



Mackenzie County

BUDGET COUNCIL MEETING AGENDA

OCTOBER 30, 2017

10:00 A.M.

COUNCIL CHAMBERS
FORT VERMILION, AB

**MACKENZIE COUNTY
BUDGET COUNCIL MEETING**

**Monday, October 30, 2017
10:00 a.m.**

**Fort Vermilion Council Chambers
Fort Vermilion, Alberta**

AGENDA

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CALL TO ORDER:	1.	a)	Call to Order	3
AGENDA:	2.	a)	Adoption of Agenda	3
ADOPTION OF PREVIOUS MINUTES:	3.	a)	None	
DELEGATIONS:	4.	a)	None	
COUNCIL COMMITTEE REPORTS:	5.	a)	None	
GENERAL REPORTS:	6.	a)	None	
TENDERS:	7.	a)	None	
PUBLIC HEARINGS:	8.	a)	None	
ADMINISTRATION:	9.	a)	None	
AGRICULTURE SERVICES:	10.	a)	None	
COMMUNITY SERVICES:	11.	a)	None	
FINANCE:	12.	a)	Draft 2018 Operating Budget	5

b)

OPERATIONS: 13. a) None

**PLANNING &
DEVELOPMENT:** 14. a) None

UTILITIES: 15. a) None

**INFORMATION /
CORRESPONDENCE:** 16. a) None

**IN CAMERA
SESSION:** 17. a) Legal
b) Labour
• Organizational Chart
c) Land

NOTICE OF MOTION: 18. Notices of Motion

**NEXT MEETING
DATES:** 19. a) Regular Council Meeting
November 7, 2017
10:00 a.m.
Fort Vermilion Council Chambers
b) Budget Council Meeting
November 28, 2017
10:00 a.m.
Fort Vermilion Council Chambers
c) Regular Council Meeting
November 29, 2017
10:00 a.m.
Fort Vermilion Council Chambers

ADJOURNMENT: 20. a) Adjournment



Mackenzie County

REQUEST FOR DECISION

Meeting:	Budget Council Meeting
Meeting Date:	October 30, 2017
Presented By:	Karen Huff, Director of Finance
Title:	Draft 2018 Operating Budget

BACKGROUND / PROPOSAL:

A copy of the draft 2018 Operating Budget is attached.

OPTIONS & BENEFITS:

COSTS & SOURCE OF FUNDING:

SUSTAINABILITY PLAN:

COMMUNICATION:

RECOMMENDED ACTION:

- Simple Majority Requires 2/3 Requires Unanimous

For review and discussion.

Author: C. Gabriel Reviewed by: _____ CAO: _____

2018 Operating Budget

October 30, 2017 –Council Budget Meeting

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2018 Draft Operating Budget

REVIEW OF STATEMENT OF OPERATIONS:

Mackenzie County's management team has drafted the 2018 operating budget for Council's consideration, using various assumptions including maintenance of current levels of service (status quo), and recalculation of the water and sewer rate, in order to reach 100% recovery rate of operating expenses excluding TCA amortization and including long-term debt principal and interest payments.

Significant Budget Changes

Revenue

Taxation

2017 Assessment values and 2017 Tax rates were used to estimate Tax Revenue for 2018 as the 2018 values are not available yet. Our assessor, Aaron Steblyck with Compass Assessments, has indicated that he "*would not expect revenue to decrease. At this point it would be reasonable to expect steady revenue from last year*"

Water Sales

Assuming the water and sewer rates remain the same in 2018, the bulk sewer revenues will decrease from the 2017 budget due to projected revenue in 2017 being overestimated.

Penalties on Taxes

Penalties on taxes are anticipated to be \$90,000 lower than 2017 budget. According to our current Tax Penalties Bylaw amended in 2013, we have four penalty runs on January 1 (12% penalties), July 1 (6% penalties), September 1 (9% penalties), and November 1 (12% penalties) in a yearly cycle.

Provincial Grants

We do not anticipate a significant change in provincial grants in 2018. Basic Municipal Transportation Grant should remain the same as we received in last year. ASB grant, MSI operating & capital grant, GTF grant, and FCSS grant should also remain unchanged.

Expenses

Wages and Salaries

Wages and salaries are based on the approved February 2017 Organizational Chart and reflection of the 2018 increase according to AUPE negotiation.

WCB

Budget is estimated at the 2017 rates as WCB premium rates have not been released. WCB rates are calculated based on percentages of overall annual salary. The 2018 budget reflects a \$15,887 increase in costs, as we did not get the anticipated rate reduction due to the amount of claims in the past 3 years.

Mackenzie County became COR certified in spring 2016 which resulted in an \$8,475 refund and anticipated 2017 refund of \$4,950.

