

Vulcan County

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

VULCAN COUNTY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

CONTENTS

Management's Responsibility for Reporting	1
Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Schedule 1 - Schedule of Change in Accumulated Surplus	7
Schedule 2 - Schedule of Tangible Capital Assets	8
Schedule 3 - Schedule of Property and Other Taxes	9
Schedule 4 - Schedule of Government Transfers	10
Schedule 5 - Schedule of Expenses by Object	11
Schedule 6 - 2019 Schedule of Segmented Disclosure	12
Schedule 7 - 2018 Schedule of Segmented Disclosure	13
Notes to Financial Statements	14-28



P.O. BOX 180
VULCAN, ALBERTA
T0L 2B0

TELEPHONE: 1-403-485-2241
TOLL FREE: 1-877-485-2299
FAX: 1-403-485-2920
www.vulcancounty.ab.ca

May 6, 2020

To the Reeve and Council Members of Vulcan County

Re: Management's Responsibility for Reporting

Management of Vulcan County is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2019, and the results of its operations for the year then ended.

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

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

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

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

Respectfully,

A blue ink signature of Nels Petersen, written in a cursive style.

Nels Petersen
Chief Administrative Officer

A blue ink signature of Nick Fai, written in a cursive style.

Nick Fai, CPA
Director of Corporate Services

Independent Auditor's Report

To the Reeve and Members of Council of Vulcan County

Opinion

We have audited the financial statements of Vulcan County (the County), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2019, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP
Chartered Professional Accountants

Lethbridge, Alberta
May 6, 2020

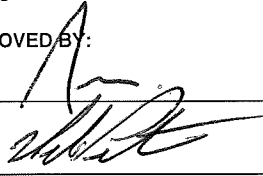
VULCAN COUNTY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and investments (note 2)	\$ 29,021,783	\$ 24,934,498
Taxes and grants in lieu receivables (note 3)	1,462,178	2,913,837
Trade and other receivables (note 4)	1,770,970	843,255
Inventory held for resale	37,249	41,876
Long term investments (note 5)	2,541,984	3,560,541
Loans and notes receivable (note 6)	338,201	392,754
Other	16,457	16,282
	35,188,822	32,703,043
LIABILITIES		
Accounts payable and accrued liabilities	556,181	662,320
Deferred revenue (note 7)	3,308,645	1,675,496
Employee benefit obligations (note 8)	258,667	246,105
Obligations to other organizations (note 9)	1,733,333	2,800,000
Obligations under capital lease (note 10)	15,278	28,507
Long term debt (note 11)	1,634,537	1,755,834
Other liabilities	632,216	587,292
	8,138,857	7,755,554
NET FINANCIAL ASSETS	27,049,965	24,947,489
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2, note 12)	108,371,002	107,455,248
Inventory for consumption (note 13)	7,729,636	8,244,446
Prepaid expenses	262,965	193,446
	116,363,603	115,893,140
ACCUMULATED SURPLUS (schedule 1, note 15)	\$ 143,413,568	\$ 140,840,629

Contingencies and commitments - See note 24 & 25)

APPROVED BY:



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

VULCAN COUNTY

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2019

	Budget (note 16)	2019	2018
REVENUE			
Net municipal taxes (schedule 3)	\$ 14,945,100	\$ 15,720,229	\$ 14,777,202
Government transfers (schedule 4)	1,223,692	813,131	958,531
Return on investments	542,214	706,124	570,401
Sale of goods, services and user charges	1,364,946	1,482,349	1,148,512
Rental income	311,880	311,900	353,265
Community aggregate levy	220,000	193,941	203,956
Penalties and costs of taxes	160,500	610,397	739,321
Gain on disposal of tangible capital assets	-	330,186	209,326
Other revenues	26,500	388,583	134,498
TOTAL REVENUE	18,794,832	20,556,840	19,095,012
EXPENSES			
Legislative	509,659	402,227	388,098
Administration	1,935,822	1,787,966	1,807,970
Protective services	2,244,524	1,808,897	2,403,045
Transportation services	9,987,119	9,916,821	10,575,049
Agricultural services	894,188	735,985	689,459
Planning and development services	707,847	577,232	599,308
Family and community support	230,165	220,570	447,923
Parks and recreation	914,602	879,716	842,564
Tourism and economic development	455,177	129,408	40,844
Utility Services	828,016	833,851	772,690
Other	51,851	3,644,608	3,512,841
TOTAL EXPENSES	18,758,970	20,937,281	22,079,791
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	35,862	(380,441)	(2,984,779)
OTHER			
Contributed tangible capital assets	-	-	284,792
Government transfers for capital (schedule 4)	4,635,281	2,953,380	2,717,012
EXCESS OF REVENUE OVER EXPENSES	4,671,143	2,572,939	17,025
ACCUMULATED SURPLUS, BEGINNING OF YEAR	140,840,629	140,840,629	140,823,604
ACCUMULATED SURPLUS, END OF YEAR	\$145,511,772	\$143,413,568	\$140,840,629

