



2019

VULCAN COUNTY BUDGET REPORT

FOR THE YEAR JANUARY 1 TO DECEMBER 31, 2019
VULCAN COUNTY, ALBERTA, CANADA

PREPARED BY VULCAN COUNTY:
CORPORATE SERVICES DEPARTMENT





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SECTION ONE

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INTRODUCTION

READER'S GUIDE TO THE BUDGET DOCUMENT

READER'S GUIDE 101

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

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



BUDGET REPORT SECTIONS

1) Introduction to the Budget Report

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

2) Operating Budget by Type

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

3) Operating Budget by Segment

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

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

4) Capital Budget and Reserves

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

5) Appendix and Glossary

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

BUDGET OVERVIEW

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

BUDGET GUIDELINES

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

OPERATING BUDGET

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

CAPITAL BUDGET

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

OPERATING SEGMENTS

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

BUDGET MESSAGE FROM THE CAO

On April 17th, 2019, Vulcan County Council approved the 2019 operating and capital budgets. Together, these documents provide a roadmap for the year ahead and provide the necessary funding for the various County departments to administer the services that ratepayers expect.

Also built into these budgets are provisions for the future beyond 2019. The County makes use of a 3-year operating and 5-year capital plan, in addition to its larger 20-year capital plan. These plans were borne out of the recognition that long-term planning leads to greater stability by preparing contingency funds for unexpected events such as the flooding emergency within the County in spring 2018. This planning also helps to secure funding for the County's capital replacement requirements which can vary greatly from one year to the next. Finally, municipal tax rates fluctuate far less when a long-term perspective is utilized.



In the weeks and months leading up to budget approval, County Council and administration considered feedback from stakeholders within the County, current economic climate, and the County's strategic plan when determining its objectives for the year. This led to Council making no changes to the general municipal tax rates which were lowered as a whole in 2018, and increasing investment in economic growth within the region which is a priority in the strategic plan.

Another priority for the County which was identified during the budget process was the need to further protect itself against the uncertainty in the oil & gas sector that we are presently experiencing. Significant losses were realized in 2018 when a large producer completed bankruptcy proceedings, leaving the County without a means to collect. As part of the 2019 budget, Council has approved a transfer of over \$240,000 to reserves to help mitigate this should it happen again in the future. We are optimistic that the sector will recover over the coming few years.

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

It is my pleasure to serve this community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nels Petersen'.

Nels Petersen
Chief Administrative Officer



DISTINGUISHED BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**Vulcan County
Alberta**

For the Fiscal Year Beginning

January 1, 2018

Christopher P. Morill

Executive Director

The Government Finance Officers Association (GFOA) presented a Distinguished Budget Presentation Award to Vulcan County, Alberta for its annual budget for the year beginning January 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

This award is valid for a period of one year only. We believe our current budget presentation document continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

2019 BUDGET OVERVIEW

Vulcan County 2019 Final Budget

At the April 17, 2019 regular Council meeting, County Council approved the 2019 Operating and Capital Budgets, along with the 2019 tax rates. Council and Administration were tasked with finding ways to reduce spending in order to reduce tax rates where possible. To that end, the budget was reviewed thoroughly to find additional efficiencies and cost reductions without affecting current service levels.

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

Class	Assessment		
	2018	2019	Change
Residential	453,456,430	473,806,080	20,349,650
Commercial & Industrial	98,059,840	78,915,710	(19,144,130)
Farmland	204,838,410	204,892,870	54,460
Machinery and Equipment	108,157,680	89,904,800	(18,252,880)
Linear	686,522,100	723,770,260	37,248,160
Total	1,551,034,460	1,571,289,720	20,255,260

Council elected to keep tax rates the same as in the prior year. The net effect of the increase to the County's assessment base was an increase in general municipal tax collection of approximately \$79,000. These additional funds allowed Council to set aside more money to protect the County against the uncertainty in the oil and gas sector, as well as fund economic development initiatives which are currently underway.

Tax rates being applied to the various classes of property were also compared to neighboring and other comparable municipalities during the budget process. This is done in an effort to ensure Vulcan County's rates are competitive while still addressing the unique needs of the County.

Although there were challenges in the development of the 2019 budgets, the County was able to create a balanced budget while providing for the future. Additionally, the County was able to maintain its strong financial position with respect to its operating and capital reserves.

Some departments saw a surplus in 2018, and those surpluses have been placed in reserve to be drawn on over the next few years which will help mitigate any fluctuations in revenue requirements. The County was also able to maintain its 20-year capital plan (funded by capital reserves and projected reserve transfers).

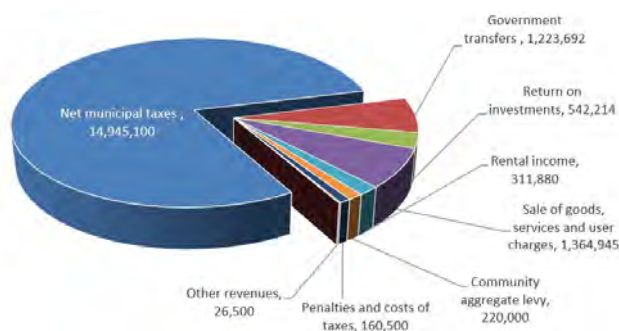
The 2019 Operating and Capital Budgets and additional information are available on our website:

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

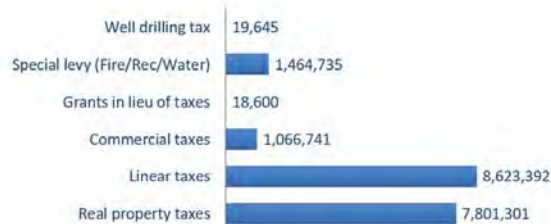
OPERATING BUDGET:

The County has budgeted \$18.79 million in operating revenues (net of requisitions) and \$18.78 million in operating expenses including amortization. After transfers to/from reserves and capital, there is a no budgeted operating surplus.

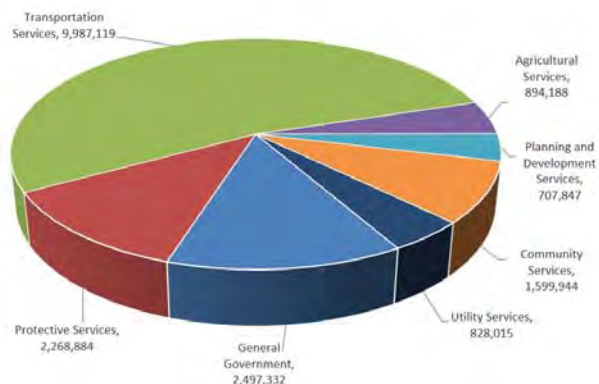
The County's operating revenues consist mostly of tax revenues (80%, net of requisitions). The remaining 20% is made up of other sources of income (i.e. operating grants, investment income, user fees, etc.).



Of the municipal taxes, the largest components include linear taxes (pipeline, wells, energy, etc.) totaling approximately 45% and real property taxes (residential, farmland, machinery & equipment, etc.) totaling 41%:



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



CAPITAL BUDGET:

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



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

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

The majority of funding for capital assets is from capital grants and capital reserves. It is budgeted that approx. \$4.6 million will be funded by capital grants and \$380 thousand funded by capital reserves.



2019 Budget Summary:

	2019 Budget	2018 Budget	Change
REVENUES:			
Taxes (Net of Requisitions)	14,945,100	14,767,563	177,537
Operating Grants	1,223,692	904,705	318,987
Return on Investment	542,214	391,536	150,678
Sales & User Charges	1,364,945	888,213	476,732
Rental Income	311,880	304,880	7,000
Other Revenues	407,000	589,410	(182,410)
	18,794,831	17,846,307	948,524
EXPENSES:			
Salaries & Benefits	7,080,147	6,606,464	473,683
Contracted Services	3,608,291	3,416,840	191,451
Material, Goods & Utilities	3,172,964	2,993,879	179,085
Grants to Boards & Agencies	1,921,832	2,479,797	(557,965)
Amortization & Capital	2,877,345	2,534,491	342,854
Other Expenses	122,749	151,721	(28,972)
	18,783,328	18,183,192	600,136
OPERATING INCOME (DEFICIT)	11,503	(336,885)	348,388
Capital Revenues	4,635,281	4,455,435	179,846
Capital Acquisitions	(7,435,177)	(9,079,800)	1,644,623
Disposal of Capital	409,333	301,330	108,003
Amortization Add-back (Non-cash)	4,684,267	4,328,196	356,071
Transfers from Reserves	1,512,445	3,992,717	(2,480,272)
Transfers to Reserves	(3,817,652)	(3,660,993)	(156,659)
NET EFFECT OF FUNDING	-	-	-

SIGNIFICANT CHANGES IN REVENUES:

◆ Taxes (Net of Requisitions) increased due to increases in assessment value and increased recreation funding.

◆ Operating Grants increased due to a grant received under the Community Capacity Generation program.

◆ Return on investment increased due to the County holding money in higher interest-bearing investments.

◆ Sales & User Charges increased due primarily to significant projected increases in gravel sales in 2019.

◆ Other revenue decreased due to the hospital expansion project being fully funded with no more contribution revenue from the Town of Vulcan to record.

SIGNIFICANT CHANGES IN EXPENSES:

◆ Contracted Services increased due to recording the expenditure of the Community Capacity Generation grant.

◆ Materials, Goods & Utilities increased due to higher expected gravel sales; higher sales lead to a higher cost of sales.

◆ Grants to Boards & Agencies decreased because contributions to the Vulcan Hospital Expansion Project are not expected to be incurred going forward.

◆ Amortization increased because of the increase in actual cost in 2018. Amortization is budgeted based on the previous year.

VULCAN COUNTY PROFILE

Vulcan County is a rural municipality within Southern Alberta with a population of approximately 3,984 and is conveniently located one hour from both Calgary and Lethbridge. The County covers an area of 556,342 hectares and encompasses the following:

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



GEOGRAPHICAL INFORMATION:

Location:

Southern Alberta

Major Highways:

Highway 23 & 24

Secondary Highways:

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

Distance to Major Areas:

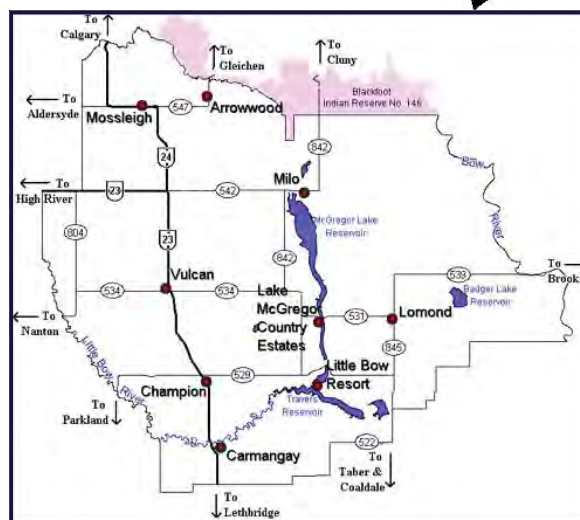
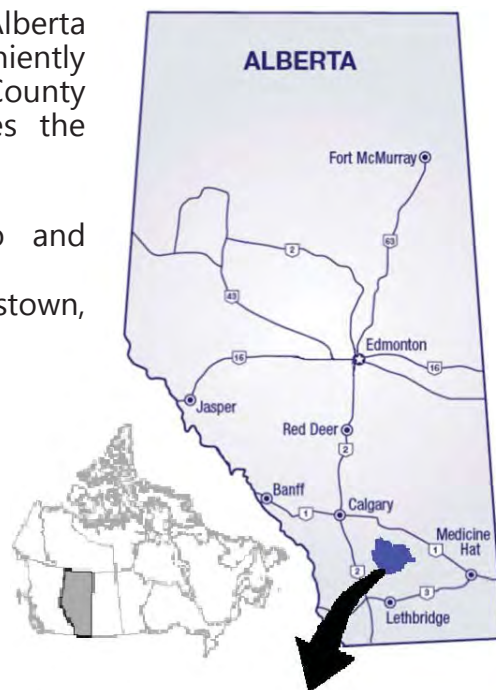
- 129 km (81 miles) to Calgary
- 94 km (59 miles) to Lethbridge
- 200 km (125 miles) to Coutts / Sweetgrass USA Border Crossing

RECREATION AND ATTRACTIONS:

Communities within the County have a wide range of recreational facilities including playgrounds, community centres, seniors' centres, golf courses, ice arenas, swimming pools, and rodeo arenas.

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

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



ECONOMICS OF THE COUNTY:

The largest industry in Vulcan County is agriculture, encompassing approximately 444,000 hectares of farmland. The County is a member of the Foothills Little Bow Association and is part of the Bow River Irrigation District. There are 3 operational grain elevators in Vulcan County; 2 just south of the Town of Vulcan, and 1 within the Town of Vulcan.

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



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

COUNTY SERVICES:

Vulcan County provides a number of services directly or jointly with other municipalities and commissions to the residents of the rural area and the County's hamlets. These services include the following:

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

VULCAN COUNTY PROFILE - Continued

ORGANIZATIONAL STRUCTURE:

GOVERNANCE

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

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



Jason Schneider
Reeve
Division 3



Shane Cockwill
Deputy Reeve
Division 2



Serena Donovan
Councillor
Division 1



Laurie Lyckman
Councillor
Division 4



Michael Monner
Councillor
Division 5



Ryan Smith
Councillor
Division 6

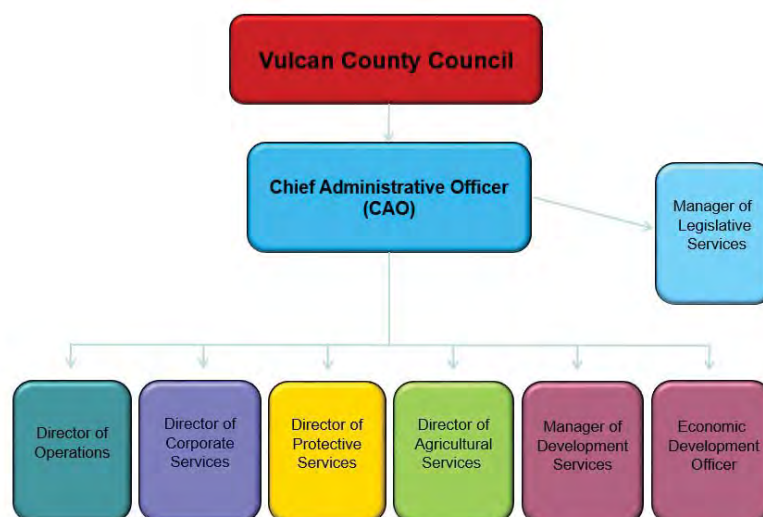


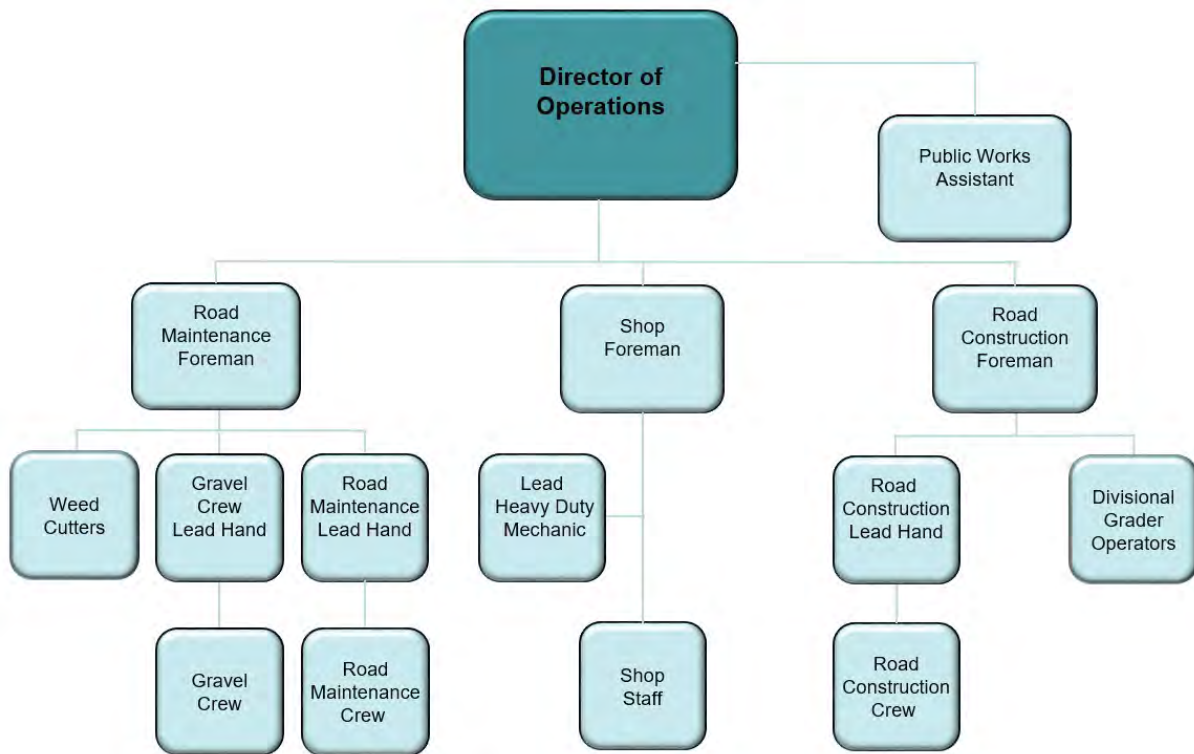
Doug Logan
Councillor
Division 7



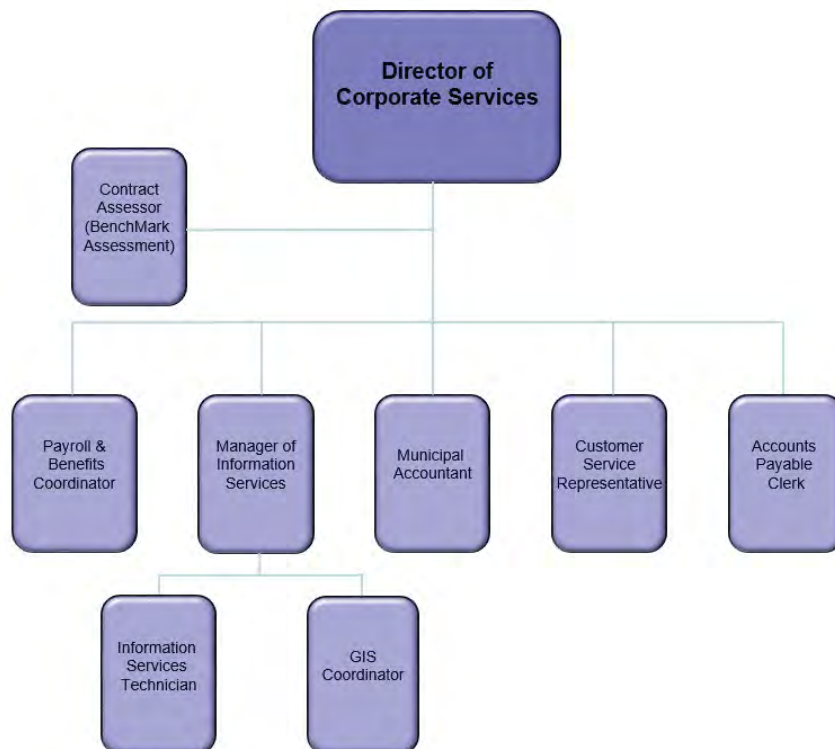
Nels Petersen
Chief Administrative Officer

ORGANIZATIONAL CHARTS



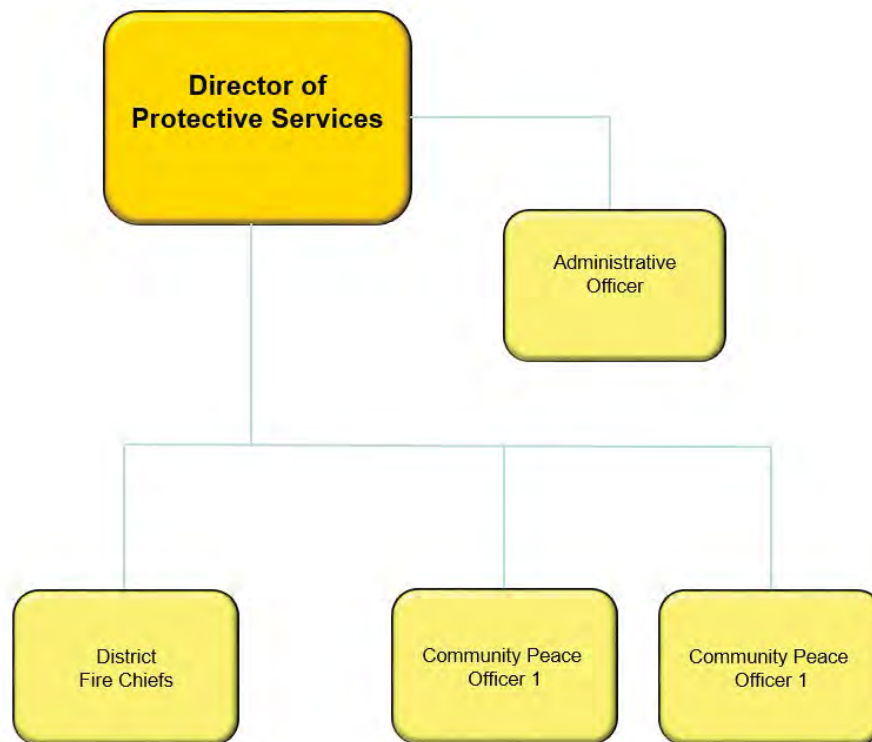


Operations - department includes road construction, road maintenance, gravelling, bridges, and fleet maintenance.



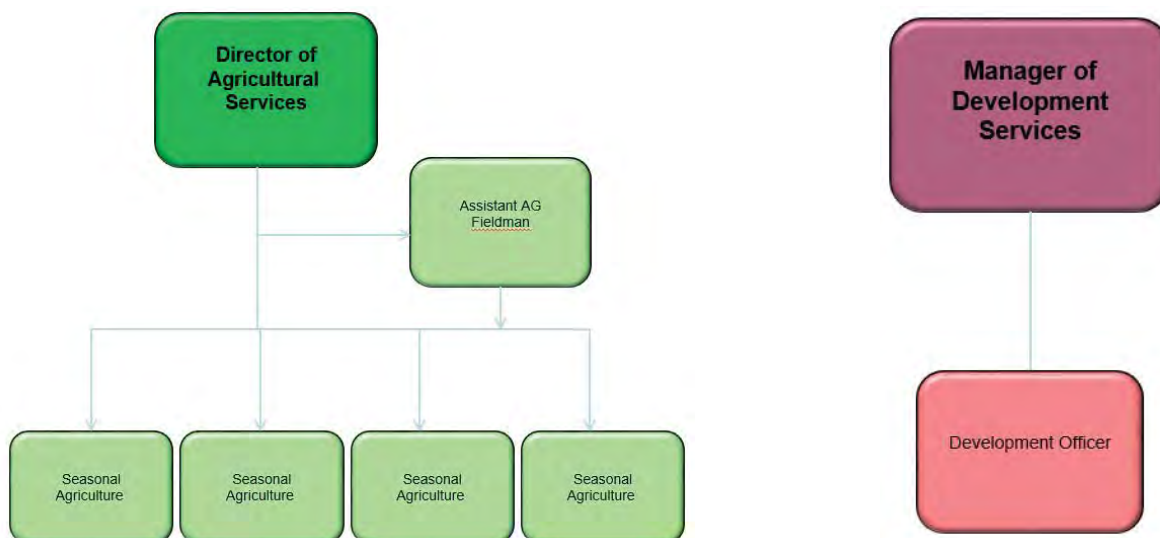
Corporate Services - department includes information technology, geographic information systems (GIS), and finance (i.e. assessment, taxation, receivables, payables, payroll, etc.).

VULCAN COUNTY PROFILE - Continued



Protective Services - department includes fire protection services and bylaw enforcement. Police services are provided by the RCMP.