Annually the municipality receives a return on investments along with other eligible Alberta employers and receive a surplus distribution cheque. As of October 24, 2017 there have been no WCB claims to date. As there are no claims to date, we anticipate a higher surplus refund in 2018 for 2017.

The following table shows our return on investments from the past four years.

2016	2015	2014	2013
\$ 0.00	\$24,811.87	\$26,617.99	\$27,946.50
-claims amounts too high to justify surplus payment.			

Advertising

The 2018 budget increase of \$28,580 is due to the addition of The Echo Pioneer subscriptions. As this will be the first full year that the newspaper will be used to advertise, the budget was created with costs still associated for other means of advertising along with the newspaper, such as The Big Deal Bulletin, and Magnet Signs etc...

Engineering and Consulting

Changes in engineering & consulting fees are approximately an increase of \$35,000. The changes within these fees include the following:

<u>Engineering & Consulting</u>	35,000
Roads – Reclamation plan for Meander River gravel pit	35,000

Professional Fees

Overall change in professional fees is approximately a decrease of \$160,000. The major changes within the professional fees include the following items:

<u>Professional fees</u>	(164,000)
Fire – Emergency calls - Town of High Level Mutual Aid reduced	(35,000)
Enforcement – Contracted Peace Officers reduced	(25,000)
Roads – Consulting services reduced	(100,000)
Water – Clearwell Valve Replacements removed	(20,000)
Planning – Economic & Planning Consultant	50,000
Agriculture – Reduction in roadside spraying requirement	(30,000)

Enhanced Policing Fee

The enhanced policing fee for 2018 is expected to be \$307,000, a slight increase to the budget for 2017. The fee includes the following items:

<u>Enhanced policing</u>	307,000
Enhanced policing - La Crete	153,500
School Resource Officer	153,500

Repairs & Maintenance – Bridges

A portion of 2016 & 2017 bridge work has been carried forward to 2018, with a small amount budgeted for 2018 bridge repairs. A decrease of \$48,500 is anticipated in the 2018 bridge maintenance operating budget.

Repairs & Maintenance – Building

Repairs & Maintenance – Building had an increase of \$18,000 for the following items:

<u>Repair & Maintenance - Buildings</u>	18,000
Administration – Pump replacement removed, Duct cleaned added	(8,000)
Ambulance – Repair & Maintenance/Paint	5,000
Water – Repair water pipe leak	16,000
Agriculture – Repair cold storage building at MARA	5,000

Fuel

Fuel costs decreased as actuals came in lower than expected. Carbon tax was included in the 2017 fuel budget, and now is being calculated on another line item.

Dust Control

The dust control budget increased by \$405,000 due to oil application for Heliport Road, Blue Hills Road, and 109 Street & 113 Avenue La Crete. The budget for dust control by calcium application did not change from 2017.

Below are the dust control actual costs for 2013-2016 and dust control budget for 2017 and 2018:

Year	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2018 Budget
Cost	\$458,750	\$698,227	\$568,170	\$596,329	\$660,000	\$1,065,000

Gravel

Our gravel budget consists of two major activities; gravel crushing and regravelling. There is also a non-cash component to the gravel expense which is generally reflected in the annual inventory adjustments.

Regravelling cost per tonne has decreased significantly since 2014. The regravelling cost has more than doubled from the lowest in 2009 to the highest in 2014 in respect to the Zama Access and the County supply gravel.

There were no significant increases in 2018 gravel cost budget, mainly due to the gravel crushing programme being cancelled in 2017, and budgeted for in 2018. Gravel crushing takes place approximately every three years and the decrease in the placement costs for Fidler and North Vermilion, which is being completed by Mackenzie County staff.

Carbon Tax

Carbon Tax was created as a line item to track costs throughout the year. Costs to date in 2017 are \$53,000.

Grants to Local governments

This cost consists of operating grants to Town of High Level and Town of Rainbow Lake. The 2018 capital funding request from Town of High Level has not been received, and therefore only estimated operating grants are reflected in this budget.

Grants to Other Organizations

The current 2018 budget for grants to other organizations has been estimated by using the previous years' budget numbers. These grants include the grant payments to Recreational Boards, FCSS, Mackenzie Library Board, and other non-profit organizations. The 2018 budget for grants to other organizations will be updated when all grant requests are received from the non-profit organizations.

Tax Cancellation/Write-Off

2018 tax cancellation/write-off cost will still be a significant amount. The majority of these uncollectable tax revenues are from the properties owned by Winter Petroleum Ltd.

Depreciation

The county's annual depreciation continues to increase. The increase is due to the continued upgrade of facilities and road infrastructures. This trend is expected to continue as the county grows and infrastructure is improved and expanded.