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

VULCAN COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2019

	Budget (note 16)	2019	2018
EXCESS OF REVENUE OVER EXPENSES	\$ 4,671,143	\$ 2,572,939	\$ 17,025
Acquisition of tangible capital assets	(7,420,177)	(6,034,589)	(4,356,006)
Contributed tangible capital assets	-	-	(284,792)
Proceeds on disposal of tangible capital assets	409,333	411,000	(56,854)
Amortization of tangible capital assets	4,684,267	4,763,530	4,684,268
Loss (gain) on disposal of tangible capital assets	-	(55,695)	217,929
	(2,326,577)	(915,754)	204,545
Net change in inventory for consumption	-	514,810	278,172
Acquisition of prepaid expenses	-	(262,965)	(193,446)
Use of prepaid expenses	-	193,446	182,065
	-	445,291	266,791
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	2,344,566	2,102,476	488,361
NET FINANCIAL ASSETS, BEGINNING OF YEAR	24,947,489	24,947,489	24,459,128
NET FINANCIAL ASSETS, END OF YEAR	\$ 27,292,055	\$ 27,049,965	\$ 24,947,489

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

VULCAN COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 2,572,939	\$ 1,025
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,763,530	4,684,268
Loss (gain) on disposal of tangible capital assets	(55,695)	217,929
Tangible capital assets received as contributions	-	(284,792)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	1,451,659	1,056,020
Increase in trade and other receivables	(927,715)	(70,703)
Decrease in inventory held for resale	4,627	-
Decrease (increase) in loans receivable	54,553	(115,509)
Decrease (increase) in other financial assets	(175)	278,227
Decrease in inventory for consumption	514,810	278,172
Increase in prepaid expenses	(69,519)	(11,384)
Increase (decrease) in accounts payable	(106,139)	(96,764)
Increase (decrease) in deferred revenue	1,633,149	(1,049,319)
Increase in employee benefit obligations	12,562	7,141
Increase (decrease) in obligations to other organizations	(1,066,667)	24,219
Decrease in obligations under capital lease	(13,229)	(12,442)
Increase (decrease) in other liabilities	44,924	(53,374)
	8,813,614	4,868,714
CAPITAL		
Acquisition of tangible capital assets	(6,034,589)	(4,356,006)
Proceeds on disposal of tangible capital assets	411,000	(56,854)
	(5,623,589)	(4,412,860)
INVESTING		
Decrease in long term investments	1,018,557	1,269,877
	1,018,557	1,269,877
FINANCING		
Long term debt repaid	(121,297)	(118,323)
	(121,297)	(118,323)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	4,087,285	1,607,408
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,934,498	23,327,090
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 29,021,783	\$ 24,934,498