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

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

STRATEGIC PLANNING & PRIORITIES

STRATEGIC PLAN

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

DEPARTMENTAL GOALS

TRANSPORTATION SERVICES

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

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

PROTECTIVE SERVICES

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

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

DEVELOPMENT SERVICES

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

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

AGRICULTURAL SERVICES

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

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

STRATEGIC PLAN - Continued

CORPORATE SERVICES

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

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

COUNTY-WIDE GOALS

RECRUIT AND RETAIN QUALITY STAFF

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

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

GOVERNANCE

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

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

PUBLIC HEALTH

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

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

Beginning in 2019, Council has directed staff to provide quarterly updates on their progress toward all goals in the strategic plan. These progress reports are presented in chambers at 4 of the regularly scheduled Governance Priorities Committee meetings. In this way, Council is able to ensure progress is being made toward County objectives and staff are held accountable to their responsibilities (a strategic goal). These meetings are open to the public.

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

- **VISION**

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

- **MISSION STATEMENT**

To provide collaborative leadership, governance and municipal services

- **VALUES**

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



It is important to the Council of Vulcan County that these statements reflect the collaborative spirit they wish to foster within themselves and amongst their neighbours. With these ideals, Council believes the County can prosper both socially and economically.

2019 PRIORITIES, ISSUES, AND GOALS

1) TAX RATES & ASSESSMENT:

Maintaining competitive tax rates and increasing the assessment base continues to be a main goal for the County in 2019. Last year saw a reduction in the County's general taxation rate of 9.5% in order to bring it more in line with our neighbours. With a renewed focus on economic development, the County is attempting to increase the assessment base by attracting new businesses to the area. This would achieve the goal of increasing assessment while enabling residential and farmland rates to stay competitive.

As in the prior year, the 2019 budget was thoroughly reviewed by Council and Administration in order to find new efficiencies to prevent any increases in tax rates. Some costs were able to be reduced and new sources of revenue were found, such as additional gravel sales and provision of services to neighbouring municipalities.

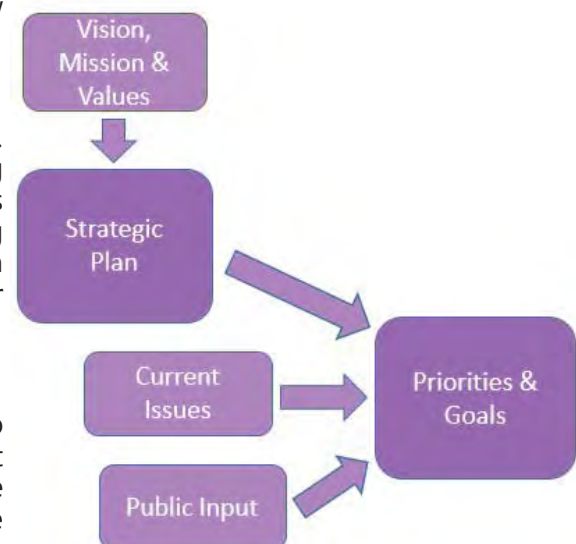
Reduction of all tax rates remains a priority for Council going forward, as does increasing the assessment base by finding new sources of investment in the County. Currently, the County is exploring industrial development and clean energy projects aggressively as a means to bring in considerable new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

2) BRIDGE AND ROAD PROJECTS:

Bridges and Roads will remain a top priority in 2019. Certain projects from 2018 were delayed to 2019, creating additional work to be done in the coming year. The delays were primarily the result of significant overland flooding that required County staff to focus on repairs rather than construction. Approximately \$6.5 million is budgeted for bridge and road construction in 2019.

3) MOSSLEIGH DRAINAGE PROJECT:

Water drainage paths near Mossleigh were determined to require extensive modification several years ago, but right of way and easement issues prevented the initiation of the project. The final issue was rectified in 2018 allowing the project to begin, and will continue into 2019.



BUDGETING GUIDELINES

BASIS OF BUDGETING

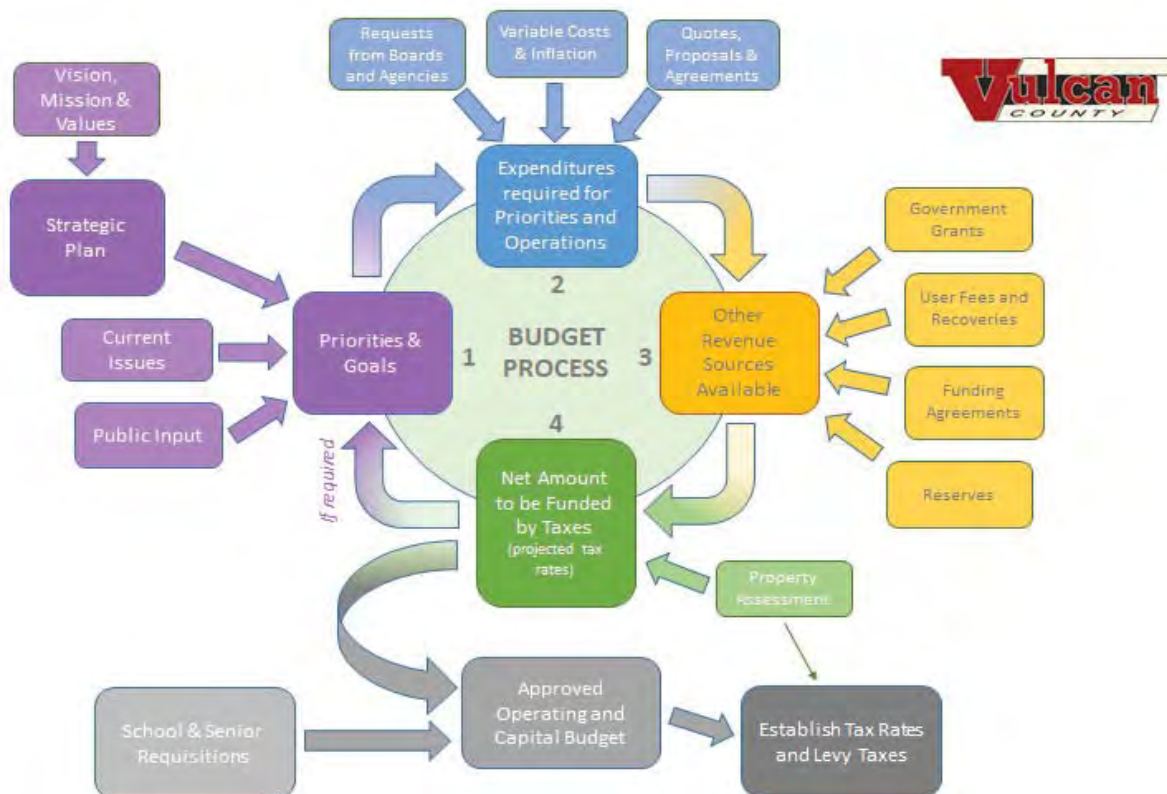
The Municipal Government Act (MGA) requires that the County Council adopt an operating and capital budget each year. An interim budget may also be passed until the final budget is adopted. The budget is based on the estimated operating and capital costs for the County. After reviewing the other revenue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

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

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

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

The following is the budget process for the County:



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

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

MODIFIED ACCRUAL BASIS:

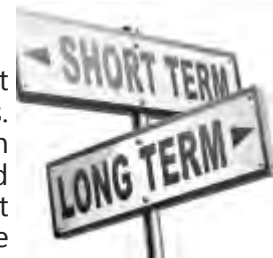
The County utilizes a modified accrual basis for its budgeting which is a combination of cash and accrual bases of accounting. The cash basis recognizes the transaction upon the exchange of money (i.e. expenses recognized when actually paid). The accrual basis recognizes the transaction when a liability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

SHORT-TERM ITEMS

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

LONG-TERM ITEMS & PROJECTS

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



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

BUDGET PRESENTATION:

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

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



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

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

BASIS OF BUDGETING - Continued

FUND ACCOUNTING:

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

OPERATING FUNDS

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

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

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

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

CAPITAL FUNDS

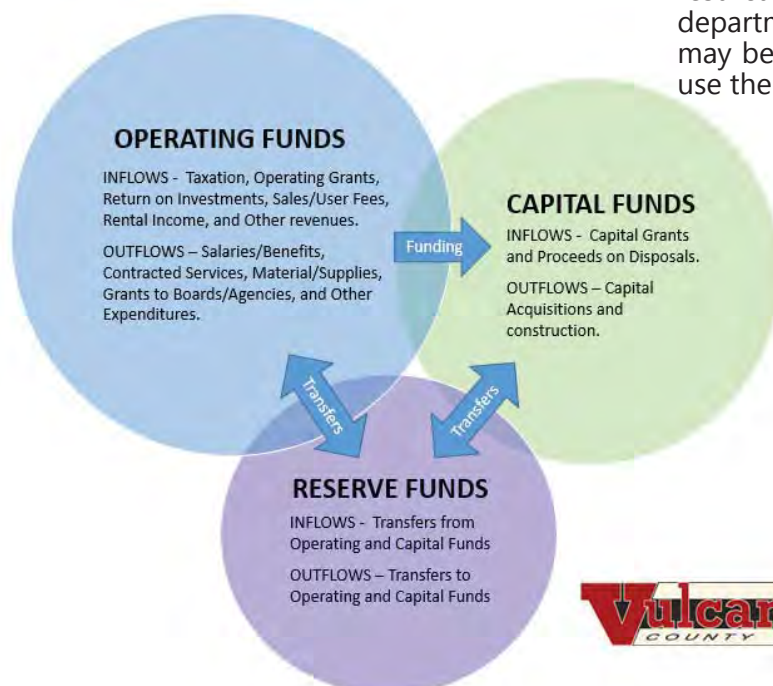
The Capital Budget outlines the changes in these funds and includes all of the capital acquisitions/construction and their respective funding sources. The capital funding may include capital grants, proceeds on disposals, and transfers between other fund accounts, including:

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

RESERVE FUNDS

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

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



FINANCIAL POLICIES AND PRINCIPALS:

Vulcan County has a number of financial policies relating to the budgets that are reviewed and approved by Council. These policies are designed to ensure that there are appropriate controls in place to safeguard the County and to ensure that the County is compliant with the Alberta Municipal Government Act, Canadian Public Sector Accounting Standards, and other related legislation. These policies ensure that the County assesses long-term financial and budgetary impacts during the budget process. The following are some of the policies that are in place:

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



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

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

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

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

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

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

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

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

BUDGETING FOR EXPENDITURES

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

OPERATING EXPENDITURES:

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

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



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

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

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

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VARIABLE COSTS & INFLATION

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



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



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

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

QUOTES, PROPOSALS & AGREEMENTS

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

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

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



REQUESTS FROM BOARDS AND AGENCIES

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

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

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

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

These funding requests from the boards/agencies are typically reviewed by the Budget Committee on an annual basis. Those approved are paid after final budget approval and receiving organizations are not required to report on their usage of funds. However, the County currently requires the prior year's financial statements as part of a funding application and reviews usage at that time.

CAPITAL EXPENDITURES:

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



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

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

BUDGETING OTHER SOURCES OF REVENUE

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

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

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

GOVERNMENT GRANTS

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

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



USER FEES AND RECOVERIES

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

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

FUNDING AGREEMENTS

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

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

RESERVES

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

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

DETERMINATION OF TAX RATES

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

Net Amount to be Funded by Taxes is effectively:

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

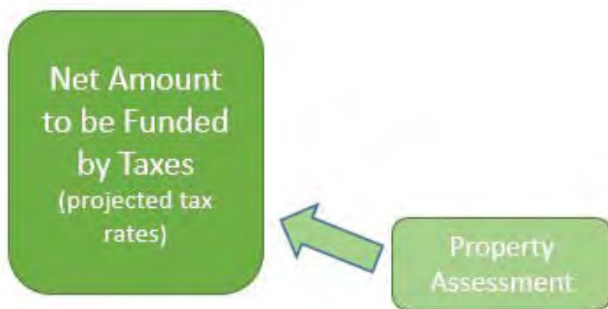
This will provide the total amount to be raised through taxes. Using the Property Assessment figures, the projected tax rates may be determined.

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

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

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

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



The Municipal Tax Rates may include:

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

COUNTY-WIDE TAX RATES

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

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

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

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

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

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



DETERMINATION OF TAX RATES - Continued

SPECIAL TAX RATES

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

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

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

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

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

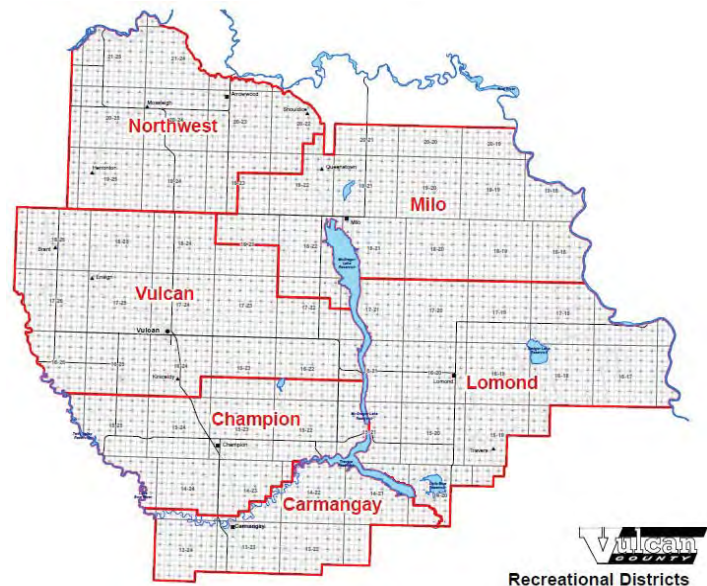
There are currently 4 regionalized fire departments, including Lomond, Carmangay, Champion, and Vulcan. The County directly manages these departments, including setting the operating budget.

The remaining 2 fire departments are currently operated by Fire Associations and have service agreements in place to provide fire protection for the County. These Fire Associations provide the County with their annual operating budgets. These areas include Northwest and Milo.

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

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

The residents of Kirkcaldy also have this special tax for their connection to the TVRWC water line. These cost recoveries are done over multiple years.



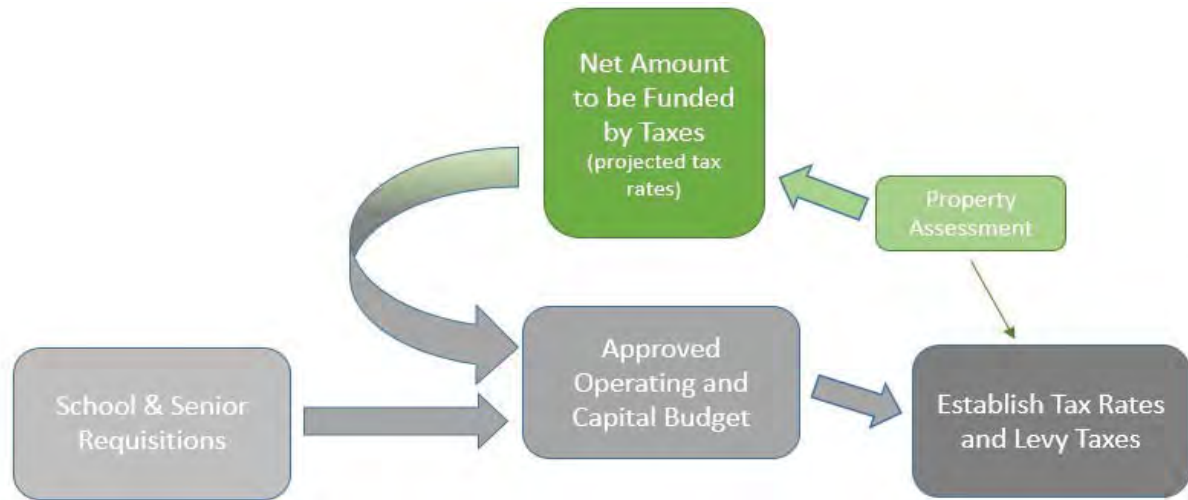
The **Recreational Area Rate** is used to fund the recreational activities that occur within your specific district as per your local Recreation Board's recommendations.

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

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

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

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



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

REQUISITION RATES

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

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

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



DETERMINATION OF TAX RATES - Continued

PROPERTY ASSESSMENT:

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

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

The Alberta Government has mandated that property assessment:

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

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

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

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

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

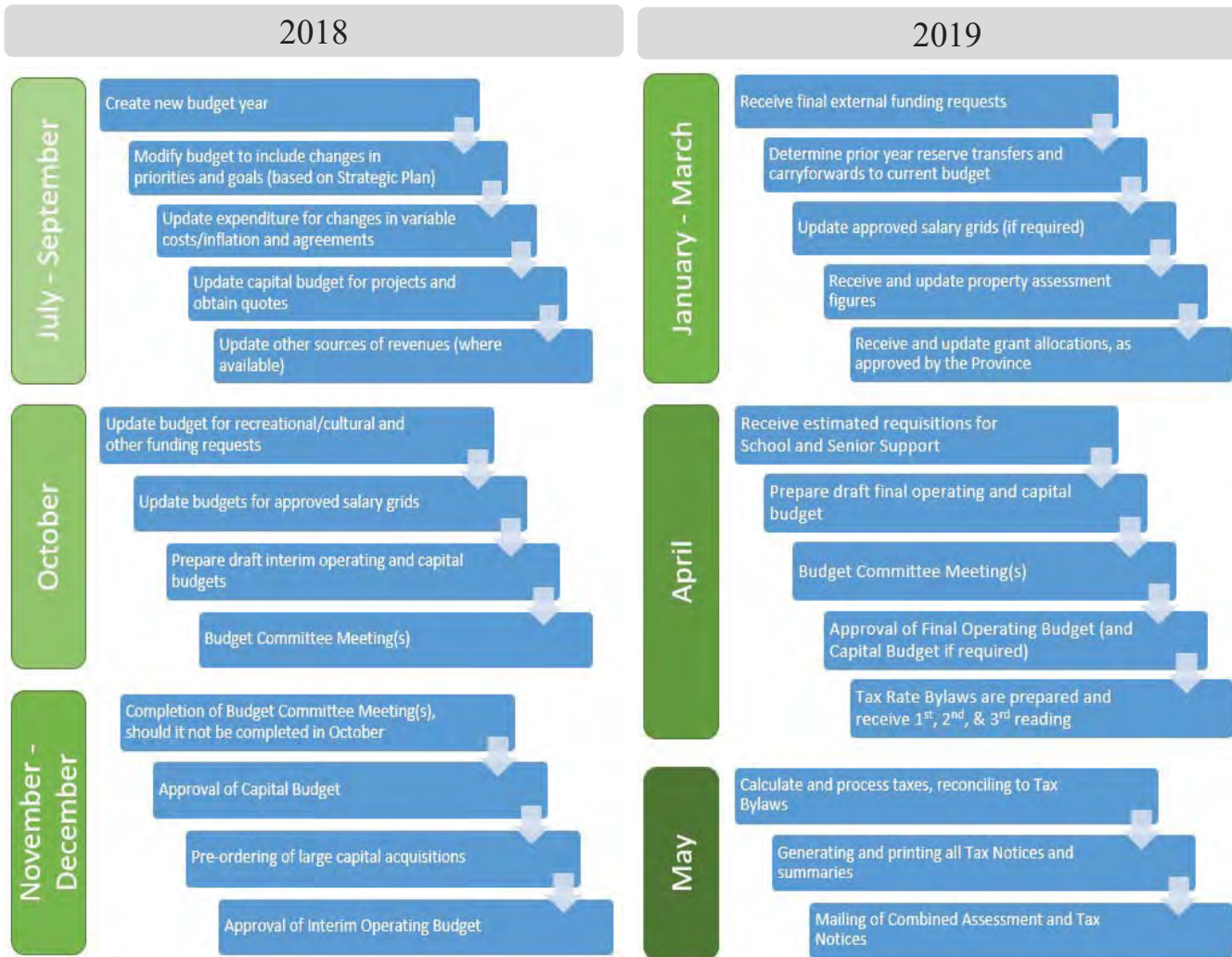
For more information on taxation and assessment, please see the forms and brochures (or frequently asked questions) that are available on our website:

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



BUDGET SCHEDULE AND CALENDER

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



BUDGET COMMITTEE MEETING DATES:

- November 13-15, 2018 - Interim Budget Committee Meeting
- April 1-2, 2019 - Final Budget Committee Meeting
- April 4, 2019 - Final Budget Committee Meeting

BUDGET APPROVAL DATES:

- December 5, 2018 - Approval of Interim Operating and Capital Budgets
- April 17, 2019 - Approval of the 2019 Final Operating and Capital Budgets





SECTION TWO

OPERATING BUDGET BY TYPE

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SECTION TWO

Operating Budget by Type

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REVENUES

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

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

The following is the 2019 budgeted operating revenues:

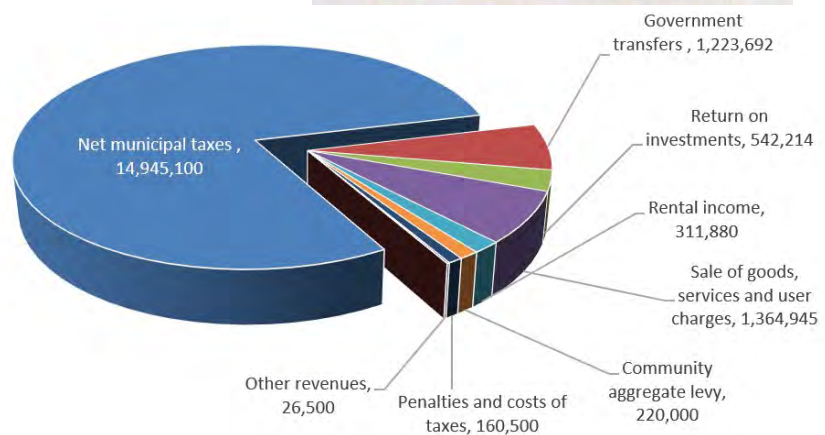
Net municipal taxes	14,945,100	79.5%
Government transfers	1,223,692	6.5%
Return on investments	542,214	2.9%
Sale of goods, services and user charges	1,364,945	7.3%
Rental income	311,880	1.7%
Community aggregate levy	220,000	1.2%
Penalties and costs of taxes	160,500	0.9%
Other revenues	26,500	0.1%
	<u>18,794,831</u>	



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

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

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



TAXATION

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

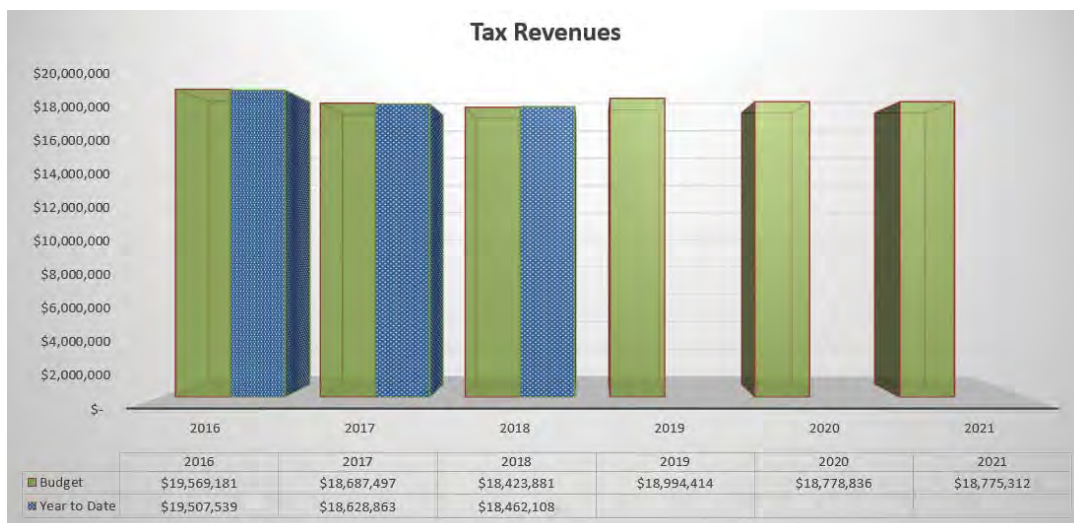
Overall, the taxable assessment for the County increased by just over \$20 million. As there was no change to any general taxation rates, general municipal tax revenue increased due to the increase in assessment. The amount of the increase was approximately \$175,000. These funds are planned to help with the rising costs of providing municipal services and assist with strategic objectives.

