

2012

Annual Report

Mackenzie County

For the year ending December 31, 2012



Mackenzie County



Mackenzie County

Fort Vermilion Office
 4511– 46 Avenue
 Box 640
 Fort Vermilion, AB T0H 1N0
 Phone: (780) 927-3718
 Fax: (780) 927-4266
 office@mackenziecounty.com

La Crete Office
 9205 - 100 Street
 La Crete, AB T0H 2H0
 Phone: (780) 928-3983

High Level Office
 10709-93 Street
 High Level, AB T0H 1Z0
 Phone: (780) 926-5600

Zama Office
 1025 Aspen Drive
 Zama, AB T0H 4E0
 Phone: (780) 683-2378

TABLE OF CONTENTS

CORPORATE

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

AUDITED FINANCIAL STATEMENTS

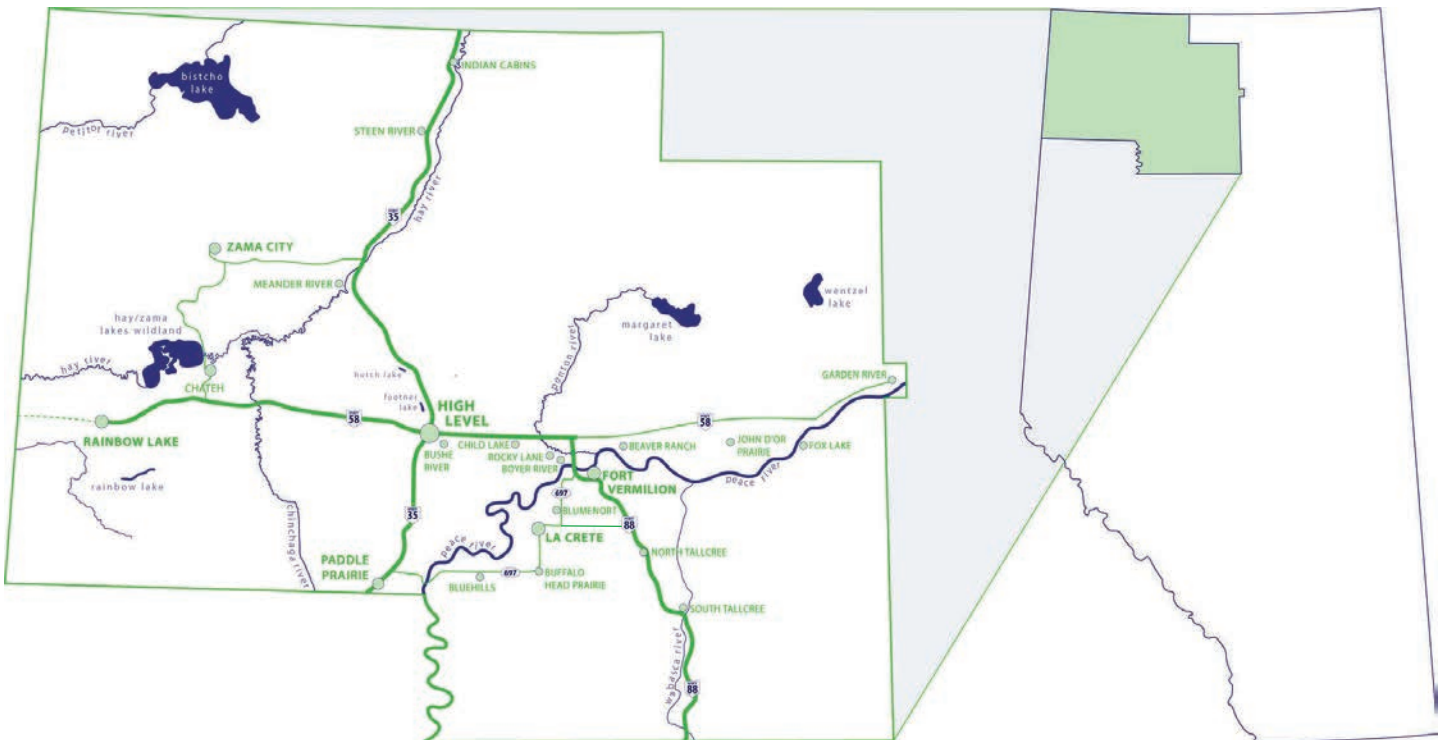
- 6 Auditor's Report
- 7 2012 Financial Statements
 - 7 Statement of Financial Position
 - 8 Statement of Operations
 - 9 Statement of Change in Net Financial Assets
 - 10 Statement of Cash Flows
 - 11 Schedule of Changes in Accumulated Surplus
 - 12 Schedule of Tangible Capital Assets
 - 13 Schedule 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

2013 BUDGET HIGHLIGHTS

- 30 2013 Budget Highlights
- 32 2013 Capital Projects
- 33 Long-Term Debt / Reserves
- 34 Grants to Other Organizations

2012 ACTIVITY HIGHLIGHTS

- 35 2012 Activity Highlights



MESSAGE FROM THE REEVE

I am pleased to present the 2012 Annual Report. The Report highlights the financial results of the 2012 financial audit and provides highlights of the 2013 budget. Mackenzie County 2012 Financial Statements show that the County remains in a strong financial position and its municipal infrastructure is continually expanding. Mackenzie County is Alberta's last frontier and is in the developing stages in comparison to its southern neighbors.

I am pleased to inform that 2013 Budget was approved with zero increase in the combined mill rate for our ratepayers. The 2013 Budget includes projects that were proposed to be funded by some major provincial program. Since Alberta Government's budget announcement, our Council will need to revisit and strategize regarding our critical transportation initiatives: Highway 88 Connector and Zama Access paving projects. These projects were proposed to be funded at 50% by the Resource Road Program, which was not funded in the provincial budget. While the provincial government struggles with their financial situation, the Alberta municipalities saw a major reduction in provincial funding for local municipal infrastructure, including the Local Bridge Program.

2012 was an unusual year due to dry weather and major forest fires in our region. I would like to take this opportunity to thank all those that were involved and helped during the Zama, Wilson Prairie and Blue Hills fires. Mackenzie County received tremendous support from the neighboring municipalities, RCMP, and provincial government departments. The County's total cost for the structural fire protection and assistance to the ESRD's Forest Wildfire Unit was \$1.8M, with most of it recovered through the Alberta Emergency Management Disaster Recovery Program.

Please note there are new sections in this annual report: 2012 Activities Statistics and Agricultural Service Board. We are introducing these sections this year and will be providing comparatives and updates in future reports, as the County continually strives towards improved accountability, transparency and citizen engagement.

In addition to a very ambitious capital projects program, Mackenzie County Council identified the following initiatives for the upcoming year:

- Amalgamation of housing authorities (Mackenzie Housing Management Board and High Level Housing), with aim to expand and improve seniors' housing.
- Preparing for the Lower Peace Land Use Policy development to protect our region's interests while balancing economic, social and environmental aspects.
- Regional Collaboration Initiatives with our neighboring municipalities for the region's benefit.
- Improving communications and relationships with First Nations.

- Continuing to seek a solution to fund infrastructure to new agricultural lands.
- Continue extending the County's rural water line (2013 – High Level Rural - South).
- Establishing an oil & gas strategy.
- Preparing a Zama Access business case.
- Establishing a surface water management plan.

The County's advocacy efforts will concentrate on the following:

- Funding for road construction (including Zama Access paving funds)
- Improving Canada Post services in La Crete and area
- Land Use Framework
- Highway 58 West Extension into British Columbia

Municipal taxes remain the main revenue source for the County, with the linear assessment being the largest assessment group. There are over 12,640 kilometers of pipeline assessed at \$706M and there are 4,571 assessed wells, with an average assessment per well being \$173,690. During 2012, the wells within Mackenzie County produced over 2,181,408 Tm³ of gas and 895,316 m³ of oil. During 2012, we have seen a substantial increase in drilling activity in the region. Forestry and agriculture industries remain strong, and we are in anticipation of the reopening of the Ainsworth OSB Plant.

Despite our infrastructure deficits and challenges, Mackenzie County Council and staff continue delivering quality services to our ratepayers. As Alberta Government is opening up the Municipal Government Act for a review, our Council has been and will continue to be actively involved to assure that our local autonomy is protected, and the final results are for the benefit to all Albertans.

Council and I wish our residents a prosperous and healthy year. It is our pleasure to be your representatives with Mackenzie County, past, present and future.

