### **Vulcan County**

FINANCIAL STATEMENTS DECEMBER 31, 2018

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#### FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

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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,

Nels Petersen

Chief Administrative Officer

Nick Fai, CPA

**Director of Corporate Services** 



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#### 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.

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

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

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<b>5,834</b> 1	
	40,949
7,292	1,874,157
	640,666
<b>5,556</b> 9	9,054,418
<b>7,488</b> 24	1,459,128
<b>5,248</b> 107	7,659,792
•	3,522,618
3,446	182,065
<b>3,140</b> 116	6,364,475
<b>0,628</b> \$ 140	),823,603
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### STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2018

	Budget (note 17)	2018	2017
REVENUE	(note 17)		
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

### 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 Contributed tangible capital assets	(9,079,800)	(4,356,007) (284,792)	(3,753,883)
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

#### STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

	2018	2017
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
THE POLLOWING 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	4,565,909	5,756,055
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	(4,412,861)	(3,739,701)
INVESTING		
Decrease in long term investments	1,269,877	511,582
Cash provided by investing transactions	1,269,877	511,582
FINANCING		
Long term debt repaid	(118,323)	(115,422)
Cash applied to financing transactions	(118,323)	(115,422)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,304,602	2,412,514
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,327,089	20,914,575
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 24,631,691	\$ 23,327,089

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

				Equity in			
	<b>-</b>	Unrestricted	Restricted	Tangible			
		Surplus	Surplus	Capital Assets	2018		2017
			(note 18)	(note 15)			
BALANCE, BEGINNING OF YEAR	49	1,091,769	32,112,991	107,618,843	107,618,843 \$140,823,603	\$14	\$140,015,241
Excess of revenues over expenses	49	17,025		•	\$ 17,025	49	808,362
Unrestricted funds designated for future use		(5,539,875)	5,539,875	1			1
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	1	(161,075)	•		ı
Annual amortization expense	ĺ	4,684,268	•	(4,684,268)	4		'
Change in accumulated surplus	₩	401,960	(192,833)	(192,102) \$	\$ 17,025	€9	808,362
BALANCE, END OF YEAR	₩	1,493,729	31,920,158		107,426,741 \$140,840,628	\$14	\$140,823,603

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

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	Laid	HIIDIOAGINGINS	policings	Equipment	venicies	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	156,427,763 <b>\$ 196,799,587</b>	\$ 193,932,393
Acquisition of tangible capital assets New construction-in-progress Disposition of tangible capital assets	6,012	24,231	1 1 1	1,325,272 - (587,289)	967,952 - (840,830)	1,969,155 348,177 (38,253)	4,292,622 348,177 (1,466,372)	3,332,588 421,295 (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	73,805,225 \$ 89,139,795	\$ 85,445,001
Annual amortization Accumulated amortization on disposal	1 1	34,762	287,026	1,596,830 (931,629)	577,795 (170,016)	2,187,855 (203,652)	4,684,268 (1,305,297)	4,480,221 (785,427)
BALANCE, END OF YEAR	ı	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	

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

	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
	18,423,881	18,462,108	18,628,863
REQUISITIONS			
School requisitions	3,408,081	3,436,669	3,717,875
Seniors foundation	248,237	248,237	252,098
	3,656,318	3,684,906	3,969,973
NET MUNICIPAL TAXES	\$ 14,767,563	\$ 14,777,202	\$ 14,658,890

#### SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2018

	Budget (note 17)	2018	2017
TRANSFERS FOR OPERATING Local government transfers Provincial government transfers Federal government transfers	\$ 148,181 536,790 219,734 904,705	\$ 142,022 596,775 219,734 958,531	\$ 63,498 350,280 210,569 624,347
TRANSFERS FOR CAPITAL Provincial government transfers	4,455,435	2,717,012	767,378
TOTAL GOVERNMENT TRANSFERS	\$ 5,360,140	\$ 3,675,543	\$ 1,391,725

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

	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	<u>-</u>	217,929	87,080
Other expenses	85,089	3,473,159	(4,065)
	\$ 18,183,191	\$ 22,079,791	\$ 18,711,517

## SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2018

DEVENIE	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2018 Total	
Net municipal taxes Government transfers (operating) Return on investment Sale of goods, services and user charges Rental income Community aggregate levy Penalties and other costs of taxes Gain on disposal of tangible capital assets Other revenues	\$ 12,723,844 110,807 532,645 41,706 9,654 - 739,321 10,077	903,779 129,468 265,663 338,182	311,390 - 430,241 203,956 - 1,84,672 1,000	168,359 268,317 5,429 - 2,018	75,000	495,315 163,507 37,756 	654,264 - - 2,037 - - - -	\$ 14,777,202 958,531 570,401 1,148,512 353,265 203,956 739,321 209,326 134,498	
							0000	210,030,012	
Salaries, wages and benefits Salaries, wages and benefits Contracted and general services Material, goods and utilities Transfers to local boards and agencies Interest and bank charges Amortization of tangible capital assets Machine expenses capitalized for construction Loss on disposal of tangible capital assets Other expenses	1,088,195 701,022 202,607 60,028 17,247 98,299	627,487 482,938 199,789 530,570 562,264	3,870,365 1,621,850 1,836,767 8,000 - 3,906,051 (817,561) 217,929	351,804 47,658 193,221 6,136	315,337 280,813 3,158	165,190 8,460 1,112,465 45,216	18,143 68,140 6,238 653,155 - 27,014	6,271,331 3,367,611 2,450,240 2,370,354 62,460 4,684,268 (817,561) 217,929	
		2.403.045	10.575.050	689 459	500 30B	1 924 924	- 000	3,473,159	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER		(695,181)	(9,443,791)	(245,336)	(379,760)	(563,468)	(116,389)	(2,984,779)	
OTHER Contributed tangible capital assets Government transfers (capital)	, .	284,792 290,538	2,379,408	, ,	1 1	1 1	47,066	284,792	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 8,459,146	(119,851)	(7,064,383)	(245,336)	(379,760)	(563,468)	(69,323)	\$ 17,025	

# SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2017

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					Planning and			
	General	Protective Services	Transportation Services	Agricultural Services	Development Services	Community Services	Utility Services	2017 Total
REVENUE	The second secon	delinant in the second second second second	- I I I I I I I I I I I I I I I I I I I	The state of the s	The state of the s	and the second s	The state of the s	A CONTRACTOR AND
Net municipal taxes	\$ 12,752,130	893,763	1	•	•	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	. 1			1	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
Bental income	1 463	335,629	•	1 142		14 400	•	352 634
Community aggregate levy	?	210,000	222 GER	!	,	) :	,	100,000
Description and other people of the contract o	404	1	255,333	ı	l	1	1	666,222
Penalties and other costs of taxes	484,5/3	• •		•	•	•		484,573
Gain on disposal of tangible capital assets	•	5,647	95,412	•	•	•		101,059
Other revenues	8,095	448,411	t		•	219,702	•	676,208
	13,908,747	1,875,615	843,650	602,434	85,689	811,289	625,077	18,752,501
FXDENAES								
Salaries wages and benefits	1 057 257	552 129	3 051 223	348 823	234 246		17 671	6 159 240
Controcted and concessions	102,100,1	710.050	370 000 +	190 456	477 704	456 006	14,07.1	0,130,343
Manual and general services	000,000	7 19,030	1,020,070	100,430	187,771	066'00'	800'17	2,360,101
Malerial, goods and utilities	250,316	185,570	7,304,557	175,046	2,200	9,255	841	2,987,785
Transfers to local boards and agencies	51,150	779,244	8,000	9'000	•	1,650,131	655,771	3,150,296
Interest and bank charges	10,707	9/6'9	ì		•	48,138	٠	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)	•	į	•	•	(1,174,071)
Loss on disposal of tangible capital assets	•	2,175	84,905	•	•	•	•	87,080
Other expenses	62,264		(66,329)			ı	ı	(4,065)
	2,166,634	2,746,165	9,948,597	803,018	414,237	1,864,520	768,346	18,711,517
CACESS (SHON ITALL) OF REVENUE  OVER EXPENSES - BEFORE OTHER	11,742,113	(870,550)	(9,104,947)	(200,584)	(328,548)	(1,053,231)	(143,269)	40,984
OTHER Contributed tangible capital assets	,	,	,	•	,	ı	,	
Government transfers (capital)	1	ı	767,378	•	ı	ŧ	•	767,378
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 11,742,113	(870,550)	(8,337,569)	(200,584)	(328,548)	(1,053,231)	(143,269)	\$ 808,362

#### 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.

#### 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 maangement's best estimate of the taxes that will be received, it is possible that honages 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.

