



2014

ANNUAL REPORT

Mackenzie County

For the year ending December 31, 2014





Mackenzie County

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TABLE OF CONTENTS

CORPORATE

- 3 Message from the Reeve
- 4 Mackenzie County ...The Organization

AUDITED FINANCIAL STATEMENTS

- 6 Auditor's Report
- 7 2014 Financial Statements
 - 7 Statement of Financial Position
 - 8 Statement of Operations
 - 9 Statement of Change in Net Financial Assets
 - 10 Statement of Cash Flows
 - 11 Schedule of Changes in Accumulated Surplus
 - 12 Schedule of Tangible Capital Assets
 - 13 Schedule of Property and Other Taxes
 - 14 Schedule of Government Transfers
 - 15 Schedule of Consolidated Expenses by Object
 - 16 Statement of Segmented Disclosure
 - 17 Notes to Financial Statements

2015 BUDGET HIGHLIGHTS

- 28 2015 Budget Highlights
- 29 2015 Projects
- 31 Long-Term Debt / Reserves
- 32 Regional Collaboration
- 33 Grants to Other Organizations

2014 ACTIVITY HIGHLIGHTS

- 34 2014 Activity Highlights

Vision Mission & Values

Our Vision is...

An enhanced quality of life, choices in community opportunities and healthy economic climate.

Our Mission is...

Through the effective use of resources, provide a reasonable and equitable level of service and endeavor to create a sustainable economic climate.

Our Organizational Values are...

Efficient, fiscally responsible organization that is sincere and approachable, treats people with respect and maintains a high degree of integrity.

MESSAGE FROM THE REEVE

On behalf of Mackenzie County Council, I am pleased to present you the Annual Report for 2014.

The Annual Report contains 2014 Audited Financial Statements, highlights of various departmental activities and statistics, and provides a 2015 budget highlights. The 2014 financial statements are a “snap shot” of the County’s financial position as of December 31, 2014. Mackenzie County continues to use the best municipal financial practices and remains in a strong financial condition.

The 2014 capital program included a few road improvement projects, such as paving of a road to the Heritage Center in La Crete, chip sealing multiple roads in the Hamlets of Fort Vermilion and La Crete; paving a road to the High Level Golf Course. Our municipal staff was working on repairing the roads damaged in the 2013 flood. The County was approved and was able to recover approximately \$1.2M in costs through the Disaster Recovery Program offered by Municipal Affairs. Some of the bridges and culverts repairs are still ongoing.

Year 2014 was marked with two “near” emergency events: power outage for over 24 hours in the middle of January and the ice jams on the Peace River. Through these events, we learn and get better prepared. Mackenzie County now has power generators at all of its water treatment plants to ensure there is no interruption in this service and that our plants do not freeze if another lengthy power outage takes place. Council and staff have placed more effort in educating our ratepayers regarding being self-prepared and prepare your family to sustain yourself for 72 hours in case of an emergency. Every May, during the Emergency Preparedness week, each fire department hosts a BBQ lunch at their respective fire halls. We appreciate everyone’s participation, so come out and meet your community’s heroes. Our Fire Departments are successful due to the local volunteers that are willing to donate their time and place the community priorities ahead of their own, for which we are thankful.

Our success lies in our ability to be strategic. Mackenzie County Council has a new 2015-2017 strategic plan. The plan identifies the top ten strategic priorities as determined by councillors. Mackenzie County has also been working on developing the Master Surface Water Management Plan and a Comprehensive Water Study. The Master Surface Water Management Plan is required as the overland spring flooding has been a chronic issue in some areas of the County. The Comprehensive Water Study assesses the current systems and looks into the future (thirty year span) for the Hamlets of Fort Vermilion and La Crete, and the rural areas. Mackenzie County currently has approximately 55 kilometers of rural potable water line. It has been proven that it is cost prohibitive to offer the direct potable water provision to every rural residence; however, Mackenzie County Council is placing a lot of emphasis on potable water delivery to our rural residents. Therefore, Mackenzie County Council is working on establishing a plan for rural potable water cardlocks.



Mackenzie County submitted an application for a grant under the Build Canada Fund (Small Communities Component) for extending the rural water line to Buffalo Head. If we are successful in our application, there is a possibility of having a new potable water cardlock in Buffalo Head. This will make the access to potable water more affordable, with convenient access for the rural ratepayers.

Mackenzie County Council continues strengthening our relationships with our municipal neighbours. Mackenzie County, the Towns of High Level and Rainbow Lake jointly applied for funds under the Alberta Community Partnership for replacing the regional hazardous materials unit. The three municipalities have a hazmat use agreement in place and we share the capital costs of acquiring this unit. Municipal Affairs granted \$350,000 towards this purchase. The Regional Housing Study was completed in 2014 and is now available to the public. The Regional Sustainability Study has been delayed but nevertheless we are working on bringing it to completion. Mackenzie County Council has also been participating in tri-county meetings with our neighbours to the south – the Municipal District of Opportunity and Northern Sunrise County. The kilometer markers along Highway 88 from Red Earth to the Highway 58 intersection were installed through this tri-county initiative. Sharing information and discussing various northern issues during these tri-council or tri-county meetings gives us greater lobbying power with the provincial government.

Considering the current economic situation in one of our main industries (oil & gas), we will likely have some challenges ahead of us. Meanwhile, Mackenzie County Council and Administration remain focused on the responsible and effective management of our County, and on maintaining the quality of life for our citizens and businesses who call Mackenzie County home. Mackenzie County truly has an excellent Council and staff team that is professional and well prepared to face whatever challenge may lie ahead.

I also would like to highlight the importance of the volunteering sector and the local non-profit groups and associations for successes in our municipality. On behalf of Mackenzie County, thank you for your contribution to make our Region a better place. Mackenzie County is committed to work with our volunteering sector towards enhancing various services and programs to people in our Region.

Thank you, the ratepayers, for your individual and collective contributions to keep our Region not only sustainable, but a place where people want to live, work, pray, play, prosper, and enjoy a great quality of life.

Thank you.

Respectfully yours,
Reeve Bill Neufeld

MACKENZIE COUNTY...THE ORGANIZATION

Establishment History

Mackenzie County became an incorporated municipality on January 1, 1995 when it was formed as a Municipal District from being an Improvement District.

The County received specialized municipality status on June 23, 1999 to address concerns about municipal government and management in a municipality that serves a number of unique communities within a very large territory. Therefore, provisions of the MGA and other enactments are modified.

Under the Specialized Municipality status the following matters are not valid unless passed at a council meeting to which 2/3 of the Councillors present at the meeting vote in favour of the bylaw or resolution:

- a) Procedures of the Council of the municipality;
- b) Remuneration of Councillors;
- c) Property tax;
- d) Changing the number of Councillors, the boundaries of wards or the methods of selecting a chief elected official;
- e) Appointing and terminating the chief administrative officer;
- f) Adopting a budget;
- g) Any other matter designated by the Council pursuant to the procedure as established under clause (a).

Then on March 8, 2007 the municipality's name was changed from Municipal District of Mackenzie No. 23 to Mackenzie County.

Demographics

Population	10,927 (urban 3,750, rural 7,222)
Total Area of Municipality	7,761,580 hectares
Total Area of Farmland	790,000 acres
Number of Hamlets	3 (La Crete, Fort Vermilion, Zama)
Number of Dwelling Units	3,203
Total Full-Time Positions	72 (plus 20 seasonal)
Length of Roads	1891.62 km (includes 101 km of paved roads & streets)
Length of Water Mains	153.71 km
Length of Wastewater Mains	67.79 km
Length of Storm Water Drains	10.09 km
Vehicle Fleet (incl. fire equip)	72 (cost ≥ \$5,000/unit)
Equipment (incl. graders)	183 (cost ≥ \$5,000/unit)
Building Structures	91 (cost ≥ \$5,000/unit)
Bridges (incl. culverts over 5' in diameter)	72 (cost ≥ \$5,000/unit)

Boards & Committees

Internal Boards/Committees

Aboriginal Consultation Committee | Agricultural Appeal Board
 Agricultural Land Use Planning | Agriculture Service Board
 Amalgamation of Housing Boards Implementation Comm.
 Assessment Review Board
 Buffalo Head Drainage Ad Hoc Committee
 Community Services Committee
 Community Sustainability Committee
 Emergency Response Committee | Finance Committee
 Inter-Municipal Planning Commission
 Inter-Municipal Subdivision & Development Appeal Board
 Land Use Framework Ad Hoc Joint Committee
 Mackenzie Housing Management Board
 Mackenzie Library Board | Municipal Planning Commission
 Public Works Committee
 Regional Sustainability Study Committee
 Subdivision & Development Appeal Board
 Tompkins Crossing Committee

External Boards/Committees

Caribou Mountains Wildland Advisory Committee
 Community Futures Northwest | Deh Cho Travel Connection
 Hay Zama Committee, Bison Advisory & Tourism
 High Level Forests Public Advisory Committee
 High Level Recreation Facility Task Force
 La Crete Community Adult Learning Council
 Mackenzie Applied Research Association
 Mackenzie Frontier Tourist Association
 Mackenzie Regional Community Policing Society
 Mackenzie Regional Waste Management
 Mighty Peace Watershed Alliance
 Northeast Community Adult Learning Council
 Northern Lights Forest Education Society
 Northern Transportation Advisory Council
 Partners in Prevention Committee
 Regional Economic Development Initiative
 Veterinary Services Inc.
 Recreation Boards | Family & Community Support Services

MACKENZIE COUNTY...THE ORGANIZATION

Governance

Mackenzie County is divided into ten electoral areas called wards. Each ward has a Councillor that has been elected by citizens within his/her ward boundaries. Each Council member serves a four-year term. The elected Council then elects a Reeve and Deputy Reeve from within, on an annual basis at their Organizational Meeting.

In addition to attending Regular Council Meetings (2 per month during regular business hours), Council Members also attend community functions and serve on a variety of internal and external committees. The Reeve is ex-officio for all Council committees and boards, while Councillors select representatives for these committees during their annual Organizational Meeting.

Council provides direction, makes strategic policy decisions, represents the public's interests, and performs the duties of Councillors as per the Municipal Government Act.

Council's effectiveness depends on Councillors providing input on their areas while thinking and voting for the whole municipality.



Bill Neufeld
Reeve
Ward 2



Walter Sarapuk
Deputy Reeve
Ward 8



Josh Knelsen
Councillor
Ward 1



Eric Jorgensen
Councillor
Ward 6



Peter F. Braun
Councillor
Ward 3



Ricky Paul
Councillor
Ward 7



John W. Driedger
Councillor
Ward 4



Jacquie Bateman
Councillor
Ward 9



Elmer Derksen
Councillor
Ward 5



Lisa Wardley
Councillor
Ward 10

2014 AUDITED FINANCIAL STATEMENT



Wilde and Company

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Mackenzie County

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mackenzie County, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mackenzie County as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, AB
April 29, 2015

Wilde + Company
Chartered Accountants

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	9,124,124	22,076,042
Receivables		
Taxes receivable (Note 4)	480,919	1,303,028
Due from governments	3,448,833	2,530,298
Trade and other receivables	1,048,261	317,163
Land held for resale	3,445	23,001
Investments (Note 5)	16,923,478	4,629,142
	31,029,060	30,878,674
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	6,575,233	6,719,717
Deposit liabilities	498,764	127,628
Deferred revenue (Note 7)	1,148,657	3,452,608
Long term debt (Note 8)	17,905,171	19,996,101
	26,127,825	30,296,054
NET FINANCIAL ASSETS	4,901,235	582,620
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	186,226,079	180,090,804
Inventory for consumption (Note 10)	2,427,612	1,647,847
Prepaid expenses	295,815	289,821
	188,949,506	182,028,472
ACCUMULATED SURPLUS (Note 14)	193,850,741	182,611,092
Contingent liability (Note 17)		

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Operations
As at December 31, 2014

	Budget \$ (Unaudited)	2014 \$	2013 \$
Revenues			
Net municipal taxes (Schedule 3)	26,516,454	27,163,414	24,506,114
User fees and sales of goods	4,212,096	4,317,992	3,279,255
Government transfers for operating (Schedule 4)	1,433,905	1,867,856	1,821,614
Investment income	326,000	422,686	377,428
Penalties and costs on taxes	140,000	444,838	240,452
Licenses, permits and fines	338,000	527,160	404,161
Rentals	77,591	124,928	107,152
Other	457,020	757,181	853,925
Total revenue	33,501,066	35,626,055	31,590,101
Expenses			
Legislative	770,981	616,187	699,307
Administration	5,827,549	6,368,493	5,199,528
Protective services	1,836,706	1,659,804	1,265,344
Transportation	16,565,674	15,381,422	12,949,016
Environmental use and protection	5,581,392	4,864,383	4,567,188
Family and community support	693,841	693,797	611,618
Planning, development and agriculture	3,239,424	2,454,154	2,446,643
Recreation and culture	2,334,789	2,011,984	1,789,699
Loss on disposal of capital assets	216,891	218,676	5,477
Total expenses	37,067,247	34,268,900	29,533,820
Excess of revenue over expenses before Government transfers	(3,566,181)	1,357,155	2,056,281
Government transfers for capital (Schedule 4)	16,461,583	8,481,362	4,954,981
Contributed assets	646,970	1,401,132	150,000
Other capital contributions	-	-	57,455
Excess of revenues over expenses	13,542,372	11,239,649	7,218,717
Accumulated surplus - beginning of the year	182,611,092	182,611,092	175,392,375
Accumulated surplus - end of the year (Schedule 1)	196,153,464	193,850,741	182,611,092