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)	Length of Water Mains	152.42 km
Total Area of Municipality	7,761,580 hectares	Length of Wastewater Mains	66.39 km
Total Area of Farmland	641,000 acres	Length of Storm Water Drains	9.90 km
Number of Hamlets	3 (La Crete, Fort Vermilion, Zama)	Vehicle Fleet (incl. fire equip)	55 (cost ≥ \$5,000/unit)
Number of Dwelling Units	3,123 (based on 2011 census)	Equipment (incl. graders)	98 (cost ≥ \$5,000/unit)
Total Full-Time Positions	73 (plus 20 seasonal)	Building Structures	71 (cost ≥ \$5,000/unit)
Length of Roads	1,950 km (includes 68 km of paved roads & streets)	Bridges (incl. culverts over 5' in diameter)	75 (cost ≥ \$5,000/unit)

Regional Collaboration

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.

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 (beginning with the 2013 general election, previous term was three years). 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 its annual Organizational Meeting.



Left to Right: Elmer Derksen (Ward 5), Odell Flett (Ward 7), John W. Driedger (Ward 4), Lisa Wardley (Ward 10), Joulia Whittleton (Chief Administrative Officer), Reeve Bill Neufeld (Ward 2), Deputy Reeve Walter Sarapuk (Ward 8), Jacquie Bateman (Ward 9), Dicky Driedger (Ward 1), Eric Jorgensen (Ward 6), Peter F. Braun (Ward 3), Carol Gabriel (Manager of Legislative Services)

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.

Internal Boards/Committees

Aboriginal Consultation Committee
Agricultural Land Use Planning
Agriculture Service Board
Assessment Review Board
Community Services Committee
Community Sustainability Committee
Education Committee
Emergency Response Committee
Finance Committee
Inter-Municipal Planning Commission
Inter-Municipal Subdivision & Development Appeal Board
Mackenzie Housing Management Board
Mackenzie Library Board
Municipal Planning Commission
Public Works Committee
Subdivision & Development Appeal Board
Tompkins Crossing Committee
Veterinary Advisory Committee
Weed Control Appeal Board

External Boards/Committees

Commuter Air Access Network of Alberta
Caribou Mountains Wildland Advisory Committee
Community Futures Northwest
Green Hectares
Hay Zama Bison Advisory Committee
Hay Zama Committee
Hay Zama Tourism Committee
High Level Forests Public Advisory Committee
High Level Recreation Facility Task Force
Mackenzie Applied Research Association
Mackenzie Frontier Tourist Association
Mackenzie Regional Community Policing Society
Mackenzie Regional Waste Management
Mighty Peace Watershed Alliance
Northern Lights Forest Education Society
Northwest Corridor Development Corporation
Partners in Prevention
Regional Economic Development Initiative
Veterinary Services Inc.
Recreation Boards
Family & Community Support Services

2012 AUDITED FINANCIAL STATEMENT



Wilde and Company
Chartered Accountants

P.O. BOX 70
4902 – 50 STREET
VEGREVILLE, AB T9C 1R1
TELEPHONE (780) 632-3673
TOLL FREE 1-800-808-0998
FAX (780) 632-6133
E-MAIL office@wildeandco.com

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Mackenzie County

We have audited the accompanying consolidated financial statements of Mackenzie County, which comprise of the consolidated statement of financial position as at December 31, 2012 and the consolidated statements of operations, changes 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 generally accepted accounting principles, 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, 2012, 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 24, 2013

Wilde + Company
Chartered Accountants

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Financial Position
As at December 31, 2012

	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	19,280,544	15,259,277
Receivables		
Taxes receivable (Note 4)	801,675	740,391
Due from governments	4,878,774	396,322
Trade and other receivables	674,674	475,439
Land held for resale	48,488	52,917
Investments (Note 5)	4,792,855	4,608,706
	30,477,010	21,533,052
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	6,756,945	4,146,247
Deposit liabilities	101,183	76,338
Deferred revenue (Note 7)	3,353,866	2,066,070
Long term debt (Note 8)	11,422,673	11,543,933
	21,634,667	17,832,588
NET FINANCIAL ASSETS	8,842,343	3,700,464
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	164,401,735	160,460,809
Inventory for consumption (Note 10)	1,898,730	2,611,808
Prepaid expenses	224,971	240,852
Deposit assets	24,596	24,596
	166,550,032	163,338,065
ACCUMULATED SURPLUS (Note 13)	175,392,375	167,038,529
Contingent liability (Note 16)		

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Operations
As at December 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
Revenues			
Net municipal taxes (Schedule 3)	23,644,182	23,637,475	22,494,860
User fees and sales of goods	3,270,453	3,439,360	2,327,164
Government transfers for operating (Schedule 4)	1,414,325	3,241,960	1,296,307
Investment income	346,500	454,041	422,701
Penalties and costs on taxes	115,000	140,171	115,552
Licenses, permits and fines	255,880	428,969	354,142
Rentals	61,211	77,848	74,858
Gain on disposal of capital assets	467,305	-	-
Other	220,000	759,999	390,618
Total revenue	29,794,856	32,179,823	27,476,202
Expenses			
Legislative	675,209	602,342	669,581
Administration	5,242,876	4,825,783	4,663,362
Protective services	1,538,425	2,719,063	993,996
Transportation	14,838,590	12,443,160	11,893,107
Environmental use and protection	4,898,260	4,211,296	3,958,855
Family and community support	696,041	728,839	622,969
Planning, development and agriculture	2,737,807	1,731,867	1,593,852
Recreation and culture	1,836,988	1,632,634	1,545,554
Loss on disposal of capital assets	-	190,904	91,364
Total expenses	32,464,196	29,085,888	26,032,640
Excess of revenue over expenses before Government transfers	(2,669,340)	3,093,935	1,443,562
Government transfers for capital (Schedule 4)	12,116,720	5,103,229	2,193,446
Other capital contributions	625,000	156,682	1,498,632
Excess of revenues over expenses	10,072,380	8,353,846	5,135,640
Accumulated surplus - beginning of the year	167,038,529	167,038,529	161,902,889
Accumulated surplus - end of the year	177,110,909	175,392,375	167,038,529

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
Excess of revenue over expenses	10,072,380	8,353,846	5,135,640
Acquisition of tangible capital assets	(27,060,322)	(11,564,803)	(11,128,734)
Contributed tangible capital assets	-	-	(1,442,832)
Proceeds on disposal of tangible capital assets	634,001	663,234	1,003,617
Amortization of tangible capital assets	7,755,963	6,769,738	6,401,174
(Gain) loss on sale of tangible capital assets	(467,305)	190,904	91,364
	(19,137,663)	(3,940,927)	(5,075,411)
Use of (acquisition of) prepaid assets	-	15,881	(31,730)
Use of supplies inventories	729,314	713,078	(956,123)
Acquisition of deposit assets	-	-	-
	729,314	728,959	(987,853)
(Increase) decrease in net assets	(8,335,969)	5,141,878	(927,624)
Net financial assets, beginning of year	3,700,465	3,700,465	4,628,089
Net financial assets, end of year	(4,635,504)	8,842,343	3,700,465

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2012

	2012	2011
	\$	\$
Operating		
Excess of revenue over expenses	8,353,846	5,135,640
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	6,769,738	6,401,174
(Gain) loss on disposal of tangible capital assets	190,904	91,364
Tangible capital assets received as contributions	-	(1,442,832)
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	(61,284)	(198,405)
Decrease (increase) in government receivables	(4,482,452)	2,396,758
Decrease (increase) in trade and other receivables	(199,235)	(147,301)
Decrease (increase) in inventory for consumption	713,078	(956,123)
Decrease (increase) in land held for resale	4,429	7,285
Decrease (increase) in prepaid expenses	15,881	(31,730)
Decrease (increase) in deposit assets	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,610,698	(328,180)
Increase (decrease) in deposit liabilities	24,845	3,820
Increase (decrease) in deferred revenue	1,287,796	1,546,361
<i>Net cash provided by operating transactions</i>	15,228,244	12,477,831
Capital		
Acquisition of tangible capital assets	(11,564,803)	(11,128,734)
Proceeds on sale of tangible capital assets	663,234	1,003,616
<i>Net cash applied to capital transactions</i>	(10,901,569)	(10,125,118)
Investing		
Decrease (increase) in restricted cash or cash equivalents	(1,287,796)	(1,546,361)
Decrease (increase) in investments	(184,149)	(165,061)
<i>Net cash provided by investing transactions</i>	(1,471,945)	(1,711,422)
Financing		
Long term debt issued	2,000,000	2,180,164
Long term debt repaid	(2,121,261)	(2,186,032)
<i>Net cash provided by investing transactions</i>	(121,261)	(5,868)
Change in cash and cash equivalents during the year	2,733,469	635,423
Cash and cash equivalents, beginning of year	13,193,209	12,557,786
Cash and cash equivalents, end of year	15,926,678	13,193,209
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	19,280,544	15,259,277
Less: restricted portion of cash and temporary investments (Note 3)	(3,353,866)	(2,066,070)
	15,926,678	13,193,207