**MACKENZIE COUNTY
STATEMENT OF OPERATIONS**

October 25, 2017

	2015 Actual	2016 Actual	2017 Actual	2017	2018	
	Total	Total	Total	Budget	Budget	
OPERATIONAL REVENUES						
Property taxes	\$35,167,010	\$33,778,553	\$30,516,759	\$30,588,218	\$30,620,300	
User fees and sales of goods	\$4,619,126	\$4,454,752	\$3,451,863	\$4,628,114	\$3,785,000	
Government transfers	\$1,501,319	\$1,390,555	\$515,862	\$1,214,214	\$1,214,200	
Investment income (operating)	\$500,870	\$525,474	\$266,177	\$350,000	\$500,000	
Penalties and costs on taxes	\$1,057,962	\$1,453,394	\$871,663	\$1,390,000	\$1,300,000	
Licenses, permits and fines	\$539,489	\$456,914	\$311,438	\$353,000	\$323,000	
Rentals	\$140,117	\$114,094	\$106,791	\$108,741	\$85,550	
Insurance proceeds	\$329,409	\$36,663	\$3,234	\$0	\$0	
Development levies	\$47,870	\$0	\$21,851	\$0	\$0	
Municipal reserve revenue	\$92,428	\$81,789	\$62,667	\$30,000	\$60,000	
Sale of non-TCA equipment	\$8,061	\$0	\$2,600	\$87,500	\$0	
Other	\$501,684	\$491,062	\$254,994	\$314,600	\$315,750	
Total operating revenues	\$44,505,345	\$42,783,250	\$36,385,899	\$39,167,554	\$38,203,800	\$7,686,750
OPERATIONAL EXPENSES						
Legislative	\$543,500	\$647,301	\$493,795	\$795,451	\$799,200	
Administration	\$6,882,710	\$5,321,052	\$3,670,581	\$8,106,356	\$5,548,150	
Protective services	\$1,406,990	\$1,294,389	\$902,448	\$1,866,124	\$1,736,300	
Transportation	\$16,128,251	\$15,591,048	\$7,450,185	\$19,853,829	\$19,014,300	
Water, sewer, solid waste disposal	\$4,793,168	\$4,602,650	\$1,947,854	\$5,105,794	\$5,251,400	
Public health and welfare (FCSS)	\$639,256	\$783,038	\$718,223	\$778,744	\$751,550	
Planning, development	\$1,072,553	\$1,150,253	\$763,265	\$1,180,563	\$1,239,300	
Agriculture and veterinary	\$1,397,583	\$1,161,289	\$1,073,792	\$1,578,160	\$1,403,400	
Recreation and culture	\$2,268,946	\$1,988,845	\$1,475,590	\$2,286,514	\$2,161,400	
School requisitions	\$6,635,781	\$6,838,317	\$5,123,023	\$6,520,119	\$6,520,119	
Lodge requisitions	\$788,108	\$852,083	\$461,788	\$459,579	\$459,579	
Non-TCA projects	\$1,092,265	\$1,059,745	\$1,193,440	\$2,377,366	\$0	
Operating expenses	\$43,649,111	\$41,290,010	\$25,273,984	\$50,908,599	\$44,884,698	\$37,905,000
Principle - Long term debt	\$1,669,369	\$1,578,512	\$965,546	\$1,575,519	\$1,926,250	
Total Operating Expenses	\$45,318,480	\$42,868,522	\$26,239,530	\$52,484,118	\$46,810,948	
Excess (deficiency) before other	(\$813,135)	(\$85,272)	\$10,146,369	(\$13,316,564)	(\$8,607,148)	

Schedules of Operating Revenues and General Operating Expenses

Legislative and Administration	Protective Services	Transportation and Airport	Utilities	Planning & Development	Agricultural & Veterinary	Recreation & Cultural	2018
11 + 12	23 + 25 + 26	32 + 33	41 + 42 + 43	61 + 66	63 + 64	51+71+72+73+74	Budget

6.00

Schedule A-1: Operating Revenues (excluding municipal taxes, and excluding school and lodge requisitions)