Class	Taxable Assessment		
	2018	2019	Change
Residential	453,456,430	473,806,080	20,349,650
Commercial & Industrial	98,059,840	78,915,710	(19,144,130)
Farmland	204,838,410	204,892,870	54,460
Machinery and Equipment	108,157,680	89,904,800	(18,252,880)
Linear	686,522,100	723,770,260	37,248,160
Total	1,551,034,460	1,571,289,720	20,255,260

These strategic objectives include assisting the County's economic growth in order to make it stronger in the future, as well as protect against areas of vulnerability, such as the uncertainty inherent in the oil & gas sector at present and anticipated fluctuations in fuel costs over the next couple of years.

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

Vulcan County Budget Comparison and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
REVENUE:					
Net municipal taxes					
Real property taxes	\$ 7,565,844	\$ 7,569,928	\$ 7,735,238	\$ 7,735,250	\$ 7,735,326
Linear taxes	8,066,379	8,075,608	8,623,392	8,623,329	8,623,401
Commercial taxes	1,317,926	1,332,140	1,132,804	1,132,792	1,132,800
Government grants in lieu of taxes	18,600	19,749	18,600	18,600	18,600
Special levy	1,415,132	1,415,239	1,464,735	1,249,220	1,245,540
Well drilling tax	40,000	49,445	19,645	19,645	19,645
	18,423,881	18,462,108	18,994,414	18,778,836	18,775,312
School requisitions	(3,408,081)	(3,436,669)	(3,647,799)	(3,647,799)	(3,647,799)
Seniors foundation	(248,237)	(248,237)	(401,515)	(401,515)	(401,515)
	14,767,563	14,777,202	14,945,100	14,729,522	14,725,998



As shown above, there has been an overall increase in the budgeted tax revenues. This is the result of the increase to the total assessment value in the County. Certain recreation and fire districts saw a reduction in special tax rates which partially offsets this. The projections for 2020 & 2021 are based on the 2019 budget and will be examined more closely in future budget years.



As shown above, there is a significant increase in total requisitions for 2019. The increase places total requisitions more in line with years previous to 2018, but as the provincial government is still working on its budget for the current year the amount is expected to change. Any over or under levy will be brought forward to 2020 and applied to municipal taxes at that time.

TAXATION - Continued

At the Regular Council meeting on April 17, 2019, County Council approved and established the 2019 General Tax Rate and Special Levy Bylaws. These Tax Rate Bylaws are a result of the approved 2019 Operating and Capital Budgets.

- 2019 General Tax Rates (Bylaw 2019-013) for tax rates on the General Municipal, Waste Commission, School Requisitions, and the Seniors Requisition.
- 2019 Special Levy Tax Rates (Bylaw 2019-008, 2019-009, & 2019-010) for tax rates on the special tax levies for the fire protection areas, the recreational areas, and the waterworks upgrades.
- 2019 Designated Industrial Property Tax Rate (Bylaw 2019-016) for tax rates on designated industrial properties which are designed to recoup the cost of provincial assessment of those properties.

2019 General Tax Rates (Bylaw 2019-013):

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

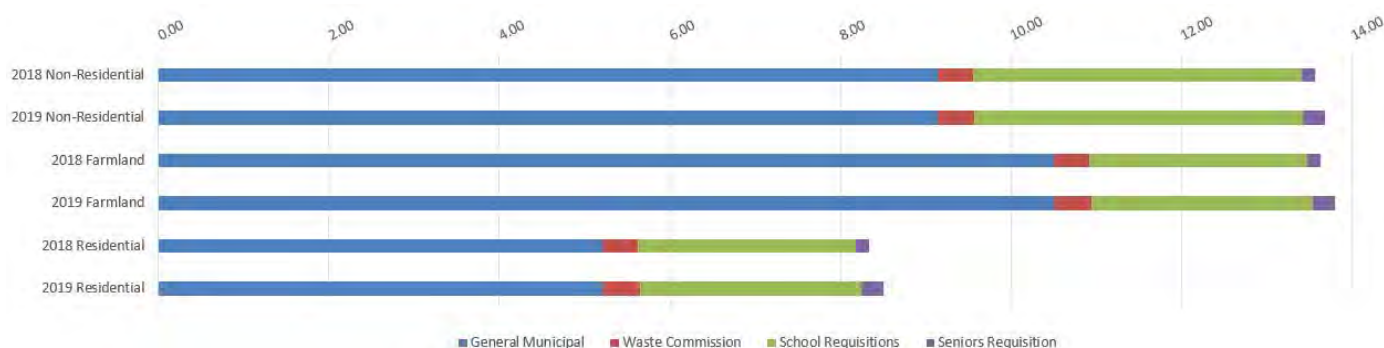
The following are the General Tax Rates as expressed in mills (1:1000):

General Municipal	2018 Rates	2019 Rates	% Change
Residential	5.2100	5.2100	0.0%
Farmland	10.5075	10.5075	0.0%
Non-Residential	9.1400	9.1400	0.0%

Waste Commission	2018 Rates	2019 Rates	% Change
Residential	0.4113	0.4334	5.37%
Farmland	0.4113	0.4334	5.37%
Non-Residential	0.4113	0.4334	5.37%

School Requisitions	2018 Rates	2019 Rates	% Change
Residential	2.5585	2.6079	1.93%
Farmland	2.5585	2.6079	1.93%
Non-Residential	3.8612	3.8532	-0.21%

Senior Requisition	2018 Rates	2019 Rates	% Change
Residential	0.1601	0.2556	59.65%
Farmland	0.1601	0.2556	59.65%
Non-Residential	0.1601	0.2556	59.65%



The Waste Commission tax rates are applied to cover the County's share of the operational costs of the Vulcan and District Waste Commission. As a member of this Commission, the County covers 56% of these costs (based on the populations within the County). The requisition increased to \$680,998 in 2019 (previously \$637,941).

The School Requisition rates are for the requisitions from Alberta Learning (Alberta School Foundation Fund and Christ the Redeemer CSRD) which are based on equalized assessment throughout the Province. Seniors Requisition rates are for the requisition from the Marquis Foundation. Alberta Learning and the Marquis Foundation have requisitioning powers and, as such, the County is obligated by legislation to bill and collect taxes on their behalf. The Seniors requisition increased substantially in 2019 in order to address their need for a capital reserve to set aside for major unforeseen building repairs. The County has no control over the amounts required to be collected by these organizations.

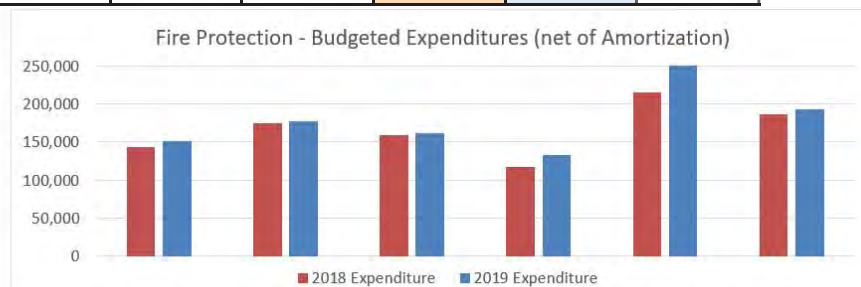
2019 Special Levy Tax Rates (Bylaw 2019-008, 2019-009, & 2019-010):

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

Fire Protection Districts (Bylaw 2019-008):

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

Fire Protection Area	2016 Rates	2017 Rates	2018 Rates	2019 Rates	% Change
Carmangay and District	1.6896	2.2602	1.8685	1.8324	-1.9%
Champion and District	0.9387	1.5369	1.3935	1.4412	3.4%
Lomond and District	0.5250	0.6584	0.6503	0.6102	-6.2%
Milo and District	0.5690	0.6649	0.6942	0.6454	-7.0%
Vulcan and District	0.0893	0.4071	0.3730	0.1872	-49.8%
Northwest	0.6910	0.6917	0.8504	0.8748	2.9%
Linear	0.3312	0.3411	0.3513	0.3618	3.0%



	Carmangay and District	Champion and District	Lomond and District	Milo and District	Vulcan and District	Northwest
2019 Expenditure	150,907	176,984	160,966	133,284	329,391	192,275
2018 Expenditure	142,859	174,693	158,576	116,737	214,398	186,488
2019 Assessment	54,561,350	80,986,080	178,362,730	108,533,080	239,731,650	185,344,570
2018 Assessment	52,353,800	82,418,410	184,042,670	115,678,290	243,358,170	186,661,020

Carmangay and District – total of \$150,907 area cost with a total of \$50,928 of revenues (other than taxes), resulting in \$99,979 to be raised by special levies. Based on \$54.56 million in taxable assessment, the special levies equate to a rate of 1.8324 mills (0.0018324).

Champion and District – total of \$176,984 area cost with a total of \$60,266 of revenues (other than taxes), resulting in \$116,718 to be raised by special levies. Based on \$80.99 million in taxable assessment, the special levies equate to a rate of 1.4412 mills (0.0014412).

Lomond and District – total of \$160,966 area cost with a total of \$52,128 of revenues (other than taxes), resulting in \$108,838 to be raised by special levies. Based on \$178.36 million in taxable assessment, the special levies equate to a rate of 0.6102 mills (0.0006102).

Milo and District – total of \$133,284 area cost mostly from the request of the Fire Association with a total of \$63.237 of revenues (other than taxes), resulting in \$70,047 to be raised by special levies. Based on \$108.53 million in taxable assessment, the special levies equate to a rate of 0.6454 mills (0.0006454). Milo District currently has no honorarium costs.

Vulcan and District – total of \$329,391 area cost with a total of \$284,512 of revenues (other than taxes), resulting in \$44,879 to be raised by special levies. Based on \$239.73 million in taxable assessment, the special levies equate to a rate of 0.1872 mills (0.0001872).

Northwest – total of \$192,275 area cost mostly from the request of the Fire Association with a total of \$30,136 of revenues (other than taxes), resulting in \$162,139 to be raised by special levies. Based on \$185.34 million in taxable assessment, the special levies equate to a rate of 0.8748 mills (0.0008748).

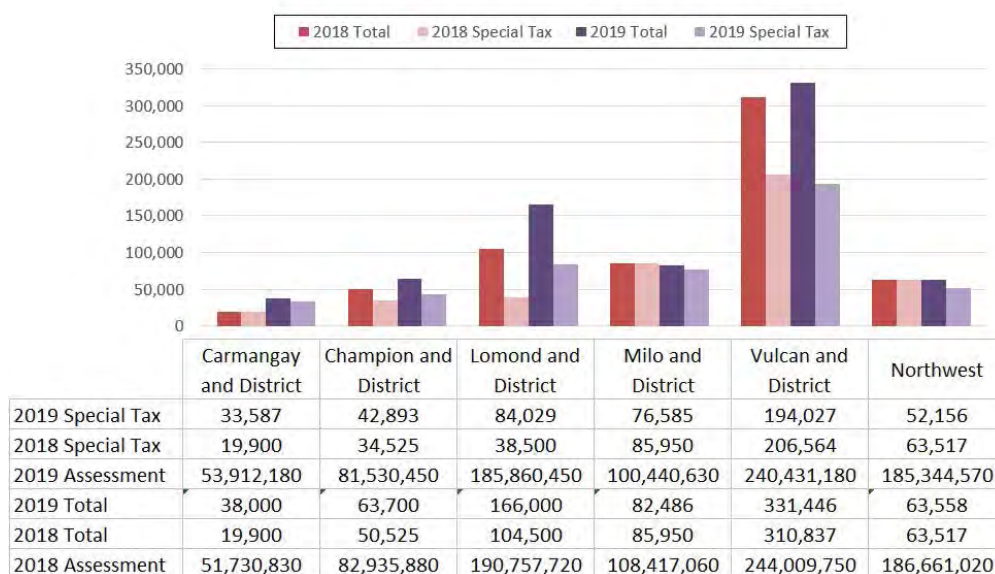
TAXATION - Continued

Recreational Districts (Bylaw 2019-009):

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

Recreational Area	2016 Rates	2017 Rates	2018 Rates	2019 Rates	% Change
Carmangay and District	0.1165	0.0000	0.3061	0.6230	103.5%
Champion and District	0.6788	0.5720	0.3518	0.5261	49.5%
Lomond and District	0.1680	0.2436	0.1681	0.4521	168.9%
Milo and District	0.2566	0.5046	0.7426	0.7625	2.7%
Vulcan and District	0.5944	0.6131	0.7873	0.8070	2.5%
Northwest	0.0305	0.0167	0.2840	0.2814	(0.9%)
Linear	0.1309	0.1348	0.1348	0.1388	3.0%

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



Carmangay and District – Approved requests for the district totalled \$38,000. The linear portion of \$4,413 was applied to cover some of the contributions. The result was that \$33,587 was raised by special levies. Based on \$53.91 million in taxable assessment, the special levies equate to a rate of 0.6230 mills (0.0006230).

Champion and District – Approved requests for the district totalled \$63,700. The linear portion of \$5,807 was applied to cover some of the contributions, as was \$15,000 in funds from general taxation. The result was that \$42,893 was raised by special levies. Based on \$81.53 million in taxable assessment, the special levies equate to a rate of 0.5261 mills (0.0005261). The item funded with general tax dollars was operating costs for the Champion Pool (\$15,000).

Lomond and District – Approved requests for the district totalled \$166,000. The linear portion of \$6,971 was applied to cover some of the contributions, as was \$75,000 in funds from general taxation. The result was that \$84,029 was raised by special levies. Based on \$185.86 million in taxable assessment, the special levies equate to a rate of 0.4521 mills (0.0004521). The item funded with general tax dollars was operating and renovation costs for the Lomond Community Centre (\$75,000).

Milo and District – Approved requests for the district totalled \$82,486. The linear portion of \$5,901 was applied to cover some of the contributions. The result was that \$76,585 was raised by special levies. Based on \$100.44 million in taxable assessment, the special levies equate to a rate of 0.7625 mills (0.0007625).

Vulcan and District – Approved requests for the district totalled \$331,446. The linear portion of \$15,708 was applied to cover some of the contributions, as was \$121,711 in funds from general taxation. The result was that \$194,027 was raised by special levies. Based on \$240.43 million in taxable assessment, the special levies equate to a rate of 0.8070 mills (0.0008070). The items funded with general tax dollars were 50% of operating costs for the Vulcan Arena (\$40,937), 50% of operating costs for the Vulcan Pool (\$40,537), 50% of operating costs for the Virginia Mitchell Ballpark, campground, and Ag grounds (\$22,837), 50% of the costs of boiler replacement at the arena (\$9,202), and costs associated with the Southern Alberta Summer Games (\$8,198).

Northwest – Approved requests from the Recreation Board totalled \$63,558. The linear portion of \$11,402 was applied to cover some of the contributions. The result was that \$52,156 was raised by special levies. Based on \$185.34 million in taxable assessment, the special levies equate to a rate of 0.2814 mills (0.0002814).



Waterworks (Bylaw 2019-010):

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



The per parcel Special Levy applicable to Kirkcaldy is \$393.34. This is expected to cover the costs of the installation of the water line over a 25 year period.

Designated Industrial Property (Bylaw 2019-016):

The Designated Industrial Property (DIP) Bylaw allows the County to bill back the costs of assessment for specific properties, the assessment of which, as of 2019, is under control of the province directly. The County pays our contract assessor to perform the assessment, and the province reimburses for those costs. The County then levies the property owners and forwards that money to the province, effectively charging the property owners for their own assessment. This is a matter of regulation and the County has no control over it. The Province sets the mill rate for this levy which is currently 0.0786 mills (0.0000786).

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

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

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

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



GOVERNMENT TRANSFERS / GRANTS

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

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

Vulcan County Budget Comparison and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Government transfers					
Provincial government transfers - Operating	\$ 536,790	\$ 596,775	\$ 862,233	\$ 348,630	\$ 348,630
Federal government transfers - Operating	219,734	219,734	219,734	219,734	219,734
Transfers from Local Government - Operating	148,181	142,022	141,725	139,119	139,330
	904,705	958,531	1,223,692	707,483	707,694



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

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

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

Provincial Government Grants:

MSI Operating Grant	185,940
AG Service Board Grant	168,350
ACP Grants	240,000
Other	267,943
	862,233

Federal Government Grants:

Federal Gas Tax Fund Grant	219,734
	219,734

Transfers from Local Government:

Doctor Retention Program	56,407
Shared IT Services	13,202
Other	59,142
	128,751

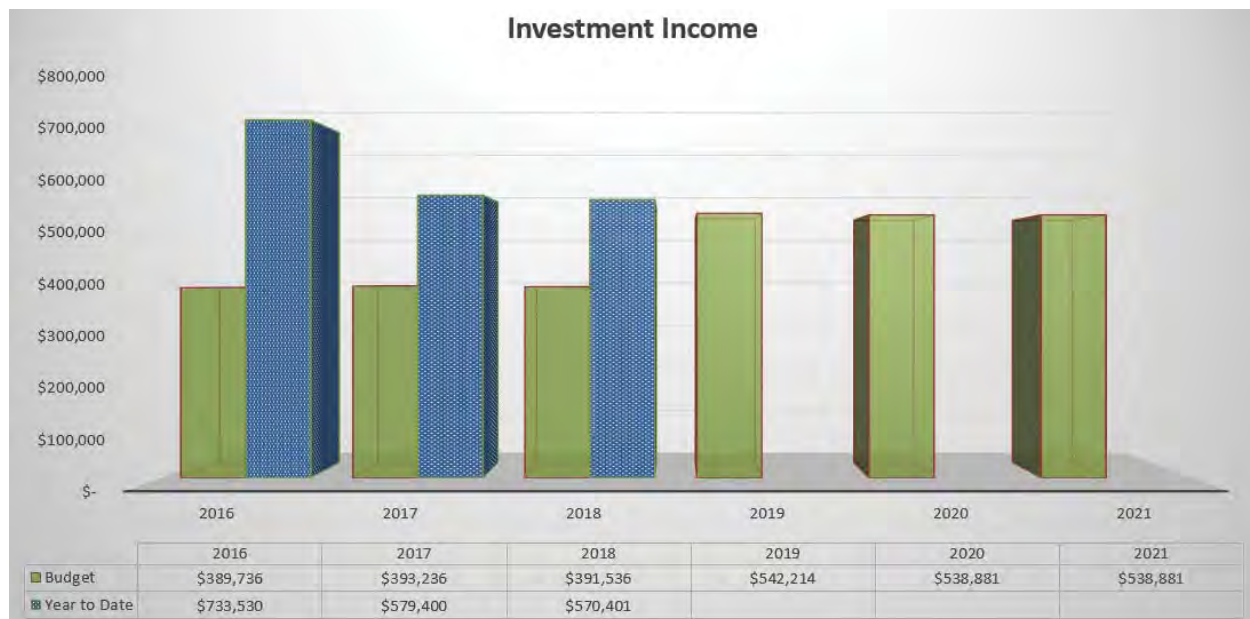
The increase in budgeted government transfers is mainly the result of Community Capacity Generation Grant meant to assist with a clean energy initiative within the County. The amount of this grants is approximately \$200,000.

INVESTMENT INCOME

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

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

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2018	2018	2019	2020	2021
Return on investments	391,536	570,401	542,214	538,881	538,881



The investment income is based on prior interest and dividends received on the County's investments. The budgeted investment income was increased in 2019 to reflect the more profitable interest rates that are available at this time. Future years are uncertain, so are projected relatively flat.

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

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

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

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



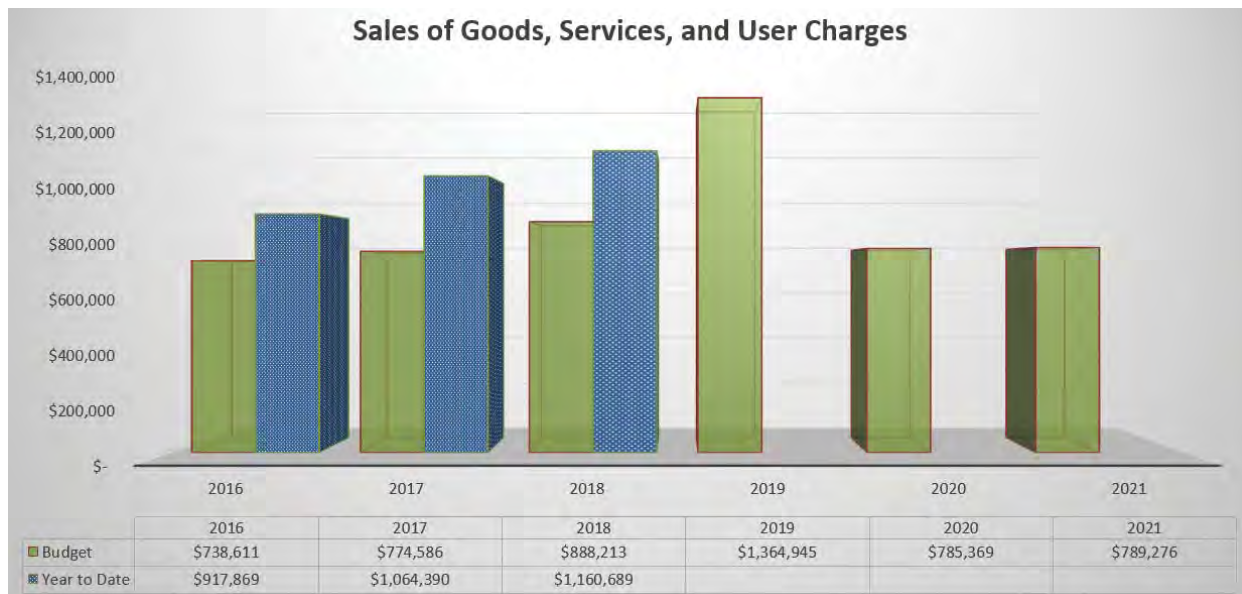
SALES OF GOODS, SERVICES & USER CHARGES

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

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

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

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2018	2018	2019	2020	2021
Sale of goods, services, and user charges	888,213	1,160,689	1,364,945	785,369	789,276



The sale of goods, services, and user charges include the sale of materials and supplies (i.e. gravel sales), surface rights, fees charged for services (i.e. permits, tax certificates, safety codes), and cost recoveries (i.e. dust abatement). Typically, historical results are used to project these revenue sources while remaining conservative in the budgeting. An increase in budgeted revenue for 2019 was added to reflect actual results from the most recent 3 years as well as projected land and gravel sales.

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

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

Fees & Charges



Historically, the actual cost recoveries revenue received has been significantly higher than budgeted. These cost recoveries were higher for items such as additional legal costs of oil/gas companies being added to the respective tax roll accounts and receiving additional surface right revenues compared to what was budgeted. These items have been reviewed and adjusted for 2019.

RENTAL INCOME

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

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

Vulcan County Budget Comparison and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Rental Income	304,880	353,265	311,880	311,880	311,880



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



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



COMMUNITY AGGREGATE LEVY

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

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

Vulcan County Budget Comparison and Projections

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Community aggregate levy	220,000	203,956	220,000	220,000	220,000



As shown above, the County historically maintained a conservative budget of \$120,000 based on historical lows in community aggregate levies. In 2018, a detailed review of the prior 5 years was done and it was determined that \$220,000 was a more appropriate value for the budgeted revenue from this levy. This was an example of being overly conservative in the past, and an opportunity to lessen the tax burden on Ratepayers going forward. This new estimate was very close to actual results in 2018 and is being used going forward as well.

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



PENALTIES AND COSTS OF TAXES

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

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

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2018	2018	2019	2020	2021
Penalties and costs of taxes	125,500	739,321	160,500	160,500	160,500



During 2016-2018, there was significantly higher revenue than budget due to a couple of larger accounts going into tax arrears. As the majority of these penalty revenues relate to oil & gas properties, the budget has been kept low in an attempt to normalize expectations in light of the current state of that sector of the economy.

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

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

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



Penalties on Tax Arrears :

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

OTHER REVENUES

Other revenues include fines, donations, recovery of accounts receivable, and other miscellaneous revenues. Most of these are not able to be projected; therefore, the budget currently only consists of the fines and any other known revenues. Fine revenues are projected forward based on the prior year but have fluctuated in the past.

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

Vulcan County Budget Comparison and Projections

Other revenue

Fines

Other

Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
44,500	27,005	26,500	26,500	26,500
199,410	95,365	-	-	-
243,910	122,370	26,500	26,500	26,500



During 2016, the County received a \$657,326 matching contribution from the Town of Vulcan for the Vulcan Hospital Expansion Project. This was not included in the 2016 budget. The 2017 budget was projected that the remaining matching funds of \$290,987 would be received for the Vulcan Hospital Expansion Project. Not all funds were received, so the remainder was included in 2018's budget. Those remaining funds were contributed in 2018, so that line item is at \$0 for 2019 and subsequent years.



