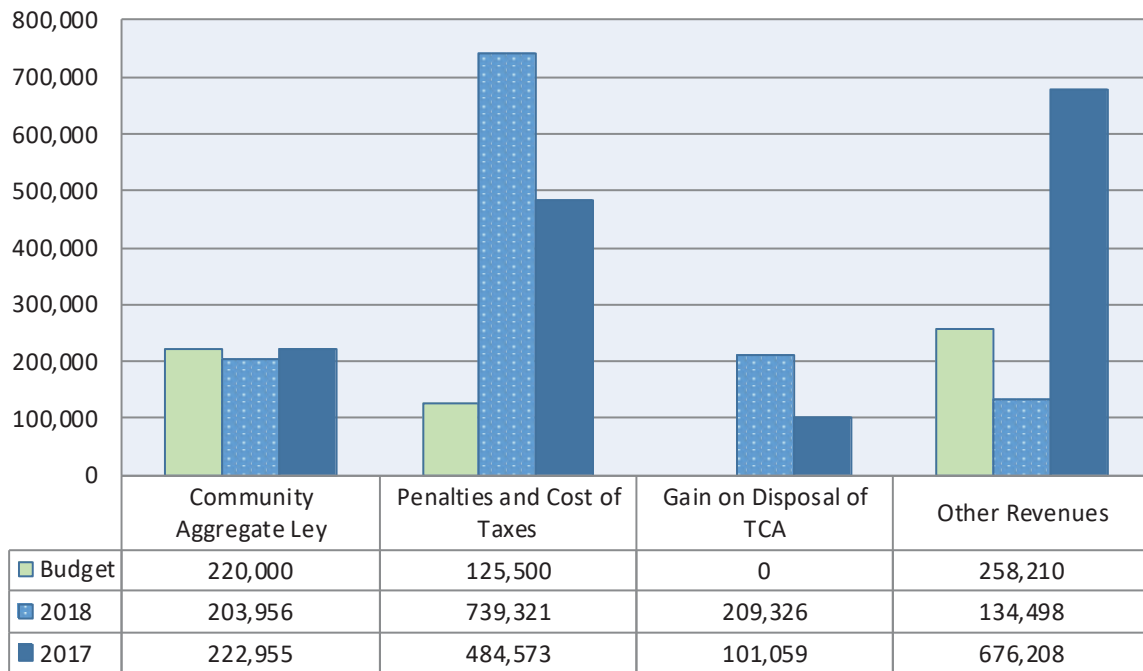
Some of the major variances from budget and the prior year include:

- Operating transfers were higher than last year mainly due to three items: a \$75,000 Inter-Municipal Development Plan grant was utilized in 2018, additional funds from a disaster recovery grant were recognized, and approximately \$90,000 in relief funds were received with respect to the overland flooding in the spring.
- Investment income was higher than budget, primarily due to conservative budgeting caused by uncertainty regarding interest rates. Investment income was overall comparable to the prior year.
- Increase over budget for Sales, Goods, Services, and User Charges was mainly due to two factors: a large, unanticipated sale of gravel occurred near year end, and significantly higher cost recovery charges were realized for emergency response services. Recovery charges have been higher than budget for a couple of consecutive years and were looked at in detail during the preparation of the 2019 operating budget.
- Rental Income was comparable to both the budget and the prior year. The slight increase over budget was caused by a review of the rental rate being charged to the RCMP for their use of space in the Tri-Services building.

STATEMENT OF OPERATIONS - Continued

OPERATING REVENUES - continued

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



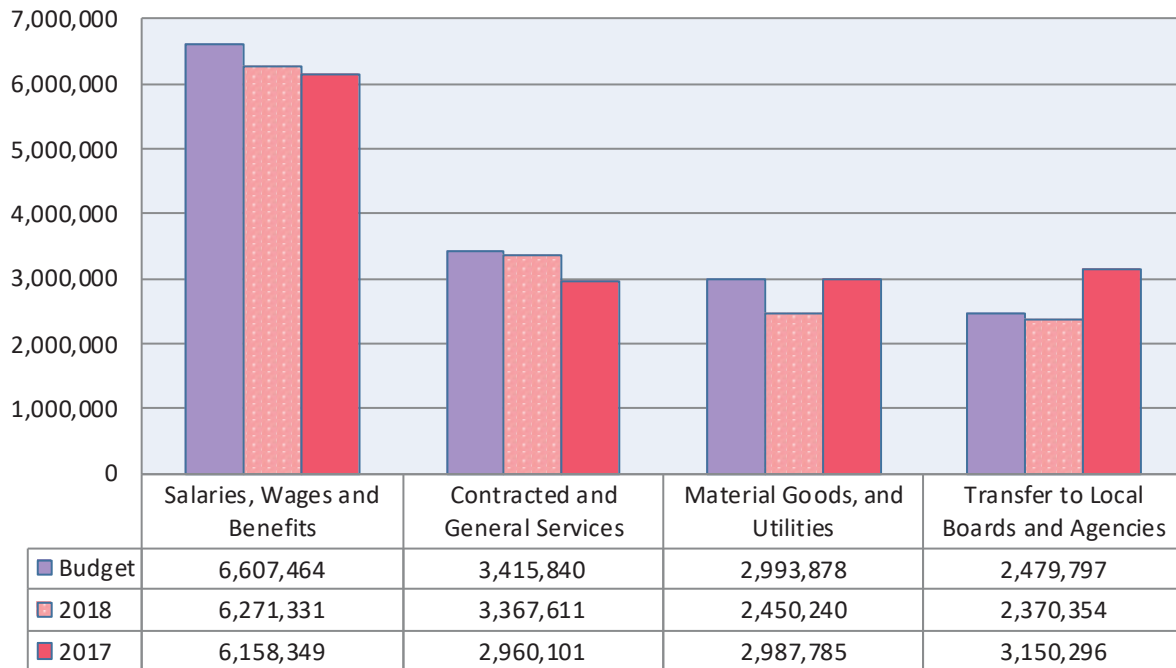
Some of the major variances from budget and the prior year include:

- The budget for the Community Aggregate Levy was reviewed by administration for 2018 and, as a result, reflected actual revenues much more closely. Prior years had generally had a low budget figure that wasn't consistent with typical results. This has been corrected.
- The majority of the budget variance for Penalties and Costs of Taxes relates to the penalties for non-payment of property tax by some oil and gas companies, as was the case in the prior year. The budget here is generally done on a very conservative basis since the expectation is for tax to be paid promptly.
- Gains on disposal of assets can vary significantly from year to year and are not budgeted for in operating income. Estimates of value are included when preparing the capital budget as they are used on the capital side to help fund new acquisitions.
- The main reason for the variance over the prior year in Other Revenue is the receipt of more than \$400,000 from the Vulcan Fire Association as part of their merging with the County Fire Department in 2017. This revenue did not repeat in 2018, neither was it expected. The reason for the budget variance is that the budget figure for other revenue included additional money to be contributed by the Town of Vulcan for the hospital expansion project. However, the budget amounts were based on the prior year which did not reflect all of 2017's contributions due to timing of budget preparation.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES

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



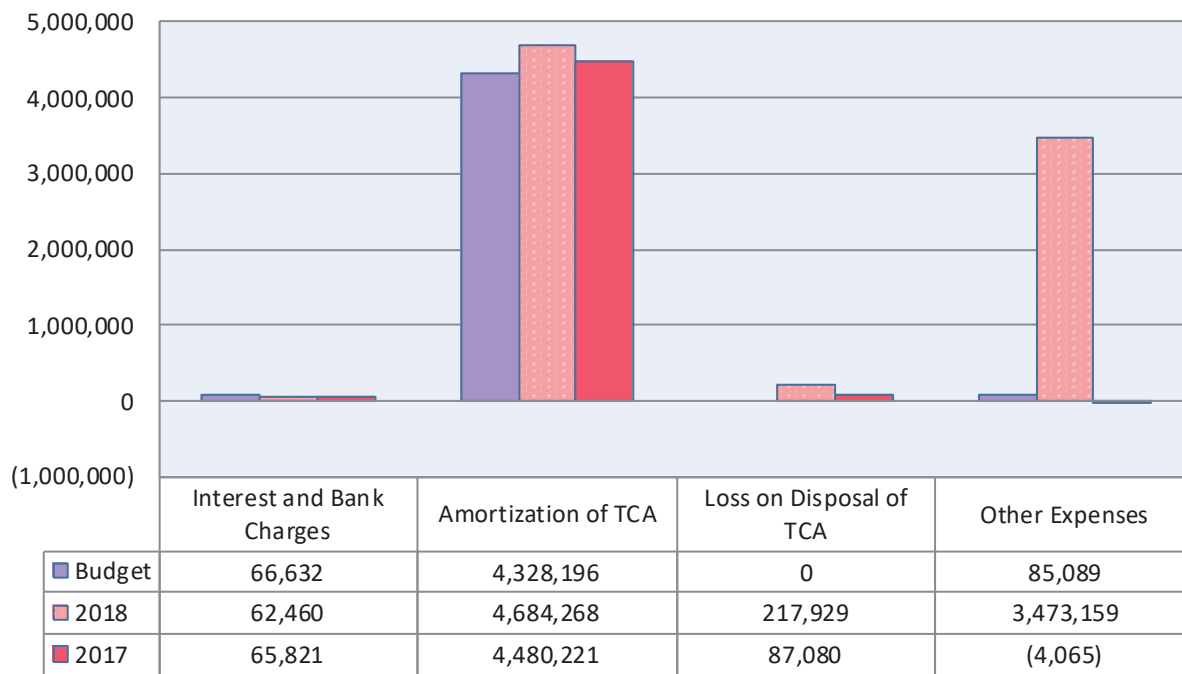
Some of the major variances from budget and the prior year include:

- Reduction of Staffing expense compared to budget is due to a few factors: newer hires starting lower on the pay grid than departing staff, vacancies caused by departing staff that were not filled, positions being budgeted for a full year but not hired until part way through the year, and less overtime required overall. The increase over the prior year is a result of regular movement up the pay grid for existing staff.
- The increase in Contracted Services over the prior year was the result of extra assistance with pumping water after the spring flooding event. The County does not have suitable pumping equipment for this task, so outside contractors were necessary.
- Materials, Goods, and Utilities expenses were lower than the prior year and budget due to the flooding in the spring. The flooding diverted staff attention to repairs rather than construction, so approximately \$300,000 less value of gravel was used in road construction. Further, heavy construction equipment was not used as heavily as expected which led to lower fuel costs in 2018.
- Transfers to Local Boards and Agencies was lower comparable to budget but lower than the prior year. This is due to the purchase of fire trucks in the prior year for the two Fire Associations that service the County.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

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



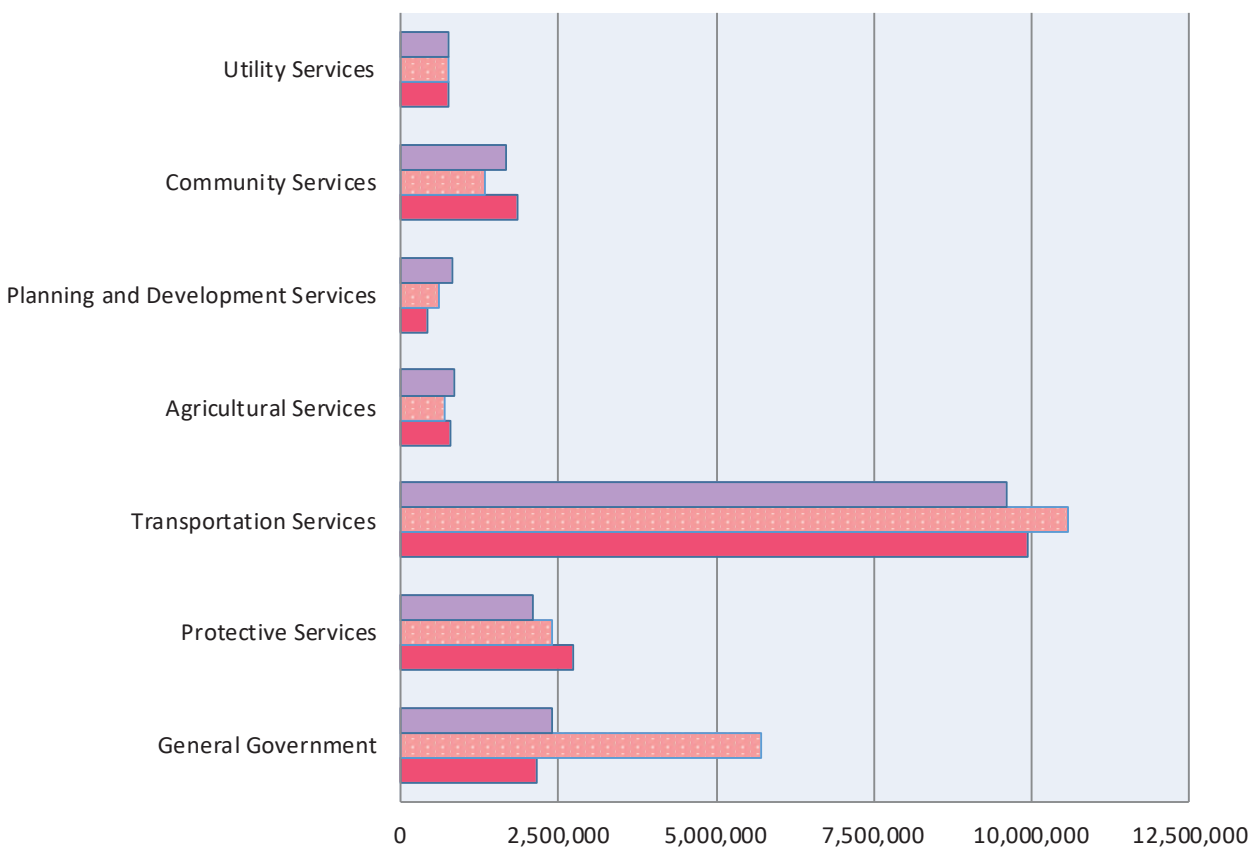
Some of the major variances from budget and the prior year include:

- Interest is comparable to prior year and budget. Slight reduction from budget and prior year is due to lower bank service charges than expected.
- Amortization of Tangible Capital Assets is greater than both the budget and the prior year as the budget was largely based on the prior year. The increase relates to the purchase of new assets in 2018 and their subsequent amortization expense.
- Losses on Capital Asset disposal are not budgeted and can fluctuate greatly from one year to the next depending on what's being disposed of. The current year had a higher loss on disposal, mainly due to two graders selling for less than the net book value showing in the County's accounting records for these assets. These losses were offset by gains on disposal from two other graders that were sold.
- Other Expenses are high this year as noted earlier in this report. The increase over the prior year is due to writing off significant amounts owing from oil & gas companies for property taxes which were determined to be uncollectible. The County had attempted to collect these amounts through legal means, but legal options ran out in 2018, forcing the expense shown here. This expense is expected to be partially offset by a credit from the province with respect to the education portion of these taxes.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

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



	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services
Budget	2,393,670	2,087,820	9,604,615	840,216	819,243	1,680,316	757,311
2018	5,708,908	2,403,045	10,575,050	689,459	599,308	1,331,331	772,690
2017	2,166,634	2,746,165	9,948,597	803,017	414,237	1,864,520	768,347

Two segments had significant variances between budget and actual figures:

- Transportation Services showed more actual expense than budget. This was primarily due to the additional contracted services that were required to pump excess water during the flooding in spring 2018.
- General Government saw significantly higher than expected costs in 2018. This was almost entirely due to the write offs of tax receivables from insolvent oil & gas companies. The County had exhausted all legal options for collection and was advised by legal counsel to complete the write off.

See Note 19 to the 2018 Financial Statements for a detailed description of each segment and its activities.