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

VULCAN COUNTY

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

				<i>SCHEDULE 1</i>	
	Unrestricted Surplus	Restricted Surplus (note 17)	Equity in Tangible Capital Assets (note 14)	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 1,493,730	31,920,158	107,426,741	\$ 140,840,629	\$ 140,823,604
Excess of revenues over expenses	\$ 2,572,939	-	-	\$ 2,572,939	\$ 17,025
Unrestricted funds designated for future use	(4,937,522)	4,937,522	-	-	-
Restricted funds used for operations	4,778,171	(4,778,171)	-	-	-
Restricted funds used for tangible capital assets	-	(1,361,972)	1,361,972	-	-
Current year funds used for tangible capital assets	(4,685,846)	-	4,685,846	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	355,305	-	(355,305)	-	-
Annual amortization expense	4,763,530	-	(4,763,530)	-	-
Change in accumulated surplus	\$ 2,846,577	(1,202,621)	928,983	\$ 2,572,939	\$ 17,025
BALANCE, END OF YEAR	\$ 4,340,307	30,717,537	108,355,724	\$ 143,413,568	\$ 140,840,629

VULCAN COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2019

SCHEDULE 2

	Land	Land Improvements	Buildings	Equipment	Vehicles	Engineered Structures	2019	2018
COST:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ 5,744,547	1,221,300	10,882,514	17,210,770	6,208,042	158,706,842	\$ 199,974,015	\$ 196,799,588
Acquisition of tangible capital assets	-	776,161	19,434	1,219,984	369,392	2,825,828	5,210,799	4,292,619
New construction-in-progress	-	-	-	-	-	823,790	823,790	348,179
Disposition of tangible capital assets	-	-	-	(731,860)	(135,441)	(759,994)	(1,627,295)	(1,466,372)
BALANCE, END OF YEAR	<u>5,744,547</u>	<u>1,997,461</u>	<u>10,901,948</u>	<u>17,698,894</u>	<u>6,441,993</u>	<u>161,596,466</u>	204,381,309	<u>199,974,014</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR AS REPORTED	\$ -	253,365	3,445,932	9,825,862	3,204,179	75,789,429	\$ 92,518,767	\$ 89,139,795
Annual amortization	-	35,171	287,046	1,695,541	562,067	2,183,705	4,763,530	4,684,268
Accumulated amortization on disposal	-	-	-	(686,314)	(100,173)	(485,503)	(1,271,990)	(1,305,297)
BALANCE, END OF YEAR	<u>-</u>	<u>288,536</u>	<u>3,732,978</u>	<u>10,835,089</u>	<u>3,666,073</u>	<u>77,487,631</u>	96,010,307	<u>92,518,766</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,744,547</u>	<u>1,708,925</u>	<u>7,168,970</u>	<u>6,863,805</u>	<u>2,775,920</u>	<u>84,108,835</u>	\$ 108,371,002	<u>\$ 107,455,248</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,744,547</u>	<u>967,935</u>	<u>7,436,582</u>	<u>7,384,908</u>	<u>3,003,863</u>	<u>82,917,413</u>	\$ 107,455,248	

VULCAN COUNTY

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

SCHEDULE 3

	Budget (note 16)	2019	2018
TAXATION			
Real property taxes	\$ 7,722,238	\$ 7,787,007	\$ 7,585,291
Linear taxes	8,623,392	8,230,432	8,075,608
Commercial taxes	1,079,741	1,100,438	1,316,776
Government grants in lieu of taxes	18,600	20,223	19,749
Special levy	1,464,735	1,451,015	1,415,239
Well drilling tax	19,645	146	49,445
	<u>18,928,351</u>	<u>18,589,261</u>	<u>18,462,108</u>
REQUISITIONS			
School requisitions	3,581,736	2,467,517	3,436,669
Seniors foundation	401,515	401,515	248,237
	<u>3,983,251</u>	<u>2,869,032</u>	<u>3,684,906</u>
NET MUNICIPAL TAXES	<u>\$ 14,945,100</u>	<u>\$ 15,720,229</u>	<u>\$ 14,777,202</u>

VULCAN COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2019

SCHEDULE 4

	Budget (note 16)	2019	2018
TRANSFERS FOR OPERATING			
Local government transfers	\$ 141,725	\$ 146,954	\$ 142,022
Provincial government transfers	862,233	446,443	596,775
Federal government transfers	219,734	219,734	219,734
	<u>1,223,692</u>	<u>813,131</u>	<u>958,531</u>
TRANSFERS FOR CAPITAL			
Provincial government transfers	4,635,281	2,953,380	2,717,012
TOTAL GOVERNMENT TRANSFERS	<u>\$ 5,858,973</u>	<u>\$ 3,766,511</u>	<u>\$ 3,675,543</u>