EXPENDITURES

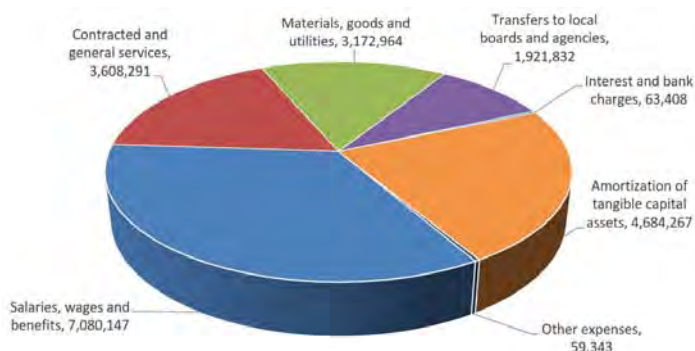
The majority of the County's operating expenditures are typically budgeted on a conservative basis to ensure that the budget is sufficient to cover the costs, including potential unexpected increases due to the nature of variable costs.

The following are the 2019 budgeted operating expenses:

Salaries, wages and benefits	7,080,147	34.4%
Contracted and general services	3,608,291	17.5%
Materials, goods and utilities	3,172,964	15.4%
Transfers to local boards and agencies	1,921,832	9.3%
Interest and bank charges	63,408	0.3%
Amortization of tangible capital assets	4,684,267	22.7%
Other expenses	59,343	0.3%
	20,590,251	
Machine expenses capitalized for construction	(1,806,922)	
	18,783,328	



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



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

SALARY, WAGES & BENEFITS

Salary, wages, and benefits includes all of the staff wages/benefits as well as Council per diems. All of the wages/benefits have the increases from the 2019 approved salary grids for cost of living increases, staff grid movements, and some market adjustments in the staff wages. The County does not operate in a union environment.

The County utilizes a 7 step salary/wage grid for each of the County staff. Each staff member is placed in a spot on the grid, and can move up annually if they receive a favorable performance review. The initial 2019 salary grids were approved by Council on December 5th, 2018 and after additional review, the final 2019 salary grids were approved on April 17th, 2019.

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

The Alberta CPI (per Stats Canada) is reviewed from October to September of the prior year and an average is calculated to determine the COLA. For 2019, the COLA was determined to be 2.42%.

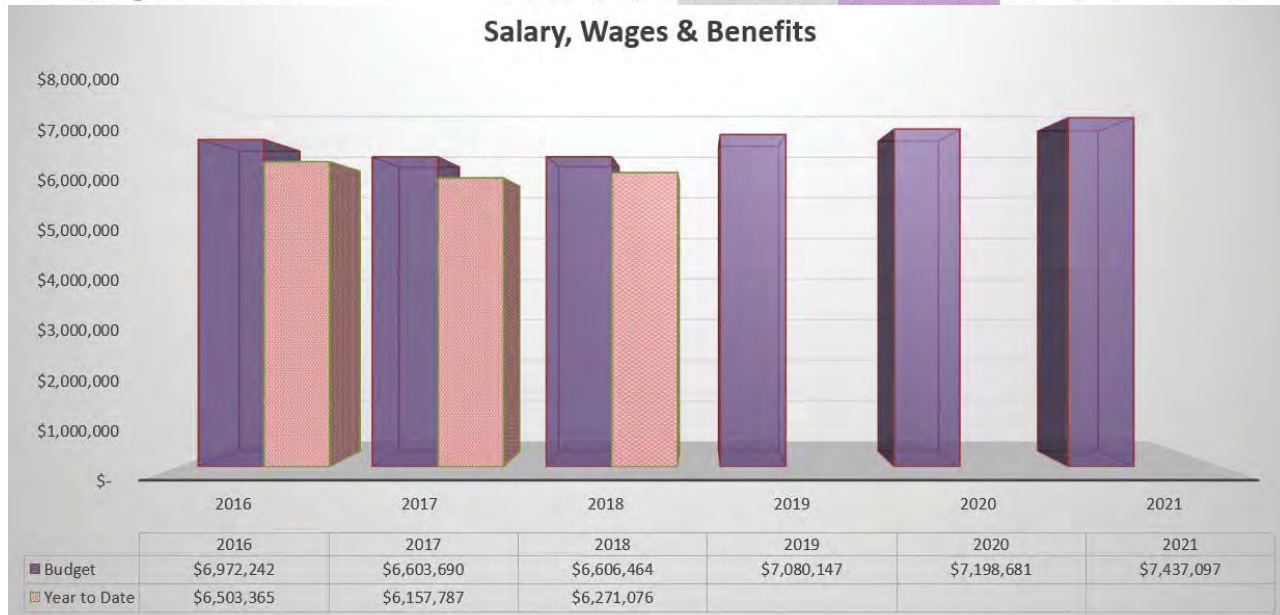
SALARY, WAGES & BENEFITS - Continued

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

Vulcan County

Budget Comparison and Projections

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Salaries, wages and benefits	\$ 6,606,464	\$ 6,271,076	\$ 7,080,147	\$ 7,198,681	\$ 7,437,097



During the 2019 budget process, wage costs increased for a few different reasons. One reason was the COLA adjustment of 2.42% noted on the previous page. Also built into the budget is the anticipated grid movement of existing County staff. Additionally, a couple of new positions are anticipated to be hired during 2019.

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

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

Budget 2019

Full-Time Equivalents (FTE)

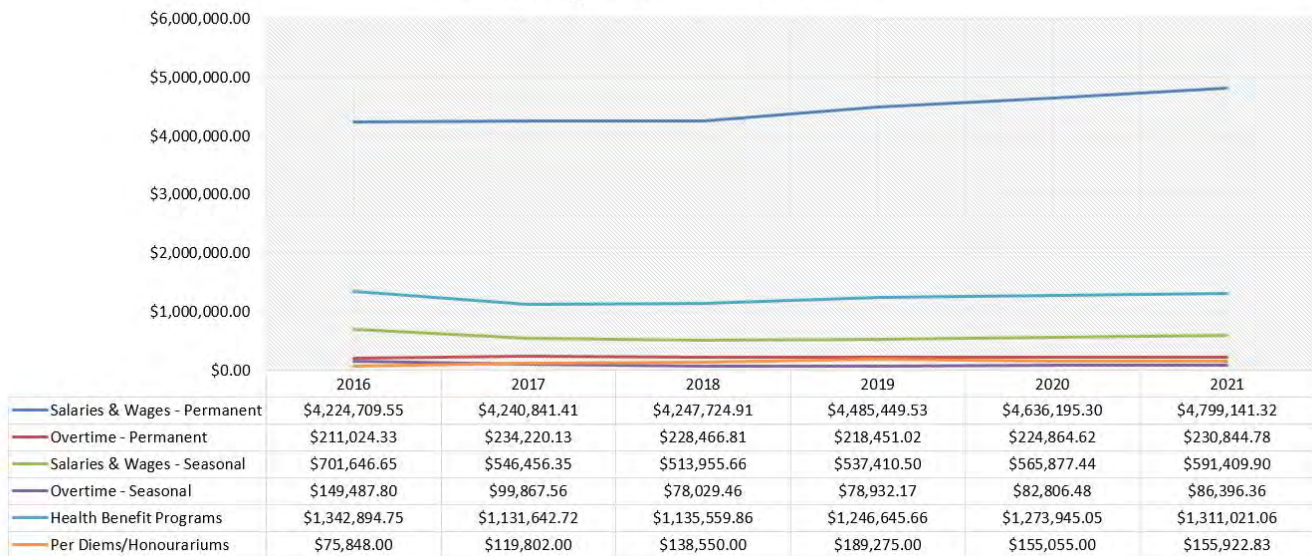
	2019 Budget	2018 Budget	2018 Actual	Change in Budget	2017 Budget	2017 Actual
Management	7.01	6.02	6.07	0.99	6.12	5.17
Operations (Public Works)	39.25	39.37	37.64	-0.12	42.26	38.73
Corporate Services	7.02	7.23	7.87	-0.21	7.03	8.12
Protective Services	3.01	3.73	3.67	-0.72	3.06	3.12
Agricultural Services	3.22	2.42	2.25	0.80	2.72	2.47
Development Services	3.07	2.68	2.40	0.39	2.04	1.97
	62.58	61.45	59.90	1.13	63.23	59.58

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

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



Salaries, Wages & Benefits - Budget Details



In the Strategic Plan, the County has a strategic priority to invest in and support a proficient and motivated workforce and be an employer of choice. This includes many strategies/goals, including the following:

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



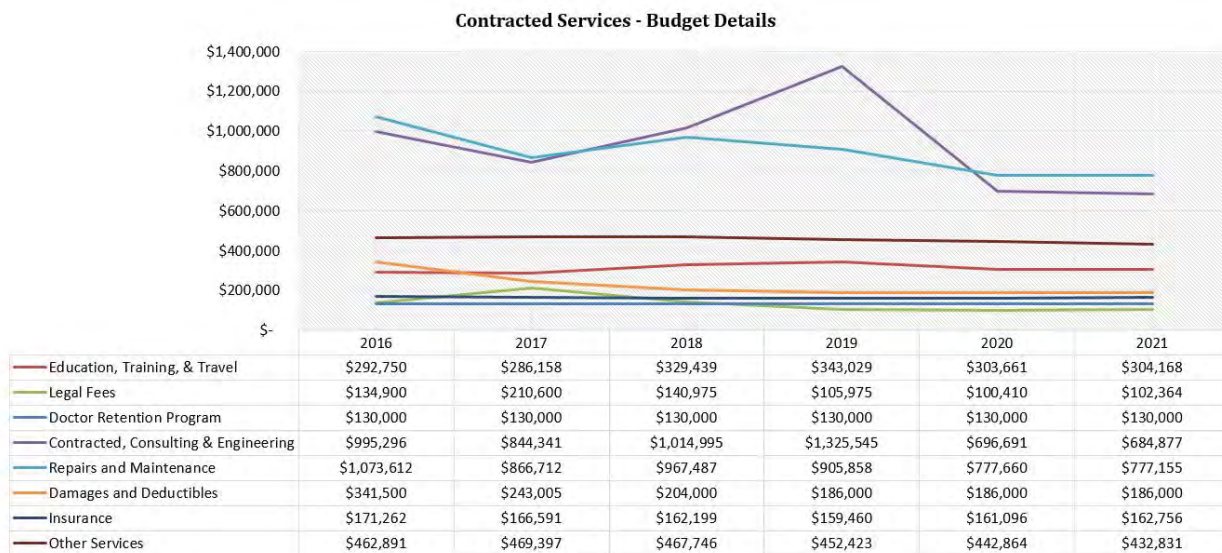
CONTRACTED SERVICES

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

The following is the budgeted contracted services costs (with projections for the following two years):

Vulcan County Budget Comparison and Projections

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Contracted and general services	3,416,840	3,367,916	3,608,291	2,798,382	2,780,151



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

Education, Training, and Travel:

Education, training and travel costs are expecting a small increase from the prior year budget of \$329,439 to \$343,029 in the current budget, but reductions in projected years. The reason for the slight increase in 2019 is the expectation that training courses gradually increase in cost over time. The County has also identified the need for additional safety courses to achieve compliance with OH&S. These costs are projected to fall in subsequent years as training is completed.

Legal Fees:

Legal fees are expected to decrease from \$140,975 to \$105,975 in 2019, and then further small declines over time. This is due to the resolution of a significant legal matter in 2018 and the anticipated resolution of some other legal matters that the County is dealing with. These matters have been ongoing for some time, but it is expected that the County will return to requiring a more normal level of legal representation beginning in 2019.

Doctor Retention Program:

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

Contracted, Consulting & Engineering:

The contracted, consulting and engineering costs are expecting an overall increase from the prior year budget of \$1,014,995 to \$1,325,545 in the current budget but projected years will see significant declines. The majority of the increase relates to contracted bridge work which was slated for 2018 but pushed back to 2019, in one case due to regulatory issues. Costs for 2018 will therefore show up in 2019, leading to the budget increase.

Repairs and Maintenance:

The repairs and maintenance costs are expecting an overall increase from the prior year budget of \$967,487 to \$905,858 in the current budget, with reductions expected in projected years. The decrease is partly due to a careful review of historical costs for equipment, vehicle, and infrastructure maintenance costs over the previous 5 years, but also due to some maintenance work on various roads throughout the County having been completed in 2018. The County continually monitors its infrastructure and will add maintenance projects if deemed necessary.

Damages and Deductibles:

The damages and deductibles costs are expecting an overall decrease from the prior year budget of \$204,000 to \$186,000 in the current budget with costs expected to remain flat in projected years. The majority of this decrease is due to completing a more detailed review on historical costs and comparing to planned road and bridge projects in 2019. These costs represent reimbursements to landowners for damages done to their crops during construction.

Insurance:

The insurance costs remain relatively consistent from year to year with small adjustments based on historical increases in premium costs, and reductions due to removal of insurance on disposed or obsolete equipment. The current budget is slightly less than the 2018 budget as some pieces of equipment that were previously owned by the County were disposed of, and no longer required insurance.

Other Services:

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

MATERIALS, GOODS & SUPPLIES

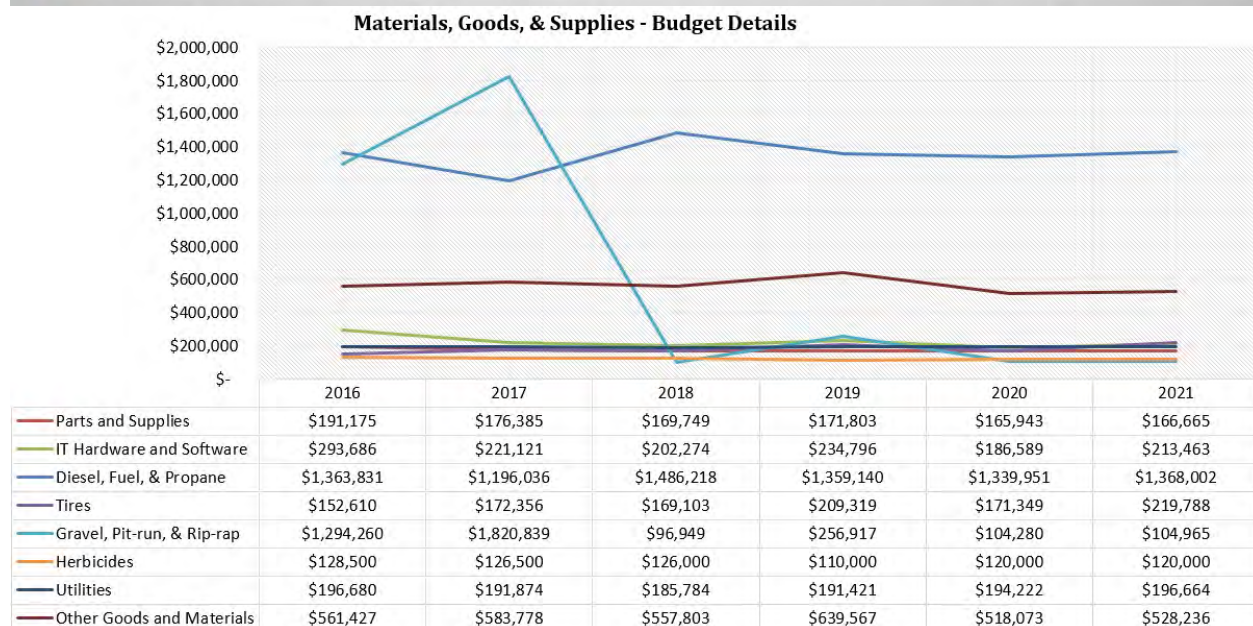
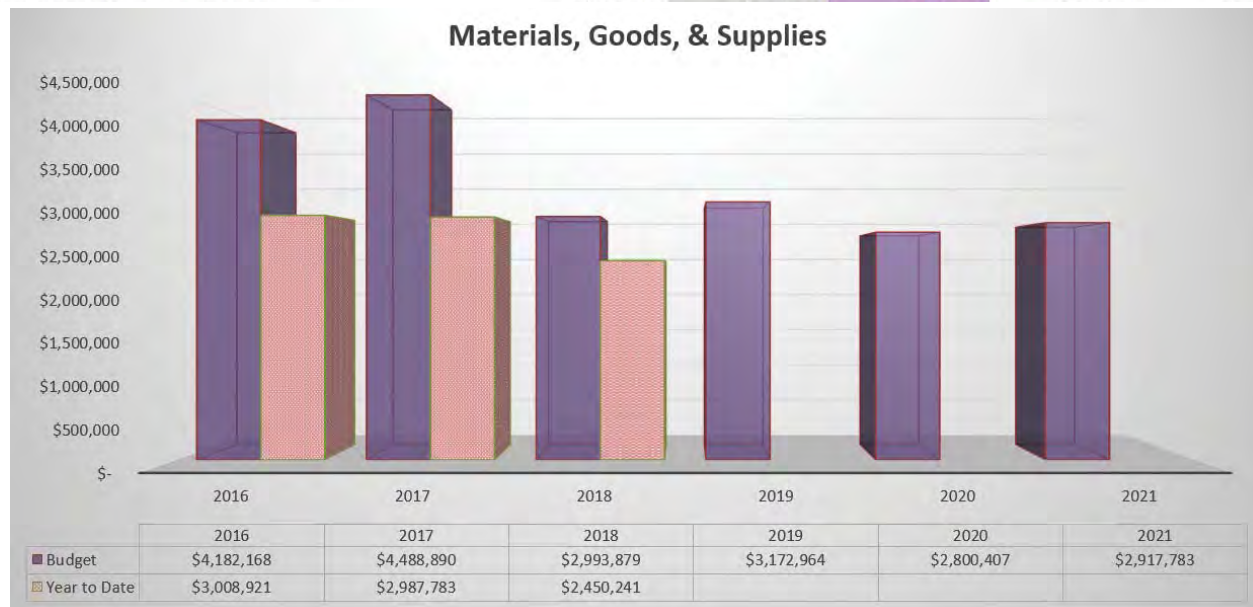
Materials, goods, and supplies includes the costs of supplies, utilities, information technology, diesel/fuel, gravel, herbicides, culverts, blades, tools, and other materials.

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

Vulcan County

Budget Comparison and Projections

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Materials, goods and utilities	2,993,879	2,450,241	3,172,964	2,800,407	2,917,783



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

Parts and Supplies:

The parts and supplies costs are expecting a slight increase from the prior year budget of \$169,749 to 171,803 in the current budget with some minor fluctuations in projected years. Generally, parts and supplies expenses move according to whether or not the County has a change to service levels as it did in 2018 when the County ceased operation of the Twin Valley Campground. No such changes are projected in the near term.

IT Hardware and Software:

The IT hardware and software costs are expecting an overall increase from the prior year budget of \$202,274 to \$234,796 in the current budget with reductions expected in subsequent years. The main cause of this increase is the addition of Bell CAD software and hardware to several fire response vehicles which will increase the efficiency of those vehicles in terms of response, documentation and investigative capability.

Diesel, Fuel, and Propane:

The diesel, fuel, and propane costs are expecting an overall decrease from the prior year budget of \$1,486,218 to \$1,359,140 in the current budget and is projected to remain relatively flat in future years. The majority of this 2019 decrease is due to a three main factors. First, historical fuel expenditures were carefully reviewed by Administration and found that the prior year figure was slightly high. Second, estimates were made about the level of fuel consumption necessary to provide County services like road maintenance and bylaw enforcement. Third, market price projections were used that resulted in a revised estimate of per litre costs. Altogether, these amounted to a decrease in the County's fuel budget of about \$125,000.

Tires:

The tire costs are expecting an overall increase from the prior year budget of \$169,103 to \$209,319 in the current budget and will fluctuate in the projected years. The majority of this increase is due to the review of actual expenditure stemming from doubling the replacement rate for grader tires, is also due to timing of replacement of tires. Tires for certain vehicles are much more expensive than others but are bought less often. The next 3 budget years attempt to take this into account.

Gravel, Pit-run, and Rip-rap:

The gravel, pit-run, and rip-rap costs are expecting an overall increase from the prior year budget of \$96,949 to \$256,917 in the current budget and are expected to come down and remain relatively flat in the projected years. The majority of this 2019 increase is due to higher than normal gravel sales relating to a construction project in the County. While the County will profit from the sales, the original cost of the gravel sold shows up here in the budget.

Herbicides:

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

Utilities:

The utilities costs remain relatively consistent from year to year with small changes based largely on expected inflation. These are carefully reviewed annually.

Other Goods and Materials:

Other contracted and general services remains relatively consistent from year-to-year. These costs include goods/services such as grader blades, culverts, signage, lumber, small tools, and other miscellaneous goods/materials. 2019 has a significant increase in these costs which is related to a Community Improvement and Diversification Initiative project that the County is undertaking.

TRANSFERS TO LOCAL BOARDS AND AGENCIES

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

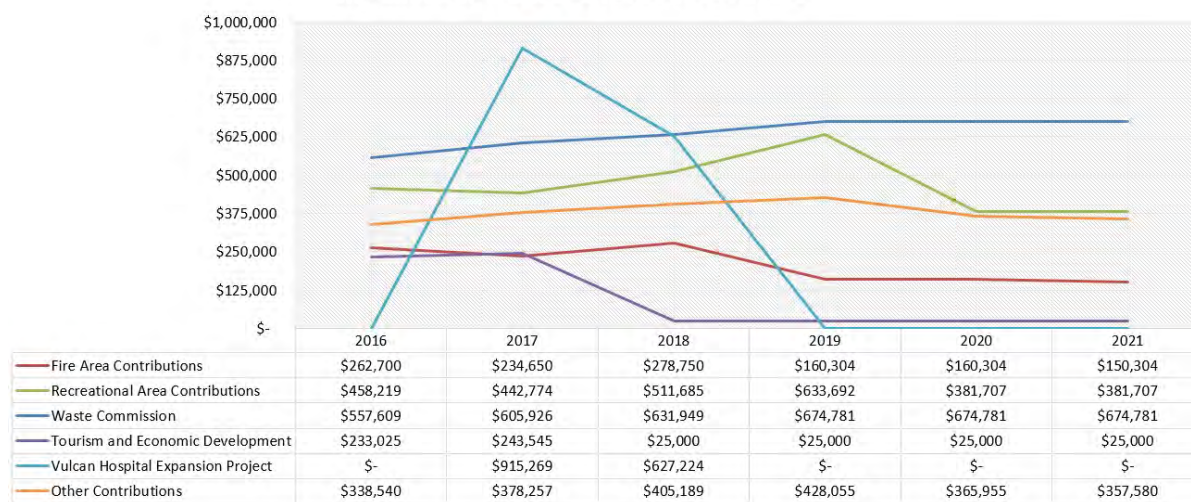
The following are the resulting transfers to local boards and agencies (with projections for the following two years):

Vulcan County Budget Comparison and Projections

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Transfers to local boards and agencies	2,479,797	2,370,354	1,921,832	1,607,747	1,589,372



Transfers to Local Boards and Agencies- Budget Details



The Town of Vulcan and Vulcan County are contributing matching funds toward the Vulcan Hospital Expansion project. During 2018, the final contributions to this project were made, leaving no amount to be budgeted for 2019 and beyond. These contributions are held by the County until the project is started.