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2014

	Budget \$ (Unaudited)	2014 \$	2013 \$
Excess of revenue over expenses	13,542,372	11,239,649	7,218,717
Acquisition of tangible capital assets	(32,028,115)	(13,757,970)	(22,909,309)
Contributed tangible capital assets	(646,970)	(1,401,132)	-
Proceeds on disposal of tangible capital assets	556,000	553,000	1,523
Amortization of tangible capital assets	8,241,398	8,252,151	7,213,240
Loss on sale of tangible capital assets	216,891	218,676	5,477
	(23,660,796)	(6,135,275)	(15,689,069)
Acquisition of prepaid assets	-	(5,994)	(64,850)
Use (acquisition) of supplies inventories	(979,509)	(779,765)	250,883
Use of deposit assets	-	-	24,596
	(979,509)	(785,759)	210,629
(Increase) decrease in net assets	(11,097,933)	4,318,615	(8,259,723)
Net financial assets, beginning of year	582,620	582,620	8,842,343
Net financial assets, end of year	(10,515,313)	4,901,235	582,620

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2014

	2014 \$	2013 \$
Operating		
Excess of revenue over expenses	11,239,649	7,218,717
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	8,252,151	7,213,240
Loss on disposal of tangible capital assets	218,676	5,477
Tangible capital assets received as contributions	(1,401,132)	-
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	822,109	(501,353)
Decrease (increase) in government receivables	(918,535)	2,348,476
Decrease (increase) in trade and other receivables	(731,098)	357,511
Decrease (increase) in inventory for consumption	(779,764)	250,883
Decrease in land held for resale	19,556	25,487
Increase in prepaid expenses	(5,994)	(64,850)
Decrease in deposit assets	-	24,596
Decrease in accounts payable and accrued liabilities	(144,486)	(37,228)
Increase in deposit liabilities	371,136	26,445
Increase (decrease) in deferred revenue	(2,303,951)	98,742
<i>Net cash provided by operating transactions</i>	14,638,317	16,966,143
Capital		
Acquisition of tangible capital assets	(13,757,970)	(22,909,309)
Proceeds on sale of tangible capital assets	553,000	1,523
<i>Net cash applied to capital transactions</i>	(13,204,970)	(22,907,786)
Investing		
Decrease (increase) in restricted cash or cash equivalents	2,303,951	(98,742)
Decrease (increase) in investments	(12,294,336)	163,713
<i>Net cash provided by investing transactions</i>	(9,990,385)	64,971
Financing		
Long term debt issued	-	10,400,000
Long term debt repaid	(2,090,929)	(1,826,572)
<i>Net cash provided by investing transactions</i>	(2,090,929)	8,573,428
Change in cash and cash equivalents during the year	(10,647,967)	2,696,756
Cash and cash equivalents, beginning of year	18,623,434	15,926,678
Cash and cash equivalents, end of year	7,975,467	18,623,434
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	9,124,124	22,076,042
Less: restricted portion of cash and temporary investments (Note 3)	(1,148,657)	(3,452,608)
	7,975,467	18,623,434

See accompanying notes

Page 5

Wilde & Company
Chartered Accountants

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Changes in Accumulated Surplus
As at December 31, 2014
Schedule 1

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital Assets	2014 \$	2013 \$
Balance, beginning of year	2,636,989	7,761,877	12,117,523	160,094,703	182,611,092	175,392,375
Excess of revenues over expenses	11,239,649	-	-	-	11,239,649	7,218,717
Unrestricted funds designated for future use	(6,411,501)	1,502,508	4,908,993	-	-	-
Restricted funds used for operations	1,612,874	(1,605,110)	(7,764)	-	-	-
Restricted funds used for TCA	-	(1,452,023)	(1,159,094)	2,611,117	-	-
Current year funds used for TCA	(11,146,854)	-	-	11,146,854	-	-
Contributed TCA	(1,401,132)	-	-	1,401,132	-	-
NBV of TCA disposed of	771,676	-	-	(771,676)	-	-
Annual amortization expense	8,252,151	-	-	(8,252,151)	-	-
TCA long term debt repaid	(2,090,929)	-	-	2,090,929	-	-
Balance, end of year	3,462,923	6,207,252	15,859,658	168,320,908	193,850,741	182,611,092

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2014
Schedule 2

	Land and Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014 \$	2013 \$
Cost							
Balance, beginning of year	10,173,365	18,372,712	319,250,256	9,601,032	4,091,041	361,488,406	338,633,523
Acquisition of tangible capital assets	13,782	14,575	6,729,285	2,411,034	37,880	9,206,556	21,878,619
Construction in progress	5,332	16,921	5,623,260	307,033	-	5,952,546	1,030,690
Disposal of tangible capital assets	-	-	-	(1,018,920)	-	(1,018,920)	(54,426)
Balance, end of year	10,192,479	18,404,208	331,602,801	11,300,179	4,128,921	375,628,588	361,488,406
Accumulated amortization							
Balance, beginning of year	653,447	3,180,904	173,163,411	2,765,561	1,634,279	181,397,602	174,231,788
Annual amortization	285,447	421,920	6,691,243	624,257	229,284	8,252,151	7,213,240
Accumulated amortization on disposals	-	-	-	(247,244)	-	(247,244)	(47,426)
Balance, end of year	938,894	3,602,824	179,854,654	3,142,574	1,863,563	189,402,509	181,397,602
Net book value of tangible capital assets							
	9,253,585	14,801,384	151,748,147	8,157,605	2,265,358	186,226,079	180,090,804
2013 Net book value of tangible capital assets	9,519,918	15,191,808	146,086,845	6,835,471	2,456,762		180,090,804

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Property and Other Taxes
As at December 31, 2014
Schedule 3

	Budget \$ (Unaudited)	2014 \$	2013 \$
Taxation			
Real property taxes	14,995,665	15,124,893	13,381,644
Linear property	17,920,920	18,384,128	17,396,117
Government grants in place of property taxes	127,340	96,224	94,060
Special assessments and local improvement taxes	267,599	354,999	248,707
	33,311,524	33,960,244	31,120,528
Requisitions			
Alberta School Foundation Fund	6,306,111	6,306,111	6,222,152
Homestead Seniors Lodge	488,959	490,719	392,262
	6,795,070	6,796,830	6,614,414
Net Municipal Taxes	26,516,454	27,163,414	24,506,114

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Government Transfers
As at December 31, 2014
Schedule 4

	Budget	2014	2013
	\$	\$	\$
	(Unaudited)		
Transfers for Operating			
Provincial Government	1,433,905	1,867,856	1,821,614
	1,433,905	1,867,856	1,821,614
Transfers for Capital			
Provincial Government	16,461,583	8,481,362	4,954,981
	16,461,583	8,481,362	4,954,981
Total Government Transfers	17,895,488	10,349,218	6,776,595

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Consolidated Expenses by Object
As at December 31, 2014
Schedule 5

	Budget \$ (Unaudited)	2014 \$	2013 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	8,840,706	7,605,577	7,284,930
Contracted and general services	8,207,240	6,556,867	6,176,668
Materials, goods, supplies and utilities	6,973,285	5,751,203	4,875,434
Transfers to other governments (Note 12)	1,811,810	1,711,647	1,786,210
Transfers to local boards and agencies	1,948,759	2,020,466	1,745,667
Bank charges and short term interest	36,000	39,831	17,865
Interest on long term debt	733,658	687,928	396,044
Amortization of tangible capital assets	8,241,398	8,252,151	7,213,240
Loss on disposal of tangible capital assets	216,891	218,676	5,477
Other operating expenditures	57,500	1,424,554	32,285
	37,067,247	34,268,900	29,533,820

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Segmented Disclosure
As at December 31, 2014
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total \$
Revenue								
Net municipal taxes	26,808,417	-	226,783	128,214	-	-	-	27,163,414
Government transfers for operations	100,000	50,000	1,221,786	-	261,397	-	234,673	1,867,856
User fees and sales of goods	28,199	242,393	180,681	3,767,383	8,245	91,091	-	4,317,992
Investment income	422,686	-	-	-	-	-	-	422,686
Other revenues	759,982	54,292	114,596	180,498	744,704	35	-	1,854,107
	28,119,284	346,685	1,743,846	4,076,095	1,014,346	91,126	234,673	35,626,055
Expenses								
Salaries, wages and benefits	1,868,501	383,139	3,083,896	1,096,037	886,978	287,026	-	7,605,577
Contracted and general services	1,332,557	848,782	1,759,032	1,303,491	1,114,155	195,438	3,412	6,556,867
Materials, goods, supplies and utilities	258,010	264,118	4,405,473	681,379	94,713	47,510	-	5,751,203
Transfers to local boards and agencies	1,711,647	-	-	-	185,498	1,144,583	690,385	3,732,113
Interest on long term debt	71,098	-	432,162	184,668	-	-	-	687,928
Other expenses	1,441,934	797	219,259	1,437	19,634	-	-	1,683,061
	6,683,747	1,496,836	9,899,822	3,267,012	2,300,978	1,674,557	693,797	26,016,749
Net revenue (expenditure) before amortization	21,435,537	(1,150,151)	(8,155,976)	809,083	(1,286,632)	(1,583,431)	(459,124)	9,609,306
Amortization of tangible capital assets	300,933	162,968	5,700,276	1,597,371	153,176	337,427	-	8,252,151
Net revenue (expenditure) before Government transfers	21,134,604	(1,313,119)	(13,856,252)	(788,288)	(1,439,808)	(1,920,858)	(459,124)	1,357,155
Government transfers for capital	-	-	3,299,307	5,182,055	-	-	-	8,481,362
Contributed assets	-	5,271	392,410	581,790	-	421,661	-	1,401,132
Net revenue	21,134,604	(1,307,848)	(10,164,535)	4,975,557	(1,439,808)	(1,499,197)	(459,124)	11,239,649

Wilde & Company
Chartered Accountants

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

1. Summary of significant accounting policies

The consolidated financial statements of the municipality 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to 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 are eliminated.

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 the 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.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditure 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.

(continues)

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY Notes to Consolidated Financial Statements Year Ended December 31, 2014

1. Summary of significant accounting policies *(continued)*

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Investments

Long term investments are recorded using the cost method. Under the cost method, the investment is initially recorded at cost, and earnings are recognized only to the extent received or receivable. In the case of a permanent loss in value, the investment is written down to the market value.

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.

Inventories 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.

(continues)

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

1. Summary of significant accounting policies *(continued)*

Gravel pit reclamation

Estimated environmental provisions, comprising pollution control, rehabilitation and pit closure, are based on the County's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognized as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalized as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognized as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement.

Government transfers

Government transfers are the transfer 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 in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(continues)

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

1. Summary of significant accounting policies (*continued*)

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 of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

a) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable 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	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-50
Machinery and equipment	5-15
Vehicles	10-25

Annual amortization is not charged in the year of acquisition or the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) Contributions of tangible capital assets

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

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

d) Inventories

Inventories consist of parts and supplies held for consumption, and gravel. Inventories of parts and supplies are carried at the lower of cost and replacement cost, with cost determined by the average cost method. Gravel pit reserves are recorded at cost and allocated to gravel supplies on a unit of production basis.

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

Section PS 3450 - Financial Instruments

The new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS1201, section PS 2601 and section PS 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2016.

3. Cash and temporary investments

	2014	2013
Cash	\$ 2,486,194	\$ 8,173,462
Temporary investments	6,637,930	13,902,580
	\$ 9,124,124	\$ 22,076,042

Temporary investments are short term deposits with original maturities of three months or less.

Council has designated funds of \$1,148,657 (2012 - \$3,344,994) included in the above amounts for capital projects.

4. Taxes receivable

	2014	2013
Taxes receivable - current	\$ 1,067,287	\$ 963,031
Taxes receivable - arrears	917,952	472,799
	1,985,239	1,435,830
Less: allowance for doubtful accounts	(1,504,320)	(132,802)
	\$ 480,919	\$ 1,303,028

Allowance for doubtful accounts is determined by management through identification of specific accounts.

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

5. Investments	2014		2013	
	Cost	Market value	Cost	Market value
Short term notes and deposits	\$ 15,019,739	\$ 15,047,088	\$ 2,992,399	\$ 2,947,820
Government and government guaranteed bonds	1,903,739	1,921,717	1,636,743	1,602,949
	\$ 16,923,478	\$ 16,968,805	\$ 4,629,142	\$ 4,550,769

Short term notes and deposits have effective interest rates of 2.06% to 4.10% with maturity dates between June 2015 and June 2024. Government and government guaranteed bonds have effective interest rates of 3.00% to 4.30% with maturity dates between June 2015 and September 2023.