420-Sales of goods and services	23,500	100,000	115,000	148,250	9,600	2,850	99,200	498,400
421-Sale of water - metered	-	-	-	2,502,300	-	-	-	2,502,300
422-Sale of water - bulk	-	-	-	784,300	-	-	-	784,300
424-Sale of land	-	-	-	-	-	-	-	-
Sale of Goods & Services	23,500	100,000	115,000	3,434,850	9,600	2,850	99,200	3,785,000
550-Interest revenue	500,000	-	-	-	-	-	-	500,000
Interest Revenue	500,000	-	-	-	-	-	-	500,000
840-Provincial grants	-	-	732,150	-	-	183,350	298,700	1,214,200
Provincial Grants - operating	-	-	732,150	-	-	183,350	298,700	1,214,200
510-Penalties on taxes	1,300,000	-	-	-	-	-	-	1,300,000
511-Penalties of AR and utilities	9,000	-	-	46,750	-	-	-	55,750
520-Licenses and permits	-	1,000	3,000	-	35,000	-	-	39,000
124-Frontage	-	-	81,100	22,150	-	-	-	103,250
521-Offsite levy	-	-	-	-	-	-	-	-
522-Municipal reserve revenue	-	-	-	-	60,000	-	-	60,000
526-Safety code permits	-	-	-	-	225,000	-	-	225,000
525-Subdivision fees	-	-	-	-	35,000	-	-	35,000
530-Fines	-	50,000	-	-	-	-	-	50,000
531-Safety code fees	-	-	-	-	9,000	-	-	9,000
551-Market value changes	-	-	-	-	-	-	-	-
560-Rental and lease revenue	23,950	21,950	24,200	-	-	15,450	-	85,550
570-Insurance proceeds	-	-	-	-	-	-	-	-
592-Well drilling revenue	-	-	-	-	-	-	-	-
597-Other revenue	14,000	-	140,000	-	1,000	-	-	155,000
598-Community aggregate levy	40,000	-	-	-	-	-	-	40,000
630-Sale of non-TCA equipment	-	-	-	-	-	-	-	-
790-Tradeshaw Revenues	-	-	-	-	-	30,000	-	30,000
890-Gain (Loss) Penny Rounding	-	-	-	-	-	-	-	-
990-Over/under tax collections	-	-	-	-	-	-	-	-
Other Revenue including frontage	1,386,950	72,950	248,300	68,900	365,000	45,450	-	2,187,550
TOTAL REVENUE	1,910,450	172,950	1,095,450	3,503,750	374,600	231,650	397,900	7,686,750

Schedule A-2: General Operating Expenses (excluding school and lodge requisitions, and excluding debenture principal payments)

110-Wages and salaries	1,940,200	336,450	2,893,100	929,050	650,600	208,000	260,250	7,217,650
132-Benefits	478,750	68,200	625,600	196,050	146,200	43,950	49,900	1,608,650
136-WCB contributions	18,250	3,550	30,200	10,000	6,300	2,200	2,750	73,250
150-Isolation cost	34,550	-	33,150	28,850	-	-	4,350	100,900

151-Honoraria	454,400	158,000	-	-	22,800	19,000	-	654,200
Wages & Salaries, Benefits, WCB, Recruiting, Honorariums	2,926,150	566,200	3,582,050	1,163,950	825,900	273,150	317,250	9,654,650
142-Recruiting	15,000	-	-	-	-	-	-	15,000
211-Travel and subsistence	268,000	37,200	28,200	28,100	24,000	28,750	5,650	419,900
212-Promotional expense	17,000	-	-	-	10,000	35,000	22,000	84,000
214-Memberships & conference fees	110,950	5,850	8,500	3,950	7,450	6,400	13,800	156,900
215-Freight	9,000	3,200	39,700	61,400	1,600	-	1,100	116,000
216-Postage	46,550	-	-	-	-	-	-	46,550
217-Telephone	51,300	37,300	23,700	10,150	3,800	1,600	800	128,650
221-Advertising	57,500	4,000	4,500	3,900	4,500	1,500	8,950	84,850
223-Subscriptions and publications	4,050	2,100	5,300	-	200	-	-	11,650
231-Audit fee	90,000	-	-	-	-	-	-	90,000
232-Legal fee	75,000	-	10,000	-	-	-	-	85,000
233-Engineering consulting	1,000	-	100,000	32,000	15,000	20,000	1,000	169,000
235-Professional fee	198,800	93,650	123,200	726,150	253,500	110,700	53,000	1,559,000
236-Enhanced policing fee	-	307,000	-	-	-	-	-	307,000
239-Training and education	17,650	95,500	11,200	10,000	12,300	2,350	2,200	151,200
242-Computer programming	78,700	-	-	-	43,400	-	-	122,100
251-Repair & maintenance - bridges	-	-	542,000	-	-	-	-	542,000
252-Repair & maintenance - buildings	80,650	24,500	32,200	42,400	-	10,000	3,500	193,250
253-Repair & maintenance - equipment	7,550	43,900	222,800	73,200	-	4,000	10,750	362,200
255-Repair & maintenance - vehicles	6,500	9,550	80,000	16,000	1,500	4,000	12,250	129,800
258-Contract graders	-	-	150,850	-	-	-	-	150,850
259-Repair & maintenance - structural	2,500	1,500	1,092,600	197,600	-	635,250	84,600	2,014,050
261-Ice bridge construction	-	-	130,000	-	-	-	-	130,000
262-Rental - building and land	1,200	-	63,150	1,450	-	-	-	65,800
263-Rental - vehicle and equipment	23,950	-	40,000	1,500	-	5,350	-	70,800
266-Communications	66,950	34,700	14,950	1,500	-	-	1,000	119,100
271-Licenses and permits	-	2,000	4,450	2,250	-	-	1,000	9,700
272-Damage claims	2,500	-	2,500	-	-	-	-	5,000
273-Taxes	-	-	-	-	-	-	-	-
274-Insurance	71,500	38,400	102,000	90,550	2,650	8,100	9,600	322,800
342-Assessor fees	260,000	-	-	-	-	-	-	260,000
290-Election cost	5,000	-	-	-	-	-	-	5,000
Contracted and General Services	1,568,800	740,350	2,831,800	1,302,100	379,900	873,000	231,200	7,927,150
511-Goods and supplies	96,200	201,700	360,750	156,400	14,600	4,950	50,100	884,700
521-Fuel and oil	26,750	34,950	665,300	43,050	10,000	20,000	2,000	802,050
531-Chemicals and salt	-	-	151,500	115,300	-	75,000	-	341,800
532-Dust control	-	-	1,065,000	-	-	-	-	1,065,000
533-Grader blades	-	-	144,000	-	-	-	-	144,000
534-Gravel (apply; supply and apply)	-	-	3,436,000	-	-	-	-	3,436,000
535-Gravel reclamation cost	-	-	-	-	-	-	-	-
550-Carbon Tax	-	-	75,000	-	-	-	-	75,000
994-Change in inventory	-	-	-	-	-	-	-	-
Materials & Supplies, Fuel & Oil, Chemicals & Salt	122,950	236,650	5,897,550	314,750	24,600	99,950	52,100	6,748,550
543-Natural gas	12,750	10,500	15,000	51,000	-	-	3,500	92,750
544-Electrical power	71,500	15,000	283,000	300,750	-	-	100	670,350
Utilities (Gas, Power)	84,250	25,500	298,000	351,750	-	-	3,600	763,100
710-Grants to local governments	1,304,500	5,000	-	-	-	-	-	1,309,500
Grants to local governments	1,304,500	5,000	-	-	-	-	-	1,309,500