See accompanying notes

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Changes in Accumulated Surplus
As at December 31, 2012
Schedule 1

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital Assets	2012 \$	2011 \$
Balance, beginning of year	3,393,319	6,775,986	7,952,347	148,916,877	167,038,529	161,902,889
Excess of revenues over expenses	8,353,846	-	-	-	8,353,846	5,135,640
Unrestricted funds designated for future use	(7,654,593)	3,062,419	4,592,174	-	-	-
Restricted funds used for operations	69,464	(47,181)	(22,283)	-	-	-
Restricted funds used for TCA	-	(1,842,697)	(941,493)	2,784,190	-	-
Current year funds used for TCA	(8,780,613)	-	-	8,780,613	-	-
NBV of TCA disposed of	854,138	-	-	(854,138)	-	-
Annual amortization expense	6,769,738	-	-	(6,769,738)	-	-
TCA long term debt issued	2,000,000	-	-	(2,000,000)	-	-
TCA long term debt repaid	(2,121,261)	-	-	2,121,261	-	-
Balance, end of year	2,884,038	7,948,527	11,580,745	152,979,065	175,392,375	167,038,529

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2012
Schedule 2

	Land and Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2012 \$	2011 \$
Cost							
Balance, beginning of year	8,691,138	17,802,348	290,423,514	8,059,019	3,631,521	328,607,540	317,441,861
Acquisition of tangible capital assets	427,280	85,528	1,481,585	1,959,000	725,585	4,678,978	9,574,797
Construction in progress	42,620	119,585	6,723,620	-	-	6,885,825	2,996,769
Disposal of tangible capital assets	(32,825)	-	-	(1,191,682)	(314,313)	(1,538,820)	(1,405,887)
Balance, end of year	9,128,213	18,007,461	298,628,719	8,826,337	4,042,793	338,633,523	328,607,540
Accumulated amortization							
Balance, beginning of year	193,327	2,355,700	162,027,104	2,055,227	1,515,373	168,146,731	162,056,464
Annual amortization	217,504	410,237	5,378,986	569,149	193,862	6,769,738	6,401,174
Accumulated amortization on disposals	-	-	-	(422,186)	(262,495)	(684,681)	(310,907)
Balance, end of year	410,831	2,765,937	167,406,090	2,202,190	1,446,740	174,231,788	168,146,731
Net book value of tangible capital assets							
	8,717,382	15,241,524	131,222,629	6,624,147	2,596,053	164,401,735	160,460,809
2011 Net book value of tangible capital assets	8,497,811	15,446,648	128,396,410	6,003,792	2,116,148		160,460,809

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Property and Other Taxes
As at December 31, 2012
Schedule 3

	Budget	2012	2011
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	12,724,181	12,699,435	12,205,618
Linear property	17,016,563	17,038,285	16,957,424
Government grants in place of property taxes	79,968	93,166	98,889
Special assessments and local improvement taxes	272,549	255,668	247,129
	30,093,261	30,086,554	29,509,060
Requisitions			
Alberta School Foundation Fund	6,157,364	6,157,364	6,295,112
Homestead Seniors Lodge	291,715	291,715	719,088
	6,449,079	6,449,079	7,014,200
Net Municipal Taxes	23,644,182	23,637,475	22,494,860

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Government Transfers
As at December 31, 2012
Schedule 4

	Budget	2012	2011
	\$	\$	\$
	(Unaudited)		
Transfers for Operating			
Federal Government	-	1,874	-
Provincial Government	1,414,325	3,240,086	1,296,307
	1,414,325	3,241,960	1,296,307
Transfers for Capital			
Federal Government	-	-	103,235
Provincial Government	12,116,720	5,103,229	2,090,211
	12,116,720	5,103,229	2,193,446
Total Government Transfers	13,531,045	8,345,189	3,489,753

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Consolidated Expenses by Object
As at December 31, 2012
Schedule 5

	Budget	2012	2011
	\$	\$	\$
	(Unaudited)		
Consolidated Expenses by Object			
Salaries, wages and benefits	7,727,044	6,590,426	5,910,180
Contracted and general services	7,222,940	6,717,883	5,366,114
Materials, goods, supplies and utilities	5,573,257	5,087,314	4,616,680
Transfers to other governments	1,816,600	1,371,120	1,598,790
Transfers to local boards and agencies	1,590,356	1,690,701	1,517,852
Bank charges and short term interest	27,000	39,202	32,457
Interest of long term debt	691,036	426,418	484,236
Amortization of tangible capital assets	7,755,963	6,769,738	6,401,174
Loss (gain) on disposal of tangible capital assets	-	190,904	91,364
Other operating expenditures	60,000	202,182	13,793
	32,464,196	29,085,888	26,032,640

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Segmented Disclosure
As at December 31, 2012
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total \$
Revenue								
Net municipal taxes	23,381,807	-	180,837	74,831	-	-	-	23,637,475
Government transfers	121,244	2,031,780	4,090,826	1,149,925	566,883	152,339	232,192	8,345,189
User fees and sales of goods	34,516	340,208	83,769	2,926,677	10,388	43,802	-	3,439,360
Investment income	454,041	-	-	-	-	-	-	454,041
Other revenues	529,925	32,737	236,553	200,491	563,858	105	-	1,563,669
	24,521,533	2,404,725	4,591,985	4,351,924	1,141,129	196,246	232,192	37,439,734
Expenses								
Salaries, wages and benefits	2,048,665	262,265	2,712,328	834,235	485,346	192,180	55,407	6,590,426
Contracted and general services	1,147,492	2,018,569	1,552,648	886,225	905,287	205,617	2,045	6,717,883
Materials, goods, supplies and utilities	271,798	311,080	3,635,197	680,165	105,528	83,546	-	5,087,314
Transfers to local boards and agencies	1,371,120	-	-	-	135,000	884,313	671,388	3,061,821
Interest on long term debt	92,096	-	28,124	306,198	-	-	-	426,418
Other expenses	250,605	49	181,585	-	49	-	-	432,288
	5,181,776	2,591,963	8,109,882	2,706,823	1,631,210	1,365,656	728,840	22,316,150
Net revenue before amortization	19,339,757	(187,238)	(3,517,897)	1,645,101	(490,081)	(1,169,410)	(496,648)	15,123,584
Amortization of tangible capital assets	255,880	127,100	4,514,654	1,504,472	100,656	266,976	-	6,769,738
Net revenue	19,083,877	(314,338)	(8,032,551)	140,629	(590,737)	(1,436,386)	(496,648)	8,353,846

Wilde & Company
Chartered Accountants

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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)

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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.

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.

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.

(*continues*)

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2012

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

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)

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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 3410 - Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3510 – Tax Revenue

This new standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. This section is effective for fiscal periods beginning on or after April 1, 2012.

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

This new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS 1201 and section PS 2601 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, 2015.

For government organizations, as defined in Section PS 1300, the new section and related amendments are effective for fiscal periods beginning on or after April 1, 2012.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

3. Cash and temporary investments	2012	2011
Cash	\$ 2,927,916	\$ 4,311,215
Temporary investments	16,352,628	10,948,062
	\$ 19,280,544	\$ 15,259,277

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

Council has designated funds of \$3,232,230 (2011 - \$1,922,464) included in the above amounts for capital projects.

Included in temporary investments is a restricted amount of \$121,636 (2011 - \$143,606) held exclusively for local improvements.