6. Accounts payables and accrued liabilities

	2014	2013
Trade payables and accruals	\$ 3,334,621	\$ 3,768,066
Holdback payables	1,024,496	865,436
Gravel pit reclamation liability	1,684,596	1,552,221
Employee payable (wages and accrued overtime)	481,941	478,007
Long term debt interest payable	49,579	55,987
	\$ 6,575,233	\$ 6,719,717

7. Deferred revenue

	2014	2013
Prepaid local improvements	\$ -	\$ 107,614
Restricted grant funding	1,148,657	3,344,994
	\$ 1,148,657	\$ 3,452,608

The use of these funds are restricted to eligible projects as approved under the agreements. Unexpended funds are supported by cash and temporary investments. (Note 3)

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

8. Long term debt	2014	2013
Tax supported debentures	\$ 17,905,171	\$ 19,996,101

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,669,369	\$ 621,194	\$ 2,290,564
2016	1,578,512	562,323	2,140,835
2017	1,575,520	505,190	2,080,710
2018	1,618,408	448,429	2,066,837
2019	1,319,527	392,813	14,561,692
Thereafter	10,143,835	2,645,517	12,789,352
	<u>\$ 17,905,171</u>	<u>\$ 5,175,466</u>	<u>\$ 23,080,637</u>

The current portion of the long term debt amounts to \$1,669,369 (2013 - \$2,090,929).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.44% to 4.50% per annum and matures in periods 2015 through 2033. The weighted average annual interest rate is 3.55% for 2014 (3.57% for 2013).

Debenture debt is issued on the credit and security of the municipality at large.

Interest on long term debt amounted to \$687,928 (2013 - \$396,044).

The municipality's total cash payments for interest in 2014 were \$694,335 (2013 - \$413,909).

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

9. Debt limits

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

	2014	2013
Total debt limit	\$ 53,439,083	\$ 47,385,152
Total debt	(17,905,171)	(19,996,101)
Amount of debt limit unused	\$ 35,533,912	\$ 27,389,051
Debt servicing limit	\$ 8,906,514	\$ 7,897,525
Debt servicing	(2,290,564)	(2,785,263)
Amount of debt servicing limit unused	\$ 6,615,950	\$ 5,112,262

The debt limit is calculated at 1.5 times 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.

10. Inventory for consumption

	2014	2013
Parts and supplies	\$ 818,333	\$ 794,700
Gravel	1,609,279	853,147
	\$ 2,427,612	\$ 1,647,847

11. Equity in tangible capital assets

	2014	2013
Tangible capital assets (Schedule 2)	\$375,628,588	\$361,488,406
Accumulated amortization (Schedule 2)	189,402,509)	181,397,602)
Long term debt (Note 8)	(17,905,171)	(19,996,101)
	\$168,320,908	\$160,094,703

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

12. Transfers to other governments

	2014	2013
Town of High Level	\$ 926,023	\$ 993,423
Town of Rainbow Lake	785,624	792,787
	\$ 1,711,647	\$ 1,786,210

13. Segmented disclosure

The municipality provides a range of services to its ratepayers. 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 accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

14. Reserves and accumulated surplus

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

	2014	2013
Equity in tangible capital assets (Note 11)	\$168,320,908	\$160,094,703
Operating reserves (Schedule 1)	6,207,252	7,761,877
Capital reserves (Schedule 1)	15,859,658	12,117,523
Accumulated operating fund	3,462,923	2,636,989
	\$193,850,741	\$182,611,092

The total reserve balances include approximately \$1,112,798 committed to projects commenced and/or tendered in 2014.

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

15. 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:

			2014	2013
	Salary (1)	Benefits & allowances (2)		
William Neufeld - Reeve	\$ 42,350	\$ 220	\$ 42,570	\$ 53,933
John W. Driedger	42,450	220	42,670	39,633
Lisa Wardley	32,550	1,740	34,290	40,107
Peter Braun	39,450	1,740	41,190	45,107
Walter Sarapuk	26,300	1,877	28,177	34,307
Diedrich Driedger	-	-	-	38,089
Jacque Bateman	24,750	220	24,970	31,233
Odell Flett	-	-	-	34,193
Eric Jorgensen	39,350	220	39,570	36,632
Elmer Derksen	34,650	220	34,870	39,132
Josh Knelsen	33,450	220	33,670	5,606
Ricky Paul	28,450	220	28,670	8,507
Chief Administrative Officer	209,368	29,089	238,457	225,445
	\$ 553,118	\$ 35,986	\$ 589,104	\$ 631,924

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, and long and short term disability plans.

16. Local Authorities Pension Plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The municipality is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2014 were \$511,425 (2013 - \$425,591). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2014 were \$471,272 (2013 - \$389,103).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

2014 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

17. Contingent liability

The municipality is a member of the Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the municipality 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.

In the normal conduct of operations, various legal claims are pending against the County in connection with road maintenance and construction, and other matters. The County carries liability insurance, subject to certain deductibles and policy limits, against such claims. Administration believes that the County has recognized adequate provisions of probable and reasonably estimable liabilities associated with these claims, and that their ultimate resolutions will not have a material adverse effect on the financial position of the County or its financial activities.

18. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality 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 municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

19. Approval of financial statements

Council and Management have approved these financial statements.

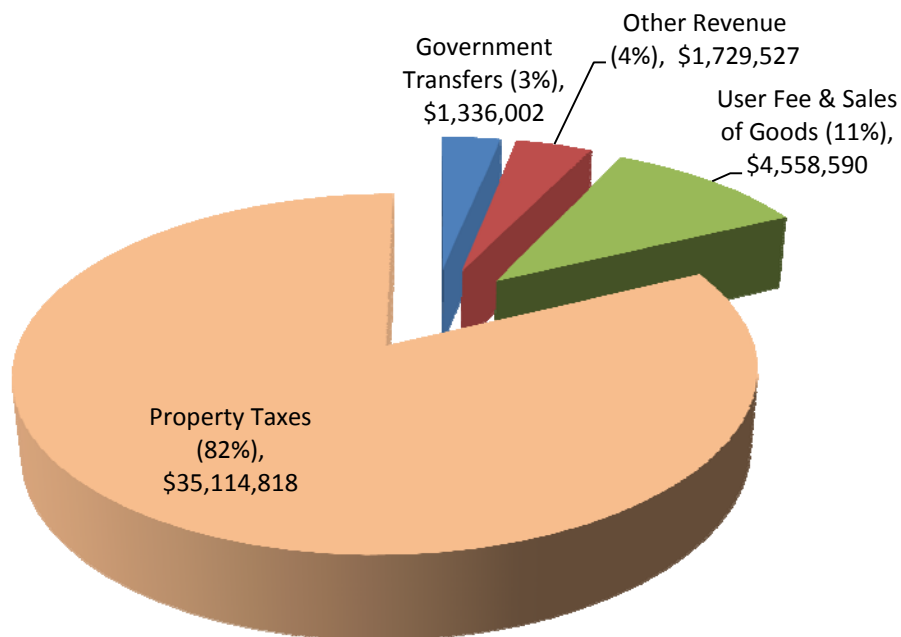
20. Budget amounts

Budget amounts are included for information purposes only and are not audited.

2015 BUDGET HIGHLIGHTS

Under the Municipal Government Act, each council must adopt an operating and capital budget for each calendar year. Mackenzie County Council reviewed, deliberated and adopted the 2015 operating and capital budgets. Council has the drive and energy to build a fiscally responsible, results-oriented culture and enjoy working in a publicly accountable environment. Council directed administration to prepare draft budgets which maintain the same level of services.

2015 Operating Revenues



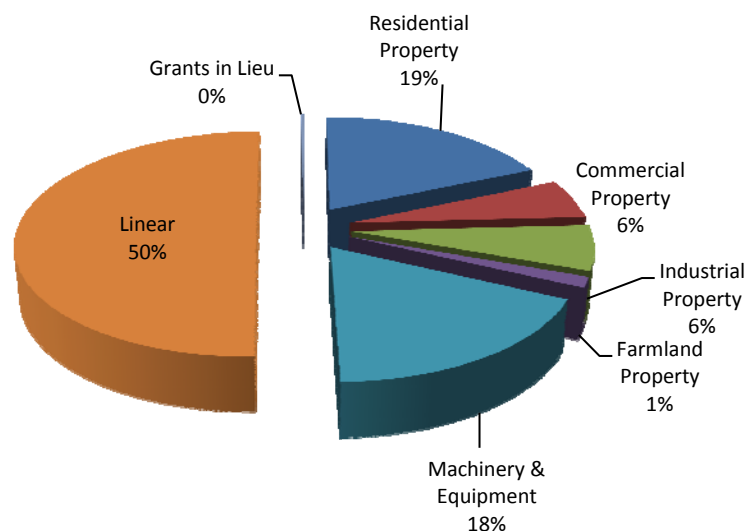
Total operating revenues are projected to be \$35.46 million (5% increase over 2014).

This increase is associated with increases in tax revenue, utilities rates, and safety permit fees. There will also be a decrease in provincial grant monies for operating purposes.

Total operating expenses, excluding requisition transfers but including amortization of tangible capital assets, are projected to be \$38.40 million, which is an overall 11% increase from 2014. The increase is mainly due to wages and salaries, bridge repairs and maintenance, engineering, professional services, projected electricity cost and a higher depreciation charge as a result of infrastructure that was completed in 2014. These increases will be offset, in part, by decreases in interest on long term debt. The schools requisition transfer will be \$6,535,310 (2014 - \$6,306,111), and the seniors lodge requisition transfer will be \$783,885 (2014 - \$490,719).

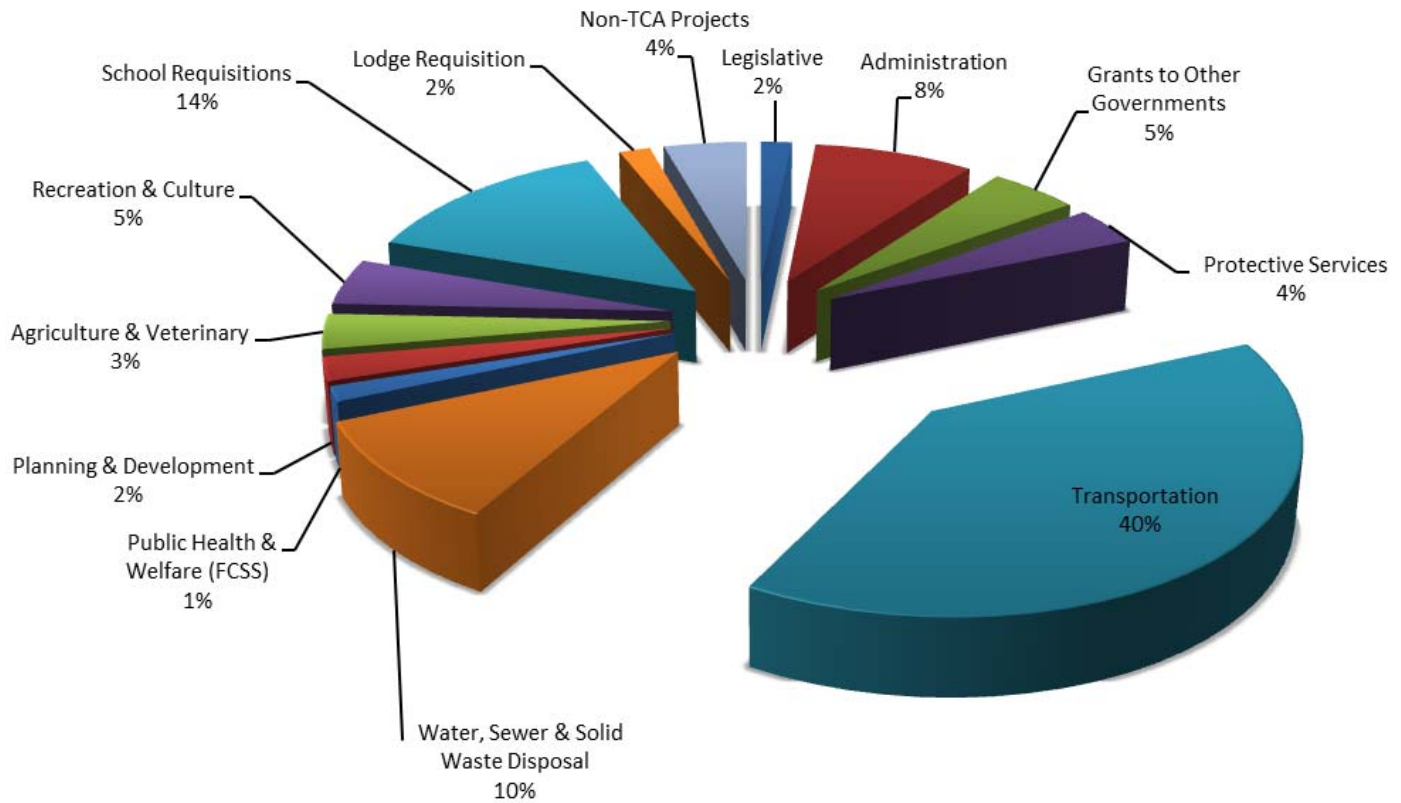
Operating expenses include \$402,500 in grants to non-profit groups and bursaries, \$293,341 to FCSS (Family and Community Support Services), \$1,105,901 to recreation boards, and \$228,000 to the Mackenzie Library Board. In order to support the regional services provision, the County entered into agreements with the neighbouring municipalities of the Towns of High Level and Rainbow Lake. The 2015 transfer to these local governments is projected to be \$2,287,400.

