



# 2013

## Annual Report Mackenzie County

For the year ending December 31, 2013



Fort Vermilion celebrates 225 years!



## Mackenzie County

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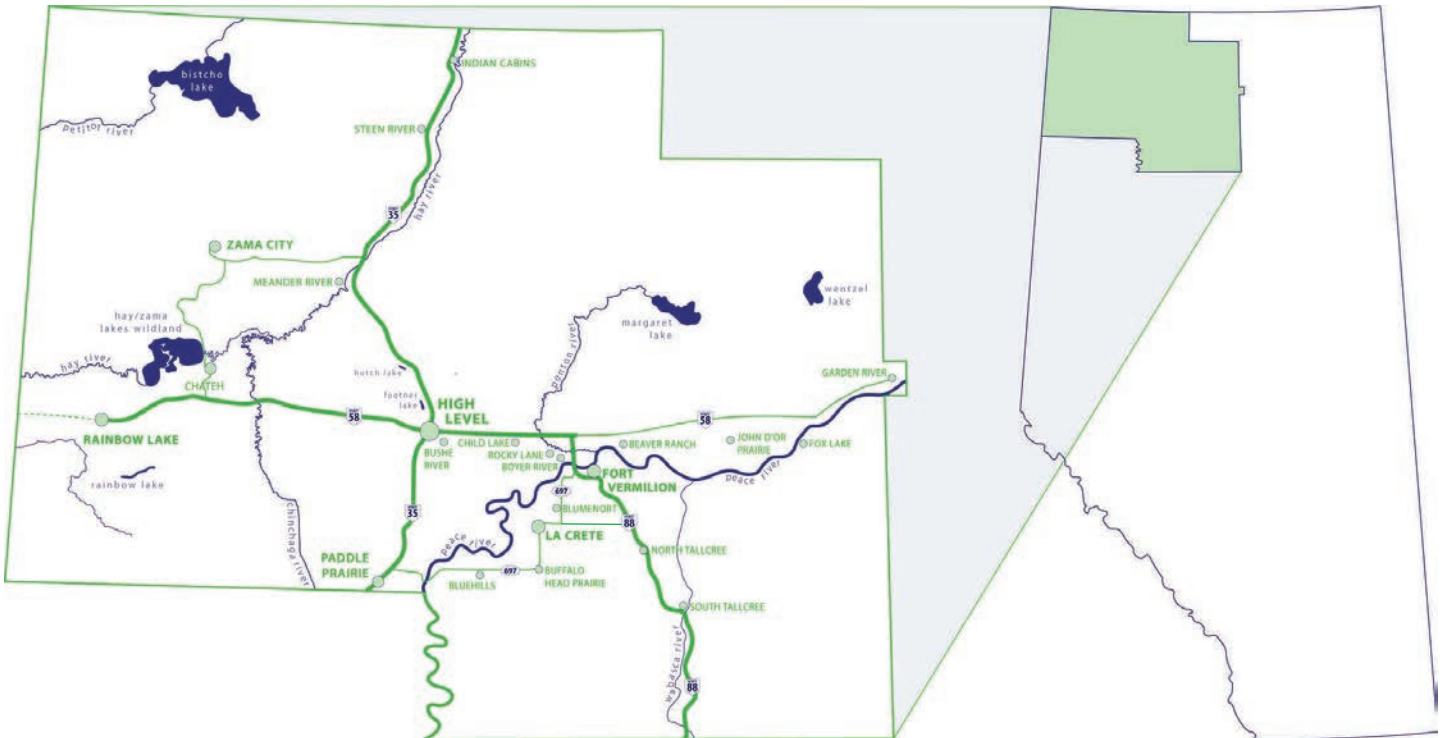
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# MESSAGE FROM THE REEVE

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It is my privilege to present the 2013 Annual Report on behalf of Council and myself. Year 2013 marks the first four-year term municipal election in Alberta. As a result of the 2013 election, Mackenzie County has two new Councillors. I would like to congratulate my colleagues on their appointments and wish them success for this term.

The Annual Report includes 2013 audited financial statements, offers highlights about departmental activities and highlights the 2014 budget. The audited financial statements provide highlights about the results of the County's operations and its cash flows as of December 31, 2013. Mackenzie County remains in a strong financial position, although some additional borrowing of funds took place during 2013 in order to complete the 2013 capital program.

Despite a substantial reduction in provincial transfers for municipal infrastructure, some major capital initiatives were undertaken during 2013. Some of the most noticeable improvements include paving of the Highway 88 Connector, extension of the rural water line by 10 km south of the Town of High Level, paving an additional 10km of the Zama Access road, paving of streets in all three hamlets, paving around community facilities, upgrading fire department equipment (breathing apparatus), and upgrades to rural roads in Blue Hills and Rocky Lane areas.

Municipal taxes remain to be the main revenue source for the County. Mackenzie County's 2014 taxable assessment has increased by 9%. Some of this increase is attributable to the opening of the Ainsworth Plant and some of it is attributable to an increase in linear assessments. Mackenzie County Council approved an ambitious capital program for 2014 and has plans on submitting applications under the Build Canada Fund towards the Zama Access paving and paving to the Blue Hills School. More details regarding the 2014 capital program is available in this report.

In November 2012, Council established the new road construction and surface water management policy in order to deal with high demands/requests for road construction to new lands. During 2013 we partnered with the local farmers and expanded our rural road transportation network by approximately 15km. Mackenzie County contributed \$186,000 in culverts, gravel, and assisted with surveying through the partnerships with farmers that have constructed roads to new lands. This is the first initiative of this kind in our municipality. Please note, the County continues to lobby for accessing some funds from the sales of the agricultural lands to assist the County with the new infrastructure.

By utilizing the same policy, our Agriculture Service Board is actively working with the local groups of farmers to identify surface water movement issues, identify the beneficial routes that will collect and direct the surface water as environmentally appropriate, but also beneficial to the local farmers. One of the examples is the ongoing planning work in the Buffalo Head/Steep Hill Creek area (2014 budget includes funds for Phase I construction). Independently, an engineering firm is engaged and is in the process of preparing a Master Drainage Plan utilizing

LiDAR imaging data. This process will assist the municipality in having a valuable tool for reviewing and commenting on surface water management applications.

While 2012 was a year highlighted by fires, year 2013 was highlighted by surface water floods (spring runoff) in multiple areas of our municipality. The County was successful in obtaining approval under the Disaster Recovery Program (DRP) and has submitted a reimbursement request to Municipal Affairs. Some local individuals whose expenses were not covered directly by their insurance were able to submit their application through the County's DRP.

I would like to highlight the two ongoing regional initiatives: the housing needs assessment study and the sustainability study. Mackenzie County has been an active partner and promoter of the regional initiatives from which the citizens of the Mackenzie Region will gain benefits. The main emphasis of the housing assessment will be seniors' and social housing. The sustainability study will provide a road map for future regional initiatives and should lead to cost efficient services provision, better use of the regional resources, and improvement in services to our ratepayers. The three municipalities also entered into the first of its kind for our region Inter-Municipal Protocols and are working diligently towards improved communication and collaboration with each other.

Some of the completed priorities during the last year include: review of the Regional Service Sharing Agreement with the Town of High Level and signing of an amending agreement; development and approval of a new Economic Development Strategy; review and development of the new Area Structure Plans for the hamlets and for future industrial areas; approval and implementation of the Quality Management Plan through Alberta Safety Codes (fire discipline); acquiring the Federal Agricultural Research Station and entering into a 25-year lease agreement with the Mackenzie Applied Research Association.

Mackenzie County Council participated in the sessions regarding the Municipal Government Act review. I urge our residents to explore this topic as a wealth of information regarding this is available through the Municipal Affairs website. The Act governs how Alberta municipalities operate and providing your input could greatly affect the future of municipal governments in Alberta.

I encourage you to review the municipal activities section of the Report. This will be the second year of presenting this information to our ratepayers and I hope it will provide valuable insight into the municipal operations.

In conclusion, I would like to thank our dedicated staff for their exceptional team work and their daily diligence in keeping our municipality operating efficiently and effectively. Council and I wish our residents a prosperous and healthy year. It is our pleasure to be your representatives with Mackenzie County.

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.

### 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.

## 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	790,000 acres	Length of Storm Water Drains	9.90 km
Number of Hamlets	3 (La Crete, Fort Vermilion, Zama)	Vehicle Fleet (incl. fire equip)	58 (cost ≥ \$5,000/unit)
Number of Dwelling Units	3,123 (based on 2011 census)	Equipment (incl. graders)	102 (cost ≥ \$5,000/unit)
Total Full-Time Positions	72 (plus 20 seasonal)	Building Structures	77 (cost ≥ \$5,000/unit)
Length of Roads	1,950 km (includes 101 km of paved roads & streets)	Bridges (incl. culverts over 5' in diameter)	75 (cost ≥ \$5,000/unit)

# MACKENZIE COUNTY...THE ORGANIZATION

## Governance

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

2013 was an election year, which was held in October. Two new Councillors were elected, Josh Knelsen for Ward 1 and Ricky Paul for Ward 7.

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.