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

Milo and District Recreation Area	
Milo Recreation Committee - Operations	\$36,600
Milo Ice Committee	5,000
Milo Community School	5,000
Milo Curling Club	10,086
Milo Adult Slow Pitch	2,000
Milo Board – Digital Sign	5,000
Total Recreational Funding	63,686
Milo Board – Christmas in the park	1,000
Milo Hall - Operations	5,000
Milo Hall – Capital Renovations	10,000
Friends of the Milo Library	2,800
Total Cultural Funding	18,800
Total Recreation and Cultural Funding	\$82,486

Northwest Recreation Area	
Mossleigh Kids Ball Club - Equipment	\$1,000
Mossleigh Sports Council - Lighting	5,000
Arrowwood Lions: Operational expenses	4,300
Arrowwood 4-H: Supplies & Instructors	500
Arrowwood & District ECS	800
Arrowwood Ag Society	7,500
Village of Arrowwood - board costs	1,960
Northwest Recreation Association	10,000
Total Recreational Funding	31,060
Mossleigh Community Club	10,000
Arrowwood Comm. Rec. Association	13,548
Arrowwood Restoration Society	1,000
Mossleigh Hall Comm. Club - Dishwasher	1,500
Arrowwood Hall - Dishwasher upgrade	5,000
Northwest Fire - Family Christmas	1,450
Total Cultural Funding	32,498
Total Recreation and Cultural Funding	\$63,558

Lomond and District Recreation Area	
Comm. Center Ag Society - Renovations	\$150,000
Comm. Center Ag Society - Operations	\$10,000
Lomond Lakers Jr. B. Hockey	\$3,000
Total Recreational Funding	163,000
Lomond 4H Club - Rental	\$1,000
Village of Lomond - Fireworks	\$2,000
Total Cultural Funding	3,000
Total Recreation & Culture	\$166,000

Champion and District Recreation Area	
Champion Pool - Operating	\$30,000
Champion Skating Rink - Operating	6,500
Total Recreational Funding	36,500
Champion Community Hall - Operating	10,000
Champion Community Hall - Door	6,000
Champion School - Band Program	2,000
Champion School - Drama Program	1,100
Champion Pioneer Club - Maintenance	4,000
Alston Hall: Operations	500
Champion Legion Hall: Utilities & Insurance	3,600
Total Cultural Funding	27,200
Total Recreation and Cultural Funding	\$63,700

Vulcan and District Recreation Area	
Vulcan Arena - Operating	\$81,875
Vulcan Swimming - Operating	81,075
Ball Park, Campground, & AG Grounds	45,675
Recreation Committee - Operating	70,608
Recreation Committee - Programming	7,225
Vulcan County Kid Sport	3,000
Vulcan Arena - Boiler	18,404
Soccer Club - Seacan	1,500
Vulcan Minor Baseball	1,500
Vulcan Arena - Ice Plant	4,886
Southern Alberta Games	8,198
Total Recreational Funding	323,946
Vulcan Rec Committee - Cultural Events	4,000
Nine in a Line - Workshops	3,500
Total Cultural Funding	7,500
Total Recreation and Cultural Funding	\$331,446

Carmangay and District Recreation Area	
Carmangay Curling Assoc. - Matting	\$3,000
Carmangay Curling Assoc. - Operating	\$7,000
Carmangay Lions - Campground Upgrades	\$5,000
Carmangay Sports Day One Pitch Tourney	\$500
Total Recreational Funding	15,500
Carmangay Historical Society - Restoration	1,700
Carmangay Rec Reserve	20,000
Carmangay Horticultural Assoc. - Solar lights	800
Total Cultural Funding	22,500
Total Recreational and Cultural Funding	\$38,000

The total recreation funding is \$633,692 (funded by special tax levies), cultural funding is \$111,498 (also funded through special tax levies). Total budgeted funding for recreation and cultural activities is \$745,190.

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

Contributions to other organizations	
Rainbow Literacy Society	\$35,000
STARS Air Ambulance	15,572
Vulcan Town Airport - Operating	8,000
Farm Safety Centre	3,000
Foothills Forage and Grazing Association	3,000
Vulcan Daycare Society	2,500
Vulcan and District Tourism	25,000
Oldman Watershed Council	1,150

Vulcan and District Waste Commission	\$672,432
Twin Valley Regional Water Commission	34,128
Doctor Retention Program- County's share	73,593
Farming Smarter Sponsorship	3,000
Vulcan Regional Food Bank – Operations	4,000
FCSS - Operating	35,168
FCSS – Transportation Initiative	19,089
County of Vulcan Library Board	133,500
Total	\$1,068,132

The total contributions to the fire protection areas is budgeted at \$173,982; including \$104,304 to the Northwest Fire Association, and \$69,678 to the Milo Fire Association. These are funded by special tax levies, and are exclusive of the annual \$25,000 per district capital reserve allocation.

INTEREST & BANK CHARGES

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

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

Vulcan County

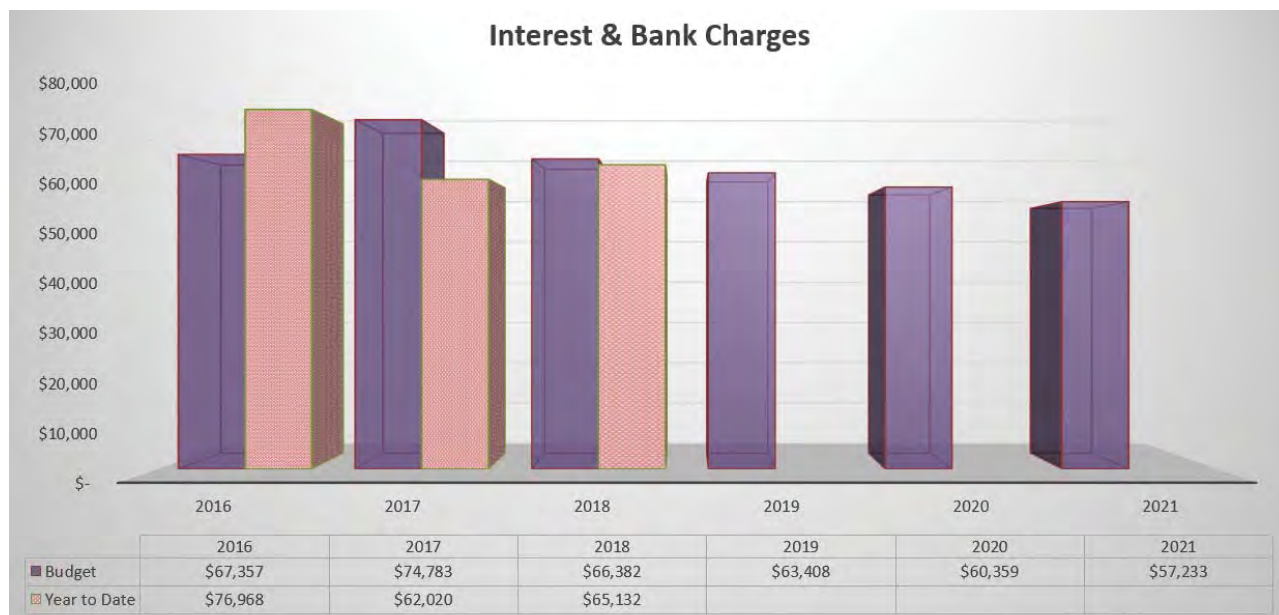
Budget Comparison and Projections

Interest and bank charges

Bank Charges and Short Term Interest

Interest on Capital Long Term Debt

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Bank Charges and Short Term Interest	20,300	17,819	20,300	20,300	20,300
Interest on Capital Long Term Debt	46,082	47,313	43,108	40,059	36,933
	66,382	65,132	63,408	60,359	57,233



The bank and credit card fee rates were budgeted based on the prior two years of actual expenses and the County has recently implemented a "convenience fee" to recover the credit card fees on taxes.

In 2018, debenture interest rates matched budget, but since banking fees were lower than expected, the budget was adjusted down to reflect this. No change to our typical banking practices is expected, and lower interest is expected on the debenture as the principal is paid down.

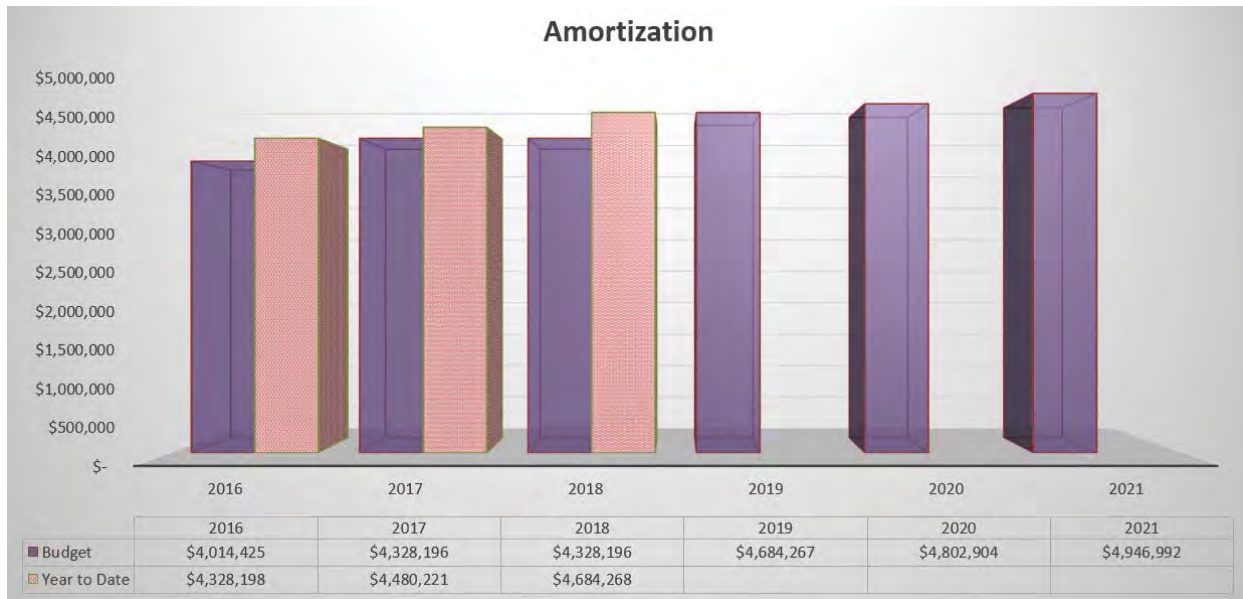


AMORTIZATION

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

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

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2018	2018	2019	2020	2021
Amortization of tangible capital assets	4,328,196	4,684,268	4,684,267	4,802,904	4,946,992



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

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

Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Bridges	40 - 100
Communication towers	38
Roads	5 - 75
Machinery and equipment	2 - 25
Vehicles	6 - 10

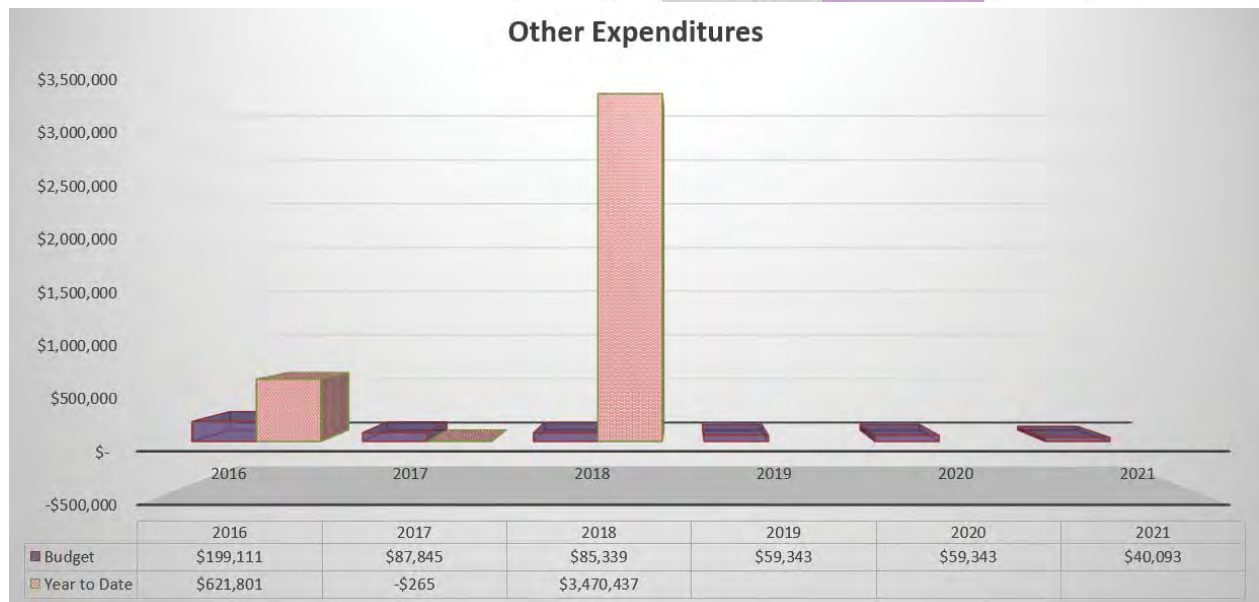


OTHER EXPENDITURES

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

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

Vulcan County Budget Comparison and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
Other expenses					
Contingency	65,000	58,815	39,250	39,250	20,000
Tax Discounts & Write-offs	12,847	3,526,167	12,601	12,601	12,601
Other	7,492	3,084	7,492	7,492	7,492
	85,339	3,470,437	59,343	59,343	40,093



The large spike in expense in 2018 is due to the completion of bankruptcy proceedings with respect to a large oil & gas producer within the County. It became apparent that the County was not going to be able to collect on the substantial amount of taxes owing, so the full balance was written off in order to apply for the Provincial Education Requisition Credit (PERC) from the Province. This credit offsets the education portion of uncollected taxes and allowed the County to recover approximately 20% of what was outstanding.

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

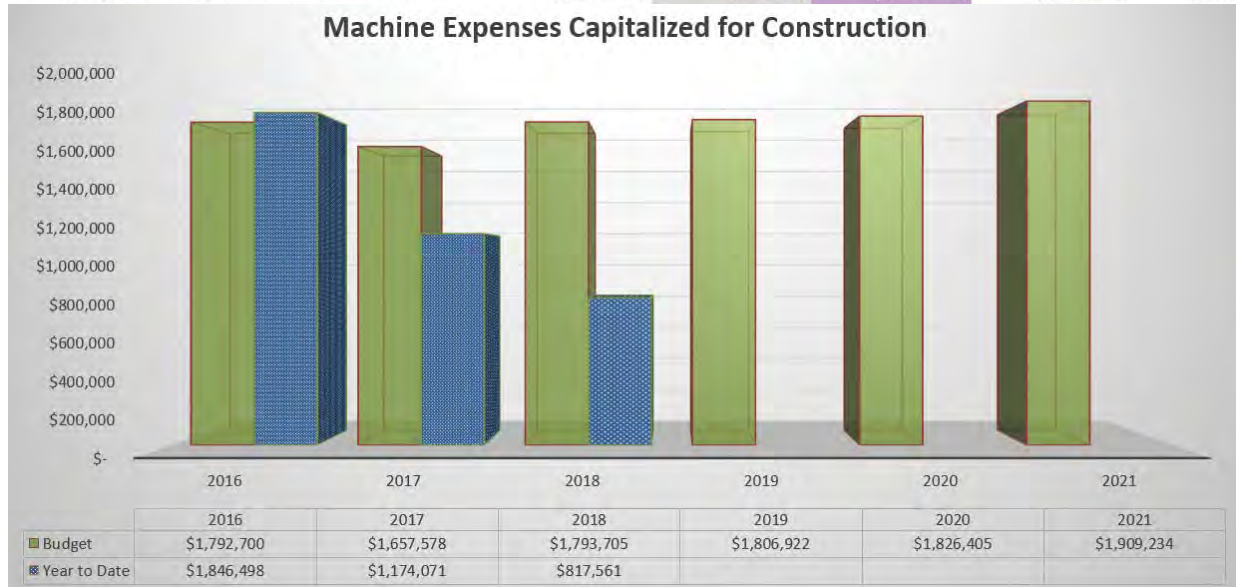


MACHINE EXPENSES CAPITALIZED

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

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

Vulcan County	Budget	Actual	Budget	Projected	Projected
Budget Comparison and Projections	2018	2018	2019	2020	2021
Machine expenses capitalized for construction	(1,793,705)	(817,561)	(1,806,922)	(1,826,405)	(1,909,234)



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

2018 saw a budget underrun due to the postponement of several projects due to the overland flooding emergency in the spring. Those are expected to be completed in 2019, so the budget has been adjusted accordingly.



TRANSFERS

RESERVE AND CAPITAL TRANSFERS

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

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

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

Vulcan County Budget Comparison and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
TOTAL BUDGETED REVENUES	17,846,307	19,095,012	18,794,831	17,480,134	17,480,728
TOTAL BUDGETED EXPENSES	(18,183,192)	(22,079,793)	(18,783,328)	(17,501,419)	(17,859,486)
EXCESS OF REVENUES OVER EXPENSES	(336,885)	(2,984,781)	11,503	(21,285)	(378,758)
RESERVE AND CAPITAL TRANSFERS:					
Transfer of Amortization	4,328,196	4,684,268	4,684,267	4,802,904	4,946,992
Transfer of Gain/Loss on disposal	0	8,653	0	0	0
Transfer from Reserves	1,506,598	4,732,096	1,131,128	215,639	2,003,772
Transfer to Reserves	(3,659,792)	(5,495,247)	(3,812,651)	(3,470,701)	(3,475,519)
Transfer to Capital Functions	(1,838,116)	(530,587)	(2,014,246)	(1,848,805)	(1,931,634)
Transfer of Principal Repayment	0	(12,442)	0	0	0
TOTAL RESERVE AND CAPITAL TRANSFERS	336,885	3,386,741	(11,503)	(300,962)	1,543,610
TOTAL NET EFFECT ON ACCUMULATED SURPLUS	\$ -	\$ 401,960	\$ -	\$ (322,247)	\$ 1,164,852

As shown above, there is a projected deficit in 2020 and a surplus in 2021; however, this will be significantly revised when the final assessment and tax information is available. Should the County's assessment increase, it will reduce the deficit/increase the surplus. However, if there is no assessment increases (or decreases), the County will either have to try to further reduce the operating costs, try to find increases in operating revenues, use reserves, and/or increase tax rates to eliminate the operating deficit. As this information is not known at this time, the deficit is shown until the County can determine the appropriate course of action.

RESERVE TRANSFERS:

TRANSFERS FROM RESERVES

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

The 2019 transfer from reserves is substantially smaller than the prior year. This is mainly a timing issue as the majority of reserve draws are timed to coincide with purchases dictated by the County's 20-year capital plan.

TRANSFERS TO RESERVES

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

- Currently, the County has a 20- year capital funding program in which there is approximately \$3.0 million put into capital reserves for this program (funding both 2019 and future years' capital acquisitions).
- There is also approximately \$730,000 budgeted to be allocated to operating reserves for future projects. This includes approximately \$279,200 allocated to the gravel crushing reserves each year so that the reserve will be sufficient to cover the next gravel crushing project in 2020-2021.

The 2018 budget and actuals include the transfers to reserves for the debenture funds received for the Vulcan Hospital Expansion Project.



CAPITAL TRANSFERS:

TRANSFER OF AMORTIZATION

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

TRANSFER OF GAIN/LOSS ON DISPOSAL

The County does not budget for estimated gains/losses on disposals (these are only included in the actual figures). The 2018 actuals include the total gains on disposals (included in revenues) of \$209,276 and the total loss on disposals (included in expenses) of \$217,929; therefore, the net loss transferred to capital was \$8,653.

TRANSFERS TO CAPITAL FUNCTIONS

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

TRANSFERS OF PRINCIPAL REPAYMENTS

The transfers of principal repayments relates to the principal portion of the long-term debt (or capital lease obligation, in this case) for the payments made throughout the year. The County is currently budgeting the total lease payments as expenditures in contracted services. The lease is with respect to a vehicle used by the County and has 3 years remaining.





SECTION THREE

OPERATING BUDGET BY SEGMENT

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SECTION THREE

Operating Budget by Segment

SEGMENT REPORTING

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73	Planning and Development Services
75	Community Services
77	Utility Services



SEGMENT REPORTING

SEGMENT OVERVIEW

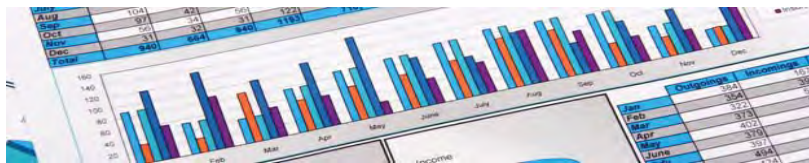
Vulcan County provides numerous services to its citizens, including general, protective, transportation, agricultural, planning and development, community and utility services.

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

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

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	Final Budget 2019 Total
REVENUE								
Net municipal taxes	\$ 12,799,367	864,460	-	-	-	583,736	697,536	\$ 14,945,100
Government transfers (operating)	114,442	75,452	219,734	168,350	240,000	405,714	-	1,223,692
Return on investments	542,214	-	-	-	-	-	-	542,214
Sale of goods, services and user charges	146,661	217,160	639,236	273,250	80,200	5,850	2,589	1,364,945
Rental income	6,000	297,880	-	8,000	-	-	-	311,880
Community aggregate levy	-	-	220,000	-	-	-	-	220,000
Penalties and costs of taxes	160,500	-	-	-	-	-	-	160,500
Other revenues	-	26,500	-	-	-	-	-	26,500
	13,769,184	1,481,452	1,078,970	449,600	320,200	995,300	700,125	18,794,831
EXPENSES								
Salaries, wages and benefits	\$ 1,255,402	693,965	4,303,093	431,435	258,142	118,947	19,163	\$ 7,080,147
Contracted and general services	755,315	557,446	1,260,963	113,441	446,305	404,132	70,689	3,608,291
Materials, goods and utilities	250,151	294,906	2,315,935	237,021	3,400	69,310	2,240	3,172,964
Transfers to local boards and agencies	58,522	160,304	8,000	21,650	-	964,447	708,909	1,921,832
Interest and bank charges	20,300	-	-	-	-	43,108	-	63,408
Amortization of tangible capital assets	98,299	562,263	3,906,051	90,640	-	-	27,014	4,684,267
Machine expenses capitalized for construction	-	-	(1,806,922)	-	-	-	-	(1,806,922)
Other expenses	59,343	-	-	-	-	-	-	59,343
	2,497,332	2,268,884	9,987,119	894,188	707,847	1,599,944	828,015	18,783,328
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 11,271,852	(787,432)	(8,908,149)	(444,588)	(387,647)	(604,644)	(127,890)	\$ 11,503

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



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

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

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

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

BUDGETED STATEMENT OF OPERATIONS

EXPENSES

Legislative	\$ 509,659
Administration	1,935,822
Protection services	2,268,884
Transportation services	9,987,119
Agricultural services	894,188
Planning and development services	707,847
Family and community support	230,165
Parks and recreation	914,602
Tourism and economic development	455,177
Utility Services	828,015
Other	51,851

TOTAL EXPENSES

18,783,328

General Government includes:

- Legislative
- Administration
- Other

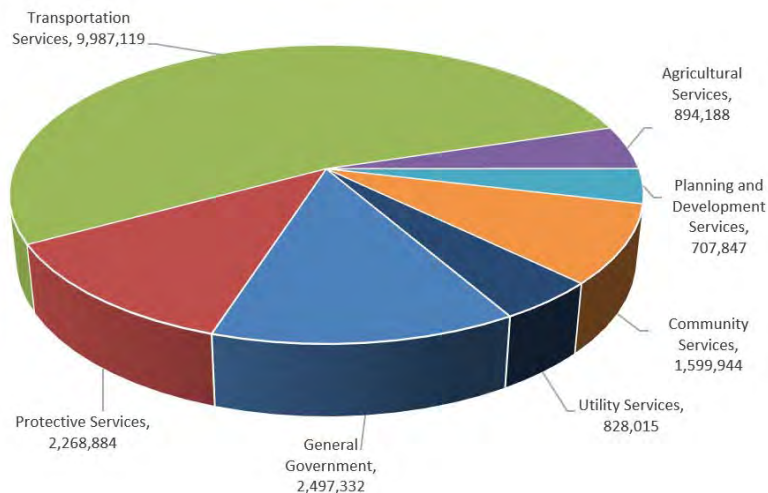
Community Services includes:

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

General Government	2,497,332	13.3%
Legislative	509,659	
Administration	1,935,822	
Other General	51,851	
Protective Services	2,268,884	12.1%
Transportation Services	9,987,119	53.2%
Agricultural Services	894,188	4.8%
Planning and Development Services	707,847	3.8%
Community Services	1,599,944	8.5%
Family and Community Services	230,165	
Parks and Recreation	914,602	
Tourism and Economic Development	455,177	
Utility Services	828,015	4.4%
	18,783,328	

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

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



As shown in the chart, Transportation Services represents the majority of all of the County's Expenditures (approx. 53.2%). As a County, the majority of the municipal activities typically relate to road and bridge infrastructure.