STATEMENT OF OPERATIONS - Continued

OPERATING EXPENSES - continued

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

	2018 - Budget	2018	2017
GENERAL GOVERNMENT			
Legislative	411,278	388,098	324,110
Administration	1,904,795	1,807,970	1,806,441
Other	77,597	3,512,840	36,083
	2,393,670	5,708,908	2,166,634
PROTECTIVE SERVICES	2,087,820	2,403,045	2,746,165
TRANSPORTATION SERVICES	9,604,615	10,575,050	9,948,597
AGRICULTURAL SERVICES	840,216	689,459	803,017
PLANNING AND DEVELOPMENT SERVICES	819,243	599,308	414,237
COMMUNITY SERVICES			
Family and community support	860,903	447,923	956,894
Parks and recreation	779,502	842,564	671,616
Tourism and economic development	39,911	40,844	236,010
	1,680,316	1,331,331	1,864,520
UTILITY SERVICES	757,311	772,690	768,347
TOTAL OPERATING EXPENSES	18,183,191	22,079,791	18,711,517

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

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

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

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

STATEMENT OF CASH FLOWS

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

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

SCHEDULES OF THE FINANCIAL STATEMENTS

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

- Schedule 1 - Schedule of Changes in Accumulated Surplus
- Schedule 2 - Schedule of Tangible Capital Assets
- Schedule 3 - Schedule of Property and Other Taxes
- Schedule 4 - Schedule of Government Transfers
- Schedule 5 - Schedule of Expenses by Object
- Schedule 6 - 2018 Schedule of Segmented Disclosure
- Schedule 7 - 2017 Schedule of Segmented Disclosure

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

FUTURE OUTLOOKS

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

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

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

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

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

Respectfully submitted,



Nick Fai, CPA
Director of Corporate Services
May 17, 2019



FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



VULCAN COUNTY FINANCIAL STATEMENTS

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April 17, 2019

To the Reeve and Council Members of Vulcan County

Re: Management's Responsibility for Reporting

Management of Vulcan County is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2018, and the results of its operations for the year then ended.

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

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

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

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

Respectfully,

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

Nels Petersen
Chief Administrative Officer

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

Nick Fai, CPA
Director of Corporate Services



Tel: 403 328 5292
Fax: 403 328 9534
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BDO Canada LLP
600 Lethbridge Centre Tower
400 - 4 Avenue South
Lethbridge AB T1J 4E1 Canada

Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

Opinion

We have audited the financial statements of Vulcan County (the County), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2018, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

BDO Canada LLP
Chartered Professional Accountants

Lethbridge, Alberta
April 17, 2019

VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and investments (note 2)	\$ 24,631,691	\$ 23,327,089
Taxes and grants in lieu receivables (note 3)	2,913,837	3,969,857
Trade and other receivables (note 4)	843,256	772,552
Inventory held for resale	41,876	41,876
Long term investments (note 5)	3,560,541	4,830,418
Loans and notes receivable (note 6)	392,754	277,245
Other	319,089	294,509
	<u>32,703,044</u>	<u>33,513,546</u>
LIABILITIES		
Accounts payable and accrued liabilities	815,670	759,086
Deferred revenue (note 8)	1,522,148	2,724,815
Employee benefit obligations (note 9)	246,105	238,964
Obligations to other organizations (note 10)	2,800,000	2,775,781
Obligations under capital lease (note 11)	28,507	40,949
Long term debt (note 12)	1,755,834	1,874,157
Other liabilities	587,292	640,666
	<u>7,755,556</u>	<u>9,054,418</u>
NET FINANCIAL ASSETS	<u>24,947,488</u>	<u>24,459,128</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 13)	107,455,248	107,659,792
Inventory for consumption (note 14)	8,244,446	8,522,618
Prepaid expenses	193,446	182,065
	<u>115,893,140</u>	<u>116,364,475</u>
ACCUMULATED SURPLUS (schedule 1, note 16)	<u>\$ 140,840,628</u>	<u>\$ 140,823,603</u>

Contingencies and commitments - (See note 25 & 26)

APPROVED BY:

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

VULCAN COUNTY

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2018

	Budget (note 17)	2018	2017
REVENUE			
Net municipal taxes (schedule 3)	\$ 14,767,563	\$ 14,777,202	\$ 14,658,890
Government transfers (schedule 4)	904,705	958,531	624,347
Return on investments	391,536	570,401	579,400
Sale of goods, services and user charges	873,912	1,148,512	1,052,435
Rental income	304,880	353,265	352,634
Community aggregate levy	220,000	203,956	222,955
Penalties and costs of taxes	125,500	739,321	484,573
Gain on disposal of tangible capital assets	-	209,326	101,059
Other revenues	258,210	134,498	676,208
TOTAL REVENUE	17,846,306	19,095,012	18,752,501
EXPENSES			
Legislative	411,278	388,098	324,110
Administration	1,904,795	1,807,970	1,806,441
Protective services	2,087,820	2,403,045	2,746,165
Transportation services	9,604,615	10,575,050	9,948,597
Agricultural services	840,216	689,459	803,018
Planning and development services	819,243	599,308	414,237
Family and community support	860,903	447,923	956,894
Parks and recreation	779,502	842,564	671,616
Tourism and economic development	39,911	40,844	236,010
Utility Services	757,311	772,690	768,346
Other	77,597	3,512,840	36,083
TOTAL EXPENSES	18,183,191	22,079,791	18,711,517
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(336,885)	(2,984,779)	40,984
OTHER			
Contributed tangible capital assets	284,792	284,792	-
Government transfers for capital (schedule 4)	4,455,435	2,717,012	767,378
EXCESS OF REVENUE OVER EXPENSES	4,403,342	17,025	808,362
ACCUMULATED SURPLUS, BEGINNING OF YEAR	140,823,603	140,823,603	140,015,241
ACCUMULATED SURPLUS, END OF YEAR	\$ 145,226,945	\$ 140,840,628	\$ 140,823,603

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

VULCAN COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2018

	Budget (note 17)	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ 4,403,342	\$ 17,025	\$ 808,362
Acquisition of tangible capital assets	(9,079,800)	(4,356,007)	(3,753,883)
Contributed tangible capital assets	-	(284,792)	-
Proceeds on disposal of tangible capital assets	301,330	(56,854)	14,182
Amortization of tangible capital assets	4,328,196	4,684,268	4,480,221
Loss on disposal of tangible capital assets	-	217,929	87,080
	(4,450,274)	204,544	827,600
Net change in inventory for consumption	-	278,172	(951,627)
Acquisition of prepaid expenses	-	(193,446)	(182,065)
Use of prepaid expenses	-	182,065	232,196
	-	266,791	(901,496)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(46,932)	488,360	734,466
NET FINANCIAL ASSETS, BEGINNING OF YEAR	24,459,128	24,459,128	23,724,662
NET FINANCIAL ASSETS, END OF YEAR	\$ 24,412,196	\$ 24,947,488	\$ 24,459,128

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

VULCAN COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

	2018	2017
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 17,025	\$ 808,362
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,684,268	4,480,221
Loss on disposal of tangible capital assets	217,929	87,080
Tangible capital assets received as contributions	(284,792)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	1,056,020	(1,253,458)
Increase in trade and other receivables	(70,704)	(35,124)
Decrease in inventory held for resale	-	207
Decrease (increase) in loans receivable	(115,509)	79,228
Increase in other financial assets	(24,580)	(8,141)
Decrease (increase) in inventory for consumption	278,172	(951,627)
Decrease (increase) in prepaid expenses	(11,381)	50,131
Increase in accounts payable	56,584	83,241
Increase (decrease) in deferred revenue	(1,202,667)	1,773,033
Increase in employee benefit obligations	7,141	15,535
Increase in obligations to other organizations	24,219	691,050
Decrease in obligations under capital lease	(12,442)	(11,701)
Decrease in other liabilities	(53,374)	(51,982)
Cash provided by operating transactions	<u>4,565,909</u>	<u>5,756,055</u>
CAPITAL		
Acquisition of tangible capital assets	(4,356,007)	(3,753,883)
Proceeds on disposal of tangible capital assets	(56,854)	14,182
Cash applied to capital transactions	<u>(4,412,861)</u>	<u>(3,739,701)</u>
INVESTING		
Decrease in long term investments	<u>1,269,877</u>	<u>511,582</u>
Cash provided by investing transactions	<u>1,269,877</u>	<u>511,582</u>
FINANCING		
Long term debt repaid	<u>(118,323)</u>	<u>(115,422)</u>
Cash applied to financing transactions	<u>(118,323)</u>	<u>(115,422)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	<u>1,304,602</u>	<u>2,412,514</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,327,089</u>	<u>20,914,575</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 24,631,691</u>	<u>\$ 23,327,089</u>