Back Row: Elmer Derksen (Ward 5), Eric Jorgensen (Ward 6), Jacquie Bateman (Ward 9), Lisa Wardley (Ward 10), Josh Knelsen (Ward 1)  
Front Row: Ricky Paul (Ward 7), Walter Sarapuk—Deputy Reeve (Ward 8), Bill Neufeld—Reeve (Ward 2), John W. Driedger (Ward 4), Peter F. Braun (Ward 3)

### Internal Boards/Committees

- Aboriginal Consultation Committee
- Agricultural Appeal Board
- 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
- Regional Service Sharing Negotiating Committee
- Subdivision & Development Appeal Board
- Tompkins Crossing Committee
- Weed Control Appeal Board

### External Boards/Committees

- Caribou Mountains Wildland Advisory Committee
- Community Futures Northwest
- Deh Cho Travel Connection
- 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

# 2013 AUDITED FINANCIAL STATEMENT

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**Wilde and Company**  
*Chartered Accountants*

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## 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 the consolidated statement of financial position as at December 31, 2013 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mackenzie County as at December 31, 2013 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 28, 2014

*Wilde & Company*  
Chartered Accountants

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2013**

	2013	2012
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and temporary investments (Note 4)	22,076,042	19,280,544
Receivables		
Taxes receivable (Note 5)	1,303,028	801,675
Due from governments	2,530,298	4,878,774
Trade and other receivables	317,163	674,674
Land held for resale	23,001	48,488
Investments (Note 6)	4,629,142	4,792,855
	<b>30,878,674</b>	<b>30,477,010</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	6,719,717	6,756,945
Deposit liabilities	127,628	101,183
Deferred revenue (Note 8)	3,452,608	3,353,866
Long term debt (Note 9)	19,996,101	11,422,673
	<b>30,296,054</b>	<b>21,634,667</b>
<b>NET FINANCIAL ASSETS</b>	<b>582,620</b>	<b>8,842,343</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	180,090,804	164,401,735
Inventory for consumption (Note 11)	1,647,847	1,898,730
Prepaid expenses	289,821	224,971
Deposit assets	-	24,596
	<b>182,028,472</b>	<b>166,550,032</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>182,611,092</b>	<b>175,392,375</b>
Contingent liability (Note 18)		

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Consolidated Statement of Operations**  
**As at December 31, 2013**

	Budget \$ (Unaudited)	2013 \$	2012 \$
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	24,514,938	24,506,114	23,637,475
User fees and sales of goods	3,522,472	3,279,255	3,439,360
Government transfers for operating (Schedule 4)	1,223,479	1,821,614	3,241,960
Investment income	326,000	377,428	454,041
Penalties and costs on taxes	115,000	240,452	140,171
Licenses, permits and fines	328,600	404,161	428,969
Rentals	80,128	107,152	77,848
Other	334,625	853,925	759,999
<b>Total revenue</b>	<b>30,445,242</b>	<b>31,590,101</b>	<b>32,179,823</b>
<b>Expenses</b>			
Legislative	735,150	699,307	602,342
Administration	5,482,167	5,199,528	4,825,783
Protective services	1,606,571	1,265,344	2,719,063
Transportation	12,701,363	12,949,016	12,443,160
Environmental use and protection	4,764,579	4,567,188	4,211,296
Family and community support	693,241	611,618	728,839
Planning, development and agriculture	3,123,968	2,446,643	1,731,867
Recreation and culture	2,035,490	1,789,699	1,632,634
Loss on disposal of capital assets	11,992	5,477	190,904
<b>Total expenses</b>	<b>31,154,521</b>	<b>29,533,820</b>	<b>29,085,888</b>
<b>Excess of revenue over expenses before Government transfers</b>	<b>(709,279)</b>	<b>2,056,281</b>	<b>3,093,935</b>
Government transfers for capital (Schedule 4)	14,553,894	4,954,981	5,103,229
Contributed assets	-	150,000	-
Other capital contributions	380,103	57,455	156,682
<b>Excess of revenues over expenses</b>	<b>14,224,718</b>	<b>7,218,717</b>	<b>8,353,846</b>
<b>Accumulated surplus - beginning of the year</b>	<b>175,392,375</b>	<b>175,392,375</b>	<b>167,038,529</b>
<b>Accumulated surplus - end of the year</b>	<b>189,617,093</b>	<b>182,611,092</b>	<b>175,392,375</b>



# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Consolidated Statement of Change in Net Financial Assets**  
**As at December 31, 2013**

	Budget \$ (Unaudited)	2013 \$	2012 \$
Excess of revenue over expenses	14,224,718	7,218,717	8,353,846
Acquisition of tangible capital assets	(45,029,407)	(22,909,309)	(11,564,803)
Contributed tangible capital assets	(325,000)	-	-
Proceeds on disposal of tangible capital assets	-	1,523	663,234
Amortization of tangible capital assets	7,376,914	7,213,240	6,769,738
(Gain) loss on sale of tangible capital assets	-	5,477	190,904
	(37,977,493)	(15,689,069)	(3,940,927)
Use (acquisition) of prepaid assets	-	(64,850)	15,881
Use of supplies inventories	550,648	250,883	713,078
Use of deposit assets	-	24,596	-
	550,648	210,629	728,959
(Increase) decrease in net assets	(23,202,127)	(8,259,723)	5,141,878
Net financial assets, beginning of year	8,842,343	8,842,343	3,700,465
Net financial assets, end of year	(14,359,784)	582,620	8,842,343

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Consolidated Statement of Cash Flows**  
**As at December 31, 2013**

	2013 \$	2012 \$
<b>Operating</b>		
Excess of revenue over expenses	7,218,717	8,353,846
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	7,213,240	6,769,738
(Gain) loss on disposal of tangible capital assets	5,477	190,904
Tangible capital assets received as contributions	-	-
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(501,353)	(61,284)
Decrease (increase) in government receivables	2,348,476	(4,482,452)
Increase in trade and other receivables	357,511	(199,235)
Decrease in inventory for consumption	250,883	713,078
Decrease in land held for resale	25,487	4,429
Decrease (increase) in prepaid expenses	(64,850)	15,881
Decrease in deposit assets	24,596	-
Increase (decrease) in accounts payable and accrued liabilities	(37,228)	2,610,698
Increase in deposit liabilities	26,445	24,845
Increase in deferred revenue	98,742	1,287,796
<i>Net cash provided by operating transactions</i>	<b>16,966,143</b>	<b>15,228,244</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(22,909,309)	(11,564,803)
Proceeds on sale of tangible capital assets	1,523	663,234
<i>Net cash applied to capital transactions</i>	<b>(22,907,786)</b>	<b>(10,901,569)</b>
<b>Investing</b>		
Increase in restricted cash or cash equivalents	(98,742)	(1,287,796)
Increase in investments	163,713	(184,149)
<i>Net cash provided by investing transactions</i>	<b>64,971</b>	<b>(1,471,945)</b>
<b>Financing</b>		
Long term debt issued	10,400,000	2,000,000
Long term debt repaid	(1,826,572)	(2,121,261)
<i>Net cash provided by investing transactions</i>	<b>8,573,428</b>	<b>(121,261)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>2,696,756</b>	<b>2,733,469</b>
Cash and cash equivalents, beginning of year	15,926,678	13,193,209
<b>Cash and cash equivalents, end of year</b>	<b>18,623,434</b>	<b>15,926,678</b>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 4)	22,076,042	19,280,544
Less: restricted portion of cash and temporary investments (Note 4)	(3,452,608)	(3,353,866)
	<b>18,623,434</b>	<b>15,926,678</b>

See accompanying notes

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Schedule of Changes in Accumulated Surplus**  
**As at December 31, 2013**  
**Schedule 1**

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital Assets	2013 \$	2012 \$
Balance, beginning of year	2,884,038	7,948,527	11,580,745	152,979,065	<b>175,392,375</b>	167,038,529
Excess of revenues over expenses	7,218,717	-	-	-	<b>7,218,717</b>	8,353,846
Unrestricted funds designated for future use	(4,469,356)	1,579,524	2,889,832	-	-	-
Restricted funds used for operations	356,928	(302,021)	(54,907)	-	-	-
Restricted funds used for TCA	-	(1,464,153)	(2,298,147)	3,762,300	-	-
Current year funds used for TCA	(19,147,006)	-	-	19,147,006	-	-
NBV of TCA disposed of	7,000	-	-	(7,000)	-	-
Annual amortization expense	7,213,240	-	-	(7,213,240)	-	-
TCA long term debt issued	10,400,000	-	-	(10,400,000)	-	-
TCA long term debt repaid	(1,826,572)	-	-	1,826,572	-	-
Balance, end of year	2,636,989	7,761,877	12,117,523	160,094,703	<b>182,611,092</b>	175,392,375

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Schedule of Tangible Capital Assets**  
**As at December 31, 2013**  
**Schedule 2**

	Land and Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013 \$	2012 \$
<b>Cost</b>							
Balance, beginning of year	9,128,213	18,007,461	298,628,719	8,826,337	4,042,793	<b>338,633,523</b>	328,607,540
Acquisition of tangible capital assets	1,043,545	348,434	19,609,271	780,143	97,226	<b>21,878,619</b>	4,678,978
Construction in progress	1,607	16,817	1,012,266	-	-	<b>1,030,690</b>	6,885,825
Disposal of tangible capital assets	-	-	-	(5,448)	(48,978)	<b>(54,426)</b>	(1,538,820)
Balance, end of year	10,173,365	18,372,712	319,250,256	9,601,032	4,091,041	<b>361,488,406</b>	338,633,523
<b>Accumulated amortization</b>							
Balance, beginning of year	410,831	2,765,937	167,406,090	2,202,190	1,446,740	<b>174,231,788</b>	168,146,731
Annual amortization	242,616	414,967	5,757,321	568,819	229,517	<b>7,213,240</b>	6,769,738
Accumulated amortization on disposals	-	-	-	(5,448)	(41,978)	<b>(47,426)</b>	(684,681)
Balance, end of year	653,447	3,180,904	173,163,411	2,765,561	1,634,279	<b>181,397,602</b>	174,231,788
<b>Net book value of tangible capital assets</b>							
	9,519,918	15,191,808	146,086,845	6,835,471	2,456,762	<b>180,090,804</b>	164,401,735
2012 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