GENERAL GOVERNMENT

General Government includes legislative and administrative matters, including Council expenditures and administration costs required to operate Vulcan County. Activities within General Government include: general municipal expenditures, Council expenditures, financial statement preparation and reporting, accounts receivable and payable, payroll, information technology, GIS, and property assessment and taxation. *This assists with the Strategic Plan's goals of providing governance and the recruitment and retention of qualified staff.*

The following is the 2019 General Government segment budget:

		General Government	This reporting segment includes the following departments within the County:		
REVENUE			<ul style="list-style-type: none"> General Municipal (10-00) Legislative Services (11-xx) Administration Services (12-02) Elections, Census & Referendums (19-01) Other Government Requisitions (81-01) 		
Net municipal taxes	\$	12,799,367			
Government transfers (operating)		114,442			
Return on investments		542,214			
Sale of goods, services and user charges		146,661			
Rental income		6,000			
Community aggregate levy		-			
Penalties and costs of taxes		160,500			
Other revenues		-			
		<u>13,769,184</u>			
EXPENSES					
Salaries, wages and benefits	\$	1,255,402			
Contracted and general services		755,315			
Materials, goods and utilities		250,151			
Transfers to local boards and agencies		58,522			
Interest and bank charges		20,300			
Amortization of tangible capital assets		98,299			
Machine expenses capitalized for construction		-			
Other expenses		<u>59,343</u>			
		<u>2,497,332</u>			
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$	11,271,852			

Full-Time Equivalents (FTE)			
General Government			
	Budget 2019	Prior year	Change
Management	4.00	3.02	0.98
Corporate Services	7.02	7.23	(0.21)
	<u>11.02</u>	<u>10.25</u>	<u>0.77</u>

Management includes the Chief Administrative Officer (CAO), the Director of Corporate Services, the Manager of Legislative Services, and the Development and Legislative Services Assistant.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

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

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- Increases in assessment values within the County improved tax revenue by approximately \$100,000.
- Increase in contracted services from the prior year is due to new software being implemented in 2019.
- The budget includes various legal expenses relating to tax collection and certain other matters. Total legal cost is expected to be lower in 2019 than the prior year.
- Cost reductions throughout the budget in order to reduce the tax burden on rate payers as much as possible.

Vulcan County Budget Segments	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
SEGMENT - GENERAL GOVERNMENT					
REVENUES:					
10-00 General Municipal Function	\$ 13,231,024	\$ 14,019,328	\$ 13,604,442	\$ 13,504,248	\$ 13,504,248
11-00 Legislative Services - General	-	-	-	-	-
12-02 General Administration	172,514	151,017	164,742	162,492	162,703
19-01 Elections, Census and Referendums	-	-	-	-	-
81-01 Other Government Requisitions	2	(2,291)	0	(63)	(63)
	13,403,540	14,168,053	13,769,184	13,666,677	13,666,888
EXPENSES:					
10-00 General Municipal Function	\$ 210,161	\$ 3,668,555	\$ 171,853	\$ 154,892	\$ 135,810
11-00 Legislative Services - General	129,083	127,477	171,123	177,932	189,499
11-01 Legislative Services - Division 1	45,046	41,656	51,301	44,490	45,777
11-02 Legislative Services - Division 2	33,260	32,464	41,164	34,350	34,359
11-03 Legislative Services - Division 3	53,086	47,297	61,992	55,181	55,193
11-04 Legislative Services - Division 4	42,651	39,021	48,318	41,498	41,501
11-05 Legislative Services - Division 5	39,767	33,654	46,192	38,921	38,921
11-06 Legislative Services - Division 6	31,808	29,927	41,333	34,210	34,210
11-07 Legislative Services - Division 7	36,577	36,601	48,236	41,113	41,113
12-02 General Administration	1,772,231	1,652,256	1,815,820	1,779,852	1,832,437
19-01 Elections, Census and Referendums	-	-	-	-	-
	2,393,670	5,708,909	2,497,332	2,402,439	2,448,820
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ 11,009,869	\$ 8,459,144	\$ 11,271,852	\$ 11,264,238	\$ 11,218,068

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

10-00 - General Municipal Function

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

11-XX - Legislative Services

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

12-02 - Administrative Services

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

19-01 - Elections, Census & Referendums

Municipal Elections are held every 4 years and, at the discretion of Council, a by-election or referendum/plebiscite may be required, or a census other than the Federal Census. Costs and activities for these requirements are recorded in this functional area. No expenditure is expected in 2019 as this is not an election year.

81-01 - Other Government Requisitions

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

PROTECTIVE SERVICES

Protective Services is comprised of emergency management, health and safety, bylaw enforcement and fire services. This department prepares and coordinates the Municipal Emergency Plan and related plans and programs. The Protective Services department administers the fire districts within Vulcan County, ensuring compliance as per the Quality Management Plan. Other services with respect to fire include public education and fire prevention. Bylaw enforcement is provided by Vulcan County's Community Peace Officers. *This assists with the Strategic Plan's goals of providing protective services and bylaw enforcement on the transportation networks.*

The following is the 2019 Protective Services segment budget:

	Protective Services
REVENUE	
Net municipal taxes	\$ 864,460
Government transfers (operating)	75,452
Return on investments	-
Sale of goods, services and user charges	217,160
Rental income	297,880
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	26,500
	<u>1,481,452</u>
EXPENSES	
Salaries, wages and benefits	\$ 693,965
Contracted and general services	557,446
Materials, goods and utilities	294,906
Transfers to local boards and agencies	160,304
Interest and bank charges	-
Amortization of tangible capital assets	562,263
Machine expenses capitalized for construction	-
Other expenses	-
	<u>2,268,884</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (787,432)

This reporting segment includes the following departments within the County:

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

Full-Time Equivalents (FTE)			
Protective Services			
	Budget 2019	Prior year	Change
Management	1.00	1.00	0.00
Protective Services	3.01	3.73	(0.72)
	<u>4.01</u>	<u>4.73</u>	<u>(0.72)</u>

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

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

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

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

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

- 3 out of the 6 fire districts saw reductions in the total amount levied through special tax for fire protection.
- The total amount levied County-wide in special tax for fire was reduced by approximately \$43,000.
- Capital expenditure in Protective Services amounts to approximately \$160,000 in 2019. Purchases include a bush buggy apparatus, compressor station and metred water vault.



**Vulcan County
Budget Segments**

SEGMENT - PROTECTIVE SERVICES

REVENUES:

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
21-01 Police Protection	\$ 210,000	\$ 249,301	\$ 210,000	\$ 210,000	\$ 210,000
23-01 Fire Protection Services - General	260,675	364,147	293,996	286,749	294,855
23-16 Fire Protection Services - Northwest	158,737	174,594	162,139	133,448	133,429
23-17 Fire Protection Services - Milo	80,303	332,127	93,725	65,445	65,033
23-27 Fire Protection Services - Vulcan	174,836	90,733	133,435	159,821	161,279
23-19 Fire Protection Services - Lomond	119,683	123,887	118,737	113,617	113,492
23-20 Fire Protection Services - Champion	126,850	179,968	152,718	124,361	120,538
23-21 Fire Protection Services - Carmangay	110,323	120,654	119,979	119,713	110,329
24-01 Emergency Management	-	47,633	12,816	-	-
25-01 Ambulance Services	95,850	95,845	95,608	95,607	95,607
26-01 Regulatory Services	106,300	87,384	88,300	87,600	87,600
27-01 Health & Safety	-	6,475	-	-	-
	1,443,557	1,872,747	1,481,452	1,396,361	1,392,163

EXPENSES:

21-01 Police Protection	\$ 147,210	\$ 137,276	\$ 151,038	\$ 153,332	\$ 155,694
23-01 Fire Protection Services - General	694,989	784,695	716,821	700,519	721,259
23-16 Fire Protection Services - Northwest	123,483	123,824	105,037	105,037	105,037
23-17 Fire Protection Services - Milo	53,733	305,894	46,733	46,733	46,733
23-27 Fire Protection Services - Vulcan	250,908	163,423	399,663	281,743	287,880
23-19 Fire Protection Services - Lomond	121,978	140,332	142,715	143,607	145,399
23-20 Fire Protection Services - Champion	166,740	198,832	186,095	164,048	162,226
23-21 Fire Protection Services - Carmangay	93,332	81,605	103,015	93,384	83,946
24-01 Emergency Management	74,629	66,412	99,885	62,770	64,202
25-01 Ambulance Services	18,884	18,255	18,538	18,829	19,128
26-01 Regulatory Services	296,503	257,257	311,119	295,632	287,433
27-01 Health & Safety	89,843	81,397	101,225	99,397	92,067
	2,132,231	2,359,203	2,381,884	2,165,030	2,171,005

EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES

- EXCLUDING CAPITAL AND TRANSFERS	\$ (688,674)	\$ (486,455)	\$ (900,432)	\$ (768,669)	\$ (778,843)
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DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

21-01 - Police Protection Services

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

23-XX - Fire Protection Services

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

24-01 - Emergency Management

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

25-01 - Ambulance Services

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

26-01 - Regulatory Services

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

27-01 - Health and Safety

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

TRANSPORTATION SERVICES

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

The following is the 2019 Transportation Services segment budget:

	Transportation Services
REVENUE	
Net municipal taxes	\$ -
Government transfers (operating)	219,734
Return on investments	-
Sale of goods, services and user charges	639,236
Rental income	-
Community aggregate levy	220,000
Penalties and costs of taxes	-
Other revenues	-
	<u>1,078,970</u>
EXPENSES	
Salaries, wages and benefits	\$ 4,303,093
Contracted and general services	1,260,963
Materials, goods and utilities	2,315,935
Transfers to local boards and agencies	8,000
Interest and bank charges	-
Amortization of tangible capital assets	3,906,051
Machine expenses capitalized for construction	(1,806,922)
Other expenses	-
	<u>9,987,119</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (8,908,149)

This reporting segment includes the following departments within the County:

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

Full-Time Equivalents (FTE)			
Transportation Services			
	Budget 2019	Prior year	Change
Management	1.00	1.00	0.00
Transportation Services	39.25	39.37	(0.12)
	<u>40.25</u>	<u>40.37</u>	<u>(0.12)</u>

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

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

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

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

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- Approximately \$3.5 million is budgeted for bridge projects in 2019.
- A railway crossing study is included in the budget. The study will review all rail crossings in the County to ensure that all at-grade railway crossings meet the new regulatory requirements at set forth by Transport Canada.
- An additional 33,000 tonnes of gravel is to be sold with respect to a large construction project in the County. This is expected to result in an additional \$180,000 for the County, net of gravel cost.
- Two new motor graders are being purchased in 2019 as part of the County's 20-year capital plan.



Vulcan County Budget Segments	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
SEGMENT - TRANSPORTATION SERVICES					
REVENUES:					
31-01 Common Services	\$ 1,870	\$ 10,892	\$ 1,870	\$ 1,870	\$ 1,870
32-00 Road Transportation	4,950	282,226	5,044	5,044	5,044
32-01 Road Construction	233,734	225,997	233,734	233,734	233,734
32-02 Road Maintenance	346,360	384,081	388,322	365,852	368,564
32-03 Road Graveling	108,000	228,063	450,000	108,000	108,000
32-04 Bridges	-	-	-	-	-
33-01 Air Transport	-	-	-	-	-
	694,914	1,131,259	1,078,970	714,500	717,212
EXPENSES:					
31-01 Common Services	\$ 1,157,086	\$ 1,111,703	\$ 1,185,241	\$ 1,192,275	\$ 1,219,734
32-00 Road Transportation	4,940,758	5,657,189	5,117,147	5,020,570	5,131,254
32-01 Road Construction	438,321	768,910	439,848	449,714	468,694
32-02 Road Maintenance	1,323,131	1,183,842	1,414,398	1,425,868	1,467,200
32-03 Road Graveling	1,425,123	1,340,887	1,477,572	1,362,460	1,431,613
32-04 Bridges	312,196	471,212	344,913	354,442	364,257
33-01 Air Transport	8,000	8,000	8,000	8,000	8,000
	9,604,615	10,541,743	9,987,119	9,813,329	10,090,752
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (8,909,701)	\$ (9,410,484)	\$ (8,908,149)	\$ (9,098,829)	\$ (9,373,539)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

31-01 - Common Services

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

32-00 - Road Transportation

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

32-01 - Road Construction

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

32-02 - Road Maintenance

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

32-03 - Road Graveling

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

32-04 - Bridges

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

33-01 - Air Transportation

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

AGRICULTURAL SERVICES

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

The following is the 2019 Agricultural Services segment budget:

		Agricultural Services	This reporting segment includes the following departments within the County:
REVENUE			<ul style="list-style-type: none"> • General Agricultural Services (62-00) • Training, Tours & Conferences (62-02) • Roadside Spraying & Weed Control (62-03) • Roadside Seeding (62-04) • Pest Control (62-05) • County Agricultural Lands (69-01)
Net municipal taxes	\$	-	
Government transfers (operating)		168,350	
Return on investments		-	
Sale of goods, services and user charges		273,250	
Rental income		8,000	
Community aggregate levy		-	
Penalties and costs of taxes		-	
Other revenues		-	
		449,600	
EXPENSES			
Salaries, wages and benefits	\$	431,435	
Contracted and general services		113,441	
Materials, goods and utilities		237,021	
Transfers to local boards and agencies		21,650	
Interest and bank charges		-	
Amortization of tangible capital assets		90,640	
Machine expenses capitalized for construction		-	
Other expenses		-	
		894,188	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$	(444,588)	

Full-Time Equivalents (FTE)			
Agricultural Services			
	Budget 2019	Prior year	Change
Management	1.00	1.00	0.00
Agricultural Services	3.22	2.42	0.80
	4.22	3.42	0.80

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

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

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

SEGMENT EXPENDITURES:

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

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- A new position, Agricultural Technician, was added to the department in 2019.
- \$8,000 more is being contributed to Ag-related agencies. \$5,000 more is being spent on Alberta Land Use Systems, and \$3,000 is being used to sponsor the Farming Smarter Association.
- The capital budget includes \$35,000 for a light-duty truck replacement.

Vulcan County Budget Segments	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
SEGMENT - AGRICULTURAL SERVICES					
REVENUES:					
62-00 General Agriculture Services	\$ 175,350	\$ 176,507	\$ 186,350	\$ 186,350	\$ 186,350
62-02 Training, Tours & Conferences	-	-	-	-	-
62-03 Roadside Spraying & Weed Control	10,000	4,116	10,000	10,000	10,000
62-04 Roadside Seeding	-	-	-	-	-
62-05 Pest Control	45,000	25,902	38,250	-	-
62-09 Campgrounds	-	-	-	-	-
69-01 County Agriculture Lands	310,000	237,600	215,000	215,000	215,000
	540,350	444,124	449,600	411,350	411,350
EXPENSES:					
62-00 General Agriculture Services	\$ 296,718	\$ 265,659	\$ 340,096	\$ 337,025	\$ 345,329
62-02 Training, Tours & Conferences	45,026	33,166	50,087	50,035	50,770
62-03 Roadside Spraying & Weed Control	269,367	231,960	271,048	279,283	285,336
62-04 Roadside Seeding	85,043	54,285	80,994	92,850	94,847
62-05 Pest Control	60,643	51,726	54,224	16,047	16,258
62-09 Campgrounds	31,114	21,253	21,253	-	-
69-01 County Agriculture Lands	52,305	33,429	76,486	70,252	71,815
	840,216	691,477	894,188	845,492	864,355
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (299,866)	\$ (247,354)	\$ (444,588)	\$ (434,142)	\$ (453,005)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

62-00 - General Agricultural Services

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

62-02 - Training Tours & Conferences

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

62-03 - Roadside Spraying & Weed Control

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

62-04 - Roadside Seeding

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

62-05 - Pest Control

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

69-01 - County Agricultural Lands

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

PLANNING AND DEVELOPMENT SERVICES

Planning and Development Services facilitates development in accordance with the Land Use Bylaw as approved by County Council. This department ensures compliance of existing development applications with the Land Use Bylaw, offers recommendations to Council for amendments and assists developers with requirements of area structure plans. *This department assists with the Strategic Plan's goals of providing growth and development.*

The following is the 2019 Planning and Development Services segment budget:

	Planning and Development Services
REVENUE	
Net municipal taxes	\$ -
Government transfers (operating)	240,000
Return on investments	-
Sale of goods, services and user charges	80,200
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	-
	<u>320,200</u>
EXPENSES	
Salaries, wages and benefits	\$ 258,142
Contracted and general services	446,305
Materials, goods and utilities	3,400
Transfers to local boards and agencies	-
Interest and bank charges	-
Amortization of tangible capital assets	-
Machine expenses capitalized for construction	-
Other expenses	-
	<u>707,847</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (387,647)

This reporting segment includes the following departments within the County:

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

Full-Time Equivalents (FTE)			
Development Services			
	Budget 2019	Prior year	Change
Management	0.00	0.00	0.00
Development Services	3.07	2.68	0.39
	<u>3.07</u>	<u>2.68</u>	<u>0.39</u>

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

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

The Planning and Development Services segment revenues include government transfers relating to grants for inter-municipal development plans.

The sales of goods & services and user charges revenue comes from development and subdivision fees, permits, road closure fees, and safety codes/compliance fees.

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- A government transfer will be recognized in 2019 as the County uses grant funding to put together inter-municipal development plans (IMDPs) with the Villages of Carmangay, Lomond, and Milo
- Contracted service expense is expected to decrease in 2019 due to extra costs in the prior year to complete an ortho mapping project. Another ortho project is planned for 2021.
- Budgeted revenue from development permits was increased following a review of the prior 4 years of data.

**Vulcan County
Budget Segments**

	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
SEGMENT - PLANNING AND DEVELOPMENT SERVICES					
REVENUES:					
61-01 Planning, Zoning & Development	\$ 245,250	\$ 207,447	\$ 318,400	\$ 78,400	\$ 78,400
66-01 Subdivision & Land Development	1,800	12,101	1,800	1,800	1,800
	247,050	219,548	320,200	80,200	80,200
EXPENSES:					
61-01 Planning, Zoning & Development	\$ 696,068	\$ 489,598	\$ 591,976	\$ 351,659	\$ 366,749
66-01 Subdivision & Land Development	123,175	109,710	115,871	108,503	110,108
	819,243	599,308	707,847	460,161	476,857
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (572,193)	\$ (379,759)	\$ (387,647)	\$ (379,961)	\$ (396,657)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

61-01 - Planning, Zoning & Development

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

66-01 - Subdivision & Land Development

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



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

COMMUNITY SERVICES

Vulcan County contributes to many community service organizations, such as the local Family Community Support Services, daycare and public health, tourism and economic development, recreation boards, cultural programs and library boards. *This assists with the Strategic Plan's goals of improving the overall health of County residents and maintaining doctor retention and recruitment.*

The following is the 2019 Community Services segment budget:

	Community Services
REVENUE	
Net municipal taxes	\$ 583,736
Government transfers (operating)	405,714
Return on investments	-
Sale of goods, services and user charges	5,850
Rental income	-
Community aggregate levy	-
Penalties and costs of taxes	-
Other revenues	-
	<hr/> 995,300
EXPENSES	
Salaries, wages and benefits	\$ 118,947
Contracted and general services	404,132
Materials, goods and utilities	69,310
Transfers to local boards and agencies	964,447
Interest and bank charges	43,108
Amortization of tangible capital assets	-
Machine expenses capitalized for construction	-
Other expenses	-
	<hr/> 1,599,944
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<hr/> \$ (604,644)

This reporting segment includes the following departments within the County:

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

This segment has no specific staffing allocated to it in terms of FTEs. Any related staffing is provided through the General Government segment.

SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- There was an increase in the request from the library board from \$126,000 to \$133,500. This is currently being funded 82% by MSI Operating grants.
- Total funding for recreation and culture for 2019 is \$745,190.
- The contribution to the Chinook Arch Regional Library System is a per capita contribution with a rate of \$8.01/person. The most recent census has the County's population at 3,984, leading to a contribution of \$31,912.

Vulcan County Budget Segments	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021
SEGMENT - COMMUNITY SERVICES					
REVENUES:					
51-01 FCSS	\$ -	\$ -	\$ -	\$ -	\$ -
52-01 Daycare	-	-	-	-	-
52-03 Other Public Health	56,407	92,263	56,407	56,407	56,407
63-01 Tourism & Economic Development	-	-	246,157	-	-
71-01 Recreation Boards	388,708	524,633	472,238	305,656	307,369
74-01 Libraries	109,000	109,000	109,000	104,000	104,000
74-02 Cultural Programs & Events	106,542	-	111,498	45,098	45,098
Vulcan Hospital Expansion Project - Capital	-	71,285	-	-	-
	660,657	797,181	995,300	511,161	512,874
EXPENSES:					
51-01 FCSS	\$ 55,097	\$ 49,756	\$ 54,557	\$ 54,557	\$ 54,557
52-01 Daycare	2,500	2,500	2,500	-	-
52-03 Other Public Health	176,082	171,448	173,108	186,809	175,308
63-01 Tourism & Economic Development	39,911	40,844	455,177	166,772	168,959
71-01 Recreation Boards	511,685	584,748	633,692	381,707	381,707
74-01 Libraries	157,275	157,274	165,412	166,049	166,527
74-02 Cultural Programs & Events	110,542	100,542	115,498	45,098	45,098
Vulcan Hospital Expansion Project - Capital	-	224,219	-	-	-
	1,053,092	1,331,331	1,599,944	1,000,992	992,157
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES - EXCLUDING CAPITAL AND TRANSFERS	\$ (392,435)	\$ (534,150)	\$ (604,644)	\$ (489,831)	\$ (479,282)

DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

51-01 - FCSS

Vulcan County supports initiatives that contribute to the overall well-being of the County's residents. Family and Community Support Services (FCSS) is a regional initiative with the other area Municipalities and is funded 80% by the Province and 20% by the partner Municipalities. The amount shown above represents the County's 20% of the partnership share (\$35,168), along with the County's share of the Transportation initiative for passengers.

52-01 - Daycare

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

52-03 - Other Public Health

Vulcan County supports initiatives that contribute to the well-being of County Residents by participating in and managing the regional Physician Recruitment and Retention Program. This municipal partnership is administered by Vulcan County. The Vulcan County Health and Wellness Foundation receives operating funds from this area as well (if available - funding not available in 2019). An objective of this department is to maintain the doctor recruitment and retention program.

63-01 - Tourism & Economic Development

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

71-01 - Recreation Boards

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

74-01 - Libraries

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

74-02 - Cultural Programs & Events

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

UTILITY SERVICES

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

The following is the 2019 Utility Services segment budget:

	Utility Services	
REVENUE		
Net municipal taxes	\$ 697,536	
Government transfers (operating)	-	
Return on investments	-	
Sale of goods, services and user charges	2,589	
Rental income	-	
Community aggregate levy	-	
Penalties and costs of taxes	-	
Other revenues	-	
	<hr/>	
	700,125	
EXPENSES		
Salaries, wages and benefits	\$ 19,163	
Contracted and general services	70,689	
Materials, goods and utilities	2,240	
Transfers to local boards and agencies	708,909	
Interest and bank charges	-	
Amortization of tangible capital assets	27,014	
Machine expenses capitalized for construction	-	
Other expenses	-	
	<hr/>	
	828,015	
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (127,890)	

This reporting segment includes the following departments within the County:

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

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



SEGMENT BUDGET OVERVIEW:

SEGMENT FUNDING:

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

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

SEGMENT EXPENDITURES:

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

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

BUDGET HIGHLIGHTS

The following are some of the 2019 budget highlights for this segment:

- There was an increase in the contribution to the Vulcan and District Waste Commission to \$672,432 (previously \$629,600), resulting in an increase in tax levies.
- An additional \$14,000 was allocated for repairs and maintenance of the Mossleigh water treatment plant.
- The Mossleigh drainage project is expected to continue in 2019. Approximately \$520,000 is included for this project in this segment's capital budget.