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

VULCAN COUNTY

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

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus (note 18)	Equity in Tangible Capital Assets (note 15)	2018	2017
BALANCE, BEGINNING OF YEAR	\$ 1,091,769	32,112,991	107,618,843	\$140,823,603	\$140,015,241
Excess of revenues over expenses	\$ 17,025	-	-	\$ 17,025	\$ 808,362
Unrestricted funds designated for future use	(5,539,875)	5,539,875	-	-	-
Restricted funds used for operations	4,579,162	(4,579,162)	-	-	-
Restricted funds used for tangible capital assets	-	(1,153,546)	1,153,546	-	-
Current year funds used for tangible capital assets	(3,214,903)	-	3,214,903	-	-
Contributed tangible capital assets	(284,792)	-	284,792	-	-
Disposal of tangible capital assets	161,075	-	(161,075)	-	-
Annual amortization expense	4,684,268	-	(4,684,268)	-	-
Change in accumulated surplus	\$ 401,960	(192,833)	(192,102)	\$ 17,025	\$ 808,362
BALANCE, END OF YEAR	\$ 1,493,729	31,920,158	107,426,741	\$140,840,628	\$140,823,603

VULCAN COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2018

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2018	2017
COST:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ 5,738,535	1,197,069	10,882,513	16,472,787	6,080,920	156,427,763	\$ 196,799,587	\$ 193,932,393
Acquisition of tangible capital assets	6,012	24,231	-	1,325,272	967,952	1,969,155	4,292,622	3,332,588
New construction-in-progress	-	-	-	-	-	348,177	348,177	421,295
Disposition of tangible capital assets	-	-	-	(587,289)	(840,830)	(38,253)	(1,466,372)	(886,689)
BALANCE, END OF YEAR	5,744,547	1,221,300	10,882,513	17,210,770	6,208,042	158,706,842	199,974,014	196,799,587
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ -	218,603	3,158,907	9,160,661	2,796,399	73,805,225	\$ 89,139,795	\$ 85,445,001
Annual amortization	-	34,762	287,026	1,596,830	577,795	2,187,855	4,684,268	4,480,221
Accumulated amortization on disposal	-	-	-	(931,629)	(170,016)	(203,652)	(1,305,297)	(785,427)
BALANCE, END OF YEAR	-	253,365	3,445,933	9,825,862	3,204,178	75,789,428	92,518,766	89,139,795
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,744,547	967,935	7,436,580	7,384,908	3,003,864	82,917,414	\$ 107,455,248	\$ 107,659,792
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,738,535	978,466	7,723,606	7,312,126	3,284,521	82,622,538	\$ 107,659,792	

VULCAN COUNTY

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

SCHEDULE 3

	Budget (note 17)	2018	2017
TAXATION			
Real property taxes	\$ 7,552,844	\$ 7,585,291	\$ 7,635,879
Linear taxes	8,066,379	8,075,608	8,418,268
Commercial taxes	1,330,926	1,316,776	1,258,669
Government grants in lieu of taxes	18,600	19,749	19,714
Special levy	1,415,132	1,415,239	1,295,214
Well drilling tax	40,000	49,445	1,119
	<u>18,423,881</u>	<u>18,462,108</u>	<u>18,628,863</u>
REQUISITIONS			
School requisitions	3,408,081	3,436,669	3,717,875
Seniors foundation	248,237	248,237	252,098
	<u>3,656,318</u>	<u>3,684,906</u>	<u>3,969,973</u>
NET MUNICIPAL TAXES	<u>\$ 14,767,563</u>	<u>\$ 14,777,202</u>	<u>\$ 14,658,890</u>

VULCAN COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2018

SCHEDULE 4

	Budget (note 17)	2018	2017
TRANSFERS FOR OPERATING			
Local government transfers	\$ 148,181	\$ 142,022	\$ 63,49
Provincial government transfers	536,790	596,775	350,28
Federal government transfers	219,734	219,734	210,56
	<u>904,705</u>	<u>958,531</u>	<u>624,34</u>
TRANSFERS FOR CAPITAL			
Provincial government transfers	4,455,435	2,717,012	767,37
TOTAL GOVERNMENT TRANSFERS	<u>\$ 5,360,140</u>	<u>\$ 3,675,543</u>	<u>\$ 1,391,72</u>

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2018

SCHEDULE 5

	Budget (note 17)	2018	2017
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,607,464	\$ 6,271,331	\$ 6,158,349
Contracted and general services	3,415,840	3,367,611	2,960,101
Materials, goods and utilities	2,993,878	2,450,240	2,987,785
Transfers to local boards and agencies	2,479,797	2,370,354	3,150,296
Interest and bank charges	66,632	62,460	65,821
Amortization of tangible capital assets	4,328,196	4,684,268	4,480,221
Machine expenses capitalized for construction	(1,793,705)	(817,561)	(1,174,071)
Loss on disposal of tangible capital assets	-	217,929	87,080
Other expenses	85,089	3,473,159	(4,065)
	<u>\$ 18,183,191</u>	<u>\$ 22,079,791</u>	<u>\$ 18,711,517</u>

VULCAN COUNTY

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	2018 Total
REVENUE								
Net municipal taxes	\$ 12,723,844	903,779	-	-	-	495,315	654,264	\$ 14,777,202
Government transfers (operating)	110,807	129,468	311,390	168,359	75,000	163,507	-	958,531
Return on investment	532,645	-	-	-	-	37,756	-	570,401
Sale of goods, services and user charges	41,706	265,663	430,241	268,317	140,548	-	2,037	1,148,512
Rental income	9,654	338,182	-	5,429	-	-	-	353,265
Community aggregate levy	-	-	203,956	-	-	-	-	203,956
Penalties and other costs of taxes	739,321	-	-	-	-	-	-	739,321
Gain on disposal of tangible capital assets	-	22,636	184,672	2,018	-	-	-	209,326
Other revenues	10,077	48,136	1,000	-	4,000	71,285	-	134,498
	<u>14,168,054</u>	<u>1,707,864</u>	<u>1,131,259</u>	<u>444,123</u>	<u>219,548</u>	<u>767,863</u>	<u>656,301</u>	<u>19,095,012</u>
EXPENSES								
Salaries, wages and benefits	1,088,195	627,487	3,870,365	351,804	315,337	-	18,143	6,271,331
Contracted and general services	701,022	482,938	1,621,850	47,658	280,813	165,190	68,140	3,367,611
Material, goods and utilities	202,607	199,789	1,836,767	193,221	3,158	8,460	6,238	2,450,240
Transfers to local boards and agencies	60,028	530,570	8,000	6,136	-	1,112,465	653,155	2,370,354
Interest and bank charges	17,247	(3)	-	-	-	45,216	-	62,460
Amortization of tangible capital assets	98,299	562,264	3,906,051	90,640	-	-	27,014	4,684,268
Machine expenses capitalized for construction	-	-	(817,561)	-	-	-	-	(817,561)
Loss on disposal of tangible capital assets	-	-	217,929	-	-	-	-	217,929
Other expenses	3,541,510	-	(68,351)	-	-	-	-	3,473,159
	<u>5,708,908</u>	<u>2,403,045</u>	<u>10,575,050</u>	<u>689,459</u>	<u>599,308</u>	<u>1,331,331</u>	<u>772,690</u>	<u>22,079,791</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>8,459,146</u>	<u>(695,181)</u>	<u>(9,443,791)</u>	<u>(245,336)</u>	<u>(379,760)</u>	<u>(563,468)</u>	<u>(116,389)</u>	<u>(2,984,779)</u>
OTHER								
Contributed tangible capital assets	-	284,792	-	-	-	-	-	284,792
Government transfers (capital)	-	290,538	2,379,408	-	-	-	47,066	2,717,012
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 8,459,146</u>	<u>(119,851)</u>	<u>(7,064,383)</u>	<u>(245,336)</u>	<u>(379,760)</u>	<u>(563,468)</u>	<u>(69,323)</u>	<u>\$ 17,025</u>