735-Grants to other organizations	-	-	-	-	-	133,000	1,902,500	2,035,500
Grants to other organizations	-	-	-	-	-	133,000	1,902,500	2,035,500
831-Interest - long term debt	25,300	-	375,450	59,250	-	-	12,200	472,200
Capital debt interest	25,300	-	375,450	59,250	-	-	12,200	472,200
993-NBV value of disposed TCA	-	-	-	-	-	-	-	-
992-Cost of land sold	-	-	-	-	-	-	-	-
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
995-Depreciation of TCA	290,400	162,600	6,029,450	2,059,600	8,900	24,300	394,100	8,969,350
Amortization	290,400	162,600	6,029,450	2,059,600	8,900	24,300	394,100	8,969,350
810-Interest and service charges	25,000	-	-	-	-	-	-	25,000
921-Bad debt expense	-	-	-	-	-	-	-	-
800-Emergency Expenses	-	-	-	-	-	-	-	-
922-Tax cancellation/write-off	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	25,000
TOTAL OPERATING EXPENSES	6,347,350	1,736,300	19,014,300	5,251,400	1,239,300	1,403,400	2,912,950	37,905,000
Non-TCA projects	-	-	-	-	-	-	-	-
TOTAL EXPENSES	6,347,350	1,736,300	19,014,300	5,251,400	1,239,300	1,403,400	2,912,950	37,905,000
<i>Less:</i>								
Non-cash items included in the above:								
Estimated gravel inventory change at Year End 2014	-	-	-	-	-	-	-	-
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
Amortization	290,400	162,600	6,029,450	2,059,600	8,900	24,300	394,100	8,969,350
Capital debt interest	25,300	-	375,450	59,250	-	-	12,200	472,200
Total operational expenses excluding non-cash items and capital debt interest	6,031,650	1,573,700	12,609,400	3,132,550	1,230,400	1,379,100	2,506,650	28,463,450

Cash Flow Requirement

Cash Flow Requirement:

The Cash Flow Requirement schedule summarizes all of the County's cash requirements for the 2018 year, including operating, capital, borrowing, and municipal reserve transactions.

For this presentation of the operating budget draft, this schedule includes only the following financial objectives:

- cash flow needs for the draft operating budget, including the projected operating costs offset by estimated operating revenues;
- capital debt interest expense and principal repayments; and,
- annual transfers to municipal reserves as mandated by Council.

One of the key figures in this schedule is the amount of revenue that will be required to be raised by municipal levy, or property taxes, in order to fund the County's operating expenses.