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Schedule of Property and Other Taxes**  
**As at December 31, 2013**  
**Schedule 3**

	Budget \$ (Unaudited)	2013 \$	2012 \$
<b>Taxation</b>			
Real property taxes	13,516,838	13,381,644	12,699,435
Linear property	17,249,979	17,396,117	17,038,285
Government grants in place of property taxes	89,983	94,060	93,166
Special assessments and local improvement taxes	272,552	248,707	255,668
	31,129,352	31,120,528	30,086,554
<b>Requisitions</b>			
Alberta School Foundation Fund	6,222,152	6,222,152	6,157,364
Homestead Seniors Lodge	392,262	392,262	291,715
	6,614,414	6,614,414	6,449,079
<b>Net Municipal Taxes</b>	24,514,938	24,506,114	23,637,475

# 2013 AUDITED FINANCIAL STATEMENT

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**MACKENZIE COUNTY**  
**Schedule of Government Transfers**  
**As at December 31, 2013**  
**Schedule 4**

	Budget \$ (Unaudited)	2013 \$	2012 \$
<b>Transfers for Operating</b>			
Federal Government	-	-	1,874
Provincial Government	1,223,479	1,821,614	3,240,086
	1,223,479	1,821,614	3,241,960
<b>Transfers for Capital</b>			
Federal Government	-	-	-
Provincial Government	14,553,894	4,954,981	5,103,229
	14,553,894	4,954,981	5,103,229
<b>Total Government Transfers</b>	15,777,373	6,776,595	8,345,189

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Schedule of Consolidated Expenses by Object**  
**As at December 31, 2013**  
**Schedule 5**

	Budget \$ (Unaudited)	2013 \$	2012 \$
<b>Consolidated Expenses by Object</b>			
Salaries, wages and benefits	8,253,025	7,284,930	6,590,426
Contracted and general services	6,697,205	6,176,668	6,717,883
Materials, goods, supplies and utilities	4,650,184	4,875,434	5,087,314
Transfers to other governments (Note 13)	1,825,925	1,786,210	1,371,120
Transfers to local boards and agencies	1,765,786	1,745,667	1,690,701
Bank charges and short term interest	36,000	17,865	39,202
Interest of long term debt	469,490	396,044	426,418
Amortization of tangible capital assets	7,376,914	7,213,240	6,769,738
Loss on disposal of tangible capital assets	11,992	5,477	190,904
Other operating expenditures	68,000	32,285	202,182
	31,154,521	29,533,820	29,085,888

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Schedule of Segmented Disclosure**  
**As at December 31, 2013**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total \$
<b>Revenue</b>								
Net municipal taxes	24,257,407	-	174,332	74,375	-	-	-	24,506,114
Government transfers for operations	58,400	27,005	1,325,177	-	168,359	8,000	234,673	1,821,614
User fees and sales of goods	37,578	36,393	100,145	2,987,568	53,479	64,092	-	3,279,255
Investment income	377,428	-	-	-	-	-	-	377,428
Other revenues	548,680	38,291	249,472	188,803	579,409	35	1,000	1,605,690
	25,279,493	101,689	1,849,126	3,250,746	801,247	72,127	235,673	31,590,101
<b>Expenses</b>								
Salaries, wages and benefits	2,104,100	310,427	2,885,609	1,006,551	751,250	226,993	-	7,284,930
Contracted and general services	1,273,527	571,607	2,038,421	1,081,028	1,007,061	202,692	2,332	6,176,668
Materials, goods, supplies and utilities	307,125	226,975	3,168,154	664,417	422,711	86,052	-	4,875,434
Transfers to local boards and agencies	1,785,530	3,000	-	-	144,630	989,431	609,286	3,531,877
Interest on long term debt	81,772	-	76,535	237,737	-	-	-	396,044
Other expenses	50,098	-	52	-	-	5,477	-	55,627
	5,602,152	1,112,009	8,168,771	2,989,733	2,325,652	1,510,645	611,618	22,320,580
<b>Net revenue (expenditure) before amortization</b>	19,677,341	(1,010,320)	(6,319,645)	261,013	(1,524,405)	(1,438,518)	(375,945)	9,269,521
Amortization of tangible capital assets	296,683	153,335	4,780,245	1,577,455	120,991	284,531	-	7,213,240
<b>Net revenue (expenditure) before Government transfers</b>	19,380,658	(1,163,655)	(11,099,890)	(1,316,442)	(1,645,396)	(1,723,049)	(375,945)	2,056,281
Government transfers for capital	22,702	-	3,864,824	924,979	142,476	-	-	4,954,981
Contributed assets	-	-	-	-	150,000	-	-	150,000
Other capital contributions	-	-	-	24,000.00	-	33,455	-	57,455
<b>Net revenue</b>	19,403,360	(1,163,655)	(7,235,066)	(367,463)	(1,352,920)	(1,689,594)	(375,945)	7,218,717



# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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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. Property tax revenue is recognized when the tax is levied.

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)*

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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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)*

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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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)*

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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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:

	<b>YEARS</b>
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.

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY Notes to Consolidated Financial Statements Year Ended December 31, 2013

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### 2. Adoption of recent accounting pronouncements

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA). These sections are effective for fiscal periods beginning on or after April 1, 2012 and have been applied retrospectively.

#### 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. There was no significant effect of adopting this accounting policy on the current period financial results. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

#### Section PS 3510 – Tax Revenue

This new standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. There was no significant effect of adopting this accounting policy on the current period financial results. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

### 3. Recent accounting pronouncements published but not yet adopted

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

#### Section PS 3260 – Liability for Contaminated Sites

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

#### Section PS 3450 - Financial Instruments

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

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

# 2013 AUDITED FINANCIAL STATEMENT

## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

4. Cash and temporary investments	2013	2012
Cash	\$ 8,173,462	\$ 2,927,916
Temporary investments	13,902,580	16,352,628
	<b>\$ 22,076,042</b>	<b>\$ 19,280,544</b>

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

Council has designated funds of \$3,344,994 (2012 - \$3,232,230) included in the above amounts for capital projects.

Included in temporary investments is a restricted amount of \$107,614 (2012 - \$121,636) held exclusively for local improvements.

5. Taxes receivable	2013	2012
Taxes receivable - current	\$ 963,031	\$ 631,796
Taxes receivable - arrears	472,799	274,702
	1,435,830	906,498
Less: allowance for doubtful accounts	(132,802)	(104,823)
	<b>\$ 1,303,028</b>	<b>\$ 801,675</b>

6. Investments	2013		2012	
	Cost	Market Value	Cost	Market Value
Short term notes and deposits	\$ 2,992,399	\$ 2,947,820	\$ 3,523,014	\$ 3,512,504
Government and government guaranteed bonds	1,636,743	1,602,949	1,269,841	1,280,626
	<b>\$ 4,629,142</b>	<b>\$ 4,550,769</b>	<b>\$ 4,792,855</b>	<b>\$ 4,793,130</b>

Short term notes and deposits have effective interest rates of 2.39% to 4.71% with maturity dates between December 2014 and May 2019. Government and government guaranteed bonds have effective interest rates of 3.05% to 4.80% with maturity dates between December 2014 and June 2021.

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

7. Accounts payables and accrued liabilities

	2013	2012
Trade payables and accruals	\$ 3,768,066	\$ 4,117,419
Holdback payables	865,436	623,176
Gravel pit reclamation liability	1,552,221	1,525,693
Employee payable (wages and accrued overtime)	478,007	442,225
Long term debt interest payable	55,987	48,432
	<b>\$ 6,719,717</b>	<b>\$ 6,756,945</b>

8. Deferred revenue

	2013	2012
Prepaid local improvements	\$ 107,614	\$ 121,636
Restricted grant funding	3,344,994	3,232,230
	<b>\$ 3,452,608</b>	<b>\$ 3,353,866</b>

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

# 2013 AUDITED FINANCIAL STATEMENT

**MACKENZIE COUNTY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2013**

9. Long term debt	2013	2012
Tax supported debentures	<b>\$ 19,996,101</b>	<b>\$ 11,422,673</b>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2014	\$ 2,090,929	\$ 694,334	\$ 2,785,263
2015	1,669,369	621,195	2,290,564
2016	1,578,511	562,324	2,140,835
2017	1,575,520	505,190	2,080,710
2018	1,618,408	448,429	2,066,837
Thereafter	11,463,364	3,098,328	14,561,692
	<u>\$ 19,996,101</u>	<u>\$ 5,929,800</u>	<u>\$ 25,925,901</u>

The current portion of the long term debt amounts to \$2,090,929 (2012 - \$1,826,572).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.44% to 4.50% per annum and matures in periods 2014 through 2033. The weighted average annual interest rate is 3.57% for 2013 (3.54% for 2012).

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

Interest on long term debt amounted to \$396,044 (2012 - \$426,418).

The municipality's total cash payments for interest in 2013 were \$413,909 (2012 - \$433,113).



# 2013 AUDITED FINANCIAL STATEMENT

## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

#### 10. 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:

	2013	2012
Total debt limit	\$ 47,385,152	\$ 48,269,735
Total debt	(19,996,101)	(11,422,673)
Amount of debt limit unused	\$ 27,389,051	\$ 36,847,062
Debt servicing limit	\$ 7,897,525	\$ 8,044,956
Debt servicing	(2,785,263)	(2,215,062)
Amount of debt servicing limit unused	\$ 5,112,262	\$ 5,829,894

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.