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 7

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2017 Total
REVENUE								
Net municipal taxes	\$ 12,752,130	893,763	-	-	-	390,026	622,971	\$ 14,658,890
Government transfers (operating)	26,736	46,500	210,569	176,759	-	163,783	-	624,347
Return on investment	556,022	-	-	-	-	23,378	-	579,400
Sale of goods, services and user charges	79,728	145,665	314,714	424,533	85,689	-	2,106	1,052,435
Rental income	1,463	335,629	-	1,142	-	14,400	-	352,634
Community aggregate levy	-	-	222,955	-	-	-	-	222,955
Penalties and other costs of taxes	484,573	-	-	-	-	-	-	484,573
Gain on disposal of tangible capital assets	-	5,647	95,412	-	-	-	-	101,059
Other revenues	8,095	448,411	-	-	-	219,702	-	676,208
	<u>13,908,747</u>	<u>1,875,615</u>	<u>843,650</u>	<u>602,434</u>	<u>85,689</u>	<u>811,289</u>	<u>625,077</u>	<u>18,752,501</u>
EXPENSES								
Salaries, wages and benefits	1,057,257	552,129	3,951,223	348,823	234,246	-	14,671	6,158,349
Contracted and general services	633,293	719,050	1,020,876	180,456	177,791	156,996	71,639	2,960,101
Material, goods and utilities	250,316	185,570	2,364,557	175,046	2,200	9,255	841	2,987,785
Transfers to local boards and agencies	51,150	779,244	8,000	6,000	-	1,650,131	655,771	3,150,296
Interest and bank charges	10,707	6,976	-	-	-	48,138	-	65,821
Amortization of tangible capital assets	101,647	501,021	3,759,436	92,693	-	-	25,424	4,480,221
Machine expenses capitalized for construction	-	-	(1,174,071)	-	-	-	-	(1,174,071)
Loss on disposal of tangible capital assets	-	2,175	84,905	-	-	-	-	87,080
Other expenses	62,264	-	(66,329)	-	-	-	-	(4,065)
	<u>2,166,634</u>	<u>2,746,165</u>	<u>9,948,597</u>	<u>803,018</u>	<u>414,237</u>	<u>1,864,520</u>	<u>768,346</u>	<u>18,711,517</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>11,742,113</u>	<u>(870,550)</u>	<u>(9,104,947)</u>	<u>(200,584)</u>	<u>(328,548)</u>	<u>(1,053,231)</u>	<u>(143,269)</u>	<u>40,984</u>
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	-	-	767,378	-	-	-	-	767,378
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 11,742,113</u>	<u>(870,550)</u>	<u>(8,337,569)</u>	<u>(200,584)</u>	<u>(328,548)</u>	<u>(1,053,231)</u>	<u>(143,269)</u>	<u>\$ 808,362</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vulcan County are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by Vulcan County are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the County operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to County Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances have been eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

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

e) Investments

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

f) Land Held for Resale

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

g) Taxes and Grants-in-lieu Receivables

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

h) Tax Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

i) Loans and Notes Receivables

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

j) Requisition Over-levy and Under-levy

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

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

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

k) Government Transfers

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-Financial Assets

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

i. Tangible Capital Assets

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

	Years
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Bridges	40 - 120
Communication towers	38
Roads	5 - 75
Machinery and equipment	3 - 25
Vehicles	5 - 20

Assets under construction are not amortized until the asset is available for productive use.

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include estimated employee benefit obligations, useful life of capital assets, rates of amortization and the allocation of costs for internally constructed assets.

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

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

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

n) Restricted Surplus Funds for Future Expenditures

Restricted surplus funds are established at the discretion of Council and by the Municipal Government Act to set aside funds for future operations and capital expenditures.

o) Contaminated Sites Liability

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2. CASH AND INVESTMENTS

	2018	2017
Cash	\$ 2,201,844	\$ 2,618,756
High interest savings	2,066,791	2,034,836
Temporary investments	20,363,056	18,673,497
	<u>\$ 24,631,691</u>	<u>\$ 23,327,089</u>

Temporary investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 2.15% to 2.90% (2017 - 1.60% to 2.22%). High interest savings include investment savings accounts held at ATB Securities Inc. with interest rates ranging from 0.95% to 1.85% (2017 - 1.00%).

Included in temporary investments is a restricted amount of \$1,522,148 (2017 - \$2,724,815) held exclusively for eligible projects and \$2,800,000 (2017 - \$2,775,781) held for the obligation to the Vulcan County Health and Wellness Foundation for the Vulcan Hospital Expansion Project.

The County has an available revolving line of credit facility up to \$300,000 with interest payable at prime minus 0.25%, and a credit card limit of \$49,000, with interest payable at 5.0%. As at December 31, 2018 the balance owing on these facilities is \$16,355 (2017 - \$23,309).

3. TAX AND GRANTS IN LIEU RECEIVABLES

	2018	2017
Current taxes and grants in lieu of taxes	\$ 1,869,791	\$ 1,230,347
Arrears	1,044,046	2,766,618
Allowance for doubtful accounts	-	(27,108)
	<u>\$ 2,913,837</u>	<u>\$ 3,969,857</u>

4. TRADE AND OTHER RECEIVABLES

	2018	2017
Trade receivables	536,735	347,480
Requisition under-levies	56,654	109,003
Interest receivable	65,221	74,170
GST receivable	39,794	59,638
Other receivables	145,425	182,834
Allowance for doubtful accounts	(573)	(573)
	<u>\$ 843,256</u>	<u>\$ 772,552</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

5. LONG TERM INVESTMENTS

	2018	2017
Guaranteed Investment Certificates	<u>\$ 3,560,541</u>	<u>\$ 4,830,418</u>

Guaranteed Investment Certificates are long-term deposits with interest rates ranging from 2.15% to 2.40% with maturity dates ranging from 2019 to 2021.

6. LOANS AND NOTES RECEIVABLES

	2018	2017
Carmangay Fire Association - annual pmt \$10,000, matures 2020	\$ 20,000	\$ 30,000
Carmangay Curling Association - annual pmt \$13,000, matures in 2026	104,000	117,000
Vulcan Fire Co-op - annual pmt \$10,000, matures 2021	-	40,000
Northwest Fire Protection Association - annual pmt \$25,000, matures 2018	-	25,000
Milo Seed Cleaning Association	225,000	-
Blackie & District Seed Cleaning Association	-	14,938
Mossleigh Water Co-op	43,754	50,307
	<u>\$ 392,754</u>	<u>\$ 277,245</u>

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

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

Loan receivable from Milo Seed Cleaning Association has an annual principal loan payment of \$25,000, maturing in 2027, carrying interest at 3.45%.