**Mackenzie County
2018 BUDGET - Cash Requirement**

	2017 Budget	% change	2018 Budget
Operating Cash Requirements:			
Operating Cost (excluding non-cash items and capital debt interest expense)	30,675,056	-7%	28,463,450
2017 Non-TCA	1,015,110	-100%	
2016 Non-TCA Carry Forward - Additional Costs	-		-
Less: Other Operating Revenue (excluding municipal tax levy)	(7,773,659)	-1%	(7,686,750)
Anticipated draw from prior year accumulated surplus - restricted (for Non-TCA projects)	(56,900)	-100%	
Anticipated draw from prior year accumulated surplus - restricted (for operating purposes)	(9,250)	-100%	
Tax levy for operations	19,593,721		20,776,700
Capital Cash Requirements:			
2017 TCA - New	8,649,756	-100%	
2016 TCA Carry Forward - Additional Costs	950,606	-100%	
Capital debt interest	505,190	-7%	471,783
Capital debt principal	1,575,520	22%	1,926,225
Less:			
Capital revenue - grants	(10,105,905)	-100%	
Other capital revenue (community, developers' contributions; contributed assets)	(20,000)	-100%	
Proceeds on disposal of assets	(111,500)	-100%	
Insurance Proceeds	(75,000)	-100%	
Proceeds from new debentures	(1,200,000)	-100%	
Contribution from prior year accumulated surplus	(1,594,683)	-100%	
Tax levy for capital	3,012,583	-20%	2,398,008
Minimum Tax Levy	22,606,304	3%	23,174,708
Municipal Tax Revenue	(23,798,944)	-1%	(23,537,352)
Deficit/(Surplus)	(3,487,225)	-90%	(362,644)
Future Financial Plans:			
Contributions to Reserves as per Policies (Miniums)	5,102,104	-70%	1,550,000
Contributions to Reserves			
Tax levy for future financial plans	3,487,225	-56%	1,550,000
Total Tax Levy	26,093,529	-5%	24,724,708
Net budgeted cash draw on accumulated surplus accounts	(6,102,732)	-125%	1,550,000
OTHER:			
Restricted surplus (reserves), beginning of year	21,158,323		22,388,401
Restricted surplus (reserves), ending of year	22,388,401		23,938,401
Changes in restricted surplus (reserves) per Motions	-		-
Restricted surplus (reserves), ending of year, revised	22,388,401		23,938,401
Total budgeted operating and capital costs (excluding non-cash items)	42,420,632		30,861,458

Notes:

1: 2018 projected municipal tax revenue is \$23,537,352. This calculation is based on 2017 Tax Rate Bylaw.

Mackenzie County
 2018 Budget
 Contributions to Reserves

Schedule C

Reserves	Minimal contribution	Comments
Off-Site Levy Reserve	\$0	Reserve Policy #3
Roads	500,000	Reserve Policy #4
Gravel Reclamation	-	Reserve Policy #5 - Proceeds from Aggregate Levy
Vehicle & Equipment	250,000	Reserve Policy #6
Recreation and Parks	50,000	Reserve Policy #8
Surface Water Management Reserve	\$0	Reserve Policy #9 - Amount in reserve has reached targeted maximum
Municipal Reserve	\$0	Reserve Policy #10
Gravel Crushing	\$0	Reserve Policy #14
Grants to Other Organizations	\$0	To be developed
Bursaries	\$0	Reserve Policy #17
Water Reserve Fund		Reserve Policy #18 - Surplus Revenue TBD
Street light replacement	250,000	Reserve Policy #19
General Operating	250,000	Reserve Policy #1
General Capital	250,000	Reserve Policy #2
Total	\$1,550,000	

Long Term Debt

1. Schedule of ending balances for long term debt as of December 31, 2018

		2018	2017
		\$	\$
Debentures -			
From Alberta Capital Finance Authority:			
14	4.501% due for 2027 (for Zama Tower Road Sewer)	98,982	108,353
16	4.012% due for 2018 (for Zama Water Treatment Plant)	(0)	188,785
17	4.012% due for 2018 (for Zama Wastewater System)	-	92,568
19	3.718% due for 2019 (for Zama Water Treatment Plant)	48,995	144,318
20	3.718% due for 2019 (for Zama Wastewater System)	14,475	42,637
21	3.334% due for 2019 (for La Crete Office Building)	127,704	251,243
22	3.334% due for 2019 (for Zama Multi-Use Cultural Building)	173,354	341,054
23	3.334% due for 2019 (for Zama Water Treatment Plant))	88,049	173,225
25	3.377% due on Dec 15,2020 (Fort Vermilion Corporate Office Expansion)	170,734	251,907
26	3.5635% due on Mar 15, 2021 (Ruaral Water Line)	619,212	851,987
27	4.124% due on Dec 15, 2030 (La Crete Sewer Lift Station)	151,410	160,992
28	2.942% due on Dec 17, 2031 (Highway #88 connector)	1,517,205	1,603,658
29	3.623% due on Dec 15, 2033 (Highway #88 connector)	8,453,242	8,871,043
30	1.741% due June 15, 2022 FV Arena Ice Plant	219,373	280,012
31	1.741% due June 15, 2022 Range Road 180	275,986	352,273
32	1.741% due June 15, 2022 Township Road 1020	353,828	451,633
33	2.270% due Sept 15, 2022 LC Arena Dressing Room/Lobby Reno	309,414	382,500
		12,621,964	14,548,188