#### 11. Inventory for consumption

	2013	2012
Parts and supplies	\$ 794,700	\$ 809,430
Gravel	853,147	1,089,300
	\$ 1,647,847	\$ 1,898,730

#### 12. Equity in tangible capital assets

	2013	2012
Tangible capital assets (Schedule 2)	\$361,488,406	\$338,633,526
Accumulated amortization (Schedule 2)	181,397,602	174,231,788
Long term debt (Note 9)	(19,996,101)	(11,422,673)
	\$160,094,703	\$152,979,065

# 2013 AUDITED FINANCIAL STATEMENT

## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

13. Transfers to other governments

	2013	2012
Town of High Level	\$ 993,423	\$ 578,420
Town of Rainbow Lake	792,787	792,700
	<b>\$ 1,786,210</b>	<b>\$ 1,371,120</b>

14. 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).

15. Reserves and accumulated surplus

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

	2013	2012
Equity in tangible capital assets (Note 12)	\$160,094,703	\$152,979,065
Operating reserves	7,761,877	7,948,527
Capital reserves	12,117,523	11,580,745
Accumulated operating fund	2,636,989	2,884,038
	<b>\$182,611,092</b>	<b>\$175,392,375</b>

The total reserve balances include approximately \$3,036,329 committed to projects commenced and/or tendered in 2013.

# 2013 AUDITED FINANCIAL STATEMENT

## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

#### 16. 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:

			2013	2012
	Salary (1)	Benefits & allowances (2)		
William Neufeld - Reeve	\$ 53,400	\$ 533	\$ 53,933	\$ 45,058
John W. Driedger	39,100	533	39,633	38,658
Lisa Wardley	37,700	2,407	40,107	35,888
Peter Braun	42,700	2,407	45,107	39,388
Walter Sarapuk	31,900	2,407	34,307	27,488
Diedrich Driedger	35,682	2,407	38,089	37,988
Jacquie Bateman	30,700	533	31,233	29,758
Odell Flett	33,082	1,111	34,193	37,759
Eric Jorgensen	36,100	532	36,632	29,158
Elmer Derksen	38,600	532	39,132	31,058
Josh Knelsen	5,517	89	5,606	-
Ricky Paul	8,418	89	8,507	-
Chief Administrative Officer (2012-2)	198,260	27,185	225,445	309,000
	\$ 591,159	\$ 40,765	\$ 631,924	\$ 661,201

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.

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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#### 17. 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 224,000 people and 428 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2013 were \$12,702 (2012 - \$13,193). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2013 were \$10,596 (2012 - \$10,929).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

#### 18. 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.

#### 19. Financial instruments

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

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

# 2013 AUDITED FINANCIAL STATEMENT

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## MACKENZIE COUNTY

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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20. Approval of financial statements

Council and Management have approved these financial statements.

21. Budget amounts

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

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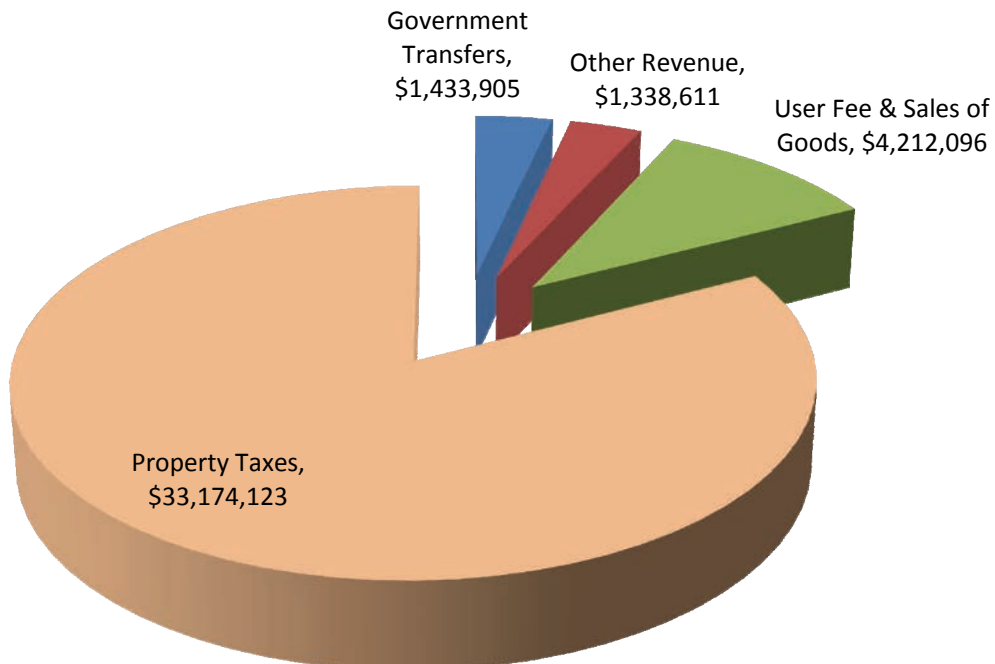
*Wilde & Company*  
Chartered Accountants

## 2014 BUDGET HIGHLIGHTS

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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 2014 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.

### 2014 Operating Revenues



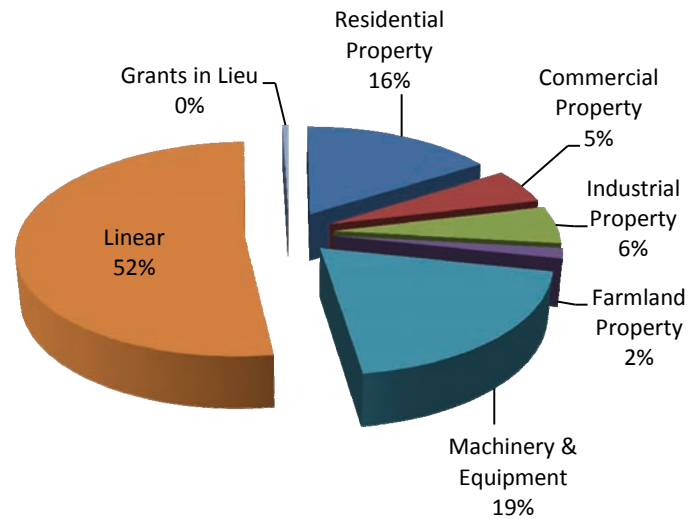
# 2014 BUDGET HIGHLIGHTS

Total operating revenues are projected to be \$40.16 million (8% increase over 2013).

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

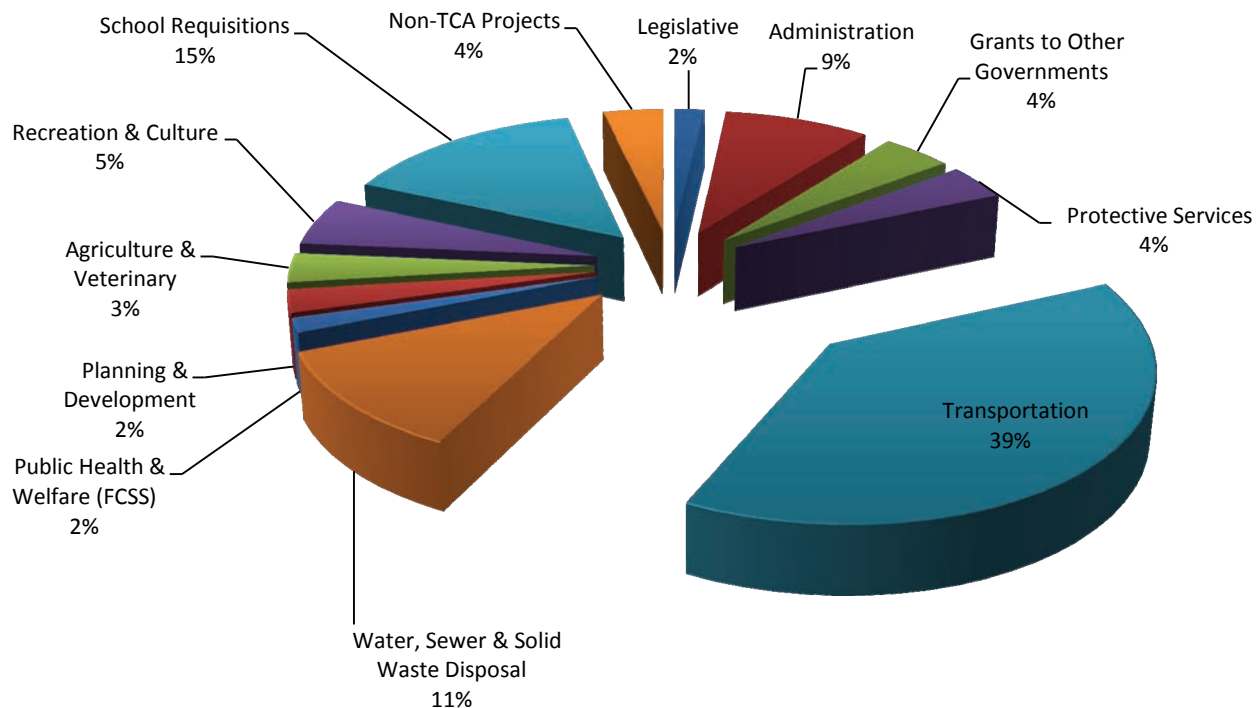
Total operating expenses, including requisition transfers and amortization of tangible capital assets, are projected to be \$43.0 million, which is an overall 12% increase from 2013. The increase is mainly due to the gravel crushing program, this generally takes place every three years, resuming the regraveling program, which was partially suspended in 2013, and a higher depreciation charge as a result of infrastructure that was completed in 2013. These decreases will be offset, in part, by increases in projected repairs and maintenance expenditures (roads, equipment). The schools requisition transfer will be \$6,306,111 (2013 - \$6,222,152), and the seniors lodge requisition transfer will be \$85,719 (2013 - \$392,262 ) and an additional capital amount of \$405,000.