4. Taxes receivable	2012	2011
Taxes receivable - current	\$ 631,796	\$ 523,651
Taxes receivable - arrears	274,702	226,057
	906,498	749,708
Less: allowance for doubtful accounts	(104,823)	(9,317)
	\$ 801,675	\$ 740,391

5. Investments	2012		2011	
	2012	Cost	2012	Cost
Short term notes and deposits	\$ 3,523,014	\$ 3,512,501	\$ 1,809,440	\$ 1,811,776
Government and government guaranteed bonds	1,269,841	1,280,626	2,799,266	2,917,823
	\$ 4,792,855	\$ 4,793,127	\$ 4,608,706	\$ 4,729,599

Short term notes and deposits have effective interest rates of 2.39% to 5.04% with maturity dates between April 2013 and December 2018. Government and government guaranteed bonds have effective interest rates of 3.05% to 4.80% with maturity dates between December 2014 and March 2017.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

6. Accounts payables and accrued liabilities

	2012	2011
Trade payables and accruals	\$ 4,117,419	\$ 1,589,779
Holdback payables	623,176	662,390
Gravel pit reclamation liability	1,525,693	1,513,584
Employee payable (wages and accrued overtime)	442,225	325,367
Long term debt interest payable	48,432	55,127
	\$ 6,756,945	\$ 4,146,247

7. Deferred revenue

	2012	2011
Prepaid local improvements	\$ 121,636	\$ 143,606
Restricted grant funding	3,232,230	1,922,464
	\$ 3,353,866	\$ 2,066,070

The use of these funds are restricted to eligible projects as approved under the agreements. Unexpended funds are supported by cash in the bank.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

8. Long term debt	2012	2011
Tax supported debentures	\$ 11,422,673	\$ 11,543,933

Principal and interest repayments are as follows:

	Principal	Interest	Total
2013	\$ 1,826,572	\$ 388,490	\$ 2,215,062
2014	1,729,024	320,791	2,049,815
2015	1,294,233	260,882	1,555,115
2016	1,189,662	215,725	1,405,387
2017	1,172,454	172,807	1,345,261
Thereafter	4,210,728	590,623	4,801,351
	\$ 11,422,673	\$ 1,949,318	\$ 13,371,991

The current portion of the long term debt amounts to \$1,826,572 (2011 - \$2,133,991).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.439% to 4.875% per annum and matures in periods 2013 through 2032. The weighted average annual interest rate is 3.504% for 2012 (3.746% for 2011).

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

Interest on long term debt amounted to \$426,418 (2011 - \$484,236).

The municipality's total cash payments for interest in 2012 were \$433,113 (2011 - \$471,603).

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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:

	2012	2011
Total debt limit	\$ 48,269,735	\$ 41,214,303
Total debt	(11,422,673)	(11,543,933)
Amount of debt limit unused	\$ 36,847,062	\$ 29,670,370
Debt servicing limit	\$ 8,044,956	\$ 6,869,051
Debt servicing	(2,215,062)	(2,551,319)
Amount of debt servicing limit unused	\$ 5,829,894	\$ 4,317,732

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

	2012	2011
Parts and supplies	\$ 809,430	\$ 779,947
Gravel	1,089,300	1,831,861
Total	\$ 1,898,730	\$ 2,611,808

11. Equity in tangible capital assets

	2012	2011
Tangible capital assets (Schedule 2)	\$ 338,633,526	\$ 328,607,541
Accumulated amortization (Schedule 2)	(174,231,788)	(168,146,731)
Long term debt (Note 8)	(11,422,673)	(11,543,933)
Total	\$ 152,979,065	\$ 148,916,877

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

12. 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).

13. Reserves and accumulated surplus

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

	2012	2011
Equity in tangible capital assets (Note 11)	\$152,979,065	\$148,916,877
Operating reserves	7,948,527	6,775,986
Capital reserves	11,580,745	7,952,347
Accumulated operating fund	2,884,038	3,393,319
	\$175,392,375	\$167,038,529

The total reserve balances include approximately \$1,171,112 committed to projects commenced and/or tendered in 2012.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

14. 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:

	2012		2011	
	Salary (1)	Benefits & allowances (2)		
William Neufeld - Reeve	\$ 44,900	\$ 158	\$ 45,058	\$ 50,309
John W. Driedger	38,500	158	38,658	54,709
Lisa Wardley	34,400	1,488	35,888	36,206
Peter Braun	37,900	1,488	39,388	43,606
Walter Sarapuk	26,000	1,488	27,488	30,906
Diedrich Driedger	36,500	1,488	37,988	43,985
Jacquie Bateman	29,600	158	29,758	31,509
Odell Flett	37,200	559	37,759	45,640
Eric Jorgensen	29,000	158	29,158	35,309
Elmer Derksen	30,900	158	31,058	46,809
Chief Administrative Officer (2, 2011-1)	290,692	18,308	309,000	222,337
Designated Officers (2, 2011-2)	129,877	19,299	149,176	317,898
	\$ 765,469	\$ 44,908	\$ 810,377	\$ 959,223

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.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

15. 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 Alberta Public Sector Pension Plans Act. The LAPP serves about 200,000 people and 400 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The municipality is required to make current service contributions to the LAPP of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2011 were \$365,689 (2011 - \$315,227). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2011 were \$331,174 (2011 - \$285,025).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of 5.4 billion.

16. 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.

17. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition under-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.

2012 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2012

18. Approval of financial statements

Council and Management have approved these financial statements.

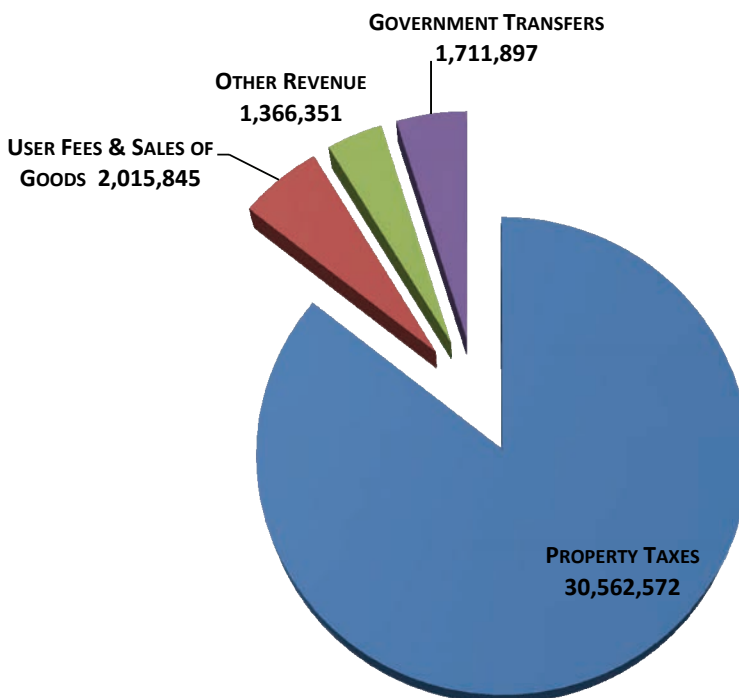
19. Budget amounts

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

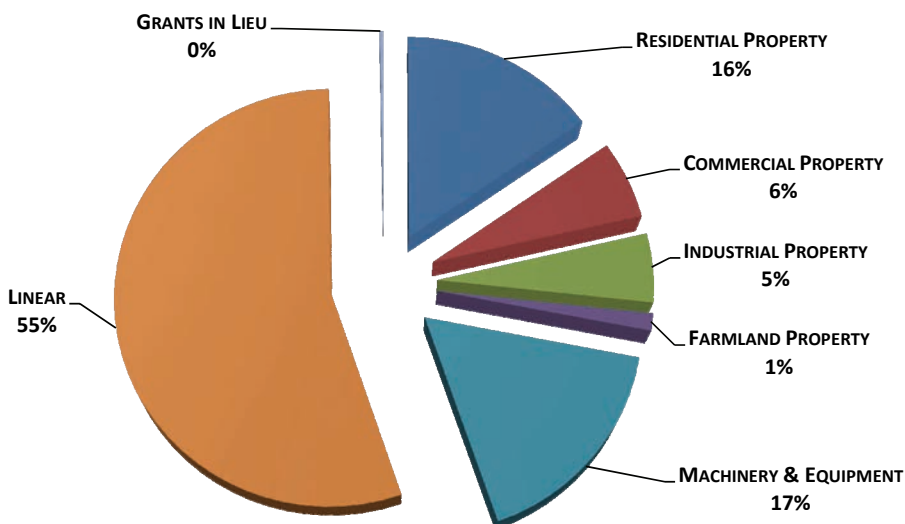
2013 BUDGET HIGHLIGHTS

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 2013 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. In order for our municipality to maintain current service levels, a small increase in the tax rate was required while maintaining the combined 2012 tax rates.