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

7. OTHER ASSETS

Included in other assets are two trust bank accounts:

	2018	2017
Vulcan County Public Reserves Trust	\$ 153,348	\$ 140,932
Vulcan County Tax Sale Trust	149,459	137,354
	<u>302,807</u>	<u>278,286</u>

Both accounts are earning interest at prime less 1.9% (2017 prime less 1.9%)

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

8. DEFERRED REVENUE

	2017	Externally Restricted Inflows	Revenues Earned	2018
Alberta Municipal Sustainability Initiative - Capital	\$ 2,216,591	\$ 1,553,175	\$ (2,717,013)	\$ 1,052,753
Alberta Municipal Sustainability Initiative - Operating	13,919	178,118	(177,291)	14,746
Inter-Municipal Development Plans - RCP	174,279	146,552	(75,000)	245,831
Flood Mitigation - SAFRP	119,834	(72,201)	(47,633)	-
Surface Rights	126,640	117,500	(126,640)	117,500
Other	73,552	285,282	(267,516)	91,318
Total, invested in short term investments	\$ 2,724,815	\$ 2,208,426	\$ (3,411,093)	\$ 1,522,148

Alberta Municipal Sustainability Initiative - Capital

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

Alberta Municipal Sustainability Initiative - Operating

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

Inter-Municipal Development Plan - RCP

This Regional Collaboration Program (RCP) grant is for the development of inter-municipal development plans with municipalities that share a border. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Flood Mitigation - SAFRP

This Southern Alberta Flood Response Program (SAFRP) grant was for the development of flood mitigation/diversion plans for the Bow and Little Bow rivers. The use of these funds was restricted to eligible expenditures as approved under the funding agreement. Not all of the funds received could be used, resulting in the County repaying the province the remaining \$72,201 in 2019.

Surface Rights

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

9. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
Accrued vacation payable	\$ 246,105	\$ 238,964
	<u>\$ 246,105</u>	<u>\$ 238,964</u>

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

10. OBLIGATIONS TO OTHER ORGANIZATIONS

	2018	2017
VCHWF - Hospital Expansion Project - County contributions	\$ 1,909,809	\$ 1,893,290
VCHWF - Hospital Expansion Project - Town contributions	890,191	882,491
	<u>\$ 2,800,000</u>	<u>\$ 2,775,781</u>

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

11. OBLIGATIONS UNDER CAPITAL LEASE

	2018	2017
Capital lease obligation	\$ 28,507	\$ 40,949
	<u>\$ 28,507</u>	<u>\$ 40,949</u>

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

2019	14,539
2020	14,539
2021	1,212
Total minimum lease payments	<u>30,290</u>
Less: Imputed interest	<u>(1,783)</u>
	<u>\$ 28,507</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

12. LONG TERM DEBT

	2018	2017
Tax supported debentures	<u>\$ 1,755,834</u>	<u>\$ 1,874,157</u>
	<u>\$ 1,755,834</u>	<u>\$ 1,874,157</u>

The current portion of long term debt amounts to \$121,297 (2017 - \$118,323).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2019	\$ 121,297	\$ 43,108	\$ 164,405
2020	124,346	40,059	164,405
2021	127,471	36,933	164,404
2022	130,676	33,729	164,405
2023	133,960	30,445	164,405
Thereafter	<u>1,118,084</u>	<u>114,953</u>	<u>1,233,037</u>
	<u>\$ 1,755,834</u>	<u>\$ 299,227</u>	<u>\$ 2,055,061</u>

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

The County has established an authorized overdraft for the purposes of financing operating expenditures with a limit of \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The overdraft was undrawn as at December 31, 2018 (2017 - \$nil).

Interest on long term debt amounted to \$45,216 (2017 - \$48,138)

The County's total cash payment for interest in 2018 was \$46,082 (2017 - \$48,983)

13. TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets (schedule 2)	<u>\$199,974,014</u>	<u>\$196,799,587</u>
Accumulated amortization (schedule 2)	<u>(92,518,766)</u>	<u>(89,139,795)</u>
	<u>\$107,455,248</u>	<u>\$107,659,792</u>

Contributed tangible capital assets are recognized at fair value at the date of contribution. In 2018, the County received contributions totalling \$284,792 toward the purchase of a tangible capital asset (2017 - \$nil).

Capital lease assets are initially recognized at the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. In 2016, the County entered into a capital lease arrangement for a vehicle where a leased tangible capital asset of \$62,764 was recognized. As at December 31, 2018, the leased tangible capital asset had \$18,298 of total accumulated amortization.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

14. INVENTORIES FOR CONSUMPTION

	2018	2017
Inventory for consumption - gravel	\$ 7,729,126	\$ 8,031,787
Inventory for consumption - parts	515,320	490,831
	<u>\$ 8,244,446</u>	<u>\$ 8,522,618</u>

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,351,891 (2017 - \$4,351,891).

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets (note 13)	\$107,455,248	\$107,659,792
Capital lease obligation (note 11)	(28,507)	(40,949)
	<u>\$107,426,741</u>	<u>\$107,618,843</u>

16. ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus	\$ 1,493,729	\$ 1,091,769
Restricted surplus (note 18)	31,920,158	32,112,991
Equity in tangible capital assets (note 15)	<u>107,426,741</u>	<u>107,618,843</u>
	<u>\$140,840,628</u>	<u>\$140,823,603</u>

17. BUDGET FIGURES

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

	2018	2017
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 4,403,342	\$ 466,716
ADD: Proceeds from sale of capital assets	301,330	64,000
ADD: Transfer from restricted surplus to operations	3,707,926	8,455,540
ADD: Amortization of tangible capital assets	4,328,196	4,328,196
LESS: Transfers to restricted surplus	(3,660,994)	(3,517,571)
LESS: Capital expenditures	<u>(8,079,800)</u>	<u>(9,796,881)</u>
Budget approved by Council	<u>\$ -</u>	<u>\$ -</u>

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

18. RESTRICTED SURPLUS

	2018	2017
Capital Restricted Surplus		
General Government	\$ 77,667	\$ 100,329
Protective Equipment	3,408,983	2,197,083
Transportation Equipment	2,250,415	2,127,416
Road Construction	1,530,884	1,596,465
Bridge Construction	1,366,520	911,864
Gravel Crushing (note 26)	190,717	190,717
Mossleigh Water Treatment Plant - Recovery	(458,741)	(475,279)
Environment Development Equipment	126,945	92,968
Air Transport	20,000	20,000
Campground	-	-
Capital Acquisition	7,105,423	7,077,067
Capital Contingency	970,682	1,000,000
	<u>16,589,495</u>	<u>14,838,630</u>
Operating Restricted Surplus		
Assessment Appeal	12,136	72,054
Community Enhancement	32,709	50,000
General Government Service	477,086	717,888
Protective Services	889,794	1,142,991
Transportation Contingency	1,109,523	1,693,135
Road Construction	1,086,352	1,777,579
Road Maintenance	458,307	524,000
Gravel Crushing (note 26)	5,236,521	4,854,281
Uncrushed Gravel Inventory	4,351,891	4,351,891
Bridges	20,580	52,459
Water Management	87,512	133,774
Environment Treatment	1,237	1,892
Vulcan Hospital Project - Debenture Funding	-	152,934
Vulcan Hospital Project - Debenture Recovery	(1,755,834)	(1,932,226)
Planning and development	367,740	356,844
Agriculture Services	596,973	783,272
Campground	-	-
Recreation and Culture	483,443	415,976
Operating Contingency	1,874,693	2,025,617
	<u>15,330,663</u>	<u>17,274,361</u>
Total Restricted Surplus	<u>\$ 31,920,158</u>	<u>\$ 32,112,991</u>

In 2016, the County received a debenture for \$2,046,224 to fund the Vulcan Hospital Project. As at December 31, 2018, the County had contributed a total of \$2,046,224 of these funds towards this project, resulting in no amount remaining to be contributed based on the matching funds raised by the Vulcan County Health and Wellness Foundation. The debenture recovery for the Vulcan Hospital Project is a deficit from these contributions that is to be recovered by general tax levies at the same rate as the debenture principal repayments.