## 2014 Municipal Tax Revenue



Operating expenses include \$341,500 in grants to non-profit groups and bursaries, \$293,341 to FCSS (Family and Community Support Services), \$983,215 to recreation boards, and \$226,026 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 2014 transfer to these local governments is projected to be \$1,811,810.

## 2014 Operating Expenses



# 2014 BUDGET HIGHLIGHTS

## 2014 Capital Projects

The 2014 capital projects are estimated at \$30,726,855 and are projected to be funded as follows:

• Municipal Tax Revenue	\$ 2,728,719 (9%)
• Restricted Surplus (Reserves)	\$ 7,821,886 (25%)
• Provincial/Federal Grants*	\$ 16,044,583 (52%)
• Debenture	\$ 2,928,697 (10%)
• Other Revenues (developer's contributions, sales proceeds)	\$ 1,202,970 (4%)

\*Please note that the federal grants include projects under the Build Canada that has not yet been approved for funding. Mackenzie County Council is reassessing the two 2014 projects effected by this. Also, it includes funding under the Alberta Water and Wastewater Program for the Zama pumphouse upgrade which has also not yet been approved.

The major projects for 2014 are:

<b>Administration—\$346,176</b> <ul style="list-style-type: none"> <li>• Land purchases from Alberta Environment &amp; Sustainable Resource Development</li> <li>• Automatic Generator Unit</li> <li>• General building improvements</li> </ul>	<b>Airports—\$30,271</b> <ul style="list-style-type: none"> <li>• Completion of carry forward projects in Fort Vermilion and La Crete</li> </ul>	<b>Agricultural Services—\$950,000</b> <ul style="list-style-type: none"> <li>• Drainage improvements in Buffalo Head and Steep Hill areas</li> </ul>
<b>Fire Department—\$471,500</b> <ul style="list-style-type: none"> <li>• Fire pumper truck for Fort Vermilion Fire Department</li> <li>• General fire equipment</li> </ul>	<b>Parks &amp; Playgrounds—\$118,445</b> <ul style="list-style-type: none"> <li>• Various capital improvements to facilities at Hutch Lake, Machesis Lake, and Wadlin Lake</li> <li>• Various capital improvements in the hamlets of Fort Vermilion and La Crete</li> </ul>	<b>Planning &amp; Development—\$42,500</b> <ul style="list-style-type: none"> <li>• GeoExplorer and other mapping equipment</li> </ul>
<b>Recreation—\$998,344</b> <ul style="list-style-type: none"> <li>• Water spray parks for the hamlets of La Crete and Fort Vermilion</li> <li>• Various capital improvements for the recreation boards in Zama, La Crete, and Fort Vermilion</li> </ul>	<b>Sewer Disposal—\$7,369,742</b> <ul style="list-style-type: none"> <li>• Sewage lagoon upgrade in La Crete</li> <li>• Lift station upgrade in Zama*</li> </ul>	<b>Solid Waste Disposal—\$27,412</b> <ul style="list-style-type: none"> <li>• Bin replacements</li> <li>• Rebuilding for recycle centre at La Crete Waste Transfer Station</li> <li>• Rocky Lane Waste Transfer Station ramp build up</li> </ul>
<b>Transportation—\$16,018,644</b> <ul style="list-style-type: none"> <li>• Paving of the Zama Access*</li> <li>• Paving the access to the Heritage Centre in La Crete</li> <li>• Paving of the Blue Hills collector road*</li> <li>• Repaving of 45th Street in Fort Vermilion</li> <li>• Chip seal River Road in Fort Vermilion</li> <li>• Chip seal 94th Avenue in La Crete east to Highway 697</li> <li>• Spruce Road gravel road rebuild</li> <li>• Various rural road repairs including shoulder pulls</li> <li>• Bridge repairs and rebuilding</li> <li>• Various equipment and vehicle replacements</li> <li>• Traffic Lights—101 St. &amp; 100 Ave. in La Crete</li> </ul>	<b>Water Treatment and Distribution—\$4,353,821</b> <ul style="list-style-type: none"> <li>• Rural water line to High Level South</li> <li>• Pumphouse upgrades in Zama*</li> <li>• 50th Street water and sewer upgrades in Fort Vermilion</li> <li>• 43rd Street water line replacement in Fort Vermilion</li> <li>• Emergency generators for the three water treatment plants</li> </ul>	

\* projects subject to grant approval.

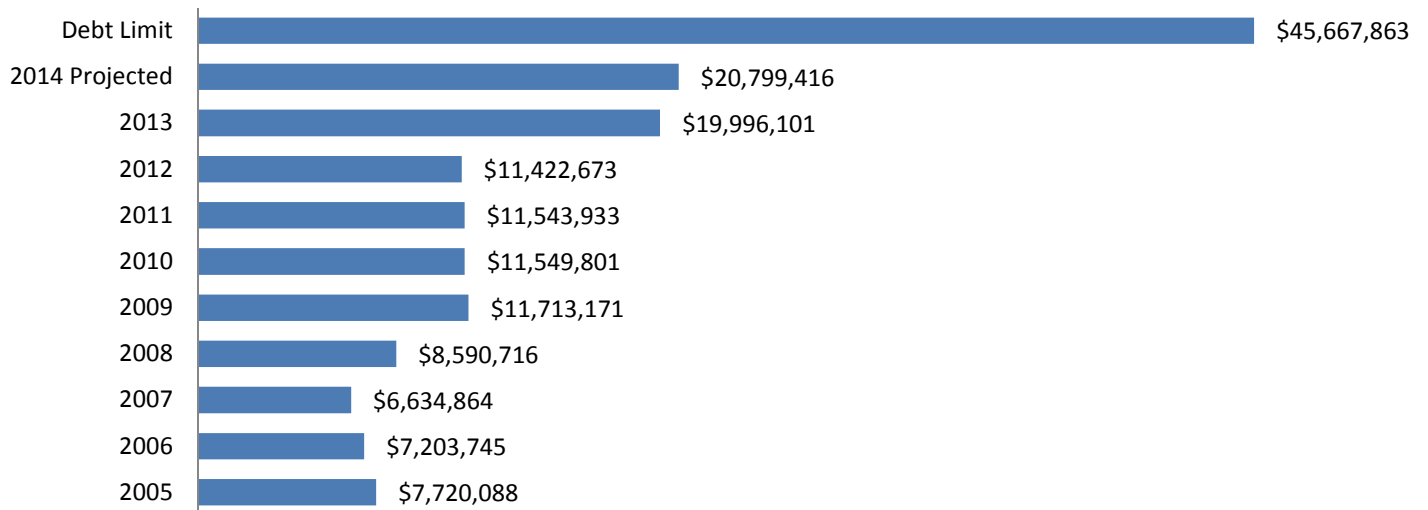
# 2014 BUDGET HIGHLIGHTS

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## 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.

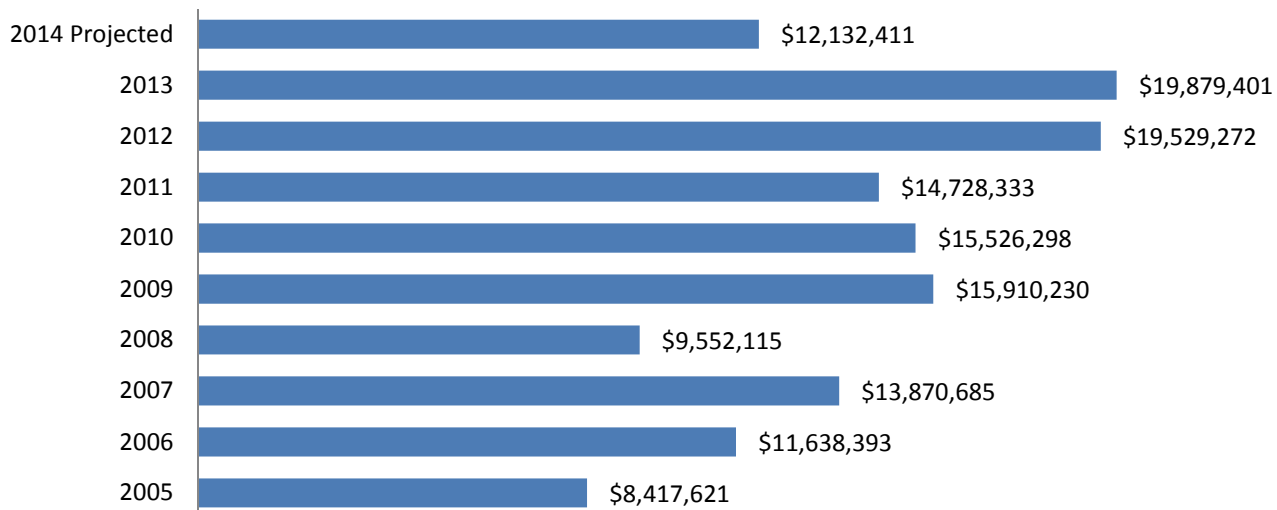
The Municipal Government Act and Alberta Regulation 255/00 defines the debt limits for municipalities. If the borrowing takes place as intended based on the preapproved bylaws, the County will be at 46% of its allowable debt limit on December 31, 2014 as permitted under MGA, AR 255/00.