2015 Municipal Tax Revenue



2015 BUDGET HIGHLIGHTS

2015 Operating Expenses



2015 Projects

The new 2015 capital projects are estimated at \$14,319,253 and are projected to be funded as follows:

	TCA	Non-TCA	Total	%
Municipal Tax Revenue	\$ 3,318,857	\$ 528,600	\$ 3,847,457	27%
Restricted Surplus (Reserves)	\$ 2,321,068		\$ 2,321,068	16%
Provincial/Federal Grants*	\$ 7,186,524	\$ 200,000	\$ 7,386,524	52%
Other Revenues (developer's contributions, sales proceeds)	\$ 764,203		\$ 764,203	5%
	\$13,590,653	\$ 728,600	\$14,319,253	

*Please note that the federal grants include projects under the Small Communities Grant that has not yet been approved for funding.

2015 BUDGET HIGHLIGHTS

2015 Projects

The major projects for 2015 are:

Administration	Airports	Agricultural Services
<ul style="list-style-type: none"> General Office Improvements La Crete Library Building Zama House Purchase Land Purchases from Alberta Environment & Sustainable Resource Development 	<ul style="list-style-type: none"> La Crete Apron Pave Extension Completion of Prior Year Projects PAPI Lights 	<ul style="list-style-type: none"> Buffalo Head, Steep Hill and Bear River Drainage Project Blue Hills Erosion Repair Completion of High Level Drainage
Fire Department	Parks & Playgrounds	Planning & Development
<ul style="list-style-type: none"> Fire Pumper Truck FV Fire Department General Fire Equipment Pagers with new Radio System Fire Chief Truck 	<ul style="list-style-type: none"> Campground expansion at Hutch Lake Firewood Splitter Machesis Lake Water Well Wadlin Lake Campground expansion 	<ul style="list-style-type: none"> La Crete Streetscape Design Guide Fort Vermilion Heritage Design Guide Economic Development Action Plan
Recreation	Sewer Disposal	Solid Waste Disposal
<ul style="list-style-type: none"> Various Capital Improvements for the Recreation Boards in Zama, La Crete, and Fort Vermilion 	<ul style="list-style-type: none"> Lift Station Upgrade (ZA)* Sewer Flusher (ZA & FV) Main Lift Station Repair & Modification (LC) Sanitary Sewermain Upgrades (LC) Lift Station 5 Grinder (LC) 49th Avenue Sewer Repair (FV) 	<ul style="list-style-type: none"> Waste Bins and Waste Transfer Station Upgrades (Blue Hills, La Crete) Transfer Station Composting Program for Fort Vermilion & La Crete
Transportation	Water Treatment and Distribution	
<ul style="list-style-type: none"> Paving La Crete 99th Avenue from 101 Street to 104 Avenue Paving Fort Vermilion 48th Street Zama Access Paving* Rocky Lane Road Repair Blumenort Road & Rebuild Mile #3 on La Crete North Road Various rural road repairs including shoulder pulls New Snow Plow Truck (LC) Used Water Truck Gravel Truck and Trailer Grader Replacements (3) 	<ul style="list-style-type: none"> Mackenzie Potable Water Supply Study Master Meter Installation Filter Media Replacement (LC) 48th Ave Waterline Replacement (FV) Booster Station and Truck Fill (FV)* Hydrant Replacement (FV) Distribution Pumphouse Upgrade (ZA)* Frozen Water Services Repairs (River Road) (FV) Raw Water Truck Fill (FV & LC) Blue Hills Waterline Buffalo Head Cardlock 	

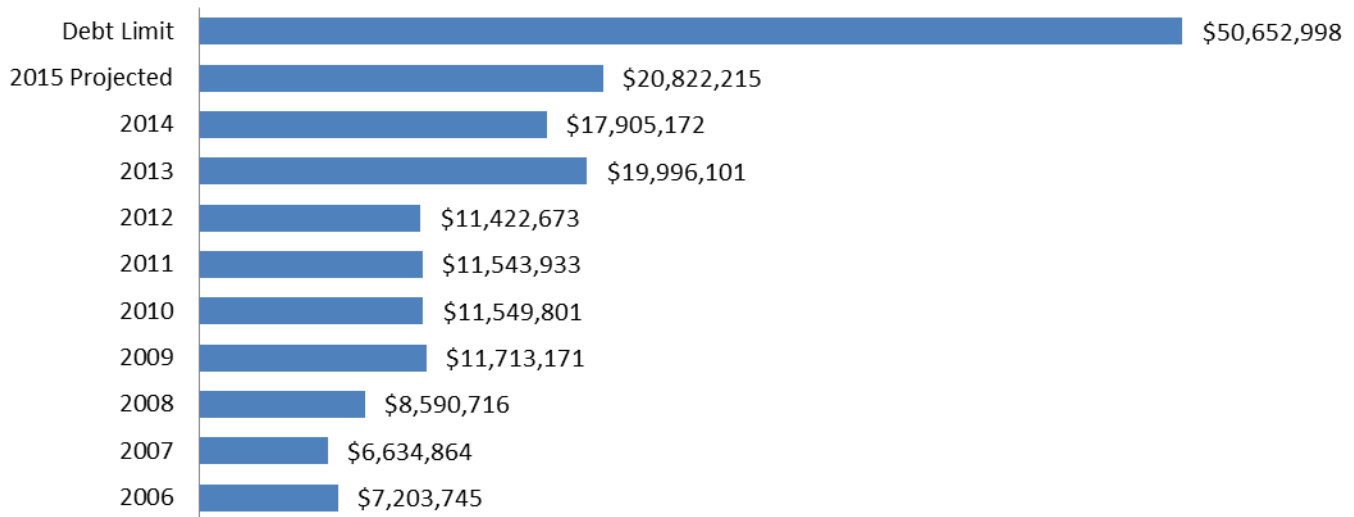
* projects subject to grant approval.

2015 BUDGET HIGHLIGHTS

What is the County's long-term debt?

The County has been borrowing funds for major capital projects. All of the County's debentures are arranged through the Alberta Capital Finance Authority who offers low fixed rates.

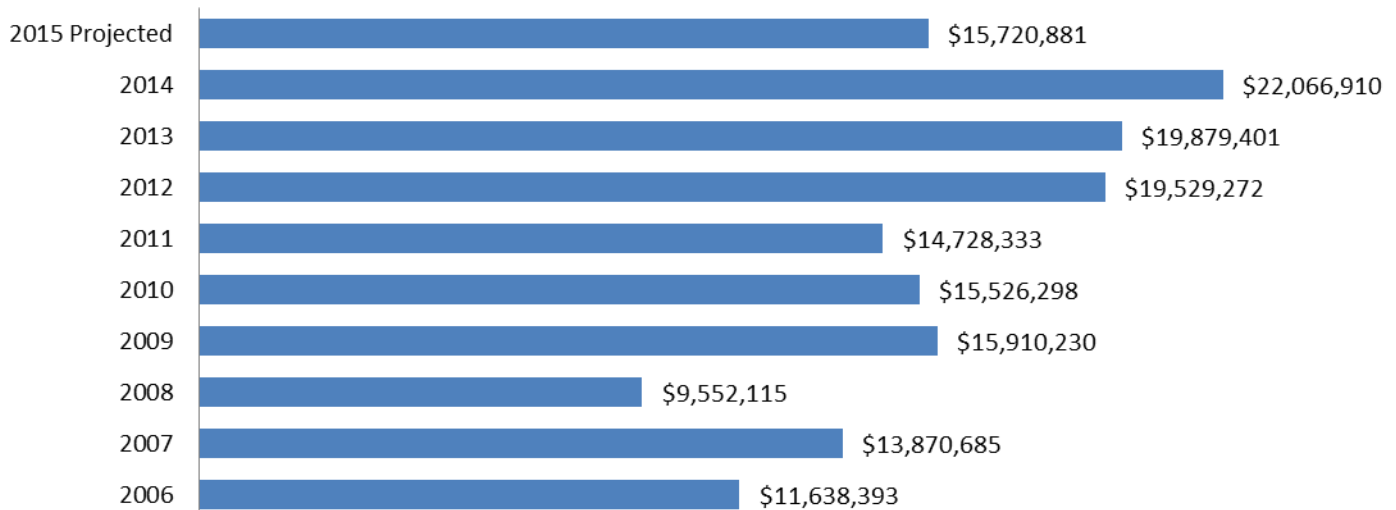
The Municipal Government Act and Alberta Regulation 255/00 defines the debt limits for municipalities. If the borrowing takes place as intended based on the preapproved bylaws, the County will be at 41% of its allowable debt limit on December 31, 2015 as permitted under MGA, AR 255/00.



Does the County have reserves?

In general, establishing reserves and setting aside a specified amount of funds annually assists in long term financial planning, and assists in maintaining a stable taxation structure.

Council has established various reserve policies. These policies define the purpose, permitted uses (must have a motion of Council), targeted minimum and maximum reserve levels, and the annual minimum contributions.



2015 BUDGET HIGHLIGHTS

Does the County cost share with local municipalities?

The Mackenzie Region has three incorporated municipalities within its boundaries: Mackenzie County, Town of High Level and Town of Rainbow Lake. Three municipalities are continually working together on regional sustainability initiatives.

Agreements with the Town of High Level

Mackenzie County has a Regional Service Sharing Agreement (RSSA) and an Inter-Municipal Development Plan (IMDP) agreement with the Town of High Level. The purpose of the RSSA is to share certain services provided by the Town to the County's residents residing within close proximity to the Town and/or regionally. These services are recreation, airport, fire protection, and potable water (Footner line north of the Town).

Based on the agreement, the County shares revenues from service areas (defined as 40 kilometers radius around the Town) in exchange for provision of these services. An annual payment is equal to 25% for the property tax levied by the County against all properties in the service area or \$500,000,

whichever is larger for any given year. In addition, the County funds the Town's capital projects at the following rates: 20% for recreation projects, 30% for airport projects and 50% for fire protection projects. Total contributed dollars vary and based on the actual capital projects undertaken by the Town.

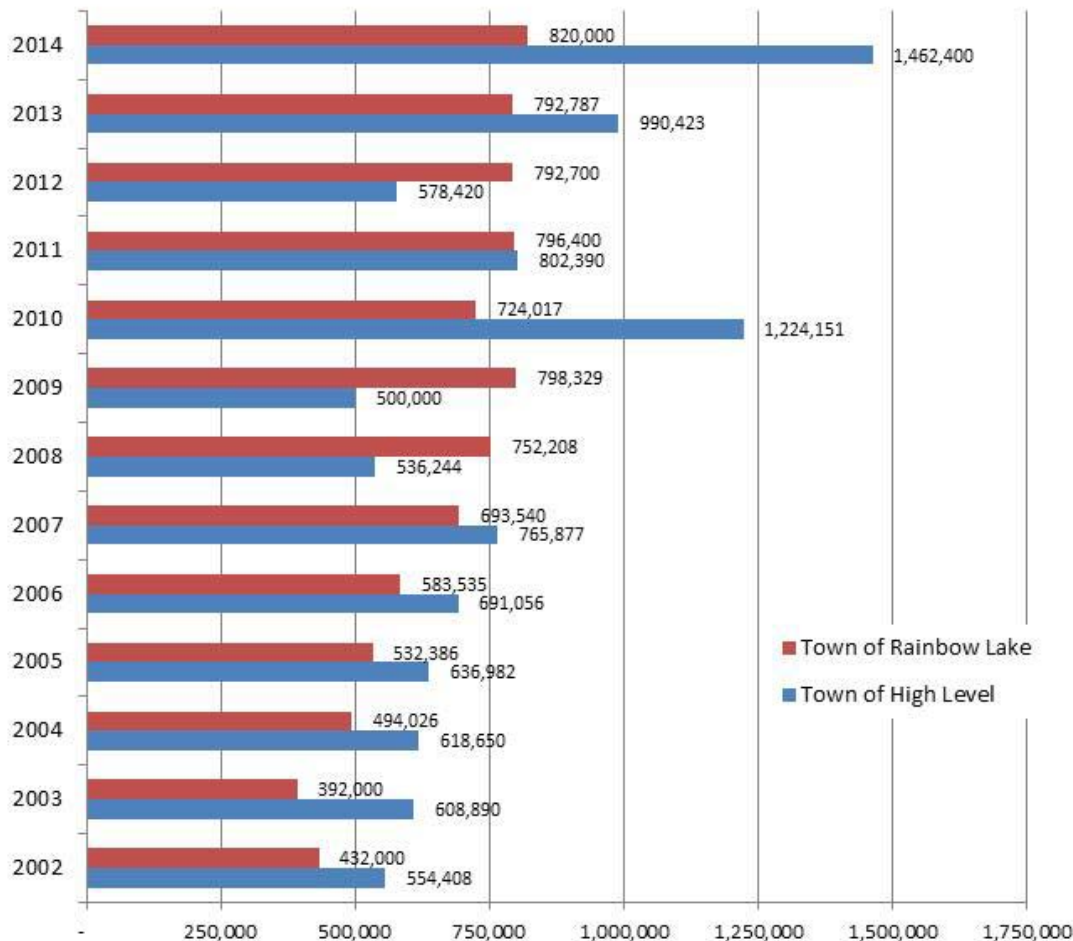
The purpose of the IMDP is to jointly control the development within an area around the Town of High Level. This is accomplished through a joint Inter-Municipal Planning Commission that meets on a monthly basis to review the proposed developments within the specified area.