2013 Operating Revenues



2013 Municipal Tax Revenue

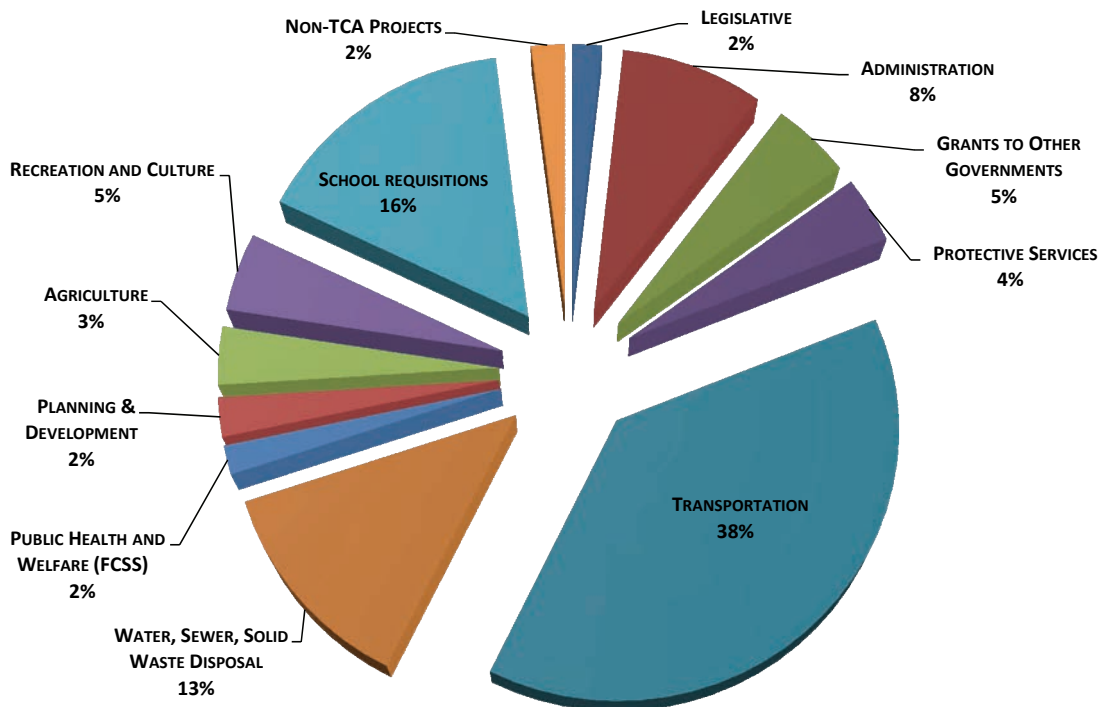


Total operating revenues are projected to be \$37.06 million (4% increase over 2012).

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.

2013 BUDGET HIGHLIGHTS

2013 Operating Expenses



Total operating expenses, including requisition transfers and amortization of tangible capital assets, are projected to be \$38.5 million, which is an overall 2% decrease from 2012. The decrease is associated with lower interest and depreciation charges, as well as a large change in gravel inventory. These decreases will be offset, in part, by increases in projected repairs and maintenance expenditures (roads, equipment). The schools requisition transfer will be \$6,222,152 (2012 - \$6,157,364), and the seniors lodge requisition transfer will be \$392,262 (2012 - \$291,715).

Operating expenses include \$459,500 in grants to non-profit groups and bursaries, \$293,341 to FCSS (Family and Community Support Services), \$711,558 to recreation boards, and \$186,756 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 2013 transfer to these local governments is projected to be \$1,765,786.

2013 Capital Projects

The 2013 capital projects are estimated at \$44,540,512 and are projected to be funded as follows:

- Municipal Tax Revenue \$ 2,746,762 (6%)
- Restricted Surplus (Reserves) \$ 9,642,709 (22%)
- Provincial/Federal Grants* \$ 19,891,011 (45%)
- Debenture \$ 11,722,630 (26%)
- Other Revenues (developer's contributions, sales proceeds) \$ 537,400 (1%)

*Please note that the provincial grants include the Resource Road Program that has not been funded by the Alberta Government. Mackenzie County Council is reassessing the two 2013 projects effected by this.

2013 BUDGET HIGHLIGHTS

2013 Capital Projects

The major projects for 2013 are:

Administration \$495,619	<ul style="list-style-type: none">• Parking lot improvements at Zama County Office• Land purchases from Alberta Environment & Sustainable Resource Development (ESRD)• Building improvements* (alarm system and County sign at Fort Vermilion Office)
Fire Department \$108,887	<ul style="list-style-type: none">• Self-contained breathing apparatus compressors for Fort Vermilion and La Crete Stations• Upgrades to foam systems on pumps and replacement of various equipment
Transportation \$31,966,394	<ul style="list-style-type: none">• Paving portions of the Zama Access and Highway 88 Connector roads*• Reconstruction of 101st Street and 103rd Avenue, and of 105th Avenue in La Crete*• Paving portions of Aspen Drive in Zama, and 48th and 53rd Avenues in Fort Vermilion*• New road infrastructure (based on approved requests)• Bridge repairs and rebuilding• Various equipment and vehicle replacements• Engineering for culvert rebuilding*
Airports \$53,135	<ul style="list-style-type: none">• Airport development plans• Instrument approach• Beacon light tower
Water Treatment and Distribution \$4,344,442	<ul style="list-style-type: none">• Rural water line to High Level South• Pumphouse upgrades in Zama*• 50th Street water and sewer upgrades in Fort Vermilion*• Pumping station and rural water lines*• Water treatment plant upgrades and building repairs in Zama• Rehabilitation of well in La Crete*
Sewer Disposal \$5,156,911	<ul style="list-style-type: none">• Sewage lagoon upgrade in La Crete*• Lift station upgrade* and shed in Zama• Completion of upgrade to main lift station in Fort Vermilion
Solid Waste Disposal \$36,911	<ul style="list-style-type: none">• Bin replacements• Replacement of shack in Blumenort• Land purchase for Tompkins Waste Transfer Station
Planning & Development \$10,150	<ul style="list-style-type: none">• Handheld GIS and mapping units
Agricultural Services \$962,476	<ul style="list-style-type: none">• High Level East drainage project*• Spruce road drainage and road rehabilitation
Recreation \$1,336,354	<ul style="list-style-type: none">• Grounds improvements for recreation facilities• Water spray parks for the hamlets of La Crete and Fort Vermilion (to be undertaken in partnership with the local recreation boards and committees)• Development of walking trails in Jubilee Park• Various capital improvements for the recreation boards in Zama, La Crete, and Fort Vermilion
Parks & Playgrounds \$69,233	<ul style="list-style-type: none">• Various capital improvements to facilities at Hutch Lake and Machesis Lake• Park landscaping in Zama• Various capital improvements in the hamlets of Fort Vermilion and La Crete

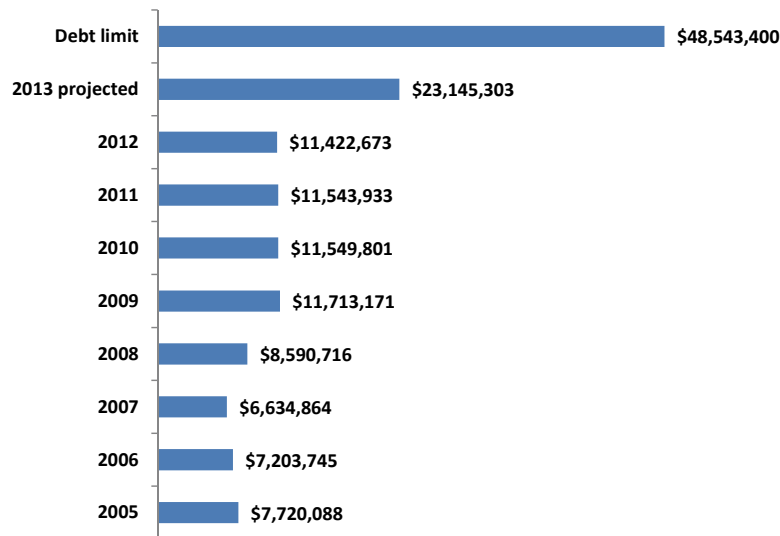
* indicates partial funding from the provincial government.

2013 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.