The upgrades to the Mossleigh Water Treatment Plant were a total of \$598,129 as at December 31, 2017. Council applied \$100,000 towards these upgrades, leaving \$498,129 in costs which will be recovered through an annual special water tax levy over a 20 year period. To date, there has been \$39,388 recovered by special water tax levies. The funds held in the Capital Acquisition Reserve were used to fund these upgrades and will be recovered by the special water tax levies.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

19. SEGMENTED INFORMATION

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

General Government

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

Protective Services

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

Transportation Services

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

Agricultural Services

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

Planning and Development Services

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

Community Services

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

Utility Services

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

20. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for Vulcan County be disclosed as follows:

	2018	2017
Total debt limit	\$ 28,642,518	\$ 28,128,752
Total debt	1,784,341	1,915,106
Amount of debt limit unused	\$ 26,858,177	\$ 26,213,646
Debt servicing limit	\$ 4,773,753	\$ 4,688,125
Debt servicing	178,944	178,944
Amount of debt servicing limit unused	\$ 4,594,809	\$ 4,509,181

The debt limit is calculated at 1.5 times the revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

21. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2018			2017
	Salary / Per Diems	Benefits & Allowances	Total	Total
Councillors				
Division 1 - Gateman	\$ -	\$ -	\$ -	\$ 16,083
Division 1 - Donovan	29,375	4,376	33,751	6,843
Division 2 - Cockwill	24,500	4,320	28,820	23,807
Division 3 - Schneider	37,500	4,324	41,824	43,008
Division 4 - Annable	-	-	-	15,053
Division 4 - Lyckman	27,250	4,020	31,270	5,514
Division 5 - Monner	23,000	4,008	27,008	25,439
Division 6 - McLean	-	-	-	13,792
Division 6 - Smith	21,875	2,186	24,061	4,426
Division 7 - Lucas	-	-	-	14,190
Division 7 - Logan	25,000	4,020	29,020	6,120
Chief Administrative Officer - Petersen	\$ 150,869	\$ 28,382	\$ 179,251	\$ 166,770
Designated Officer(s)	113,641	24,612	138,253	143,833

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

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

22. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 259,714 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The County is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2018 were \$477,710 (2017 - \$500,301). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2018 were \$435,452 (2017 - \$461,382).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.836 billion dollars.

23. FINANCIAL INSTRUMENTS

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

The County is subject to credit risk with respect to taxes and grants in place of taxes receivables, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates its fair value.

24. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2018 (2017 - \$nil) as a result of this standard.

25. CONTINGENCIES

The County is a member of the Alberta Municipal Authorities Reciprocal Insurance Exchange. Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

26. GRAVEL CRUSHING AND RECLAMATION

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 259,638 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.31 per cubic meter. The estimated liability is based on the sum of discounted future cash flows for restoring the gravel pit; discounted at the County's borrowing rate of 3.7% and assuming annual inflation of 1.50%. The gravel pits have an estimated useful life ranging from 11 to 68 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$284,389 is accrued under the other liabilities in the Statement of Financial Position. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficiently funded gravel reserves to cover the costs of the reclamation (see note 18).

27. PRIOR YEAR FIGURES

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

28. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



STATISTICS

YEAR ENDED DECEMBER 31, 2018

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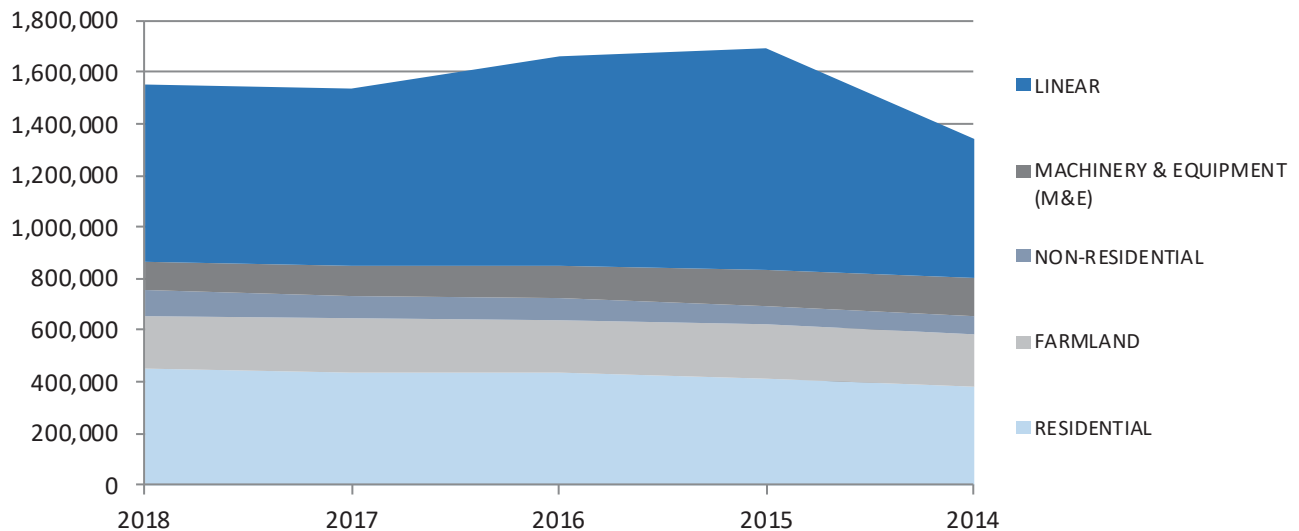


DEMOGRAPHICS, AREA, & OTHER

	2018	2017	2016	2015	2014
POPULATION	3,984	3,984	3,984	3,893	3,893
NUMBER OF DWELLING UNITS	2,189	2,145	2,138	2,125	2,065
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	455	454	454	454
DEVELOPMENT PERMITS	48	60	69	54	66
SUBDIVISIONS APPLICATIONS	21	18	11	20	20
FULL TIME STAFF	51	49	64	59	56

PROPERTY ASSESSMENT (in thousands)

	2018	2017	2016	2015	2014
RESIDENTIAL	453,456	439,255	436,186	416,179	381,027
FARMLAND	204,838	204,306	204,013	204,199	204,147
NON-RESIDENTIAL	98,060	87,609	83,524	76,883	72,395
MACHINERY & EQUIPMENT (M&E)	108,158	116,822	123,016	135,065	144,018
LINEAR	686,522	689,076	814,329	858,761	541,310
TOTAL ASSESSMENT	1,551,034	1,537,068	1,661,068	1,691,087	1,342,897



TAX RATES (expressed in mills)

	2018	2017	2016	2015	2014
MUNICIPAL					
Residential	5.2100	5.7600	5.7600	5.7600	5.7600
Farmland	10.5075	10.0769	9.5970	9.1400	9.1400
Non-Residential, M&E, and Linear	9.1400	9.1400	9.1400	9.1400	9.1400
WASTE COMMISSION	0.4113	0.3980	0.3412	0.3164	0.3882
EDUCATION REQUISITION					
Residential and Farmland	2.5585	2.5229	2.4130	2.3668	2.4610
Non-Residential and Linear	3.8612	4.6660	3.9729	3.6489	3.6943
SENIOR FOUNDATION REQUISITION	0.1601	0.1662	0.1387	0.1302	0.1579
SPECIAL LEVY - FIRE PROTECTION AREA					
Carmangay and District	1.8685	2.2602	1.6896	1.0661	1.3652
Champion and District	1.3935	1.5369	0.9387	0.6115	0.6509
Lomond and District	0.6503	0.6584	0.5250	0.4195	0.2987
Milo and District	0.6942	0.6649	0.5690	0.2269	0.3442
Vulcan and District	0.3730	0.4071	0.0893	0.2437	0.3378
Northwest	0.8504	0.6917	0.6910	0.6180	0.6399
Linear	0.3513	0.3411	0.3312	0.3216	0.3122
SPECIAL LEVY - RECREATIONAL AREA					
Carmangay and District	0.3061	0.0000	0.1165	0.3440	0.6478
Champion and District	0.3518	0.5720	0.6788	0.5561	0.6179
Lomond and District	0.1681	0.2436	0.1680	0.1515	0.1406
Milo and District	0.7426	0.5046	0.2566	0.3122	0.3572
Vulcan and District	0.7873	0.6131	0.5944	0.6771	0.3897
Northwest	0.2840	0.0167	0.0305	0.0000	0.0027
Linear	0.1348	0.1348	0.1309	0.1271	0.1234