## 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.





# 2014 BUDGET HIGHLIGHTS

## Does the County cost share with local municipalities?

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

### Agreements with the Town of High Level

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

Based on the agreement, the County shares revenues from service areas (defined as 40 kilometers radius around the Town) in exchange for provision of these services. An annual payment is equal to 25% for the property tax levied by the County against all properties in the service area or \$500,000, whichever is larger for any given year. In addition, the County funds the Town's capital projects at the following rates: 20% for recreation projects, 30% for airport projects and 50% for

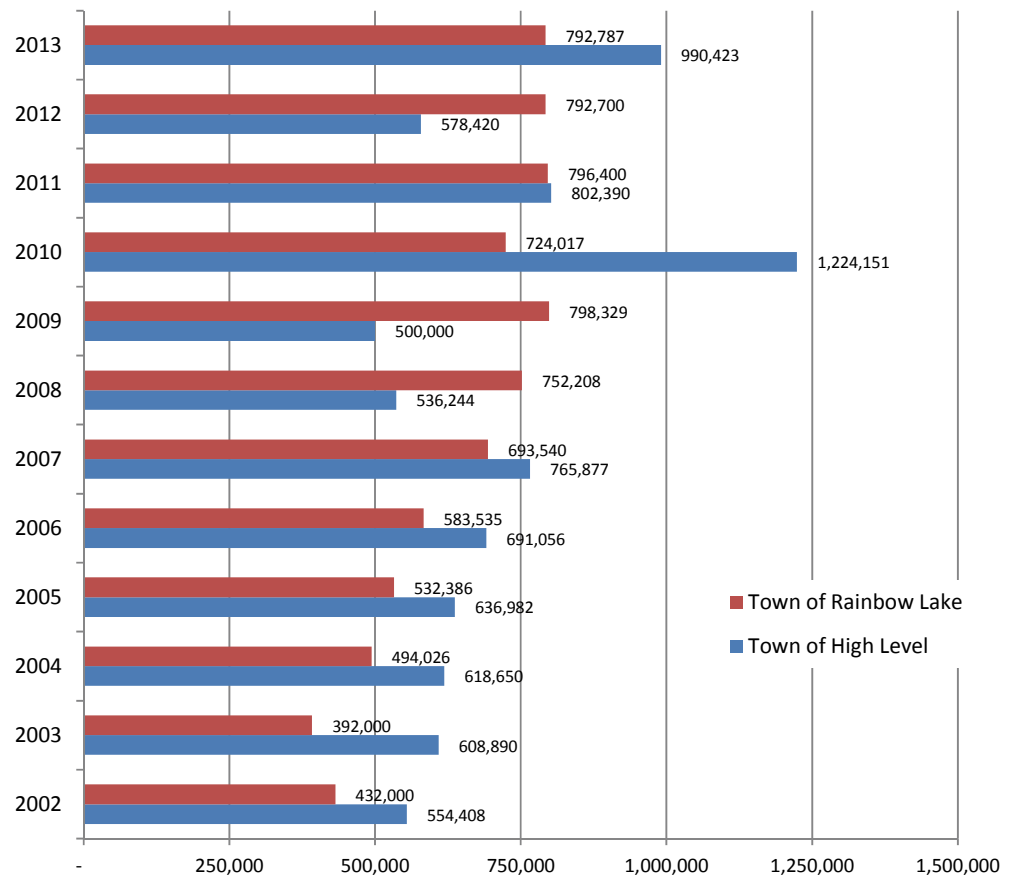
fire protection projects. Total contributed dollars vary and based on the actual capital projects undertaken by the Town.

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

### Agreement with the Town of Rainbow Lake

Mackenzie County Council recognizes the small urban centre, "one industry town" challenges experienced by the Town of Rainbow Lake. Therefore, the County and the Town entered into a revenue sharing agreement. The agreement is meant to assist the Town through a consistent and predictable funding source. The Town uses this funding for provision of services to their residents. The agreement is based on a formula that fluctuates upon changes in assessment in a sphere of influence defined in the agreement, resulting in approximately 10% (approximately \$800K) payment per annum of the total property tax collected within the sphere of influence.

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



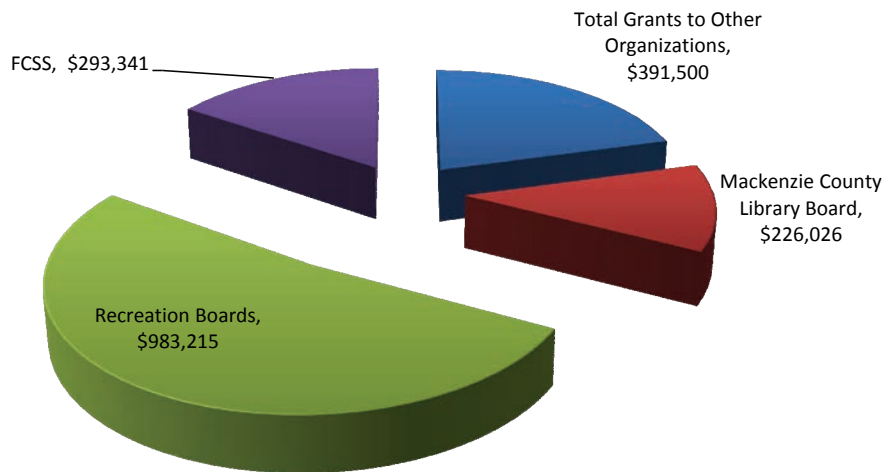
# 2014 BUDGET HIGHLIGHTS

## 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 30<sup>th</sup> of each year. The 2014 operating budget includes \$361,500 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:

### 2014 Grants to Not-for-Profit Organizations



Grants to Non-Profit Groups and Organizations	2014	2013	2012	2011
Zama Chamber of Commerce	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Rocky Lane Agricultural Society	28,000	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	10,000	25,000	25,000	22,500
La Crete Agricultural Society	75,000	75,000	75,000	75,000
La Crete Area Chamber of Commerce	23,000	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	4,000
La Crete Seniors' Inn (drop-in centre)	3,000	3,000	3,000	3,000
La Crete Polar Cats	-	15,000	-	-
La Crete Walking Trails	-	10,000	10,000	10,000
Fort Vermilion Agricultural Society	25,000	25,000	25,000	25,000
Fort Vermilion Area Board of Trade	17,000	12,000	12,000	12,000
Fort Vermilion Friends of the Old Bay House Society	-	-	-	10,000
Fort Vermilion Mackenzie Applied Research Station	32,000	50,000	-	-
Fort Vermilion Recreation Society - 225th Anniversary Celebration	-	10,000	-	-
Fort Vermilion Royal Canadian Legion, Branch 243	6,000	6,000	6,000	-
Fort Vermilion Seniors' Club	4,000	4,000	4,000	4,000
Fort Vermilion Walking Trail	-	10,000	10,000	10,000
Cemeteries	3,500	3,500	3,500	3,500
Eagle's Nest Bible Camp	-	-	-	5,000
High School Bursaries	25,000	25,000	25,000	25,000
Rainbow Lake Youth Centre Society	10,000	-	-	-
Regional Economic Development Initiative (REDI)	28,000	28,000	28,000	25,000
Mackenzie Regional Community Policing Society	10,000	-	-	10,000
Mackenzie Tourism (DMO)	15,000	15,000	15,000	20,000
Miscellaneous	15,000	15,000	15,000	1,000
<b>Total Grants to Other Organizations</b>	<b>\$ 391,500</b>	<b>469,500</b>	<b>372,500</b>	<b>333,000</b>
Mackenzie County Library Board	\$ 226,026	226,026	186,756	186,756
Recreation Boards	\$ 983,215	893,421	1,152,876	860,898
FCSS	\$ 293,341	293,341	293,341	293,341
	<b>1,894,082</b>	<b>1,882,288</b>	<b>2,005,473</b>	<b>1,673,995</b>

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.

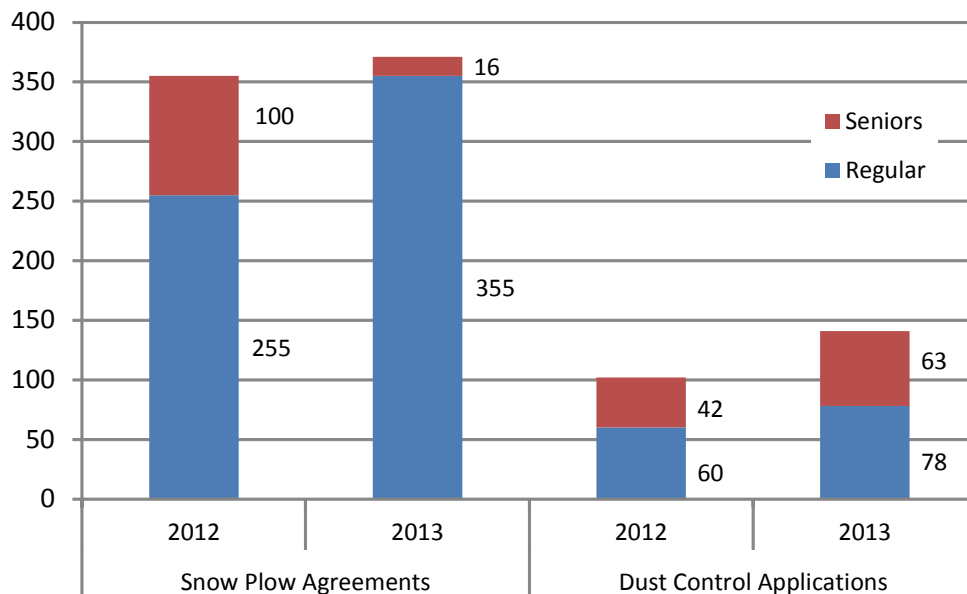
The County provides operating and capital funding to the Fort Vermilion, La Crete, and Zama recreation boards. The recreational boards operate the County-owned facilities and provide a range of programs and activities to local residents and visitors.