VULCAN COUNTY

SCHEDULE OF EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2019

SCHEDULE 5

	Budget (note 16)	2019	2018
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 7,080,147	\$ 6,310,622	\$ 6,271,331
Contracted and general services	3,608,291	2,703,769	3,367,610
Materials, goods and utilities	3,172,964	2,473,000	2,450,240
Transfers to local boards and agencies	1,897,473	1,824,107	2,370,354
Interest and bank charges	63,408	55,709	62,460
Amortization of tangible capital assets	4,684,267	4,763,530	4,684,268
Machine expenses capitalized for construction	(1,806,922)	(1,175,224)	(817,561)
Loss on disposal of tangible capital assets	-	274,491	217,929
Other expenses	59,342	3,707,277	3,473,160
	\$ 18,758,970	\$ 20,937,281	\$ 22,079,791

VULCAN COUNTY

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	2019 Total
REVENUE								
Net municipal taxes	\$ 13,599,902	854,739	-	-	-	580,130	685,458	\$ 15,720,229
Government transfers (operating)	101,520	70,446	219,734	168,359	1,519	251,553	-	813,131
Return on investment	646,921	-	-	-	-	59,203	-	706,124
Sale of goods, services and user charges	36,434	238,336	749,683	235,889	134,006	83,855	4,146	1,482,349
Rental income	11,000	297,912	-	2,688	-	300	-	311,900
Community aggregate levy	-	-	193,941	-	-	-	-	193,941
Penalties and other costs of taxes	610,397	-	-	-	-	-	-	610,397
Gain on disposal of tangible capital assets	-	-	323,186	7,000	-	-	-	330,186
Other revenues	4,586	383,997	-	-	-	-	-	388,583
	<u>15,010,760</u>	<u>1,845,430</u>	<u>1,486,544</u>	<u>413,936</u>	<u>135,525</u>	<u>975,041</u>	<u>689,604</u>	<u>20,556,840</u>
EXPENSES								
Salaries, wages and benefits	1,148,834	530,124	3,833,132	403,574	376,543	-	18,415	6,310,622
Contracted and general services	610,255	375,393	1,096,495	75,019	200,563	273,687	72,357	2,703,769
Material, goods and utilities	236,253	181,264	1,877,115	157,714	126	14,488	6,040	2,473,000
Transfers to local boards and agencies	60,846	135,945	8,000	9,992	-	899,299	710,025	1,824,107
Interest and bank charges	11,458	2,031	-	-	-	42,220	-	55,709
Amortization of tangible capital assets	94,667	584,140	3,968,023	89,686	-	-	27,014	4,763,530
Machine expenses capitalized for construction	-	-	(1,175,224)	-	-	-	-	(1,175,224)
Loss on disposal of tangible capital assets	-	-	274,491	-	-	-	-	274,491
Other expenses	3,672,488	-	34,789	-	-	-	-	3,707,277
	<u>5,834,801</u>	<u>1,808,897</u>	<u>9,916,821</u>	<u>735,985</u>	<u>577,232</u>	<u>1,229,694</u>	<u>833,851</u>	<u>20,937,281</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	9,175,959	36,533	(8,430,277)	(322,049)	(441,707)	(254,653)	(144,247)	(380,441)
OTHER								
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Government transfers (capital)	18,437	24,831	2,813,302	-	-	-	96,810	2,953,380
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 9,194,396</u>	<u>61,364</u>	<u>(5,616,975)</u>	<u>(322,049)</u>	<u>(441,707)</u>	<u>(254,653)</u>	<u>(47,437)</u>	<u>\$ 2,572,939</u>