2. Principal and interest repayment requirements on long-term debt over the next five years

To be paid in Year	Principal \$	Interest \$	Total \$
2018	1,926,225	471,783	2,398,008
2019	1,632,478	411,034	2,043,512
2020	1,215,985	363,984	1,579,969
2021	1,032,971	327,457	1,360,428
2022	805,962	299,019	1,104,981
2023 to maturity	7,934,568	1,678,013	9,612,582
	14,548,188	3,551,291	18,099,480

3. Debt limit calculation

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

	2017 projected \$	2016 \$
Total debt limit, on December 31	\$51,996,573	\$52,646,390
Total debt (principal on loans and loan guarantees), on December 31	(\$14,548,188)	(\$14,657,290)
Amount by which debt limit exceeds (short) debt	\$37,448,385	\$37,989,100
Limit on debt service, in fiscal year	\$8,666,096	\$8,774,398
Service on debt in fiscal year (are interest & principal payments)	(\$2,398,008)	(\$2,080,710)
Amount by which debt servicing limit exceeds debt servicing	\$6,268,087	\$6,693,688

The debt limit is calculated at 1.5 times the revenue of the County (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 County. Rather, the financial statements must be interpreted as a whole.

4. New Debt

Debtures -	2018 \$
From Alberta Capital Finance Authority:	
30 Zama Access due on Sep 15, 2032	
Total new debt	-

Assessment and Estimated Tax Revenues

What is property assessment?

“Property assessment is the process of assigning a dollar value to a property for taxation purposes. In Alberta, property is taxed based on the *ad valorem* principle. *Ad valorem* means ‘according to value.’ This means that the amount of tax paid is based on the value of the property.

“Property taxes are a primary source of revenue for municipalities. Property taxes are used to finance local programs and services. ...

“The assessment and taxation system begins with the laws outlined in the *Municipal Government Act*. All activities that are associated with property assessment and taxation are governed by this legislation and its regulations.”

Source: *Guide to Property Assessment and Taxation in Alberta*, published by Alberta Municipal Affairs.

How is the tax rate calculated?

Revenue requirement / Assessment base = Tax rate.

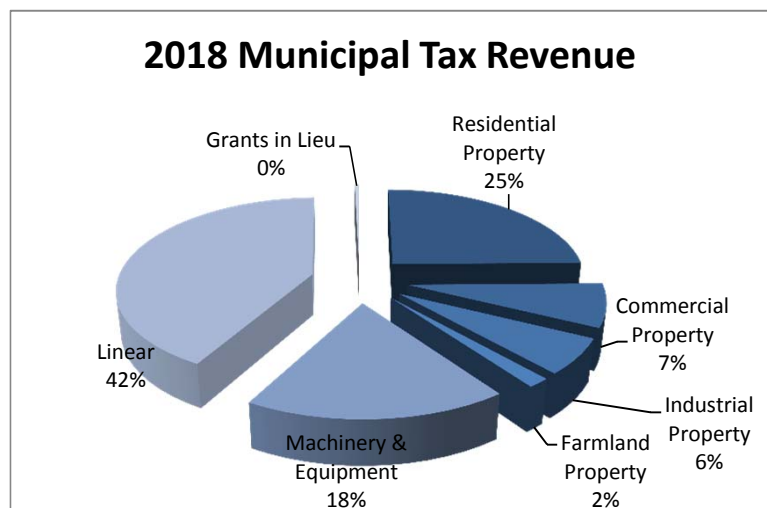
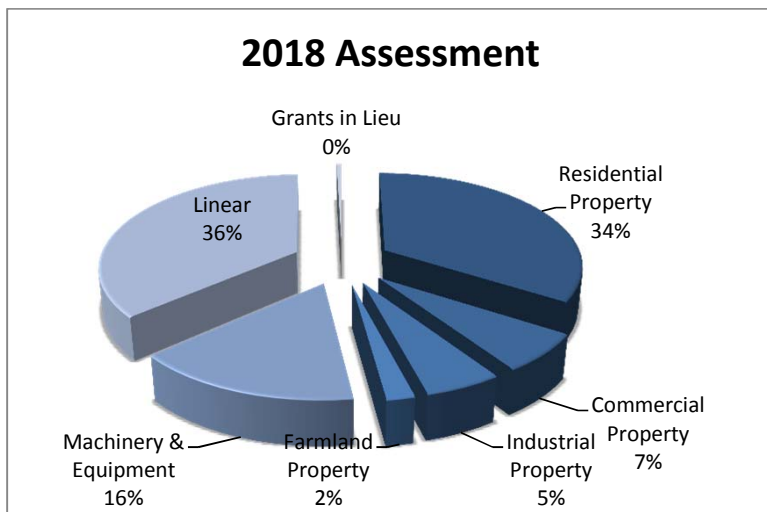
What is the County's revenue requirement?