Agreement with the Town of Rainbow Lake

Mackenzie County Council recognizes the small urban centre, "one industry town" challenges experienced by the Town of Rainbow Lake. Therefore, the County and the Town entered into a revenue sharing agreement. The agreement is meant to assist the Town through a consistent and predictable funding source. The Town uses this funding for provision of services to their residents. The agreement is based on a formula that fluctuates upon changes in assessment in a sphere of influence

defined in the agreement, resulting in approximately 10% (approximately \$800K) payment per annum of the total property tax collected within the sphere of influence.

Alberta municipalities are encouraged to collaborate with each other for the provision of services. Cooperation and collaboration promotes effective and efficient use of resources and reduces duplication of services. The chart to the right shows the cost-shared amounts provided by Mackenzie County to the Town of High Level and the Town of Rainbow Lake since 2002.



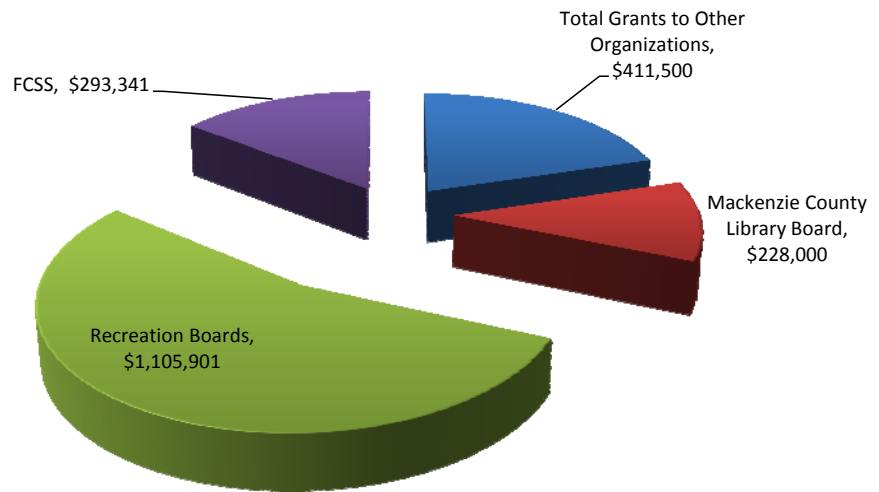
2015 BUDGET HIGHLIGHTS

Grants to Other Organizations

County Council recognizes the value of volunteers and the non-profit groups operating within the region. The application deadline is September 30th of each year. The 2014 operating budget includes \$1,891,012 in funding that will be provided to FCSS, Recreation Boards, and numerous other non-profit organizations.

Council has approved the following grants during budget deliberations:

2014 Grants to Not-for-Profit Organizations



Grants to Non-Profit Groups and Organizations	2015	2014	2013	2012
Zama Chamber of Commerce	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Rocky Lane Agricultural Society	28,000	28,000	43,000	26,000
Fort Vermilion School Division - Rocky Acres	-	50,000	50,000	50,000
Golden Range Society (High Level)	-	-	5,000	-
High Level Agricultural Exhibition Association	10,000	-	-	-
High Level Rural Community Hall	17,000	10,000	25,000	25,000
Watt Mountain Wanderers	10,000			
La Crete Agricultural Society	75,000	75,000	75,000	75,000
La Crete Area Chamber of Commerce	23,000	23,000	23,000	23,000
La Crete Field of Dreams Stampede Committee	-	-	5,000	5,000
La Crete Meals for Seniors	4,000	4,000	4,000	4,000
La Crete Seniors' Inn (drop-in centre)	3,000	3,000	3,000	3,000
La Crete Polar Cats	5,000	-	15,000	-
La Crete Walking Trails	10,000	-	10,000	10,000
La Crete Recreation Director	50,000			
Fort Vermilion Agricultural Society	25,000	25,000	25,000	25,000
Fort Vermilion Area Board of Trade	12,000	17,000	12,000	12,000
Fort Vermilion Mackenzie Applied Research Station	-	32,000	50,000	-
Fort Vermilion Recreation Society - 225th Anniversary Celebration	-	-	10,000	-
Fort Vermilion Royal Canadian Legion, Branch 243	6,000	6,000	6,000	6,000
Fort Vermilion Seniors' Club	4,000	4,000	4,000	4,000
Fort Vermilion Walking Trail	10,000	-	10,000	10,000
Fort Vermilion Skate Park	10,000	-	-	-
Fort Vermilion Youth Programs	5,000	-	-	-
Cemeteries	3,500	3,500	3,500	3,500
High School Bursaries	25,000	25,000	25,000	25,000
Rainbow Lake Youth Centre Society	10,000	10,000	-	-
Regional Economic Development Initiative (REDI)	28,000	28,000	28,000	28,000
Mackenzie Regional Community Policing Society	-	10,000	-	-
Mackenzie Tourism (DMO)	15,000	15,000	15,000	15,000
Miscellaneous	15,000	15,000	15,000	15,000
Total Grants to Other Organizations	\$ 411,500	391,500	469,500	372,500
Mackenzie County Library Board	\$ 228,000	226,026	226,026	186,756
Recreation Boards	\$1,105,901	983,215	893,421	1,152,876
FCSS	\$ 293,341	293,341	293,341	293,341
	2,038,742	1,894,082	1,882,288	2,005,473

The County has an operating agreement with the La Crete Agricultural Society whereby the County pays all conventional utilities for the La Crete Heritage Centre.

The County has a cemetery funding policy whereby each cemetery that is located within Mackenzie County receives a \$500 maintenance grant annually.

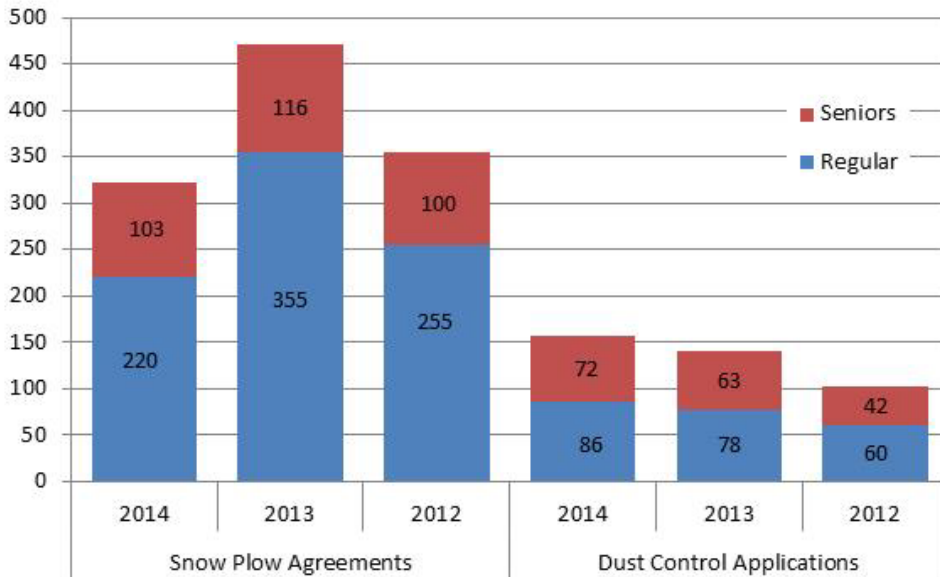
The County provides operating and capital funding to the Fort Vermilion, La Crete, and Zama recreation boards. The recreational boards operate the County-owned facilities and provide a range of programs and activities to local residents and visitors.

The County provides funding towards the provision of FCSS programs and activities.

2014 ACTIVITY HIGHLIGHTS

Mackenzie County provides a variety of operational services year round. The following graphs are intended to provide a glimpse into the daily operations of our municipal services.

Snow Plow Agreements & Dust Control Applications



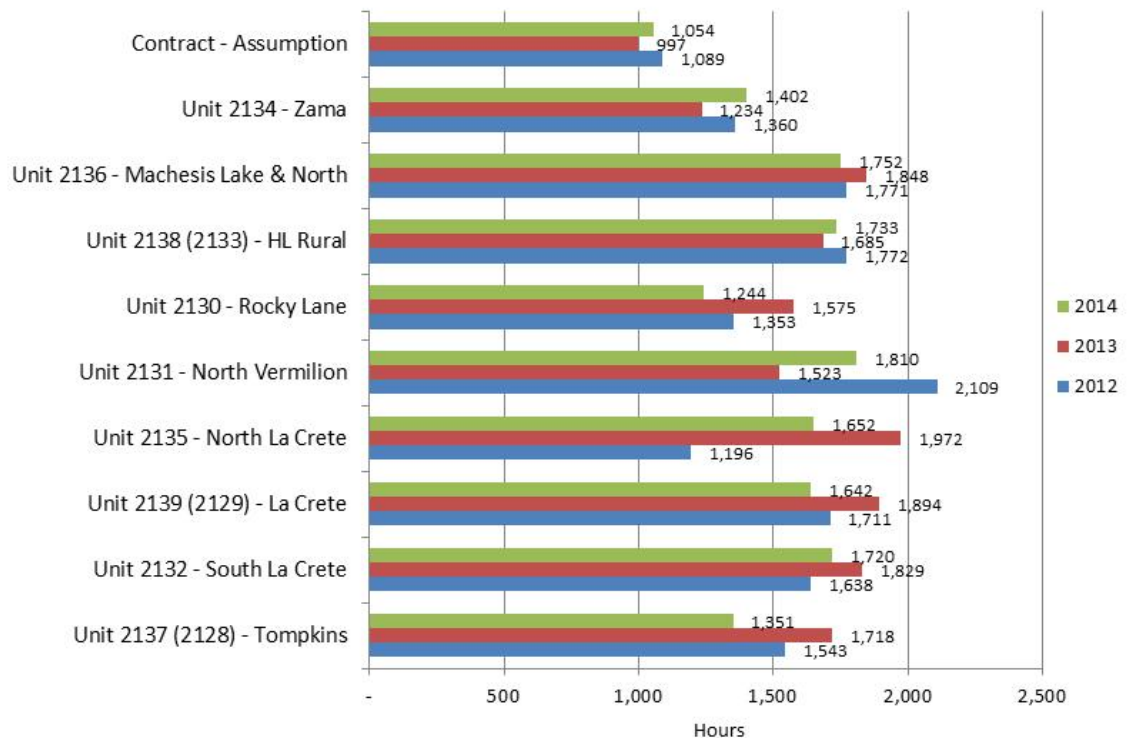
Mackenzie County has a winter maintenance flags program. Rural ratepayers have the option to purchase a flag at a cost of \$20 plus GST per flag for plowing service up to 1/4 mile.

The County applies dust control at their own cost along gravel roads within the Hamlets, within school zones, and at major intersections along County roads built to provincial highway standards as per Dust Control Policy PW009. Residents within the County may also apply to have dust control applied in front of their residence. This service is provided at a cost of \$500 per 200 linear meters with calcium chloride. This service is provided free of charge to Seniors.

Grader Beat Hours

The County has nine grader beats and one contract grader. Their hours of operation are indicated on the graph below. The variances in unit hours are due to weather, number of dust controlled areas, staff vacancies, etc.

The average grader beat is 205 kilometers.

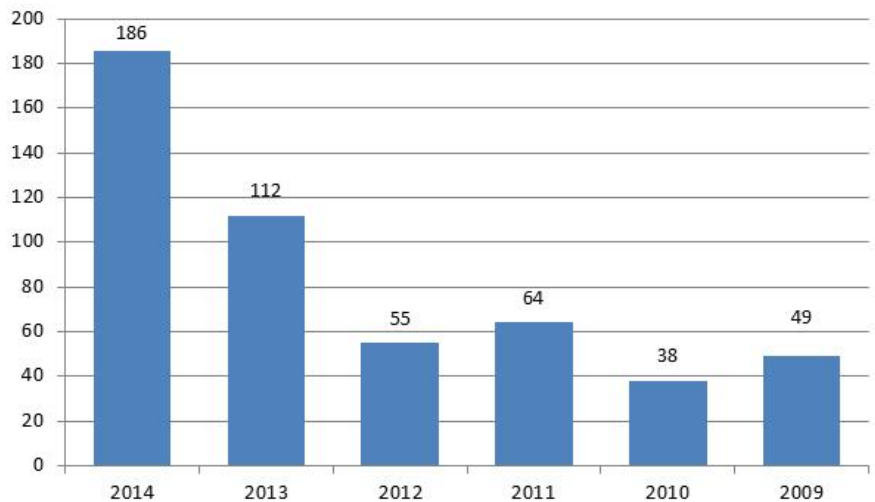


2014 ACTIVITY HIGHLIGHTS

Approach/Driveway Access Requests

All new subdivisions require proper access that meets the County's standard. Policy PW039 Rural Road, Access Construction and Surface Water Management Policy outlines the application and approval process.