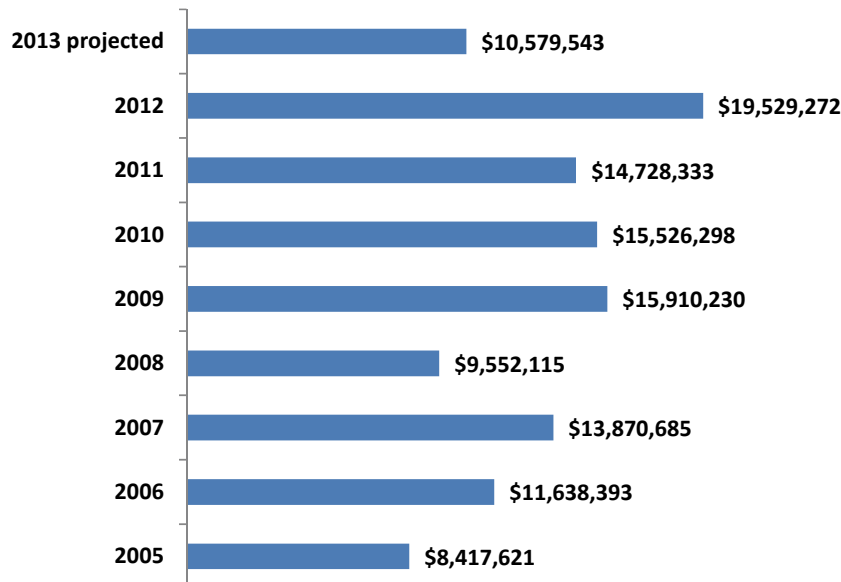
The Municipal Government Act and Alberta Regulation 255/00 defines the debt limits for municipalities. If the borrowing takes place as intended based on the preapproved bylaws, the County will be at 48% of its allowable debt limit on December 31, 2013 as permitted under MGA, AR 255/00.



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.



2013 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 2013 operating budget includes \$459,500 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:

Grants to Non-Profit Groups and Organizations	2013	2012	2011
Zama Chamber of Commerce	\$ 8,000	\$ 8,000	\$ 8,000
Rocky Lane Agricultural Society	43,000	26,000	22,000
Fort Vermilion School Division - Rocky Acres	50,000	50,000	50,000
Golden Range Society (High Level)	5,000	-	-
High Level Agricultural Exhibition Association	-	-	5,000
High Level Rural Community Hall	25,000	25,000	22,500
La Crete Agricultural Society	75,000	75,000	75,000
La Crete Area Chamber of Commerce	23,000	23,000	28,000
La Crete Field of Dreams Stampede Committee	5,000	5,000	5,000
La Crete Meals for Seniors	4,000	4,000	4,000
La Crete Seniors' Inn (drop-in centre)	3,000	3,000	3,000
La Crete Polar Cats	15,000	-	-
La Crete Walking Trails (see Note, below)	-	10,000	10,000
Fort Vermilion Agricultural Society	25,000	25,000	25,000
Fort Vermilion Area Board of Trade	12,000	12,000	12,000
Fort Vermilion Friends of the Old Bay House Society	-	-	10,000
Fort Vermilion Mackenzie Applied Research Station	50,000	-	-
Fort Vermilion Recreation Society - 225th Anniversary Celebration	10,000	-	-
Fort Vermilion Royal Canadian Legion, Branch 243	6,000	6,000	-
Fort Vermilion Seniors' Club	4,000	4,000	4,000
Fort Vermilion Walking Trail	10,000	10,000	10,000
Cemeteries	3,500	3,500	3,500
Eagle's Nest Bible Camp	-	-	5,000
High School Bursaries	25,000	25,000	25,000
Regional Economic Development Initiative (REDI)	28,000	28,000	25,000
Mackenzie Regional Community Policing Society	-	-	10,000
Mackenzie Tourism (DMO)	15,000	15,000	20,000
Miscellaneous	15,000	15,000	1,000
Total Grants to Non-Profit Organizations	\$ 459,500	\$ 372,500	\$ 383,000

Note: For 2013, Council has directed this annual grant to be allocated towards the Jubilee Park walking trails project (in the capital budget).

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.

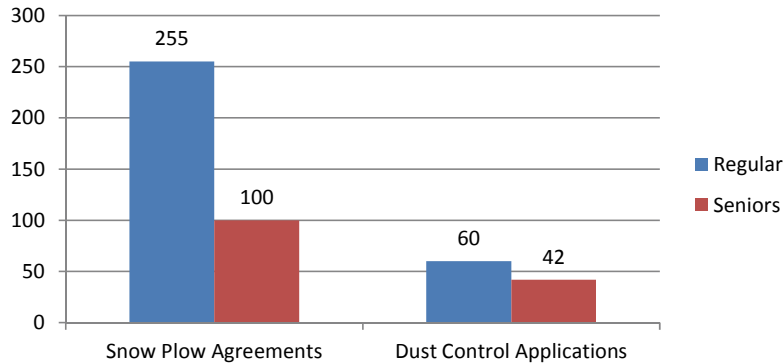
The County provides operating and capital funding to the Fort Vermilion, La Crete, and Zama recreation boards. The recreational boards operate the County-owned facilities and provide a range of programs and activities to local residents and visitors.

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

2012 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.

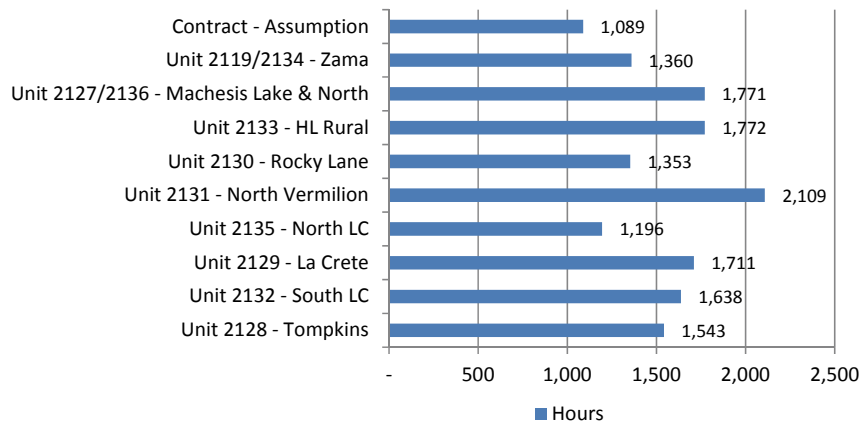
Snow Plow Agreements & Dust Control Applications



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

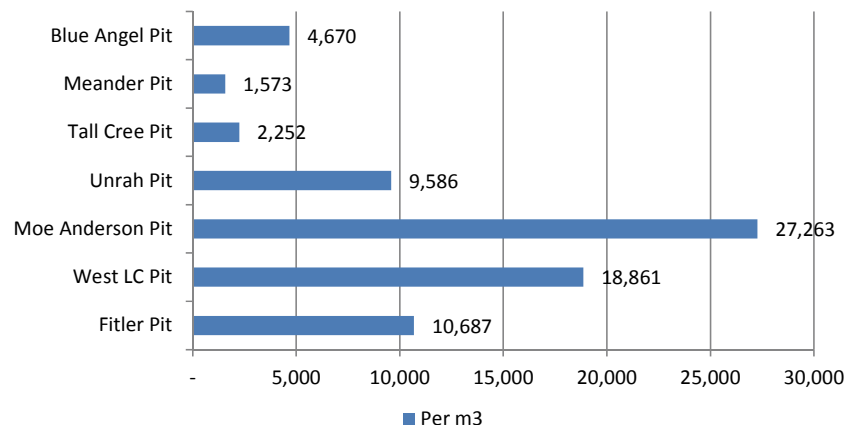


The County has nine grader beats and one contract grader. Their hours of operation for 2012 are indicated on the graph to the left.

The variances in unit hours are due to weather, number of dust controlled areas, staff vacancies, etc.