VULCAN COUNTY

SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 7

	General Government	Protective Services	Transportation Services	Agricultural Services	Planning and Development Services	Community Services	Utility Services	2018 Total
REVENUE								
Net municipal taxes	\$ 12,723,845	903,779	-	-	-	495,315	654,264	\$ 14,777,203
Government transfers (operating)	110,807	129,468	311,390	168,359	75,000	163,507	-	958,531
Return on investment	532,645	-	-	-	-	37,756	-	570,401
Sale of goods, services and user charges	41,705	265,663	430,241	268,317	140,548	-	2,037	1,148,511
Rental income	10,654	337,182	-	5,429	-	-	-	353,265
Community aggregate levy	-	-	203,956	-	-	-	-	203,956
Penalties and other costs of taxes	739,321	-	-	-	-	-	-	739,321
Gain on disposal of tangible capital assets	-	22,636	184,672	2,018	-	-	-	209,326
Other revenues	10,077	48,136	1,000	-	4,000	71,285	-	134,498
	14,169,054	1,706,864	1,131,259	444,123	219,548	767,863	656,301	19,095,012
EXPENSES								
Salaries, wages and benefits	1,088,196	627,487	3,870,364	351,804	315,337	-	18,143	6,271,331
Contracted and general services	701,021	482,938	1,621,850	47,658	280,813	165,190	68,140	3,367,610
Material, goods and utilities	202,607	199,789	1,836,767	193,221	3,158	8,460	6,238	2,450,240
Transfers to local boards and agencies	60,028	530,570	8,000	6,136	-	1,112,465	653,155	2,370,354
Interest and bank charges	17,247	(3)	-	-	-	45,216	-	62,460
Amortization of tangible capital assets	98,299	562,264	3,906,051	90,640	-	-	27,014	4,684,268
Machine expenses capitalized for construction	-	-	(817,561)	-	-	-	-	(817,561)
Loss on disposal of tangible capital assets	-	-	217,929	-	-	-	-	217,929
Other expenses	3,541,511	-	(68,351)	-	-	-	-	3,473,160
	5,708,909	2,403,045	10,575,049	689,459	599,308	1,331,331	772,690	22,079,791
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	8,460,145	(696,181)	(9,443,790)	(245,336)	(379,760)	(563,468)	(116,389)	(2,984,779)
OTHER								
Contributed tangible capital assets	-	284,792	-	-	-	-	-	284,792
Government transfers (capital)	-	290,538	2,379,409	-	-	-	47,066	2,717,012
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 8,460,145	(120,851)	(7,064,381)	(245,336)	(379,760)	(563,468)	(69,323)	\$ 17,025

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

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

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents

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

e) Investments

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

f) Land Held for Resale

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

g) Taxes and Grants-in-lieu Receivables

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

h) Loans and Notes Receivables

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

i) Requisition Over-levy and Under-levy

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

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

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

j) Government Transfers

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Non-Financial Assets

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

i. Tangible Capital Assets

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

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

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

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

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Measurement Uncertainty

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

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

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

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

m) Restricted Surplus Funds for Future Expenditures

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

n) Contaminated Sites Liability

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

o) Tax Revenue

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

2. CASH AND INVESTMENTS

	2019	2018
Cash	\$ 3,249,811	\$ 2,504,651
High interest savings	-	2,066,791
Temporary investments	25,771,972	20,363,056
	\$ 29,021,783	\$ 24,934,498

Cash includes \$153,306 (2018 - \$149,459) that relates to a sale of property and is payable to the previous property owner and is also included in accounts payable and accrued liabilities.

Temporary investments are short-term deposits with original maturities of one year or less, or are redeemable, with interest rates ranging from 2.15% to 2.73% (2018 - 2.15% to 2.90%). High interest savings include investment savings accounts held at ATB Securities Inc.

Included in temporary investments is a restricted amount of \$3,149,017 (2018 - \$1,522,148) held exclusively for eligible projects and \$1,733,333 (2018 - \$2,800,000) held for the obligation to the Vulcan County Health and Wellness Foundation for the Vulcan Hospital Expansion Project.

The County has an available revolving line of credit facility up to \$300,000 with interest payable at prime minus 0.25%, and a credit card limit of \$49,000, with interest payable at 5.0%. As at December 31, 2019 the balance owing on these facilities is \$nil (2018 - \$16,355).