**Vulcan County
Budget Segments**

SEGMENT - UTILITY SERVICES

REVENUES:

37-01 Storm Sewers & Drainage	\$ -	\$ -	\$ -	\$ -	\$ -
41-01 Water Supply & Distribution	16,538	16,319	16,538	16,538	16,538
41-02 Twin Valley Regional Water Commission	-	-	240	-	-
43-03 Solid Waste Management	640,290	639,981	683,347	683,347	683,503
	656,828	656,300	700,125	699,885	700,041

EXPENSES:

37-01 Storm Sewers & Drainage	\$ 6,723	\$ 6,883	\$ 7,153	\$ 7,519	\$ 7,924
41-01 Water Supply & Distribution	76,250	104,833	103,019	89,012	90,051
41-02 Twin Valley Regional Water Commission	34,128	21,348	34,628	34,128	34,128
43-03 Solid Waste Management	640,210	639,627	683,216	683,316	683,438
	757,311	772,690	828,015	813,975	815,541

**EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES -
EXCLUDING CAPITAL AND TRANSFERS**

\$ (100,483)	\$ (116,390)	\$ (127,890)	\$ (114,089)	\$ (115,500)
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DEPARTMENTAL OBJECTIVES, GOALS, AND PERFORMANCE MEASURES:

37-01 - Storm Sewers & Drainage

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

41-01 - Water Supply & Distribution

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

41-02 - Twin Valley Regional Water

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

43-03 - Solid Waste Management

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





SECTION FOUR

CAPITAL BUDGET, RESERVES, & DEBT

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SECTION FOUR

Capital Budget, Reserves, & Debt

CAPITAL BUDGET

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CAPITAL BUDGET

OVERVIEW

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

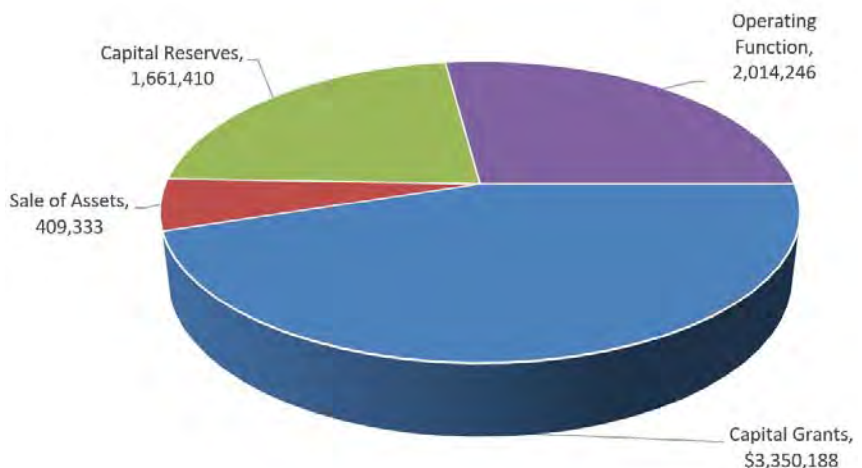
Vulcan County Capital Budget and Projections	Budget 2018	Actual 2018	Budget 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
CAPITAL ACQUIRED:							
Land	\$ -	\$ 6,012	\$ -	\$ -	\$ -	\$ -	\$ -
Land Improvement	30,000	24,231	19,324	-	-	-	-
Buildings	50,000	-	-	-	-	132,670	-
Equipment	1,402,467	1,325,272	1,358,132	1,941,790	361,718	1,039,702	2,595,086
Vehicles	1,354,834	967,952	440,481	550,076	598,801	407,520	694,619
Engineered Structures	6,242,499	2,578,160	5,617,240	2,603,968	5,845,588	2,650,910	2,932,417
TOTAL CAPITAL ACQUIRED	\$ 9,079,800	\$ 4,901,627	\$ 7,435,177	\$ 5,095,834	\$ 6,806,107	\$ 4,230,802	\$ 6,222,122
CAPITAL FUNDING:							
Capital Grants	\$ 4,455,435	\$ 2,717,012	\$ 3,350,188	\$ 2,568,638	\$ 2,568,638	\$ 2,568,638	\$ 2,568,638
Sale of Assets	301,330	413,250	409,333	-	-	-	-
Contributed Asset	-	284,792	-	-	-	-	-
Transfer from Capital Reserves	4,323,034	1,000,612	1,661,410	678,391	2,305,835	269,470	1,721,850
Transfer to Capital Reserves	-	(44,626)	-	-	-	-	-
Transfer from Operating Function	-	852,226	2,014,246	1,848,805	1,931,634	1,931,634	1,931,634
Transfer to Operating Function	-	(321,639)	-	-	-	-	-
Capital Lease acquired	-	-	-	-	-	-	-
TOTAL CAPITAL FUNDING	9,079,800	4,901,627	\$ 7,435,177	\$ 5,095,834	\$ 6,806,107	\$ 4,230,802	\$ 6,222,122



As shown above, these are the total capital acquisitions/construction budgeted for 2019. The majority of the engineered structures relate to the construction of roads and bridges throughout the County.

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

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



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

LAND & LAND IMPROVEMENT

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

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

Capital Aquired:

Land & Land Improvements:

23-01 Fire Protection - General

Metered water vault

19,324

19,324

Capital Funding:

Transfer from operating

19,324

19,324

Land/land improvements acquisitions are typically non-recurring costs that vary significantly from year-to-year. In the 2019 capital budget, there is \$19,324 to purchase a metered water vault at the Tri-Services building and is funded by a transfer from operating. This will assist in getting accurate water usage readings.



BUILDINGS

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

There are no buildings budgeted to be constructed or improved in 2019. The 20-year capital plan has several building projects scheduled for later years including the following:

- Lomond grader shed (2022)
- Arrowwood grader shed (2025)
- Administration building (2027)
- Oil storage shed (2039)

As the 20-year capital plan is a living document, these projects and dates are reviewed annually during the budget process and may be pushed back or moved forward as the dates draw nearer. County priorities at those times will also be taken into account.



EQUIPMENT

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

The following are the capital budgets of equipment :

Capital Aquired:

Equipment:		
12-02	Administration	Vmware Host 22,400
12-02	Administration	Technology Infrastructure replacement 73,051
12-02	Administration	Questica budgeting software 40,000
23-01	Fire Protection - General	Training Door 9,000
23-01	Fire Protection - General	CPR Manequin Kit 3,600
23-21	Fire Protection - Carmangay District	Compressor and fill station 15,000
23-27	Fire Protection - Vulcan District	Monitor and Mount 20,000
32-00	Road Transportation	2 Motor graders 1,053,180
32-00	Road Transportation	Gravel reclaimr 42,100
32-03	Road Gravelling	Tri-axe belly dump trailer 79,800
		<hr/> 1,358,131

Capital Funding:

Capital reserves	18,800
Grants	859,760
Sale of assets	384,571
Transfer from operating	95,000
	<hr/> 1,358,131

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

The 2019 capital budget, includes the following:

- Administration (12-02) - Purchase of a vmware host, continuation of an ongoing technology infrastructure upgrade, and improved budgeting software are budget for 2019. These items are funded through a combination of reserves, operating transfers, and MSI grant funding.
- General Fire (23-01) - A new training door to practice breaching techniques and a CPR mannequin for training purposes. These items are funded from the operating function.
- Carmangay Fire District (23-21) - A new compressor and fill station is to be purchased in Carmangay in 2019. Funding for this will come from capital reserves.
- Vulcan Fire District (23-27) - A monitor and mount are being purchased to install technology in a response vehicle. These items are funded through a transfer from the operating function.
- Road Transportation (32-00) - As noted above, 2 new graders are being purchased, along with a gravel reclaimr. These items are funded approximately 75% with MSI capital grant money and 25% with sale proceeds from older graders.
- Road Gravelling (32-03) - A tri-axe belly dump trailer will be purchased and funded 95% from sale proceeds of an older truck and trailer with the remainder coming from capital reserves.



VEHICLES

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

The following is the capital budget for vehicles:

Capital Aquired:

Vehicles:

23-27	Fire Protection - Vulcan District	Bush Buggy Apparatus	93,000
31-01	Common Services	Work van	40,000
32-02	Road Maintenance	Replacement truck	40,000
32-03	Road Gravelling	Tandem highway tractor	232,481
62-00	General Agricultural Services	Replacement truck	35,000
			<hr/> 440,481

Capital Funding:

Capital reserves	143,238
Grants	184,481
Sale of assets	19,762
Transfer from operating	93,000
	<hr/> 440,481

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

The 2019 capital budget, includes the following:

- Vulcan Fire District (23-27) - A new bush buggy apparatus is being added to the fire protection fleet. This will be funded through a transfer from the operating function.
- Common Services (31-01) – A need has been identified for a work van to be used for certain repair jobs as it is more appropriate than a truck. Funding for the van will come from a combination of vehicle sale proceeds and capital reserves.
- Road Maintenance (32-02) - A truck has reached the end of its useful life and is being replaced with a new model. The funding source for this purchase is a combination of sale proceeds and capital reserves.
- Road Gravelling (32-03) - An older tandem tractor is being replaced as the older one is at the end of its useful life. Approximately 60% of this purchase will be funded from MSI capital grants, with the remainder coming from capital reserves.



- General Agricultural Services (62-00) - As part of the capital plan, a new truck is required in Ag Services. This will be funded primarily from capital reserves with some of the cost offset from sale proceeds of older vehicles.

ENGINEERED STRUCTURES

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

The following are the capital budgets for engineered structures:

Capital Aquired:

Engineered Structures:

32-01	Road Construction	Capitalization of machine expenses	1,610,024
32-04	Bridges	4 bridge files	3,485,434
37-01	Storm Sewers & Drainage	Mossleigh drainage project	521,783
			<u>5,617,241</u>

Capital Funding:

Capital reserves	219,279
Grants	3,591,039
Transfer from operating	<u>1,806,923</u>
	5,617,241

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

The 2019 capital budget, includes the following:

- Road Construction (32-01) - These roads are internally constructed by the County's road construction crew. Therefore, the internal costs relating to these roads are capitalized (i.e. salaries, contracted services, materials, etc.). These costs are funded by the operating fund which includes Federal Gas Tax grant funding and general funding through taxation.
- Bridges (32-04) - There are currently 4 bridge projects that are outside of the County's ability to complete internally, so those projects are being contracted out. One project is Bridge File 6980 which was originally to be completed in 2017 but was delayed due to potential environmental impact which has since been mitigated and cleared with the Department of Fisheries and Oceans. This project is being funded largely from grant money under the Strategic Transportation Infrastructure Program. The remaining projects include bridge files 70833, 75685, and 80077 which are also contracted out. The majority of bridge project costs are funded through MSI Capital. Although these projects are all contracted, they still require some County resources so certain bridge department costs are capitalized as well.
- Storm Sewers & Drainage (37-01) - There is a section of land near the Hamlet of Mossleigh that has been proposed for a drainage project. The project has been in the works for multiple years (awaiting land easement). The easement issue has been resolved and the construction of the drainage project can now proceed. This project is funded by MSI Capital grants.



LONG-TERM CAPITAL FUNDING PLAN

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

The County also utilizes a 20 year capital funding program. All the costs and estimated replacement dates for the County's capital assets are projected forward. When an asset is due to be either purchased or constructed, the total projected replacement costs (using inflation rates) is effectively "saved up" through the building of the capital reserves over this period of time. For example: a grader with an estimated replacement cost of \$550,000 is scheduled to be replaced in 5 years; therefore, a total of \$110,000 of funds are allocated to a capital reserve each year, so that when the grader is to be purchased after 5 years, the funds will be available.



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

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

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

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

The following pages include charts for the replacement of the capital currently included in the twenty 20 year capital funding program. Some departments have significant spikes in certain years. These years of high expenditure are timing issues from the useful lives of different types of assets dictating replacement all at once. These will be reviewed and 'smoothed out' where possible closer to those years.

EFFECT OF CAPITAL PURCHASES ON OPERATIONS

The capital budget can have a material effect on the operating budget due to the costs of maintaining and operating new assets, as well as potential required training on proper usage of new assets. The 2019 budget includes several capital additions, but few are expected to have an effect on operating costs.

The County currently maintains 2,677km of roadways. Operating costs in the road maintenance department, which include staff wages, materials, contractors and other costs required to keep roads functional, are budgeted to reach \$1,237,113, not including amortization (a non-cash expense). Therefore, road maintenance can be expected to average approximately \$462/year/km of roadway. When the County constructs new roads, this will affect operating costs. In 2019, road projects consist of road reconstruction rather than new roads, so no impact on operating costs is expected.

Bridge construction has primarily changed from concrete span bridges to large culvert installation which has had a positive impact on operations while increasing the service level to area farmers. The 2018 overland flooding event revealed that the new culvert installations were not as easily damaged by flooding events, and therefore incurred fewer maintenance and repair costs on the operational side.

In terms of equipment additions, the majority of the 2019 acquisitions are replacements of other pieces of equipment in accordance with the 20-year capital plan. Those that aren't simple replacements include the budgeting software in Administration and the CPR mannequin in Protective Services, which are expected to incur some training costs. Those costs are fairly quantifiable and have been included in the budget where appropriate.

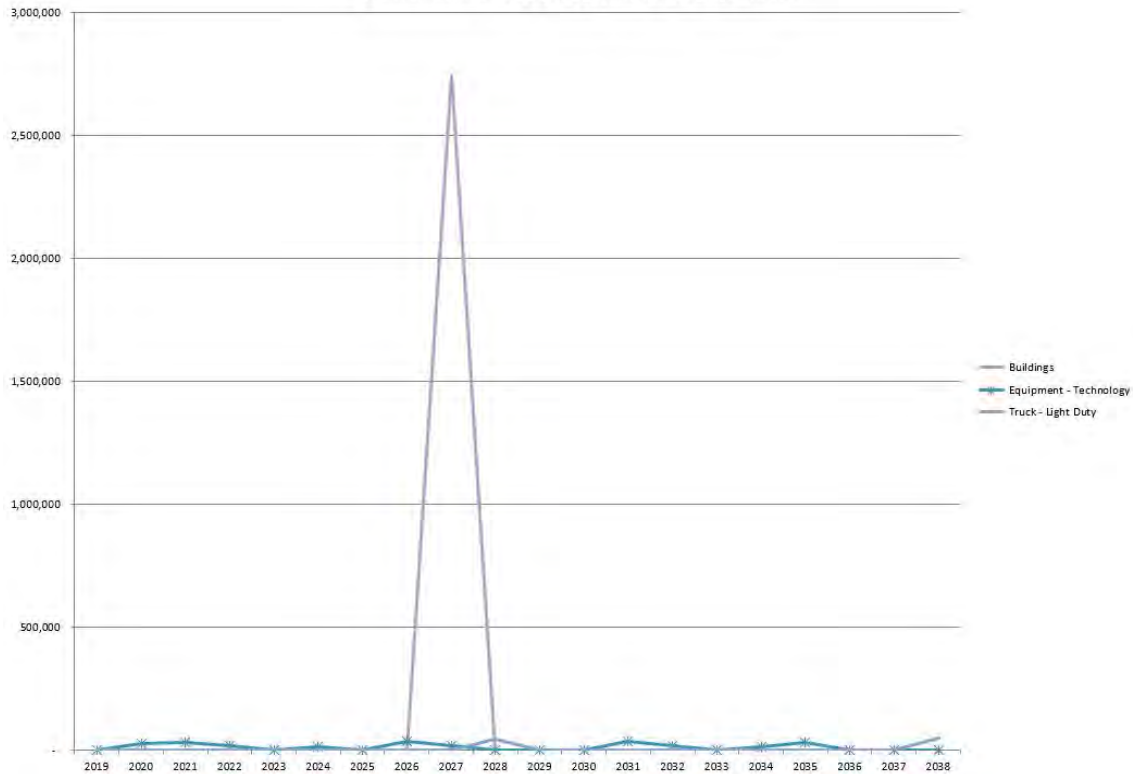
Vehicles are being added in 2019 which will bring additional fuel, maintenance, and insurance costs into operations. One example is the bush buggy apparatus in Protective Services. While newer vehicles tend to be more fuel efficient and reliable, the increase to these costs from a new vehicle can still be estimated and has been included in the operating budget.



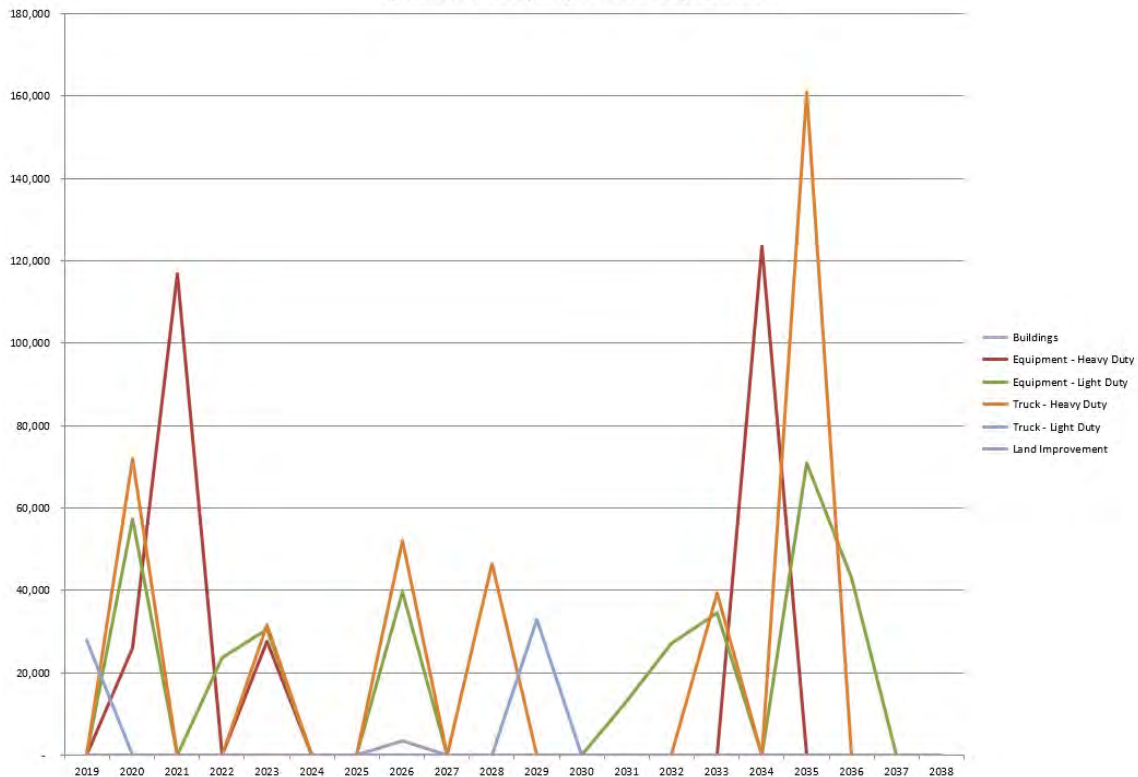
LONG-TERM CAPITAL FUNDING PLAN - Continued

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

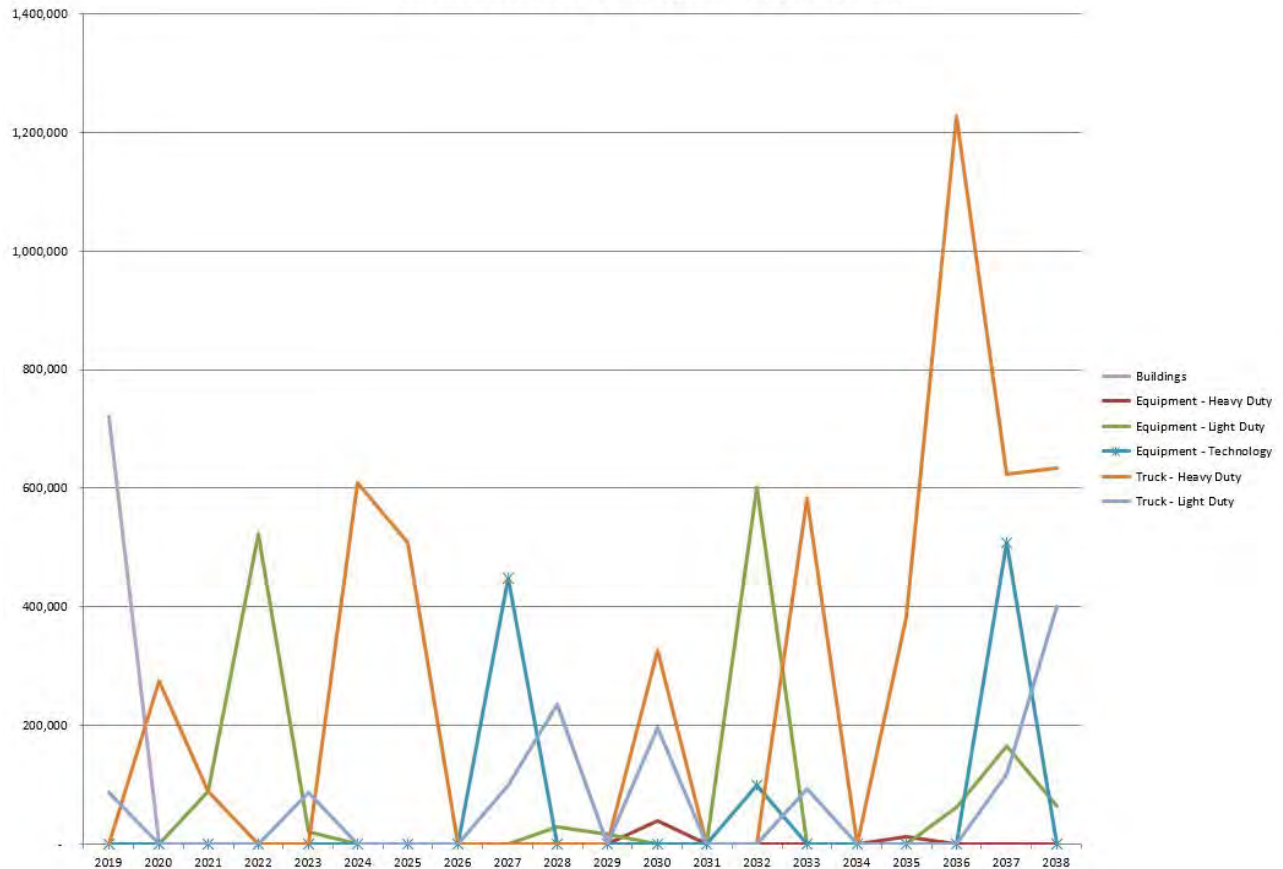
Administration - Property, Plant, & Equipments



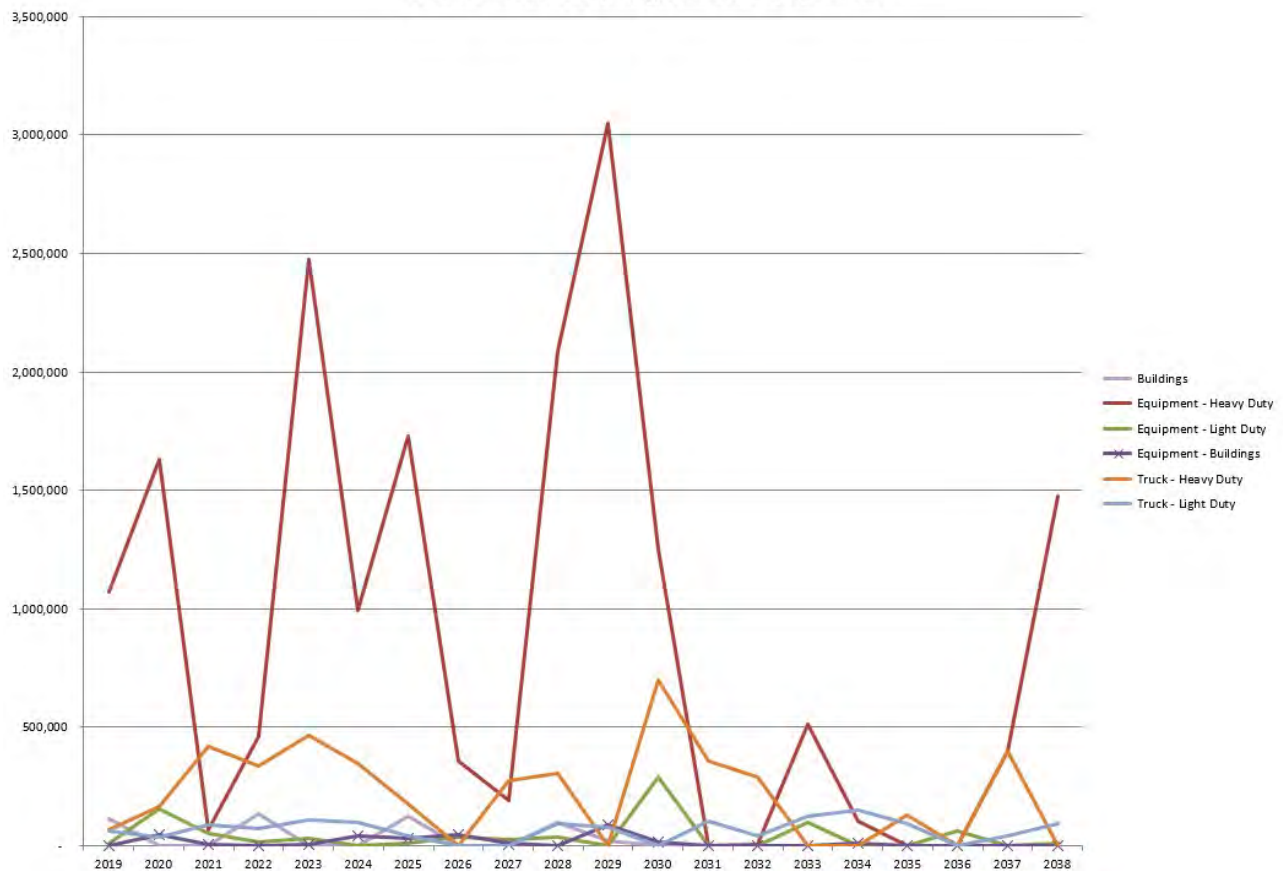
Agriculture - Property, Plant, & Equipments