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

# 2013 ACTIVITY HIGHLIGHTS

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

## Snow Plow Agreements & Dust Control Applications

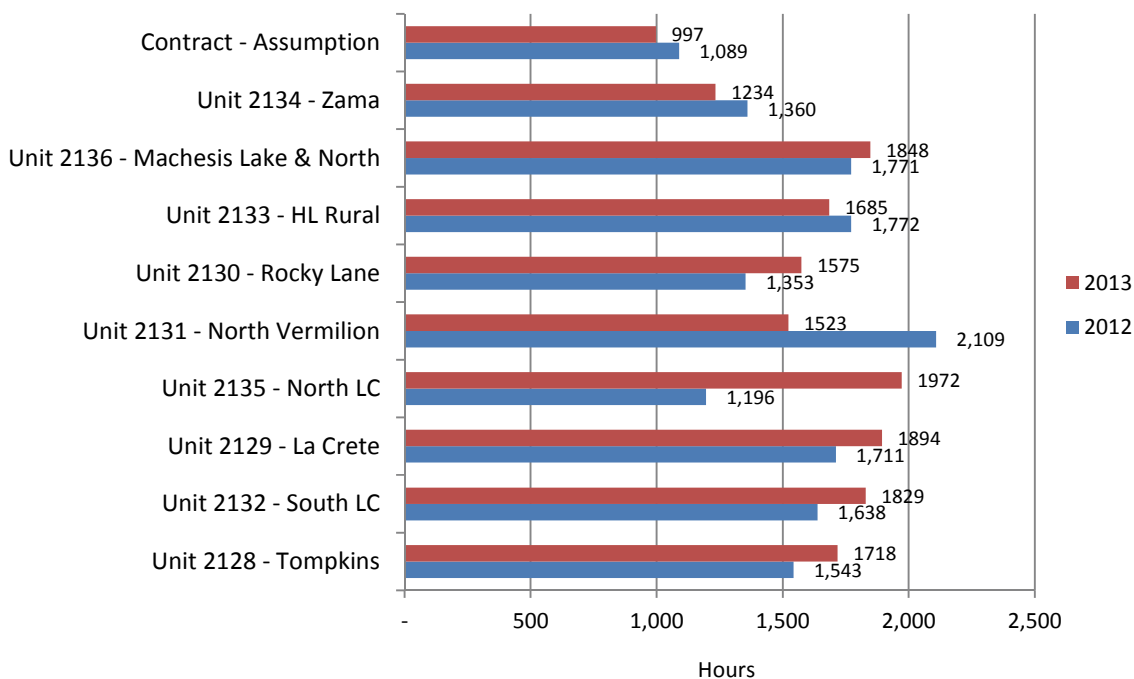


Mackenzie County has a winter maintenance flags program. Rural ratepayers have the option to purchase a flag at a cost of \$20 plus GST per flag for plowing service up to 1/4 mile.

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

## Grader Beat Hours

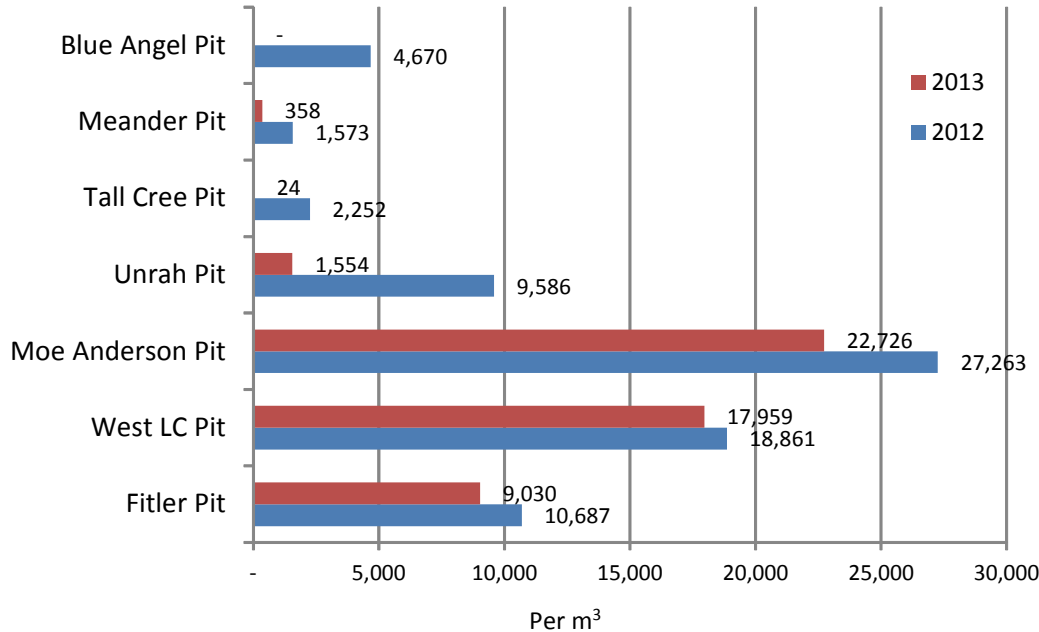
The County has nine grader beats and one contract grader. Their hours of operation are indicated on the graph below. The variances in unit hours are due to weather, number of dust controlled areas, staff vacancies, etc.



# 2013 ACTIVITY HIGHLIGHTS

## Quantity of Gravel Placed on County Roads

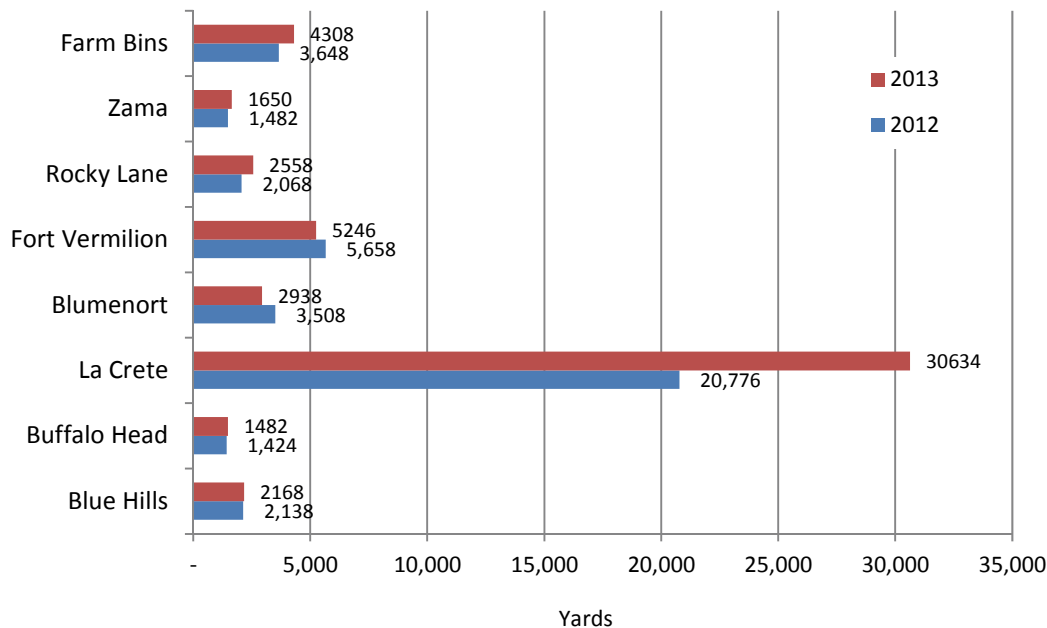
The County is continually working on securing aggregate resources for future road maintenance.



## 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.

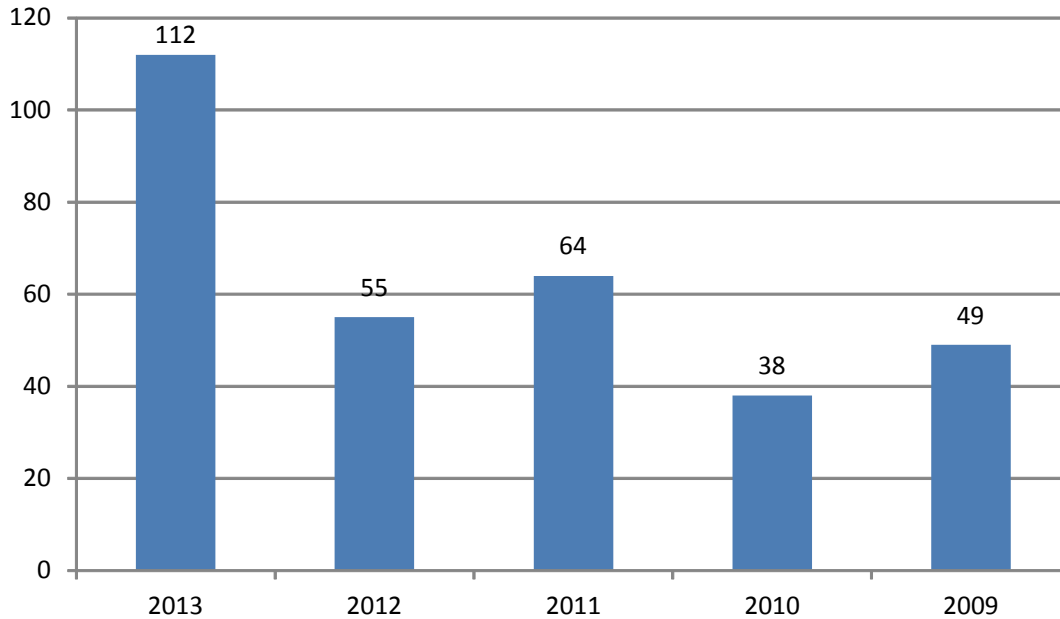
The Hamlet Residential Waste Collection program was implemented in the Hamlet of La Crete in the fall of 2012 in order to reduce congestion at the La Crete Waste Transfer Station. Residents included in the service area are charged \$5.95 per month for this service.