3. TAX AND GRANTS IN LIEU RECEIVABLES

	2019	2018
Current taxes and grants in lieu of taxes	\$ 994,497	\$ 1,869,791
Arrears	467,681	1,044,046
	\$ 1,462,178	\$ 2,913,837

4. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade receivables	390,077	536,735
Requisition under-levies	56,594	56,653
Interest receivable	52,411	65,221
GST receivable	43,178	39,794
Other receivables	1,229,283	145,425
Allowance for doubtful accounts	(573)	(573)
	\$ 1,770,970	\$ 843,255

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

5. LONG TERM INVESTMENTS

	2019	2018
Guaranteed Investment Certificates	<u>\$ 2,541,984</u>	<u>\$ 3,560,541</u>

Guaranteed Investment Certificates are long-term deposits with interest rates ranging from 2.30% to 2.40% with maturity dates in 2021.

6. LOANS AND NOTES RECEIVABLES

	2019	2018
Carmangay Fire Association - annual pmt \$10,000, matures 2020	\$ 10,000	\$ 20,000
Carmangay Curling Association - annual pmt \$13,000, matures in 2026	91,000	104,000
Milo Seed Cleaning Association	200,000	225,000
Mossleigh Water Co-op	<u>37,201</u>	<u>43,754</u>
	<u>\$ 338,201</u>	<u>\$ 392,754</u>

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

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

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

7. DEFERRED REVENUE

	2018	Externally Restricted Inflows	Revenues Earned	2019
Alberta Municipal Sustainability Initiative - Capital	\$ 1,052,753	\$ 3,056,713	\$ (1,725,345)	\$ 2,384,121
Alberta Municipal Sustainability Initiative - Operating	14,746	175,913	(175,262)	15,397
Inter-Municipal Development Plans - RCP	245,831	6,123	(1,519)	250,435
Surface Rights	117,500	76,802	(117,500)	76,802
Federal Gas Tax Fund	-	450,194	(219,734)	230,460
Development Public Funds	153,348	6,280	-	159,628
Other	91,318	220,758	(120,274)	191,802
Total, invested in short term investments	\$ 1,675,496	\$ 3,992,783	\$ (2,359,634)	\$ 3,308,645

Alberta Municipal Sustainability Initiative - Capital

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

Alberta Municipal Sustainability Initiative - Operating

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

Inter-Municipal Development Plan - RCP

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

Surface Rights

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

Federal Gas Tax Fund

The Government of Canada provides Alberta Transportation with a grant restricted to eligible expenditures as approved under the funding agreement. During the year the County received \$450,194 (2018 - \$219,734) and expended \$219,734 (2018 - \$219,734) on eligible expenditures.

Development Public Funds

Development public funds are funds collected from developers for specific purposes as prescribed under the the Municipal Government Act (MGA).

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

8. EMPLOYEE BENEFIT OBLIGATIONS

	2019	2018
Accrued vacation payable	\$ 258,667	\$ 246,105
	\$ 258,667	\$ 246,105

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

9. OBLIGATIONS TO OTHER ORGANIZATIONS

	2019	2018
VCHWF - Hospital Expansion Project - County contributions	\$ 1,182,263	\$ 1,909,809
VCHWF - Hospital Expansion Project - Town contributions	551,070	890,191
	\$ 1,733,333	\$ 2,800,000

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

10. OBLIGATIONS UNDER CAPITAL LEASE

	2019	2018
Capital lease obligation	\$ 15,278	\$ 28,507
	\$ 15,278	\$ 28,507

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

2020	14,539
2021	1,212
Total minimum lease payments	15,751
Less: imputed interest	(473)
	\$ 15,278

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

11. LONG TERM DEBT

	2019	2018
Tax supported debentures	\$ 1,634,537	\$ 1,755,834
	\$ 1,634,537	\$ 1,755,834

The current portion of long term debt amounts to \$124,346 (2018 - \$121,297).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	\$ 124,346	\$ 40,059	\$ 164,405
2021	127,471	36,933	164,404
2022	130,676	33,729	164,405
2023	133,960	30,445	164,405
2024	137,327	27,077	164,404
Thereafter	980,757	87,875	1,068,632
	\$ 1,634,537	\$ 256,118	\$ 1,890,655

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

The Municipality has established an authorized overdraft for the purposes of financing operating expenditures with a limit of \$300,000. Interest is payable monthly at the prime rate minus 0.25%. The overdraft is secured by a general security agreement. The over draft was undrawn as at December 31, 2019 (2018 - \$nil).