Protective Services - Property, Plant, & Equipments

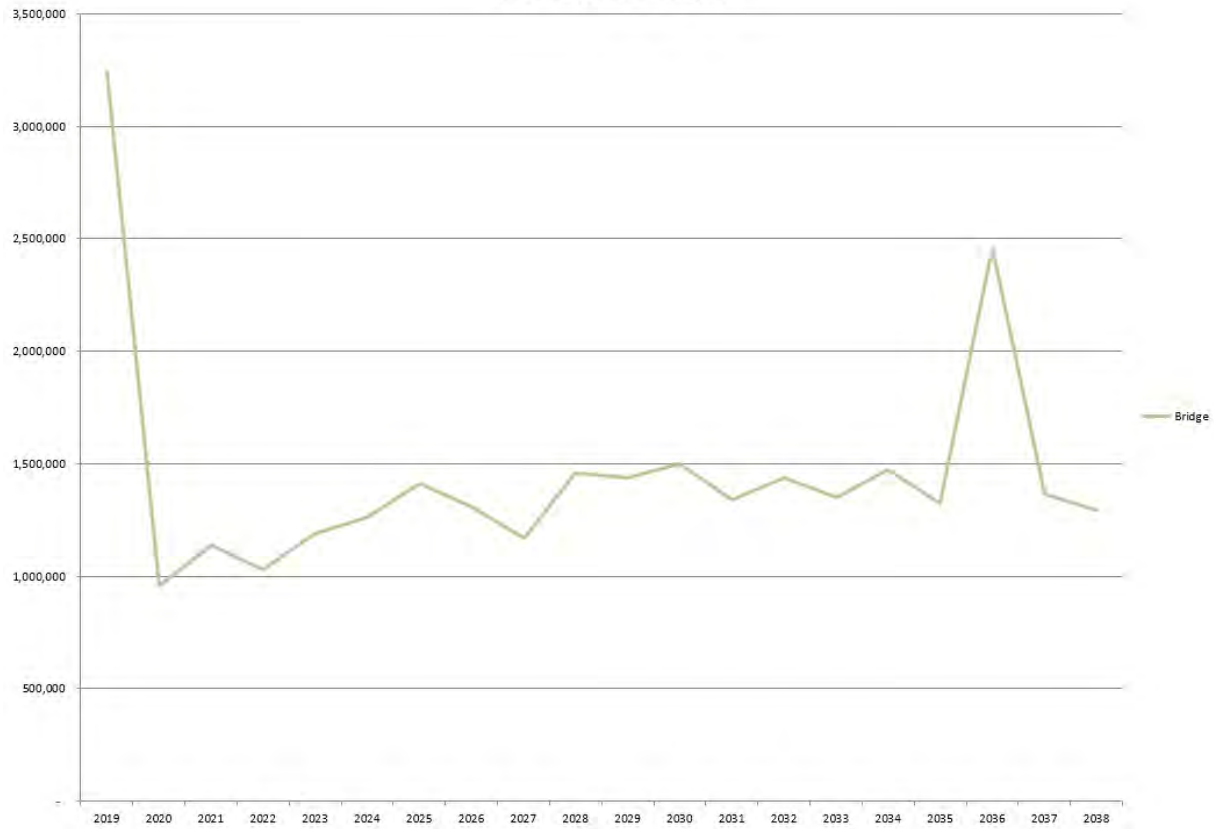


Public Works - Property, Plant, & Equipments



LONG-TERM CAPITAL FUNDING PLAN - Continued

Public Works - Bridges



Public Works - Roads



RESERVES & FUND BALANCES

OPERATING & CAPITAL RESERVES

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

RESTRICTED SURPLUS Budget 2019	2019 Opening	Budgeted Council Reallocation	Operating		Capital	Projected 2019 Closing
			Transfer to Reserves	Transfer from Reserves	Transfer from Reserves	
Capital Restricted Surplus						
General Government	77,667	0	0	0	0	77,667
Protective Equipment	3,408,984	0	1,922,001	0	(15,000)	5,315,985
Transportation Equipment	2,250,415	0	60,948	0	(27,238)	2,284,125
Road Construction	1,530,884	0	66,971	0	0	1,597,855
Bridge Construction	1,366,520	0	744,391	(169,785)	(219,279)	1,721,847
Gravel Crushing	190,717	0	0	0	(51,800)	138,917
Mossleigh Water Treatment Plant - Recovery	(458,741)	0	0	0	0	(458,741)
Environment Development Equipment	126,945	0	44,280	0	(26,500)	144,725
Capital Acquisition	7,105,423	0	62,132	0	0	7,167,555
Capital Contingency	970,682	0	0	0	0	970,682
Total Capital Restricted Surplus	16,569,496	0	2,900,723	(169,785)	(339,817)	18,960,617
Operating Restricted Surplus						
Assessment Appeal	12,136	0	0	0	0	12,136
Community Enhancement	32,709	0	0	0	0	32,709
General Government Service	477,085	0	0	(165,695)	0	311,390
Protective Services	889,795	0	0	(243,267)	0	646,528
Transportation Contingency	1,109,523	0	0	(150,779)	0	958,744
Road Construction	1,086,352	0	0	(181,248)	0	905,104
Road Maintenance	458,307	0	0	(50,000)	(36,500)	371,807
Gravel Crushing	5,236,521	0	279,240	0	0	5,515,761
Uncrushed Gravel Inventory	4,351,891	0	0	0	0	4,351,891
Bridges	20,580	0	0	0	0	20,580
Air Transportation	20,000	0	0	0	0	20,000
Water Management	87,513	0	16,538	0	0	104,051
Environment Treatment	1,237	0	0	0	0	1,237
Vulcan Hospital Project - Debenture Recovery	(1,755,834)	0	121,297	0	0	(1,634,537)
Planning and development	367,740	0	0	(39,004)	0	328,736
Agriculture Services	596,973	0	0	(62,100)	0	534,873
Recreation and Culture	483,442	0	45,326	0	0	528,768
Operating Contingency	1,874,693	0	449,527	(69,250)	0	2,254,970
Total Operating Restricted Surplus	15,350,663	0	911,928	(961,343)	(36,500)	15,264,748
Total Restricted Surplus	31,920,159	0	3,812,651	(1,131,128)	(376,317)	34,225,365

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

The operating fund account provides \$3,812,651 towards the operating and capital reserves to be used for future use or specific purposes. A total of \$2,900,723 is transferred into capital reserves; including \$2.5 million to fund the 20 year capital funding program. A total of \$911,928 is transferred into the operating reserves, including \$279,240 for the 2021 gravel crushing program and a total of \$449,527 to the operating contingency reserve (to mitigate potential future write-offs of taxes, and to provide for future economic development).

There is \$1,131,128 of reserves used for the operating fund. As funding for the hospital expansion project has been completed, no reserve allocation for that project is present in the budget.

OPERATING & CAPITAL RESERVES - Continued

There is \$376,317 of reserves used for the capital fund, including \$219,279 from capital reserves to fund the construction of bridges in 2019, and \$36,500 from operating reserves to fund the purchase of a new truck.

Overall, there is an increase in capital reserve balances of \$2,391,121 planned by the end of 2019. While several capital acquisitions are planned for the year (a total of \$7,435,177 worth of acquisitions), the vast majority of the acquisitions are funded with grants such as the Municipal Sustainability Initiative (MSI) and the Strategic Transportation Infrastructure Program (STIP). These grants lessen the burden on County reserves and allow an increase in the overall balance. The increase in capital reserve balances is in line with the 20-year capital plan.

There is also an overall decrease of \$85,915 expected in operating reserve balances which mostly relates to the use of carry forward amounts from surpluses in prior years. 2016 saw some budget surpluses in certain departments and Council decided to use those amounts evenly over the following three years.

FUND BALANCES

ACCUMULATED SURPLUS (FUND BALANCES)

2019 BUDGET EFFECTS

	Unrestricted Surplus (Operating Funds)	Restricted Surplus (Reserve Funds)	Equity in Tangible Capital Assets (Capital Funds)	Total Funds
2019 Opening Balance	\$ 1,493,729	\$ 31,920,158	\$ 107,426,741	\$ 140,840,628
Operating Income (Deficit)	11,503		4,635,281	4,646,784
Transfer to/from Reserves	(3,445,056)	2,305,207	1,139,849	-
Amortization of TCA	4,684,267		(4,684,267)	-
Proceeds on Disposals	409,333		(409,333)	-
Transfer to/from Funds accounts	(1,660,047)		1,660,047	-
2019 Budget Effects	-	2,305,207	2,341,577	4,646,784
Projected 2019 Closing Balance	1,493,729	34,225,365	109,768,318	145,487,412

The 3 major types of funds are the Operating Fund, the Capital Fund and the Reserve Fund. The following are the projected fund balances based on the 2019 budgets:

As shown above, there is no net effect on the Operating Funds as the County is operating on a balanced budget. The Reserve Funds have a net increase of \$2,305,207 resulting from the net transfers to and from the operating and capital funds. There is an overall \$2,341,577 increase in the Capital Funds as the capital additions exceed the reduction of the capital through amortization.

Note: the net surplus from operations of \$11,503 (including amortization expense), plus the capital grants of \$4,635,281 results in a total increase in the accumulated surplus (total funds) of \$4,646,784 (Excess of Revenues over Expenses).

The 2019 budget effects are also shown in both the Budgeted Schedule of Change in Accumulated Surplus (Schedule 1) and the Budgeted Schedule of Tangible Capital Assets (Schedule 2), as presented in the approved Operating and Capital Budget. These schedules are included in the next section of this document.

DEBT AND DEBT LIMITS

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

Debt/Debentures

2019 Budget Effects

	ACFA	Capital Lease	Total Debt
2019 Opening Debt Balances	1,755,834	28,507	1,784,341
Loan Payments	(164,405)	(14,539)	(178,944)
Interest Portion	43,108	1,310	44,418
Principle Portion	(121,297)	(13,229)	(134,526)
Projected 2019 Closing Debt	1,634,537	15,278	1,649,815

	Total Debt Limit	Debt Servicing Limit
Debt Limits (per 2018 F/S)	28,642,518	4,773,753
Total Debt	1,784,341	178,944
Amount of debt limit unused	26,858,177	4,594,809
% Used	6.2%	3.7%

The County's debt limits are legislated in Alberta Regulation 255/00. Per the regulation, the total debt limit (total maximum principle debt) is calculated at 1.5 times the municipal revenues and the debt servicing limit (total maximum annual debt payments) is calculated at 0.25 times the municipal revenues. As shown above, based on the debt limits calculated in the 2018 Audited Financial Statements, the County has only used a small portion of its maximum debt and debt servicing (6.2% of total available debt and 3.7% of annual debt servicing).

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

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

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

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





SECTION FIVE

APPENDIX AND GLOSSARY

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SECTION FIVE

Appendix and Glossary

APPENDIX AND GLOSSARY

- 96 Appendix 1 - 2019 Approved
Operating and Capital Budget
- 100 Appendix 2 - MSI Grant Allocations
- 101 Appendix 3 - 5-Year Statistics
- 106 Glossary and Acronyms



APPENDIX AND GLOSSARY

APPENDIX 1 - 2019 APPROVED OPERATING AND CAPITAL BUDGETS

VULCAN COUNTY

BUDGETED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2019

	<u>Final Budget 2019</u>
REVENUE	
Net municipal taxes	\$ 14,945,100
Government transfers	1,223,692
Return on investments	542,214
Sale of goods, services and user charges	1,364,945
Rental income	311,880
Community aggregate levy	220,000
Penalties and costs of taxes	160,500
Other revenues	<u>26,500</u>
TOTAL REVENUE	<u>\$ 18,794,831</u>
EXPENSES	
Legislative	\$ 509,659
Administration	1,935,822
Protection services	2,268,884
Transportation services	9,987,119
Agricultural services	894,188
Planning and development services	707,847
Family and community support	230,165
Parks and recreation	914,602
Tourism and economic development	455,177
Utility Services	828,015
Other	<u>51,851</u>
TOTAL EXPENSES	<u>18,783,328</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	11,503
OTHER	
Contributed tangible capital assets	-
Government transfers for capital (schedule 4)	<u>4,635,281</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 4,646,784</u></u>

VULCAN COUNTY

BUDGETED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2019

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Final Budget 2019
Excess of revenues over expenses	\$ 4,646,784	-	-	\$ 4,646,784
Unrestricted funds designated for future use	(3,817,651)	3,817,652	-	-
Restricted funds used for operations	961,343	(961,343)	-	-
Restricted funds used for tangible capital assets	-	(551,102)	551,102	-
Current year funds used for tangible capital assets	(6,884,075)	-	6,884,075	-
Contributed tangible capital assets	-	-	-	-
Disposal of tangible capital assets	409,333	-	(409,333)	-
Annual amortization expense	4,684,267	-	(4,684,267)	-
Increase (decrease) in accumulated surplus	\$ 0	2,305,207	2,341,577	\$ 4,646,784

VULCAN COUNTY

BUDGETED SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2019

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	Final Budget 2019
COST:							
Acquisition of tangible capital assets	\$ -	19,324	-	1,358,132	440,481	5,617,240	\$ 7,435,177
New construction-in-progress	-	-	-	-	-	-	-
Disposition of tangible capital assets	-	-	-	(336,571)	(72,762)	-	(409,333)
TOTAL	-	19,324	-	1,021,561	367,719	5,617,240	7,025,844
ACCUMULATED AMORTIZATION:							
Annual amortization	\$ -	46,850	297,037	1,500,186	541,371	2,298,823	\$ 4,684,267
Accumulated amortization on disposal	-	-	-	-	-	-	-
TOTAL	-	46,850	297,037	1,500,186	541,371	2,298,823	4,684,267
NET INCREASE (DECREASE) TO TANGIBLE CAPITAL ASSETS	\$ -	(27,526)	(297,037)	(478,625)	(173,652)	3,318,417	\$ 2,341,577

APPENDIX 1 - Continued

VULCAN COUNTY

BUDGETED SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2019

SCHEDULE 3

Final Budget 2019

TAXATION

Real property taxes	\$ 7,801,301
Linear taxes	8,623,392
Commercial taxes	1,066,741
Government grants in lieu of taxes	18,600
Special levy	1,464,735
Well drilling tax	19,645
	<u>18,994,414</u>

REQUISITIONS

School requisitions	3,581,736
Seniors foundation	401,515
Provincial DIP assessment requisition	66,063
	<u>4,049,314</u>

NET MUNICIPAL TAXES

\$ 14,945,100

VULCAN COUNTY

BUDGETED SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2019

SCHEDULE 4

Final Budget 2019

TRANSFERS FOR OPERATING

Local government transfers	\$ 141,725
Provincial government transfers	862,233
Federal government transfers	219,734
	<u>1,223,692</u>

TRANSFERS FOR CAPITAL

Provincial government transfers	4,635,281
Federal government transfers	-
	<u>4,635,281</u>

TOTAL GOVERNMENT TRANSFERS

\$ 5,858,973

VULCAN COUNTY

BUDGETED SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2019

SCHEDULE 5

Final Budget 2019

EXPENSES BY OBJECT

Salaries, wages and benefits	\$ 7,080,147
Contracted and general services	3,608,291
Materials, goods and utilities	3,172,964
Transfers to local boards and agencies	1,921,832
Interest and bank charges	63,408
Amortization of tangible capital assets	4,684,267
Machine expenses capitalized for construction	(1,806,922)
Other expenses	59,343
	<u>\$ 18,783,328</u>

VULCAN COUNTY

BUDGETED SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	Final Budget 2019 Total
REVENUE								
Net municipal taxes	\$ 12,799,367	864,460	-	-	-	583,736	697,536	\$ 14,945,100
Government transfers (operating)	114,442	75,452	219,734	168,350	240,000	405,714	-	1,223,692
Return on investments	542,214	-	-	-	-	-	-	542,214
Sale of goods, services and user charges	146,661	217,160	639,236	273,250	80,200	5,850	2,589	1,364,945
Rental income	6,000	297,880	-	8,000	-	-	-	311,880
Community aggregate levy	-	-	220,000	-	-	-	-	220,000
Penalties and costs of taxes	160,500	-	-	-	-	-	-	160,500
Other revenues	-	26,500	-	-	-	-	-	26,500
	<u>13,769,184</u>	<u>1,481,452</u>	<u>1,078,970</u>	<u>449,600</u>	<u>320,200</u>	<u>995,300</u>	<u>700,125</u>	<u>18,794,831</u>
EXPENSES								
Salaries, wages and benefits	\$ 1,255,402	693,965	4,303,093	431,435	258,142	118,947	19,163	\$ 7,080,147
Contracted and general services	755,315	557,446	1,260,963	113,441	446,305	404,132	70,689	3,608,291
Materials, goods and utilities	250,151	294,906	2,315,935	237,021	3,400	69,310	2,240	3,172,964
Transfers to local boards and agencies	58,522	160,304	8,000	21,650	-	964,447	708,909	1,921,832
Interest and bank charges	20,300	-	-	-	-	43,108	-	63,408
Amortization of tangible capital assets	98,299	562,263	3,906,051	90,640	-	-	27,014	4,684,267
Machine expenses capitalized for construction	-	-	(1,806,922)	-	-	-	-	(1,806,922)
Other expenses	59,343	-	-	-	-	-	-	59,343
	<u>2,497,332</u>	<u>2,268,884</u>	<u>9,987,119</u>	<u>894,188</u>	<u>707,847</u>	<u>1,599,944</u>	<u>828,015</u>	<u>18,783,328</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ 11,271,852	(787,432)	(8,908,149)	(444,588)	(387,647)	(604,644)	(127,890)	\$ 11,503
OTHER								
Government transfers (capital)	73,052	-	4,040,446	-	-	-	521,783	4,635,281
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 11,344,904	(787,432)	(4,867,703)	(444,588)	(387,647)	(604,644)	393,893	\$ 4,646,784

APPENDIX 2 - MSI GRANT ALLOCATIONS

Municipal Sustainability Initiative (MSI) Operating Grant

	2019 Budget
Carry-forward balance	14,746
2019 Grant Allocation (estimated)	178,118
Available MSI Funds	192,864

	Budgeted cost	Grant Funded
Libraries	133,500	109,000
Public Security and Safety	45,000	45,000
Staff development	50,031	31,940
	228,531	185,940

Unallocated MSI Funds	6,924
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Municipal Sustainability Initiative (MSI) Capital Grant

	2019
Carry-forward balance	1,052,753
2019 Grant Allocation (estimated)	2,328,006
Available MSI Funds	3,380,759

	Budgeted cost	Grant Funded
Common Equipment Application	73,052	73,052
Two graders	1,053,180	744,609
Gravel reclaimer	42,100	42,100
Tandem Highway Tractor	232,481	184,481
Bridge program - carryforward from 2018	1,555,131	270,038
Bridge Project #80077	352,138	225,412
Mossleigh Drainage	521,783	521,783
	3,756,813	2,061,475

Unallocated MSI Funds	1,319,284
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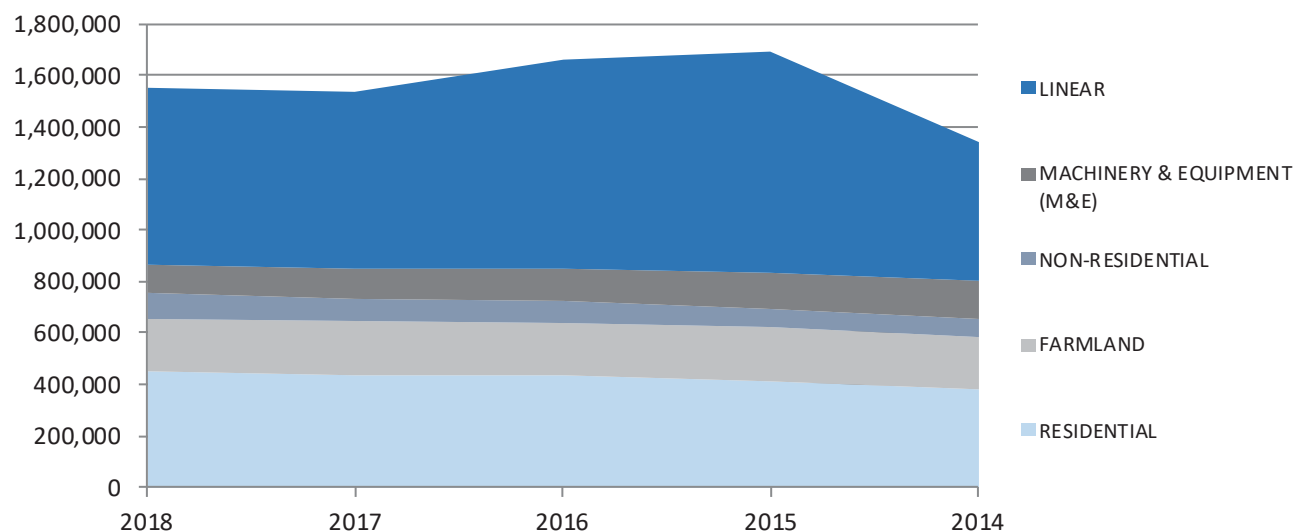
APPENDIX 3 - FIVE-YEAR STATISTICS (Actuals)

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 ASSET	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
ACCUMULATIVE 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
ACCUMULATIVE 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
Protection 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

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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
Net Long-Term 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
	2,370,354	3,150,296	4,055,775	1,862,877	1,504,365

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	17,025	808,362	1,932,707	4,664,867	2,179,557
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	401,960	(96,174)	290,533	759	(7,012,042)

GLOSSARY AND ACRONYMS

GLOSSARY:

ACCRUAL BASIS ACCOUNTING

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

AMORTIZATION

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

APPROPRIATION

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

APPROVED BUDGET

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

ASSESSMENT

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

BALANCED BUDGET

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

BASE BUDGET

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

BUDGET

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

CAPITAL BUDGET

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

CAPITAL EXPENDITURES

Expenditures to acquire, develop or construct tangible capital assets.

CAPITALIZATION

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

CASH BASIS ACCOUNTING

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

COUNCIL/COUNCILLORS

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

CONTINGENCY FUNDS

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

CONTRACTED SERVICES

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

DEBT/DEBENTURE

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

DEBT LIMITS

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

DEFICIT

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

DEPARTMENTS

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

EXPENDITURES/EXPENSE

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

FEES FOR SERVICE

User charges and fees for services provided by the County.

FUND ACCOUNTING

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

GENERAL OPERATING FUND

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

GOVERNMENT GRANTS

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

INFLATION

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

INFRASTRUCTURE

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

LINEAR ASSESSMENT

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

OPERATING BUDGET

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

RATEPAYER

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

RESERVES

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

REVENUES

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

SPECIAL TAX LEVY

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

SEGMENT

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

SURPLUS

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

TANGIBLE CAPITAL ASSETS

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

TAXES

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



ACRONYMS:

ORGANIZATIONS:

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

GRANTS:

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

OPERATIONS:

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



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