The County's cash requirement decision worksheet identifies revenue requirements for operating, capital, and restricted surplus contributions.

	2017 assessment	% change estimated	2018 estimated assessment	2018 projected revenue
Residential Property	780,624,090	0.00%	780,624,090	5,860,926
Commercial Property	149,145,140	0.00%	149,145,140	1,775,275
Industrial Property	121,540,530	0.00%	121,540,530	1,446,697
Farmland Property	44,343,070	0.00%	44,343,070	377,271
Machinery & Equipment	359,713,940	0.00%	359,713,940	4,281,675
Linear	825,930,250	0.00%	825,930,250	9,831,048
Grants in Lieu	9,845,820	0.00%	9,845,820	97,531
Total Taxable Assessment	\$2,291,142,840	0.00%	\$2,291,142,840	\$23,670,421 (1)
Tax exempt assessment	187,119,170	0.00%	187,119,170	0
Total Assessment	\$2,478,262,010	0.00%	\$2,478,262,010	\$23,670,421 (2)

Notes:

(1) Please note that 2017 tax bylaw rates were used in the calculation of the projected 2018 tax revenues.



Review of Water & Sewer Rates

The first component used in the water rate calculation is consumption (in m³):

	2018 Estimate	2017	2016
Metered, m ³ - includes Norbord	407,033	399,390	402,843
Cardlock, m ³	229,787	232,326	227,699
Raw, m ³	19,000	22,219	16,087
Tall Cree	10,000	10,800	8,935
Total	665,820	664,735	655,564

The following cost were used for calculations and are based on the 2018 budget:

Water

Cost	Distribution costs	Treatment cost	Total 2018 budget	Total 2017 budget
Fixed	\$592,115	\$505,035	\$1,097,150	\$960,381
Variable	\$230,512	\$518,018	\$748,530	\$752,367
Long term debt (interest + principal)	\$15,274	\$369,496	\$384,770	\$384,557
Total	\$837,901	\$1,392,549	\$2,230,450	\$2,097,305

* Long term debt does not include Rural Water Line

Wastewater

Cost	Collection costs	Treatment cost	Total 2018 budget	Total 2017 budget
Fixed	\$285,310	\$201,890	\$487,200	\$478,661
Variable	\$102,595	\$63,005	\$165,600	\$149,070
Long term debt (interest + principal)	\$132,045	\$23,073	\$155,117	\$159,839
Total	\$519,950	\$287,968	\$807,917	\$787,570

The number of meters that are currently installed:

Location	2017	2016
La Crete	1,410	1,405
Fort Vermilion	343	353
Zama	84	97
Total	1,837	1,855

Current rates	Water		Sewer	
Rate Description	Cost per connection	Rate per m3	Cost per connection	Rate per m3
Rates for Metered Users	\$37.04	\$3.18	\$31.52	\$0.73
Rates for Cardlock Users (treated water)		\$3.18		\$0.73
Rates for Cardlock Users (raw water)		\$2.31		

	WATER	SEWER	TOTAL
Projected revenue at current rate	\$2,927,687	\$1,137,504	\$4,065,192
- Connection cost	\$816,510	\$694,827	\$1,511,337
- Meter treated water	\$1,294,365	\$274,933	\$1,569,298
- Cardlock treated water	\$730,723	\$167,745	\$898,467
- Cardlock raw water	\$43,890	\$0	\$43,890
- Tall Cree	\$42,200	\$0	\$42,200
2018 Budget expenses	\$2,230,450	\$807,917	\$3,038,367
Over/(under) recovery	\$697,237	\$329,587	\$1,026,824

Points to consider

Long term debt fluctuates as debt is incurred or repaid.
 Depreciation is excluded from above more consistent on a year to year basis.
 Debt payments represent financing cost and not a true cost of infrastructure.
 Above water calculation excludes the rural water line principal and interest payments.
 No principal and debt payments were included for the the La Crete Lagoon.

Break even rate	Water		Sewer	
Rate Description	Cost per connection	Rate per m3	Cost per connection	Rate per m3
Rates for Metered Users	\$38.01	\$2.07	\$23.59	\$0.45
Rates for Cardlock Users (treated water)		\$2.07		\$0.45
Rates for Cardlock Users (raw water)		\$1.53		