Interest on long term debt amounted to \$43,108 (2018 - \$45,216)

The Municipality's total cash payment for interest in 2019 was \$44,418 (2018 - \$46,082)

12. TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (schedule 2)	\$204,381,309	\$199,974,014
Accumulated amortization (schedule 2)	(96,010,307)	(92,518,766)
	\$108,371,002	\$107,455,248

Contributed tangible capital assets are recognized at fair value at the date of contribution. In 2019, the County received no contributions toward the purchase of a tangible capital asset (2018 - \$284,792).

Capital lease assets are initially recognized at the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. In 2016, the County entered into a capital lease arrangement for a vehicle where a leased tangible capital asset of \$62,764 was recognized. As at December 31, 2019, the leased tangible capital asset had \$24,570 of total accumulated amortization.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

13. INVENTORIES FOR CONSUMPTION

	2019	2018
Inventory for consumption - gravel	\$ 7,169,461	\$ 7,729,126
Inventory for consumption - parts	560,175	515,320
	\$ 7,729,636	\$ 8,244,446

Gravel inventory includes purchased deposits not yet crushed, with a cost of \$4,351,891 (2018 - \$4,351,891).

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (note 12)	\$ 108,371,002	\$ 107,455,248
Capital lease obligation (note 10)	(15,278)	(28,507)
	\$ 108,355,724	\$ 107,426,741

15. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus	\$ 4,340,307	\$ 1,493,730
Restricted surplus (note 17)	30,717,537	31,920,158
Equity in tangible capital assets (note 14)	108,355,724	107,426,741
	\$ 143,413,568	\$ 140,840,629

16. BUDGET FIGURES

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

	2019	2018
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 4,671,143	\$ 4,403,342
ADD: Proceeds from sale of capital assets	409,333	301,330
ADD: Transfer from restricted surplus to operations	1,454,293	3,707,926
ADD: Amortization of tangible capital assets	4,684,267	4,328,196
LESS: Transfers to restricted surplus	(3,798,859)	(3,660,994)
LESS: Capital expenditures	(7,420,177)	(9,079,800)
	\$ -	\$ -
Budget approved by Council	\$ -	\$ -

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

17. RESTRICTED SURPLUS

	2019	2018
Capital Restricted Surplus		
General Government	\$ 77,667	\$ 77,667
Protective Equipment	5,363,718	3,408,983
Transportation Equipment	2,188,888	2,250,415
Road Construction	1,597,855	1,530,884
Bridge Construction	1,941,126	1,366,520
Gravel Crushing	148,249	190,717
Mossleigh Water Treatment Plant - Recovery	(442,203)	(458,741)
Environment Development Equipment	144,793	126,945
Air Transport	20,000	20,000
Capital Acquisition	6,407,471	7,105,423
Capital Contingency	970,682	970,682
	18,418,246	16,589,495
Operating Restricted Surplus		
Assessment Appeal	5,506	12,136
Community Enhancement	14,841	32,709
General Government Service	234,980	477,086
Protective Services	484,401	889,794
Transportation Contingency	670,011	1,109,523
Road Construction	410,673	1,086,352
Road Maintenance	185,261	458,307
Gravel Crushing	5,515,761	5,236,521
Uncrushed Gravel Inventory	4,351,891	4,351,891
Bridges	9,338	20,580
Water Management	39,706	87,512
Environment Treatment	561	1,237
Vulcan Hospital Project - Debenture Recovery	(1,634,537)	(1,755,834)
Planning and development	149,157	367,740
Agriculture Services	257,916	596,973
Recreation and Culture	678,769	483,443
Operating Contingency	925,056	1,874,693
	12,299,291	15,330,663
Total Restricted Surplus	\$ 30,717,537	\$ 31,920,158

In 2016, the County received a debenture for \$2,046,224 to fund the Vulcan Hospital Project. As at December 31, 2019, the County had contributed a total of \$2,046,224 of these funds towards this project, resulting in no amount remaining to be contributed based on the matching funds raised by the Vulcan County Health and Wellness Foundation. The debenture recovery for the Vulcan Hospital Project is a deficit from these contributions that is to be recovered by general tax levies at the same rate as the debenture principal repayments.