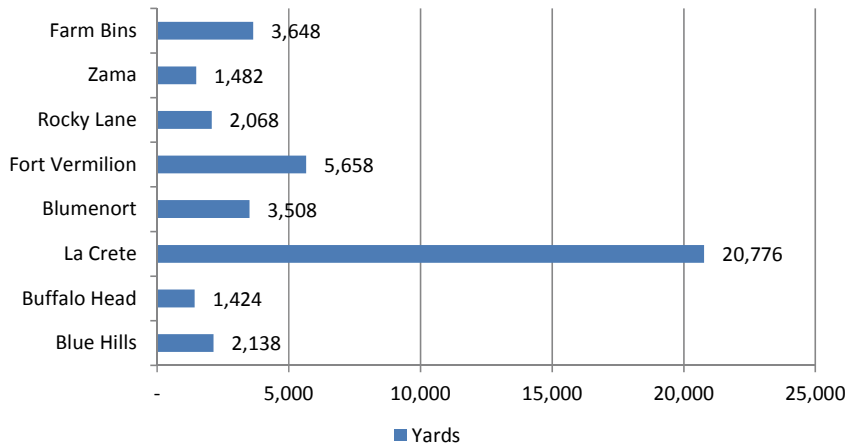
Quantity of Gravel Placed on County Roads



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

2012 ACTIVITY HIGHLIGHTS

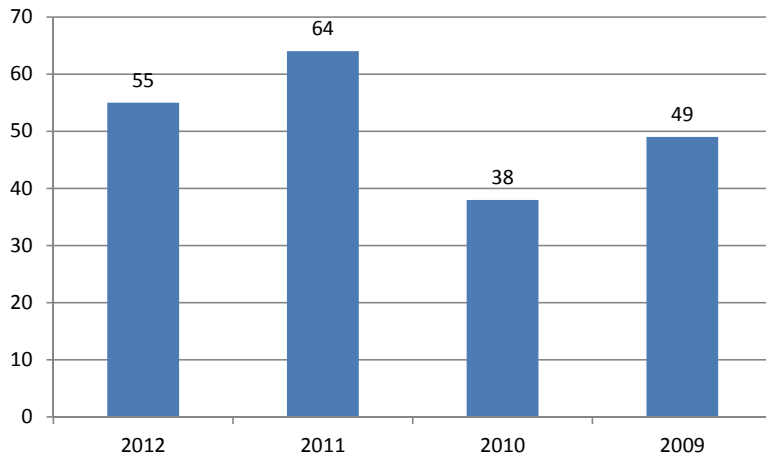
Waste Transfer Stations



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.

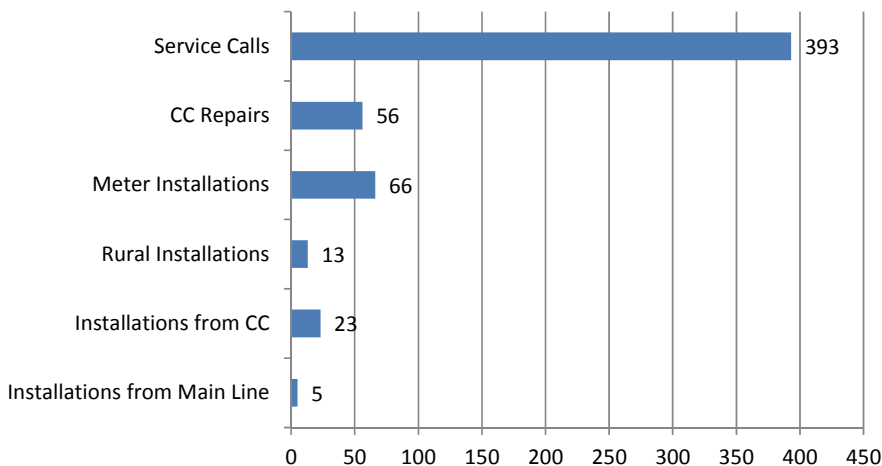
The Hamlet Residential Waste Collection program was implemented in the Hamlet of La Crete in the fall of 2012 in order to reduce congestion at the La Crete Waste Transfer Station. Residents included in the service area are charged \$5.95 per month for this service.

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.

Water Service Installations & Maintenance



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

2012 ACTIVITY HIGHLIGHTS

Mackenzie County Agricultural Service Board (ASB)

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

Mackenzie County's ASB revisits their three-year Business Plan annually. Its vision is: "Sustainable agriculture in our Region continues with new value added agricultural farms and businesses."

Based on the 2006 Census, there were 650 farms with total acreage of 530,000 acres, with average farms size of 820 acres. Cropland acreage totaled 300,000 or 1.3% of Alberta's cropland in that year. In 2011 and 2012, the Alberta Government sold 111,462 acres of new agricultural land, making the total agricultural land base in the County of 641,462 acres. The farm land assessment and farm property taxes remain low in the Mackenzie Region. An average quarter of farm land in Mackenzie County is assessed at \$9,700, paying \$69/quarter annually in municipal tax revenues. In addition, the farm owners receive assessment exemptions towards their farm residencies; these may vary depending on farm acreage ownership.

Mackenzie County ASB members identified and discussed the emerging developments during their annual business plan review: the need for infrastructure due to the sale of new agricultural land; expected high commodity prices will change

producer strategy; volatility in livestock industries; diseased buffalo in the Wood Buffalo Park; closure of the Federal Research Station in Fort Vermilion; climate change; fragmentation of agricultural land; continuing need in improving the transportation systems to get local products to market.

Mackenzie County ASB goals are:

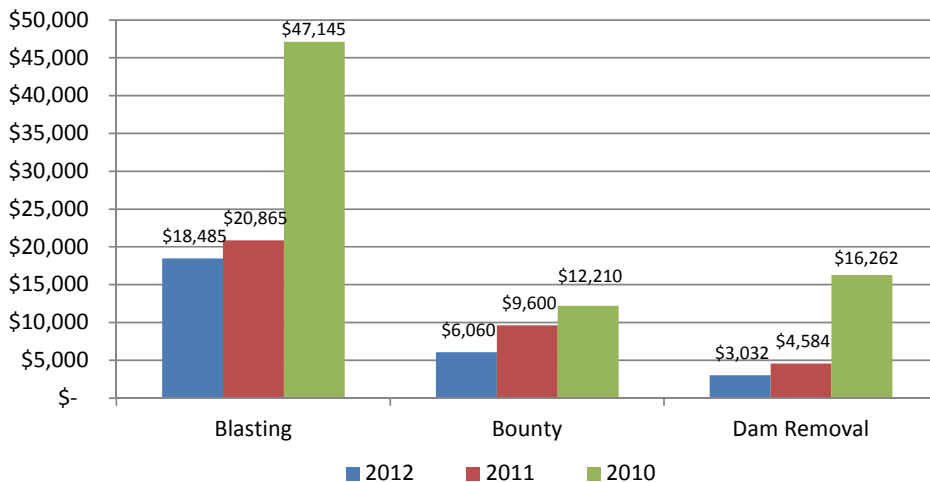
- Encourage development of new value-added agricultural farms and agri-business
- Promote sustainable agricultural policies and practices
- Strong internal policies and programs to support responsible agricultural land development
- Appropriate land uses within the County
- Continuing agricultural land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

Mackenzie County ASB 2013-2015 Business Plan is available on the County's website.

Mackenzie County ASB is working with the local veterinary service providers to assure adequate services are available for livestock. Mackenzie County ASB recognizes the great value and the need of continuing agricultural research in the north, therefore work is being done to secure the Fort Vermilion Research Station for continuing agricultural research by Mackenzie Applied Research Association. The County currently secured a one year lease for this site including equipment and continues working on a longer term solution. Mackenzie County funds MARA on an annual basis.

Mackenzie County ASB offers the 2012 activity statistics in this annual report.

Beaver Control

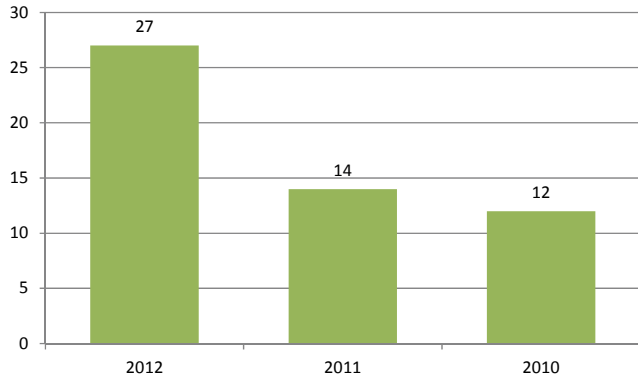


The Agricultural Service Board pays the Local Trapper's Association a \$30 bounty for each beaver tail collected from problem areas.

The bounty was increased to \$50 at the May 2, 2013 ASB Meeting due to the declining population of beavers in the area.

2012 ACTIVITY HIGHLIGHTS

Pump & Pipe Rental



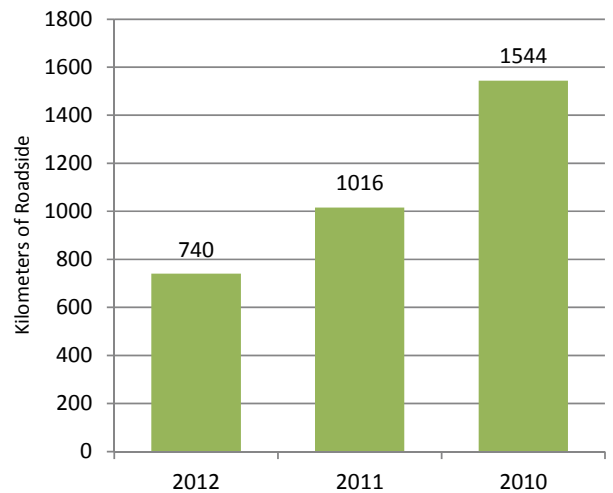
Mackenzie County rents a 6" PTO driven water pump for agricultural use. The pump comes with one-mile of pipe. Two-day rental fee is \$300.