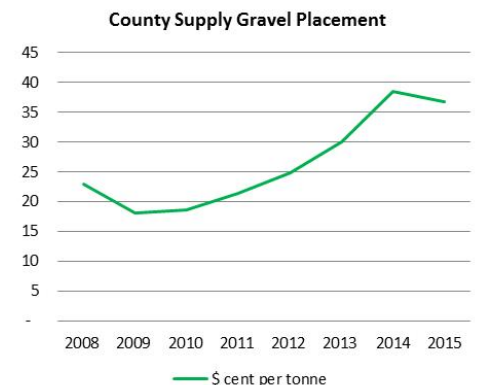
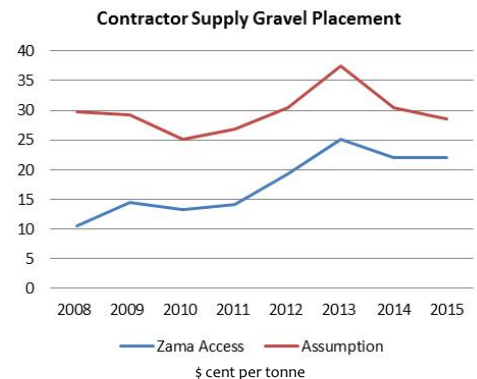
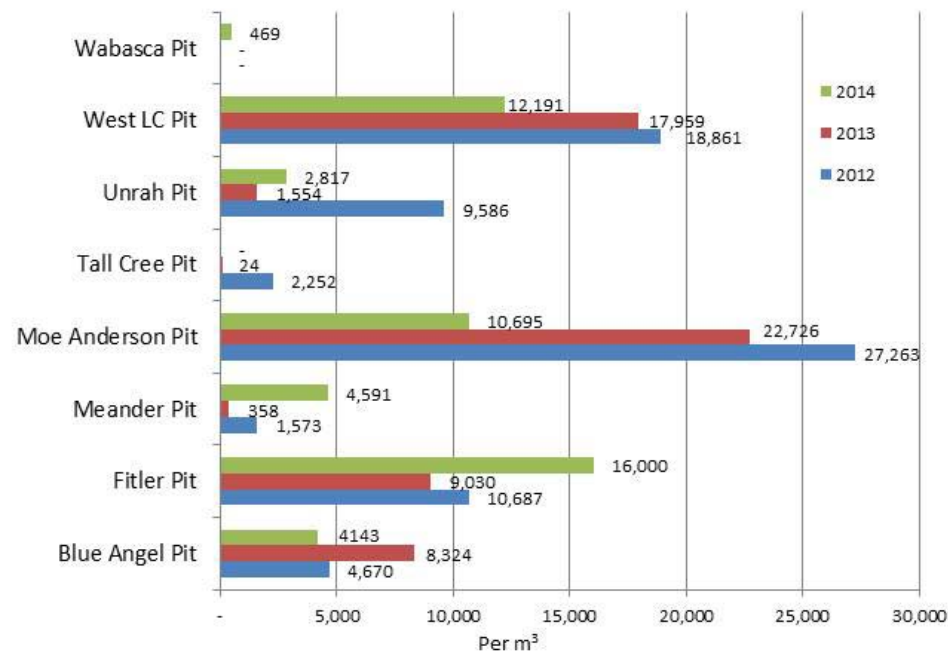
Increases in 2013 and 2014 coincide with higher numbers of rural subdivision and additional access requests to new farm land.



Quantity of Gravel Placed on County Roads

The County is continually working on securing aggregate resources for future road maintenance.

The County's gravel placement cost has more than doubled during the past five years. As a result, we are exploring different options to reduce the cost for our ratepayers.



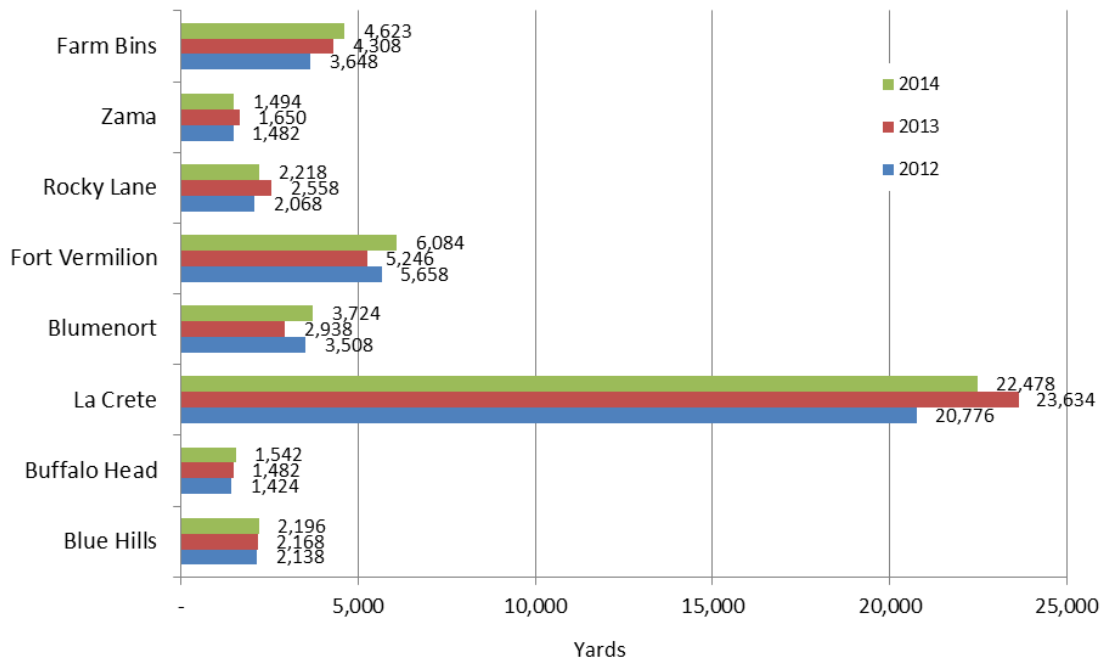
2014 ACTIVITY HIGHLIGHTS

Waste Transfer Stations

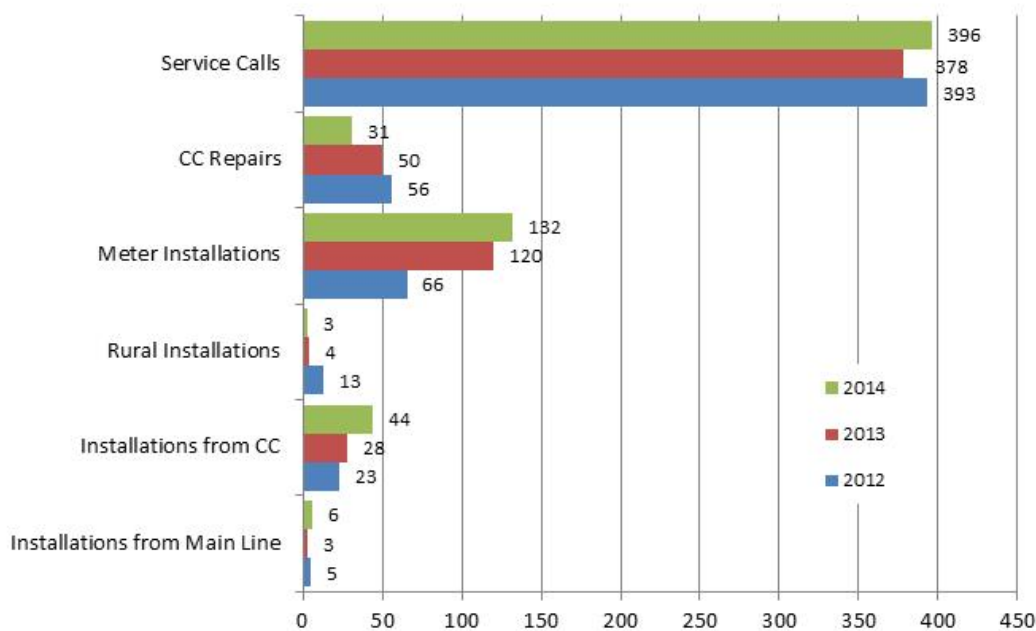
Residential and commercial waste is hauled within the County. Caretakers are utilized to manage the day to day operations at the various Waste Transfer Stations.

The County runs a hamlet residential yard clean up each spring. This allows residents to place their yard waste or large items (ie. used couches, etc.) at the curbside for pick up by municipal employees.

Recycle stations were installed at the Fort Vermilion and La Crete Waste Transfer Stations in 2014 in order to reduce the amount of usable items being disposed of. Gently used items may be dropped off at either of these locations. This service is open year round.



Water Service Installations & Maintenance



Mackenzie County's water and sewer bylaw outlines the process for the operations of the municipal utility systems.

All new water service connections require prior approval by the Mackenzie County Utilities Department. This helps ensure that service connections are completed to standard. Policy UT004 Utility Connection Policy outlines the application and approval process.

2014 ACTIVITY HIGHLIGHTS

Parks & Playgrounds

There are a number of parks and campgrounds throughout the County that are operated through the County and the local recreation boards. These include:

- Arena Parks (La Crete & Fort Vermilion)
- Atlas Landing
- Bridge Campsite (Fort Vermilion)
- Buffalo Head Tower Day Use Area
- D. A. Thomas Park (Fort Vermilion)
- Hutch Lake Campground (High Level)
- Jubilee Park (La Crete)
- Knelsen Park (La Crete)
- Machesis Lake Campground (Rocky Lane)
- Mackenzie Housing Park (Fort Vermilion)
- Pioneer Park (Fort Vermilion)
- Reinland Park (La Crete)
- The Big Backyard Park (La Crete)
- Tompkins Landing Day Use Area
- Tourangeau Lake Day Use Area (La Crete)
- Wadlin Lake Campground
- Walking Trails (La Crete & Fort Vermilion)
- Zama Park & Campground

- Upkeep of buildings
- Maintenance of playground equipment
- Boat launch care
- Garbage disposal
- Supply firewood

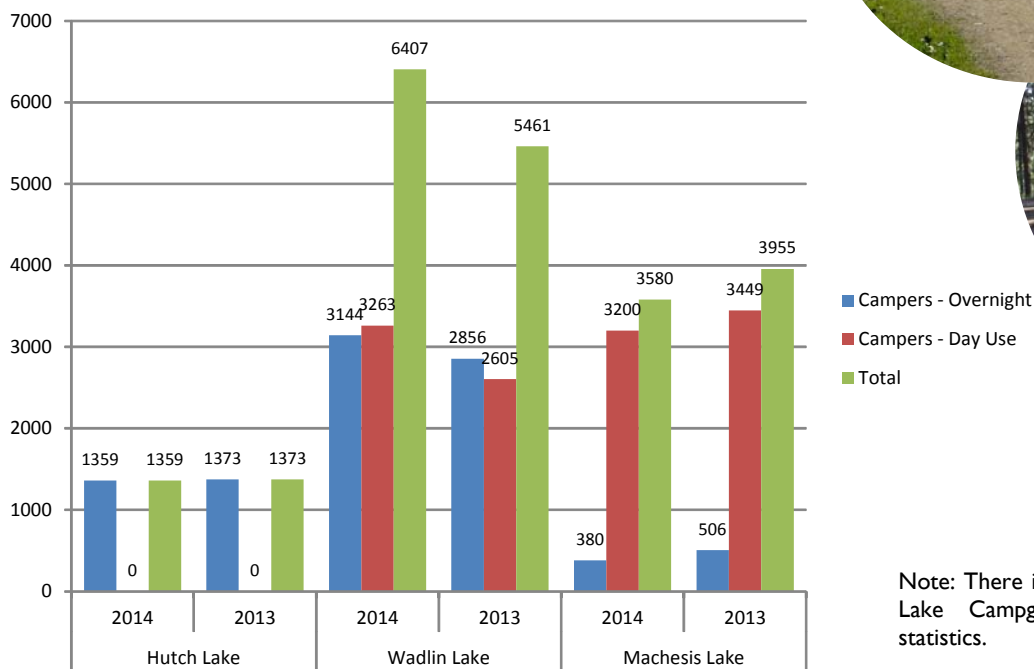


The overnight campgrounds, indicated in the chart below are open from mid May to September 30th. Visitors have come from all provinces of Canada, United States, England and abroad.



Maintenance of these facilities is done by the Mackenzie County Public Works department, these duties include:

- Grass trimming
- Grass cutting
- Weeding
- Flower beds



Note: There is no onsite caretaker at the Hutch Lake Campground to determine day use statistics.

2014 ACTIVITY HIGHLIGHTS

Planning & Development Department

The Planning & Development Department is responsible for development permits, safety codes permits, subdivision approvals, mapping/GIS, engineering standards, future growth planning (Municipal Development Plan & Area Structure Plans), regulating development through the Land Use Bylaw, and economic development.

Our job is to control and direct growth to ensure it is safe, esthetically pleasing, agrees with neighboring land uses, maximizes existing infrastructure, minimizes unnecessary costs to the County.

The Municipal Government Act (MGA) provides direction on many aspects of planning & development, and all of our policies, bylaws and procedures must comply with the legislation within the MGA.

The Planning & Development Department has seven full time staff and two summer staff.

2014 saw record levels of development in the County. About 80% of all construction starts were located in the southern portion of the County. This is great news for that area, as strong development numbers indicate a strong and confident community. Moving forward the County will be creating policies and conditions that will strive to spur on more investment and development in our northern portion.

The planning department created new development standards for both rural and hamlet areas in consultation with developers. We also reviewed and revised several other policies and bylaws.