The upgrades to the Mossleigh Water Treatment Plant were a total of \$598,129 as at December 31, 2019. Council applied \$100,000 towards these upgrades, leaving \$498,129 in costs which will be recovered through an annual special water tax levy over a 20 year period. To date, there has been \$55,140 recovered by special water tax levies. The funds held in the Capital Acquisition Reserve were used to fund these upgrades and will be recovered by the special water tax levies.

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

18. SEGMENTED INFORMATION

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

General Government

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

Protective Services

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

Transportation Services

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

Agricultural Services

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

Planning and Development Services

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

Community Services

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

Utility Services

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

19. DEBT LIMITS

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

	2019	2018
Total debt limit	\$ 30,835,260	\$ 28,642,518
Total debt	1,649,815	1,784,341
Amount of debt limit unused	<u>\$ 29,185,445</u>	<u>\$ 26,858,177</u>
Debt servicing limit	\$ 5,139,210	\$ 4,773,753
Debt servicing	178,944	178,944
Amount of debt servicing limit unused	<u>\$ 4,960,266</u>	<u>\$ 4,594,809</u>

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

20. SALARY AND BENEFITS DISCLOSURE

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

	2019			2018
	Salary / Per Diems	Benefits & Allowances	Total	Total
Councillors				
Division 1 - Donovan	\$ 22,032	\$ 4,221	\$ 26,253	\$ 33,751
Division 2 - Cockwill	22,407	4,706	27,113	28,820
Division 3 - Schneider	36,380	4,521	40,901	41,824
Division 4 - Lyckman	28,782	4,221	33,003	31,270
Division 5 - Monner	22,157	4,186	26,343	27,008
Division 6 - Smith	19,532	4,221	23,753	24,061
Division 7 - Logan	21,782	4,821	26,603	29,020
Chief Administrative Officer - Petersen	\$ 175,782	\$ 30,742	\$ 206,524	\$ 179,251
Designated Officer(s)	116,322	26,102	142,424	138,253

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

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

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

21. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 265,813 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The County is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2019 were \$462,239 (2018 - \$477,710). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2019 were \$421,144 (2018 - \$435,452).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.469 billion dollars.

22. FINANCIAL INSTRUMENTS

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

The County is subject to credit risk with respect to taxes and grants in place of taxes receivables, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. With the global pandemic COVID-19, the County is further exposed to credit risk that tax payers may fail to meet their obligations.

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

23. CONTAMINATED SITES LIABILITY

The County has adopted PS3260 Liability for Contaminated Sites. The County did not identify any financial liabilities in 2019 (2018 - \$nil) as a result of this standard.

24. CONTINGENCIES

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

VULCAN COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

25. COMMITMENTS

Vulcan County is responsible for environmental reclamation costs of gravel pit sites. During the year, it was estimated that there was 259,740 cubic meters of exposed gravel pits for reclamation at an approximate cost of reclamation of \$2.42 per cubic meter. The estimated liability is based on the sum of discounted future cash flows for restoring the gravel pit; discounted at the County's borrowing rate of 3.7% and assuming annual inflation of 1.75%. The gravel pits have an estimated useful life ranging from 10 to 67 years depending on the quantity of gravel remaining in each pit. The gravel reclamation liability of \$319,179 is accrued under the other liabilities in the Statement of Financial Position. The reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year. There are sufficiently funded gravel reserves to cover the costs of the reclamation.

26. SUBSEQUENT EVENTS

During the year, the sale of a parcel of land was approved by Council. The transaction was not completed until February 3, 2020, and had a total value of \$940,600.

During the year, Council approved the purchase of land at \$10,000 per acre for the development of an industrial / commercial park. This was finalized in March 2020 for a total purchase price of \$788,000.

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the County, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the County's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the County is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The County's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The County will continue to focus on collecting receivables, managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

27. PRIOR YEAR FIGURES

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

28. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.