Roadside Grass Mowing

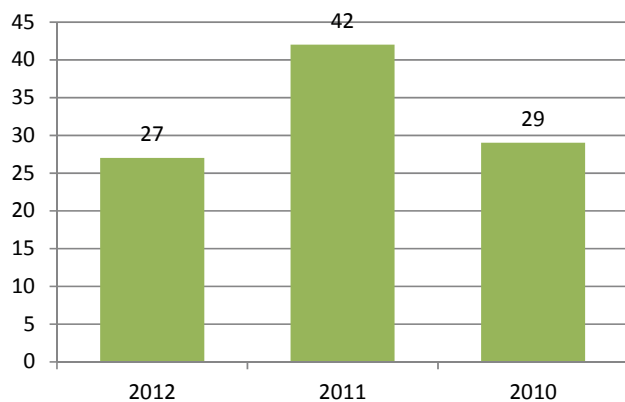


County roads are mowed once each year—one pass cut. Each road receives a full width cut every other year. Approximately 1655 km of County roadside are mowed each year.

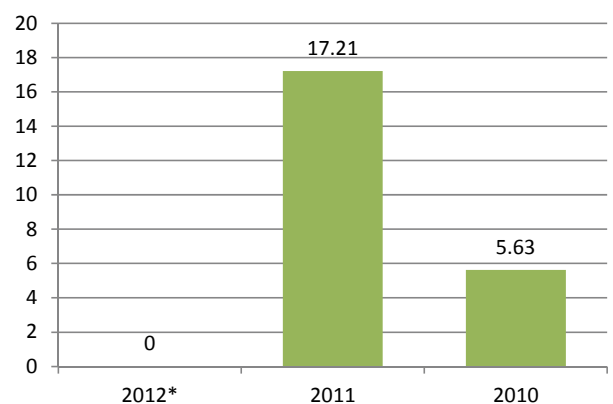
Roadside Spraying



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.

2012 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 some economic development initiatives.

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

As the development statistics indicate, our County is continuing to grow. Our job is to control and direct that growth to ensure it is safe, esthetically pleasing, matches with neighboring land uses, maximizes existing infrastructure, minimizes unnecessary costs to the County, all while still allowing for future growth.

The Planning & Development Department has six full-time staff, one summer staff, and is currently looking for an Economic Development Research Assistant.

Development Applications by Construction Value

	2006	2007	2008*	2009	2010	2011*	2012
Industrial	11,430,000	8,008,300	52,687,000	2,265,000	3,319,000	54,777,000	3,003,000
Commercial	10,752,900	4,760,500	8,515,000	2,571,200	4,022,000	5,592,550	2,402,500
Residential	20,074,436	16,954,863	15,233,063	10,169,616	14,803,816	16,231,775	23,816,096
Other*	3,330,100	1,294,660	3,028,000	3,879,046	6,663,992	301,800	411,000
Total	45,587,436	31,018,323	79,463,063	18,884,862	28,808,808	76,903,125	29,632,596

*Other—Public use facilities and home based businesses, 2008—industrial spike due to Mustus Energy Bio Mass Plant, 2011—industrial spike due to new Compressor Station in Ward 10

Development Applications by Number of Permits

	2006	2007	2008	2009	2010	2011	2012*
Industrial	35	27	19	19	26	21	28
Commercial	56	40	51	55	58	45	29
Residential	221	211	180	172	192	203	211
Other*	20	26	21	19	24	9	10
Total	332	304	272	265	300	278	278

*56—Discretionary Use Permits, 222—Permitted Use Permits

Residential Development by Number of Permits

	2006	2007	2008	2009	2010	2011	2012
Multi-Family Dwellings	4	2	1	1	2	4	3
Single Family Dwellings	73	79	71	40	52	47	78
Mobile Homes	78	63	49	41	43	53	52
Ancillary (Garages, Additions)				49	56	62	33
Others (Fences, Decks, Reno's)				41	22	12	33
Total	155	144	121	172	175	178	211

2012 ACTIVITY HIGHLIGHTS

Subdivisions by Number of Applications

	2006	2007	2008	2009	2010	2011	2012
Urban	6	10	1	4	2	4	5
Rural	24	46	30	26	20	28	48
Rural Multi-lot	3	3	2	0	0	0	1
Total	33	57	33	30	22	32	54

Subdivisions by Lots or Acres

	2006	2007	2008	2009	2010	2011	2012
Number of Lots	99	82	59	89	22	32	84
Rural in acres	211	644	317	353	206	311	549.66
Multi-rural in acres	122	9	113	0	0	0	8.7
Urban in acres	59	260	8	4	27	46	32.74
Total Acres	491	995	497	357	233	357	591.1

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:

- Tompkins Landing Day Use Area
- Buffalo Head Tower Day Use Area
- Wadlin Lake Campground
- Atlas Landing
- Tourangeau Lake Day Use Area (La Crete)
- La Crete Hill Park (La Crete)
- Reinland Park (La Crete)
- 108 Street Park (La Crete)
- Machesis Lake Campground (Rocky Lane)
- Pioneer Park (Fort Vermilion)
- D. A. Thomas Park (Fort Vermilion)
- Mackenzie Housing Park (Fort Vermilion)
- Bridge Campsite (Fort Vermilion)

- Arena Parks (La Crete & Fort Vermilion)
- Walking Trails (La Crete & Fort Vermilion)
- Hutch Lake Campground (High Level)
- Zama Community Hall (Zama)
- Zama Park & Campground

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

- Grass trimming
- Grass cutting
- Weeding
- Flower beds
- Upkeep of buildings
- Maintenance of playground equipment
- Boat launch care
- Garbage disposal
- Supply firewood



2012 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—20 active members
- Fort Vermilion—12 active members
- Zama—15 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

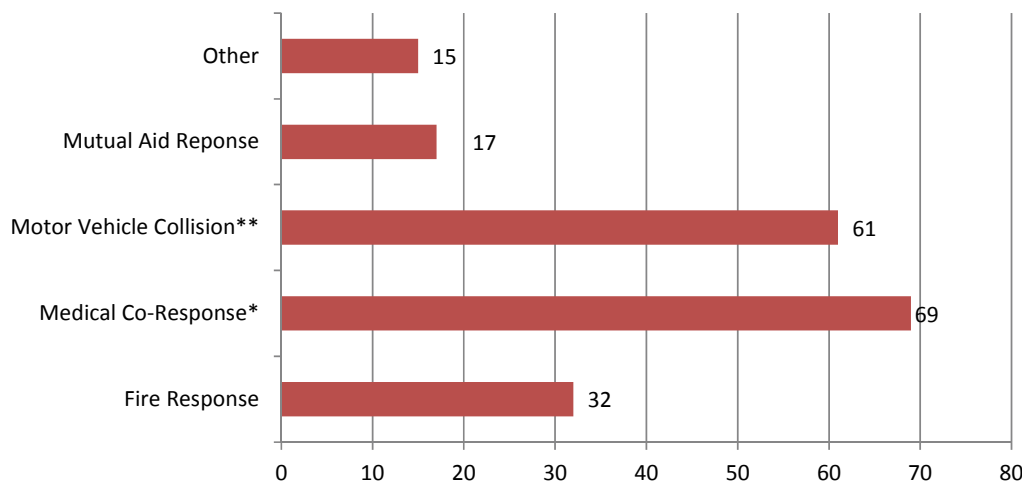
emergency calls as possible

- 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



Zama City experience a wildfire in the 2012 season, having to evacuate the area as well as contract services to aid in the suppression of the fire. A total of 163,139.5 hectares were burnt. The department put in many hours to fight this fire and deserve recognition for their efforts, bravery, persistence and hard work.

Some statistics on the 2012 call outs are shown below.



* Includes 3 call-outs through the Regional Service Sharing Agreement.

** Includes 41 call-outs through the Regional Service Sharing Agreement



Zama Wildfire—July 2012



Mackenzie County

www.mackenziecounty.com