The mapping/GIS portion has been busy primarily working on hamlet and rural addressing projects, and have also been trying to catch up on the utility mapping for our hamlets.

As for economic development, the Annual Business Licenses became mandatory. By year end 380 business licenses were issued.

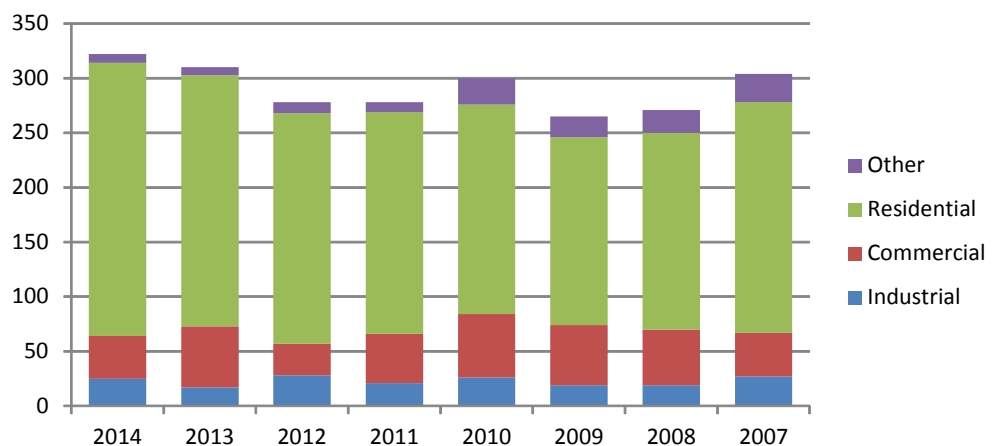
REDI along with Alberta Tourism Parks and Recreation completed a tourism investment opportunity assessment for Northwest Alberta which actively encouraged entrepreneurial investment.



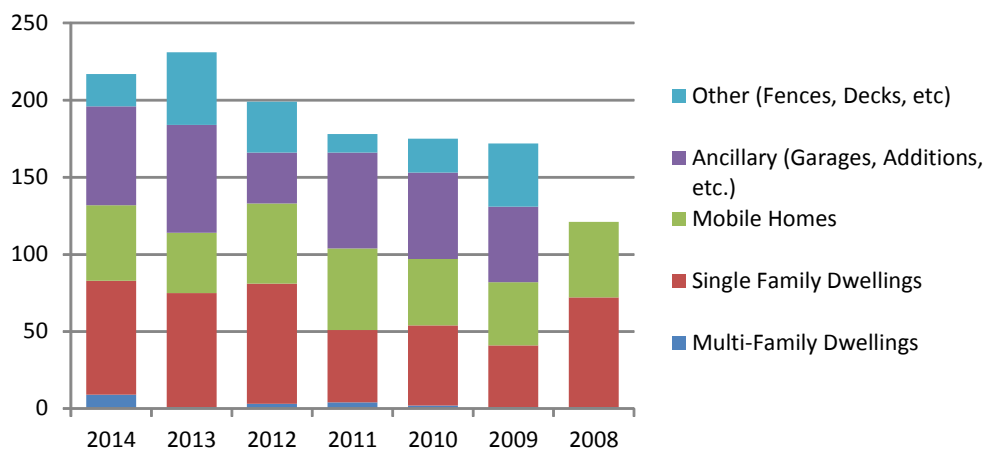
Progress has been made on the Northwest Bio-Industrial project (hemp & flax) with public meetings held in La Crete with Manitoba Harvest, and a Marketing Research and Feasibility Study are in the works. MARA has also committed to doing some trials in the region.

Considerable time was spent compiling our existing data, and doing research on various business support opportunities, such as financing methods, partners, start-up information, and processes. This involved working with other local and provincial organizations. Now helpful and relevant information is available on the County's website.

Development Applications by Number of Permits



Residential Development by Number of Permits



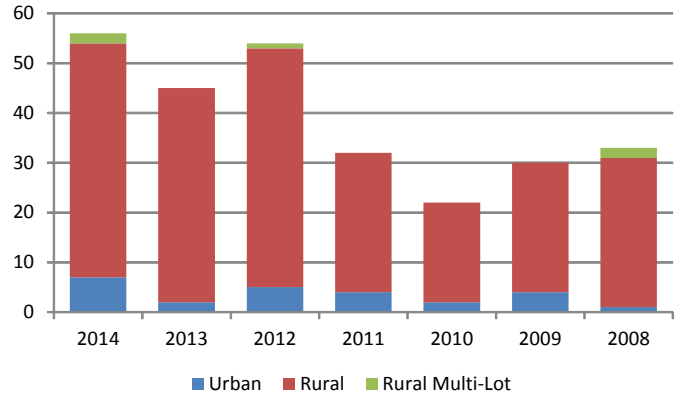
2014 ACTIVITY HIGHLIGHTS

Planning & Development Department

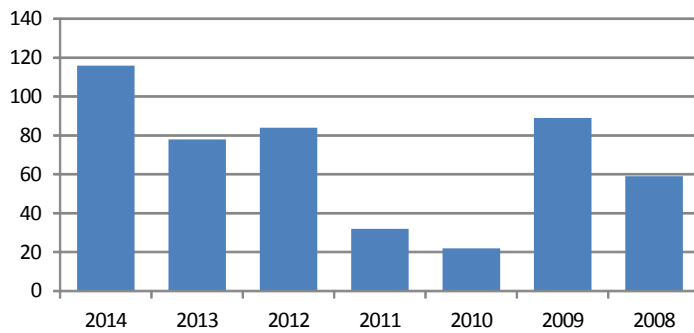
Staff also attended various marketing showcases and tradeshows in order to promote the County and our investment opportunities.

2015 will see a new Economic Development Strategy and action plan which will be a pathway for diversified economic growth for the County, along with streetscape and building design requirements for commercial development and certain road corridors in La Crete and Fort Vermilion.

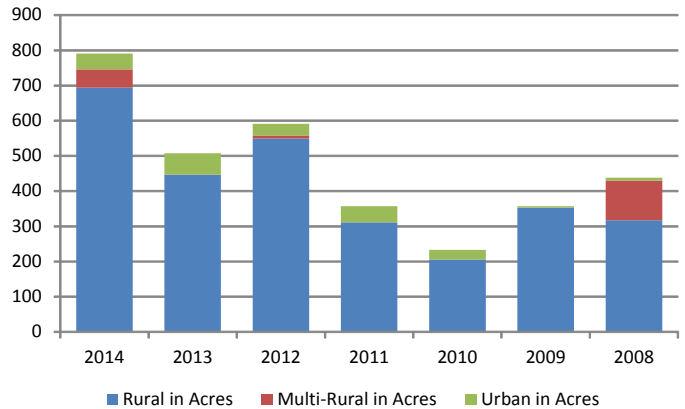
Subdivisions by Number of Applications



Subdivisions by Lots

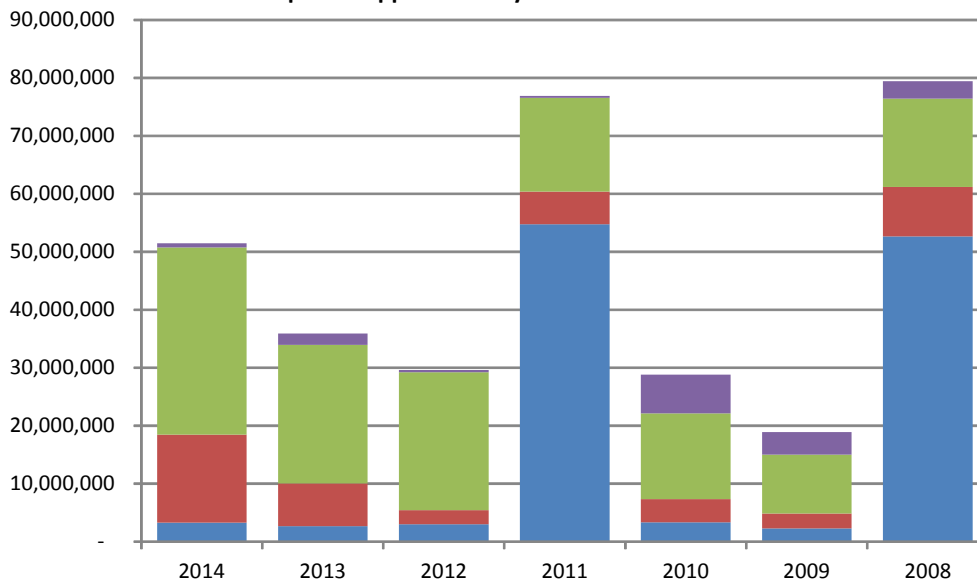


Subdivisions by Acre



Increase in Rural Acres is due to the 20 acre to 80 acre splits.

Development Applications by Construction Value



Other—includes public use facilities and home based businesses.

2008—industrial spike due to the Mustus Lake Co-Gen Plant

2011—industrial spike due to new compressor station in Ward 10

2014—commercial substantial increase due to Alberta Transportation maintenance facility by South Tall Cree and new financial institute in La Crete.

2014 ACTIVITY HIGHLIGHTS

Mackenzie County Agricultural Service Board (ASB)

On behalf of the Agricultural Service Board (ASB) members, as the Chair of the ASB, I am pleased to provide this report.

Mackenzie County's ASB consists of two municipally appointed Councillors and three municipally appointed members at large. Alberta ASB's are established under the Alberta Agricultural Service Board Act. ASB's play a critical role in assessing the needs and direction of the agriculture industry in their regions. ASB's have the responsibility to administer and enforce provincial agricultural related acts: Weed Control Act, Agriculture Pests Act, Soil Conservation Act, Livestock Disease Act, and the Agriculture Services Board Act. Under the ASB Act, each Board must establish a business plan and provide an annual report regarding its activities.

Along with me, the following individuals serve on Mackenzie County's ASB:

Councilor Eric Jorgensen
Councilor John W. Driedger
Richard Marshall, Public Member
Dave Doerksen, Public Member
Bill Neufeld, Reeve (ex-officio)

The Mackenzie County ASB 2014-2016 business plan is available on the County's website. While we are in the process of updating our three year business plan, our goals remain the same:

- Encourage development of new value-added agricultural farms and agri-business
- Promote sustainable agricultural policies and practices
- Strong internal policies and programs to support responsible agricultural land development
- Appropriate land uses within the County
- Continuing agricultural land expansion

Year 2014 has been a good year for our farming community, with many new lands being put into production.

Mackenzie County, the ASB and the Mackenzie Applied Research Association have strengthened their partnership in the provision of various services to our farmers. The following courses have been provided to our farmers jointly with MARA:

- 4 R Fertilizer and Nutrient Management
- Soil Formation
- Managing Soils in Organic Systems
- Nitrogen and Carbon Cycle
- Interpreting Soil Tests

Mackenzie County receives funding under the Legislative and Environmental Funding Streams of the ASB Grant from Alberta Agriculture. Maureen Vadnais, Agricultural Service Board Program Manager for Alberta Agriculture and Rural Development, met with Mackenzie County ASB members and the Agricultural Fieldman, Grant Smith, in August 2014 to

review examples of programs implemented using ASB Grant dollars. In her summary report, Maureen wrote that the ASB Grant and municipal dollars are



effectively used to support programs related to the administration of legislative activities under the ASB Grant and to support enhanced environmental awareness.



Maureen has observed that the County and ASB are very supportive of the local applied research association; there is very good communication between ASB members and County administration; lots of organic farmers in the area and the farms overall look fairly clean; roadside vegetation management program appears to be effective as right of way appeared to be free of noxious and prohibited noxious weed species. It has been noted that Mackenzie County faces different pressures than other Alberta ASB's in that pest and weed pressures are lower but more concerns with water and drainage. Soil erosion is a major concern and one of the primary Mackenzie County ASB focuses is to complete drainage projects to prevent soil erosion; ASB's strongest components of the program appear to be related to the Soil Conservation Act (drainage projects) and the Weed Control Act.

2014 ACTIVITY HIGHLIGHTS

Overall, the ASB was pleased to receive a good report with a few recommendations as it helps ASB members to stay focused on excellence in serving our communities. Mackenzie County and the ASB completed the design of Buffalo Head/ Steep Hill Creek drainage channel. An application to construct the channel has been submitted to ESRD and we are waiting for their approval. Meanwhile, an application for funding was submitted to ESRD under the Alberta Community Resilience program for funds to construct the drainage channel. While the County did not receive an approval in spring 2015, the County was advised the application was reviewed and qualifies. It will be considered for funding in 2016. Mackenzie County Council decided to postpone the project until spring of 2016 as the funding possibility looks promising.



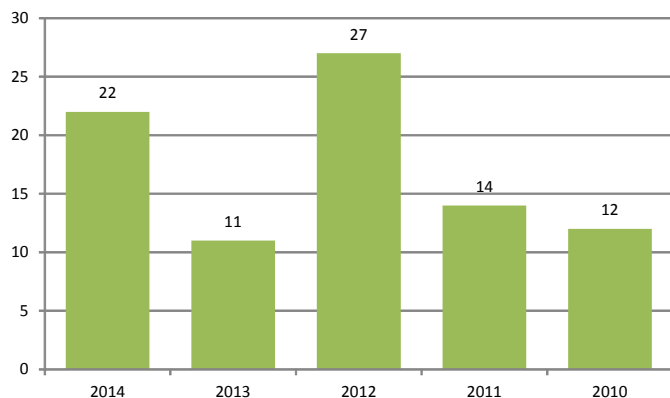
Master Surface Water Management Plan was completed in spring 2015. LiDAR data was utilized in compilation of this report. The report identifies various drainage basins and will be used in the future approvals for surface water channels construction.