#### 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.

#### 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.

#### 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
	\$ 24,631,691	\$ 23,327,089

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 Heath and Wellness Foundation for the Vulcan Hospital Expansion Project.

The County has an available revolving line of credit facility up to \$300,000 with interest payable at prime minus 0.25%, and a credit card limit of \$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 Arrears Allowance for doubtful accounts	\$ 1,869,791 1,044,046 	\$ 1,230,347 2,766,618 (27,108)
		\$ 2,913,837	\$ 3,969,857
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)
		\$ 843,256	\$ 772,552

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

#### 5. LONG TERM INVESTMENTS

 guaranteed Investment Certificates
 2018
 2017

 \$ 3,560,541
 \$ 4,830,418

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
	\$ 392,754	\$ 277,245

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 Vulcan County Tax Sale Trust	\$	153,348 149,459	\$	140,932 137,354
Both accounts are earning interest at prime less 1.9% (2017 prime less 1.9%)	200,000	302,807		278,286

#### 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.

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

•	- TIO	AVEE	DENERIT	ADDITION ATTIONS	
м.	CIMPL	UYEE	BENEFIL	<b>OBLIGATIONS</b>	

	2018	2017
Accrued vacation payable	\$ 246,10	
	\$ 246,10	

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 VCHWF - Hospital Expansion Project - Town contributions	\$ 1,909,809 890,191	\$ 1,893,290 882,491
	\$ 2,800,000	\$ 2,775,781

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	\$ 28,50	<b>7</b> \$ 40,949
	\$ 28,50	

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	30,290
Less: imputed interest	(1,783)
	\$ 28,507

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

#### 12. LONG TERM DEBT

	2018	2017
Tax supported debentures	\$ 1,755,834	\$ 1,874,157
	\$ 1,755,834	\$ 1,874,157

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	1,118,084	114,953	1,233,037
	\$ 1,755,834	\$ 299,227	\$ 2,055,061

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 over draft 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) Accumulated amortization (schedule 2)	\$199,974,014 (92,518,766)	\$196,799,587 (89,139,795)
	\$107,455,248	\$107,659,792

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.

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

14. INVENTORIES FOR CONS	UMPTION
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	2018	2017
Inventory for consumption - gravel Inventory for consumption - parts	\$ 7,729,126 515,320	\$ 8,031,787 490,831
	\$ 8,244,446	\$ 8,522,618

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) Capital lease obilgation (note 11)	\$107,455,248 (28,507)	\$107,659,792 (40,949)
	\$107,426,741	\$107,618,843

#### 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)	107,426,741	107,618,843
	\$140,840,628	\$140,823,603

#### 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 ADD: Transfer from restricted surplus to operations ADD: Amortization of tangible capital assets LESS: Transfers to restricted surplus LESS: Capital expenditures	301,330 3,707,926 4,328,196 (3,660,994) (9,079,800)	64,000 8,455,540 4,328,196 (3,517,571) (9,796,881)
Budget approved by Council	<u>\$</u>	<u> </u>

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

#### 18. RESTRICTED SURPLUS

. RESTRICTED SURFLUS	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
	16,589,495	14,838,630
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	4,954,281
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
	15,330,663	17,274,361
Total Restricted Surplus	\$ 31,920,158	\$ 32,112,991

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 Acquistion Reserve were used to fund these upgrades and will be recovered by the special water tax levies.

#### 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.

#### 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 Total debt	\$ 28,642,518 1,784,341	\$ 28,128,752 1,915,106
Amount of debt limit unused	\$ 26,858,177	\$ 26,213,646
Debt servicing limit Debt servicing	\$ 4,773,753 178,944	\$ 4,688,125 178,944
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 /		Benefits &						
	Pe	Per Diems		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.

#### 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.

#### 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.