TOTAL TAX COLLECTIONS

	2018	2017	2016	2015	2014
Net Municipal Taxes	14,777,202	14,658,890	15,491,243	15,593,397	12,419,678
School Requisitions	3,436,669	3,717,875	3,789,172	3,718,658	3,715,034
Seniors Requisitions	248,237	252,098	227,124	220,245	212,080
TOTAL TAX COLLECTIONS	18,462,108	18,628,863	19,507,539	19,532,300	16,346,792

ASSETS, LIABILITIES, & SURPLUS

	2018	2017	2016	2015	2014
TAX RECEIVABLE AS % OF TAXES					
Tax Receivables	2,913,837	3,969,857	2,716,399	1,439,354	846,191
Total Tax Levies	18,462,108	18,628,863	19,507,539	19,532,301	16,346,790
Tax Receivable as % of Taxes	15.8%	21.3%	13.9%	7.4%	5.2%
Financial Assets	32,703,044	33,513,546	30,395,326	26,065,387	27,972,864
Financial Liabilities	(7,755,556)	(9,054,418)	(6,670,665)	(2,915,709)	(3,761,555)
NET FINANCIAL ASSETS	24,947,488	24,459,128	23,724,661	23,149,678	24,211,309
Tangible Capital Assets	107,455,248	107,659,792	108,487,392	107,791,397	104,637,218
Inventory Held for Consumption	8,244,446	8,522,618	7,570,991	6,939,868	4,385,348
Prepaid Expenses	193,446	182,065	232,196	201,591	183,792
ACCUMULATED SURPLUS	140,840,628	140,823,603	140,015,240	138,082,534	133,417,667
Unrestricted Surplus	1,493,729	1,091,769	1,187,942	897,409	896,650
Restricted Surplus (Reserves)	31,920,158	32,112,991	30,392,556	29,393,728	27,883,799
Equity in Tangible Capital Assets	107,426,741	107,618,843	108,434,742	107,791,397	104,637,218
ACCUMULATED SURPLUS	140,840,628	140,823,603	140,015,240	138,082,534	133,417,667

REVENUES (by source)

	2018	2017	2016	2015	2014
Net Municipal Taxes	14,777,202	14,658,890	15,491,243	15,593,397	12,419,678
Government Transfers	958,531	624,347	839,002	778,748	1,183,649
Return on Investments	570,401	579,400	733,530	405,743	395,617
Sale of Goods, Services, and User Charges	1,148,512	1,052,435	864,215	903,222	959,381
Rental Income	353,265	352,634	355,410	346,232	294,684
Community Aggregate Levy	203,956	222,955	149,287	259,213	282,789
Penalties and Costs of Taxes	739,321	484,573	497,496	254,299	163,343
Gain on Disposal of Capital Assets	209,326	101,059	26,813	43,431	0
Other Revenue	134,498	676,208	752,963	120,041	67,783
OPERATING REVENUES	19,095,012	18,752,501	19,709,959	18,704,326	15,766,924
Contributed Tangible Capital Assets	284,792	0	0	0	0
Government Transfers for Capital	2,717,012	767,378	2,769,481	3,893,203	2,516,327
TOTAL REVENUES	22,096,816	19,519,879	22,479,440	22,597,529	18,283,251

EXPENSES (by function and object)

	2018	2017	2016	2015	2014
EXPENSES BY FUNCTION					
Legislative	388,098	324,110	285,775	365,768	287,864
Administration	1,807,970	1,806,441	1,962,577	1,763,226	1,927,001
Protective services	2,403,045	2,746,165	1,720,869	1,466,953	1,381,614
Transportation services	10,575,050	9,948,597	10,863,798	10,484,568	9,803,242
Agricultural services	689,459	803,018	810,091	823,176	775,473
Planning and development services	599,308	414,237	534,207	442,352	367,517
Family and community support	447,923	956,894	2,338,374	214,943	186,720
Parks and recreation	842,564	671,616	733,948	684,775	500,852
Tourism and economic development	40,844	236,010	243,172	266,392	192,122
Utility Services	772,690	768,346	740,853	628,794	615,296
Other	3,512,840	36,083	313,069	791,715	65,993
TOTAL EXPENSES	22,079,791	18,711,517	20,546,733	17,932,662	16,103,694

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

EXPENSE BY OBJECT

Salaries, wages and benefits	6,271,331	6,158,349	6,503,365	6,230,936	5,774,452
Contracted and general services	3,367,611	2,960,101	2,960,984	3,178,521	2,962,885
Materials, goods and utilities	2,450,240	2,987,785	3,008,920	3,558,148	3,417,437
Transfers to local boards and agencies	2,370,354	3,150,296	4,055,775	1,862,877	1,504,365
Interest and bank charges	62,460	65,821	76,968	38,930	50,626
Amortization of tangible capital assets	4,684,268	4,480,221	4,328,198	4,014,425	3,722,577
Machine expenses capitalized for construction	(817,561)	(1,174,071)	(1,846,498)	(2,370,673)	(1,712,801)
Loss on disposal of capital assets	217,929	87,080	837,220	454,493	176,194
Other expenses	3,473,159	(4,065)	621,801	965,005	207,959
TOTAL EXPENSES	22,079,791	18,711,517	20,546,733	17,932,662	16,103,694

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

DEBT SUPPORTED BY TAXES

	2018	2017	2016	2015	2014
Gross Debt (supported by tax)	1,784,341	1,915,106	2,042,229	0	0
County Population	3,984	3,984	3,984	3,893	3,893
LONG-TERM DEBT PER CAPITA	448	481	513	0	0

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

TRANSFERS TO LOCAL BOARDS AND AGENCIES

	2018	2017	2016	2015	2014
TRANSFERS TO OTHER LOCAL GOVERNMENTS					
Vulcan District Waste Commission	631,808	605,702	554,000	529,804	504,665
Twin Valley Regional Water Commission	21,348	50,069	66,516	26,856	23,601
Vulcan Business Development Society	0	127,200	146,430	154,159	89,078
Vulcan and District Tourism Society	25,000	86,595	86,595	89,679	80,000
Vulcan Library Board	126,000	109,000	91,000	79,000	76,700
Fire Area Contributions	530,570	779,244	262,700	247,450	216,380
Recreation Area Contributions	584,748	442,774	465,045	494,089	359,440
Other local governments and organizations	450,880	949,712	2,383,489	241,840	154,501
	<u>2,370,354</u>	<u>3,150,296</u>	<u>4,055,775</u>	<u>1,862,877</u>	<u>1,504,365</u>

Note: The 2018 transfer to other local governments and organizations includes approximately \$225,000 in matching contributions for the Vulcan Hospital Expansion project.

ANNUAL SURPLUS

	2018	2017	2016	2015	2014
TOTAL REVENUES	22,096,816	19,519,879	22,479,440	22,597,529	18,283,251
TOTAL EXPENSES	(22,079,791)	(18,711,517)	(20,546,733)	(17,932,662)	(16,103,694)
ANNUAL SURPLUS	<u>17,025</u>	<u>808,362</u>	<u>1,932,707</u>	<u>4,664,867</u>	<u>2,179,557</u>
ADD: Proceeds from Sale of Tangible Capital Assets	161,075	101,262	178,443	316,510	786,854
ADD: Transfer from Restricted Surplus to Operations	4,579,162	3,097,216	8,044,072	8,640,091	2,991,304
ADD: Amortization of Tangible Capital Assets	4,684,268	4,480,221	4,328,198	4,014,425	3,722,577
LESS: Transfers to Restricted Surplus	(5,539,875)	(7,998,816)	(8,232,494)	(9,738,958)	(10,320,999)
LESS: Capital Expenditures	(3,499,695)	(584,419)	(5,960,393)	(7,896,176)	(6,371,335)
ALLOCATION TO UNRESTRICTED SURPLUS	<u>401,960</u>	<u>(96,174)</u>	<u>290,533</u>	<u>759</u>	<u>(7,012,042)</u>





CONTACT INFORMATION

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