The second annual Agricultural Fair was a great success. This is a municipality wide event and participation from all corners of our municipality is growing. ASB along with the local community members are in the process of planning the 2015 Agricultural Fair that is scheduled for August 7 & 8 and will take place at the Mackenzie Applied Research Association grounds.

On behalf of ASB members, I wish our farmers an abundant harvest year!

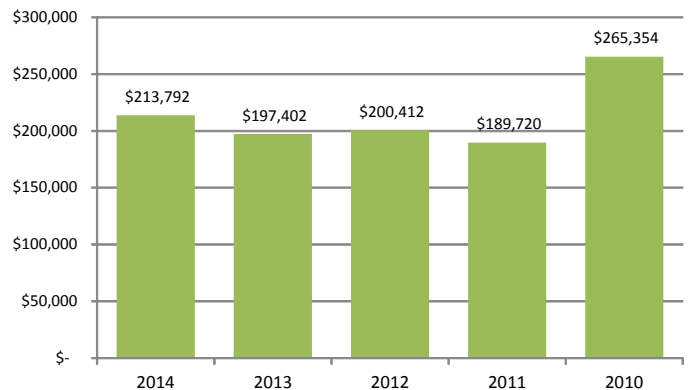
Joe Peters, ASB Chair

Pump & Pipe Rental



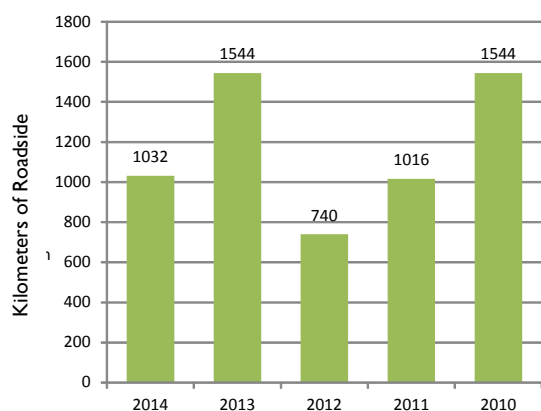
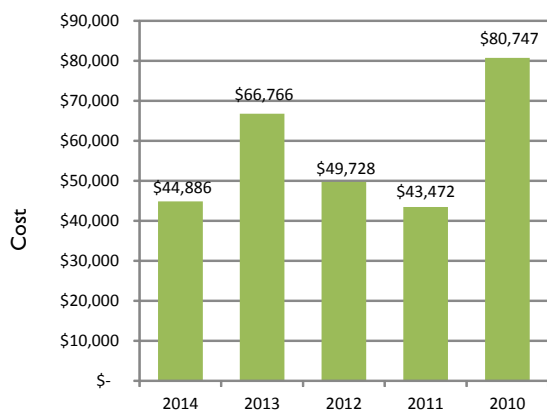
Mackenzie County rents a 6" PTO driven water pump for agricultural use. The pump comes with one-mile of pipe. Two-day rental fee is \$300.

Roadside Grass Mowing



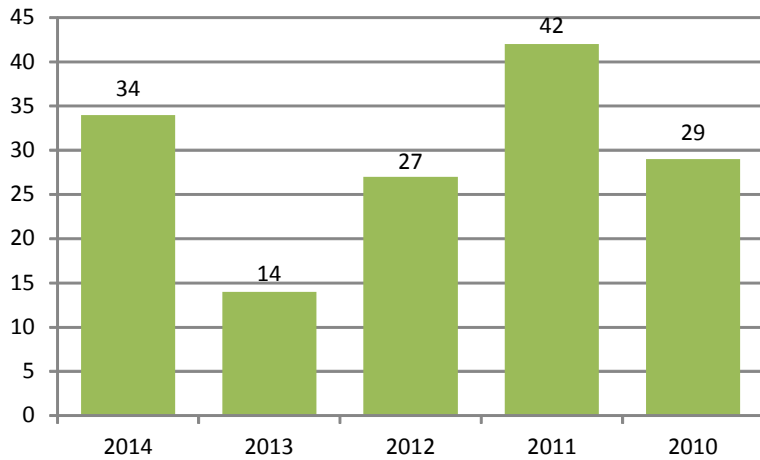
County roads are mowed once each year—one pass cut. Each road receives a full width cut every other year. Approximately 1655 km of County roadside are mowed each year.

Roadside Spraying

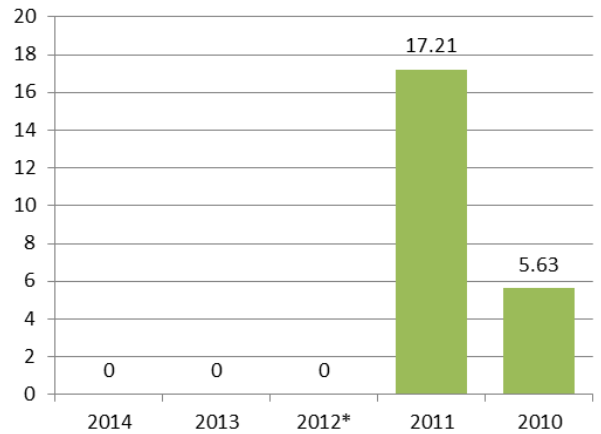


2014 ACTIVITY HIGHLIGHTS

Do Not Spray Requests



Flood Control Channel Brushing



*12 km of flood control channels were scheduled to be brushed in fall 2012, however, was not completed due to the early snowfall.

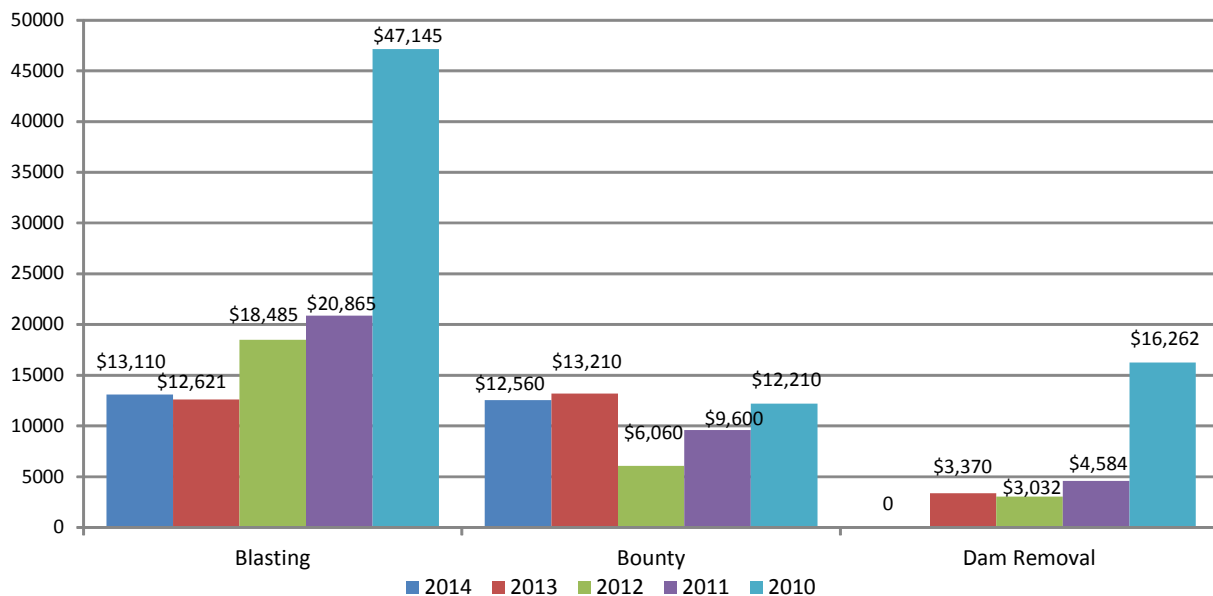
Beaver Control

The County has a beaver bounty program to help agricultural producers deal with problem beavers that are flooding their agricultural land.

When a complaint is received from a landowner, the Agricultural Fieldman will inspect the area and decide which method of dam removal is appropriate (backhoe or blasting). Members from one of the two Local Trappers Associations

will remove the beaver from the problem area to help ensure that the problem dam will not be recurring.

The Local Trapper's Association receives a \$50 bounty for each beaver tail collected from problem areas.



2014 ACTIVITY HIGHLIGHTS

Fire Services

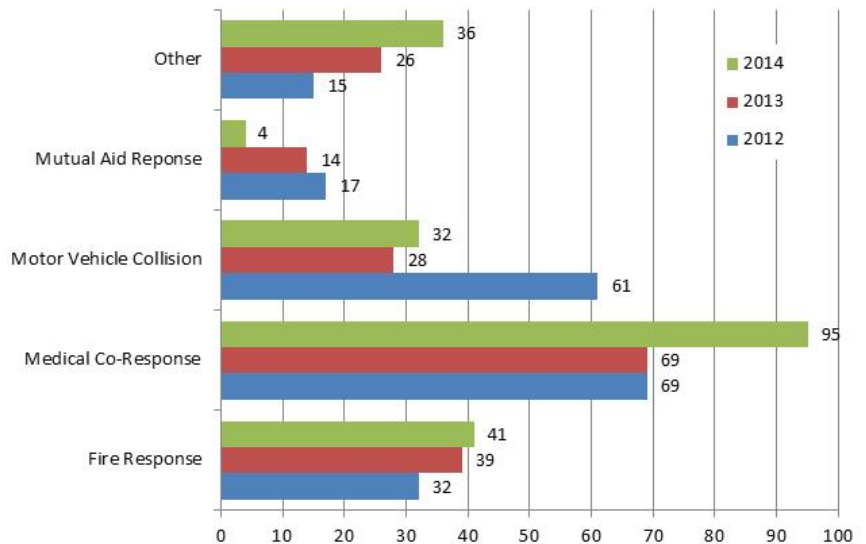
Mackenzie County operates four fire stations located in Tompkins Landing, La Crete, Fort Vermilion, and Zama. High Level rural residents are served by the Town of High Level fire department under a Regional Service Sharing Agreement.

Members on the various fire departments are volunteers and are paid an honorarium by the County. The membership numbers are:

- La Crete/Tompkins—46 active members
- Fort Vermilion—11 active members
- Zama—8 active members

Becoming a firefighter requires a considerable commitment and availability. Some of the expectations and duties of a member are as follows:

- To attend training nights in order to maintain and build skills
- To obtain appropriate fire/emergency training as per the National Fire Protection Association (NFPA)
- Make an effort to attend as many drill nights and emergency calls as possible
- Respond to emergency calls, not only within the County,



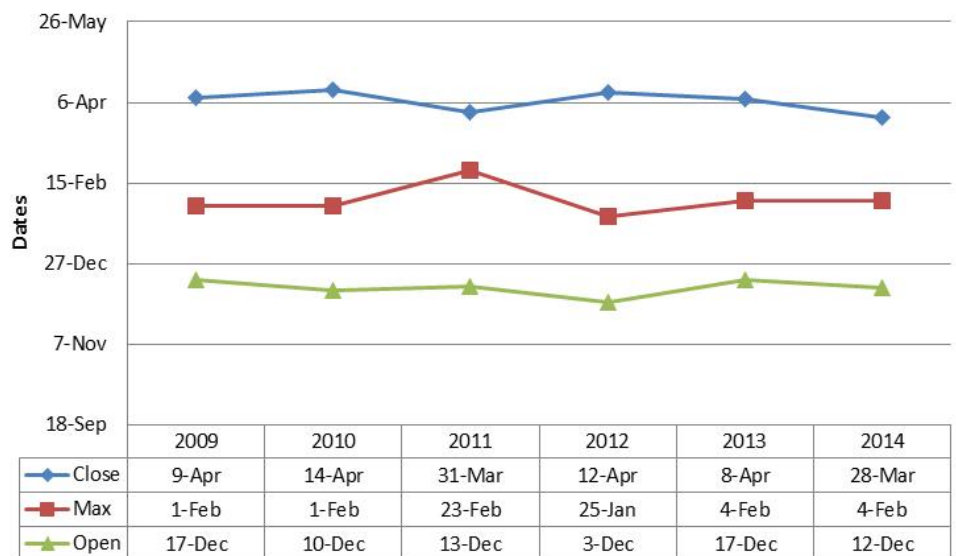
but also those in other fire districts as defined in mutual aid agreements

- Be on voluntary call
- Be a team player
- Help maintain an organized and neat station, as well as keep equipment clean

Tompkins Ice-Bridge

Mackenzie County has an agreement with Alberta Transportation for the construction and maintenance of the ice-bridge on the Peace River at the Tompkins Crossing. The County subsequently tenders the contract work locally (typically every three years).

The chart on the right identifies the opening and closing dates since 2009 as well as the date the ice-bridge reached its maximum capacity of 63.5 tonnes.





Mackenzie County

www.mackenziecounty.com