# 2013 ACTIVITY HIGHLIGHTS

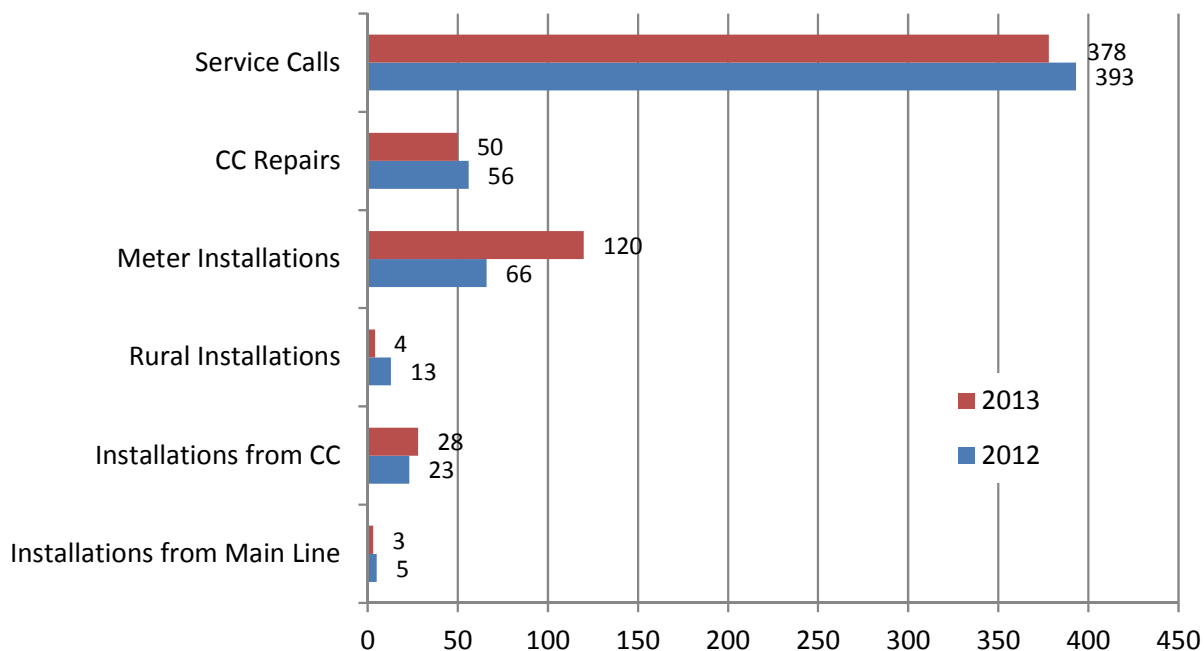
## Approach/Driveway Access Requests

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



## Water Service Installations & Maintenance

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



# 2013 ACTIVITY HIGHLIGHTS

## Parks & Playgrounds

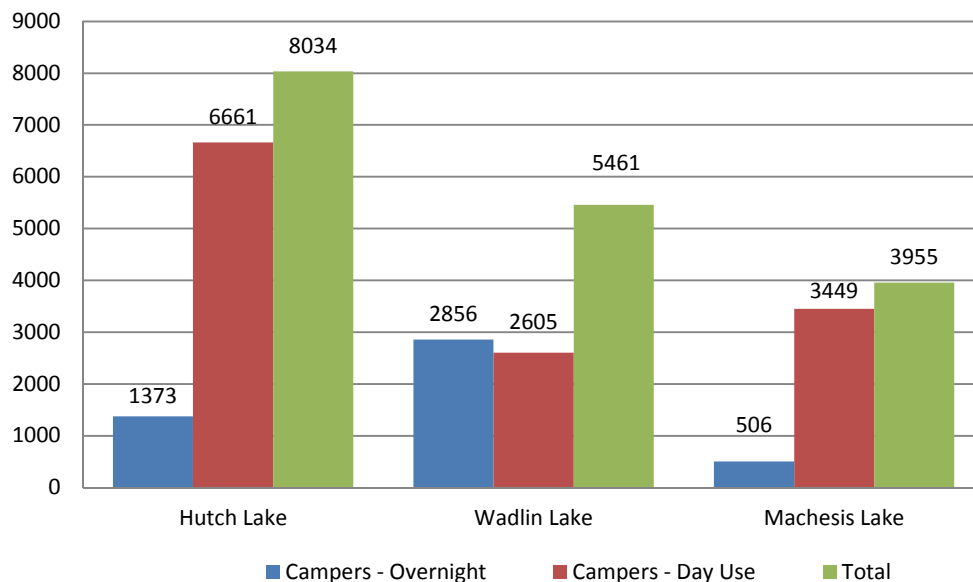
There are a number of parks and campgrounds throughout the County that are operated through the County and the local recreation boards. These include:

- 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

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



# 2013 ACTIVITY HIGHLIGHTS

## Mackenzie County Agricultural Service Board (ASB)

Alberta ASB's are established under the Alberta Agricultural Service Board Act. ASB's play a critical role in assessing the needs and direction of the agriculture industry in their regions. ASB's have responsibility to administer and enforce provincial agricultural related acts: Weed Control Act, Agriculture Pests Act, 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. Their vision is: "Sustainable agriculture in our Region continues with new value added agricultural farms and businesses."

The Mackenzie County ASB 2014-2016 business plan is available on the County's website. Their 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 continues to support the local veterinary service and expanded its bursary program to encourage the local area people to pursue education in veterinary field.

The major highlight of 2013 is the acquisition of the federal research farm by Mackenzie County. The ASB has been working in partnership with Mackenzie Applied Research Association (MARA) on various initiatives and workshops. Mackenzie County entered into a 25-year lease agreement with MARA in order to support the continuation of northern agricultural research.

The first annual agricultural fair was organized by the Agricultural Service Board and held on August 9—10, 2013. It was a great success and attracted people from across the whole County. The Agricultural Fair is intended to provide greater education about the agricultural field to the general public, provide information to local farmers on various agriculture related opportunities (value added, new equipment, and new technologies).

Based on the 2011 Census, there were 626 farms with total acreage of 550,419. While the total number of farms has decreased from 2006 (was 647), the average farm size has increased to 879 acres (was 820 in 2006). During the last five years, we see more activity in grain farming (canola and peas) and reduction in livestock herds. The gross farm receipts nearly doubled – an increase from \$42.5M (2006) to \$79.3M (2011). The number of farm operators has decreased from 830 to 810 during the same time period. This tells us the farms are getting larger and have been receiving higher gross profits.

Municipal farm land taxes remain low in the Mackenzie Region which makes this more advantageous for those that chose farming as their life choice.

At the end of 2012, the ASB revisited its approach towards addressing surface water management challenges. As a result, the ASB made a recommendation to Mackenzie County Council to make changes to its surface water management policies. The ASB is no longer involved in addressing drainage issues that do not affect a landmass of 10,000 acres or more. The Blue Hills/Steep Hill Creek surface water management project is currently being developed with active participation of the local farmers. The ASB and Council see a lot of value of having the local farmers engaged in identifying the solutions to the local problems.

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

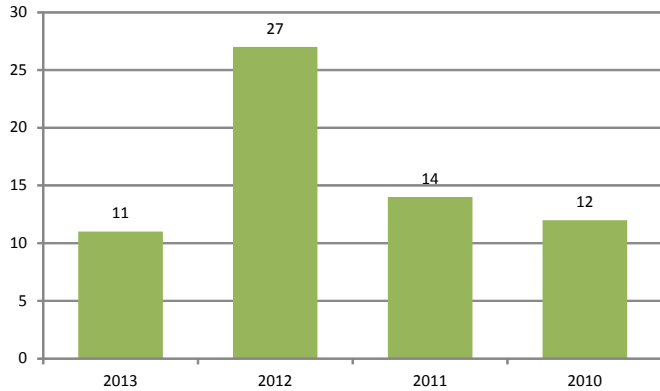
Joe Peters, ASB Chair



2013 Agricultural Fair held August 9—10

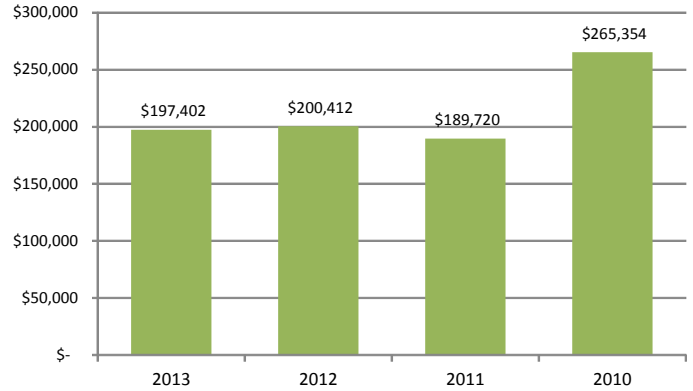
# 2013 ACTIVITY HIGHLIGHTS

## Pump & Pipe Rental



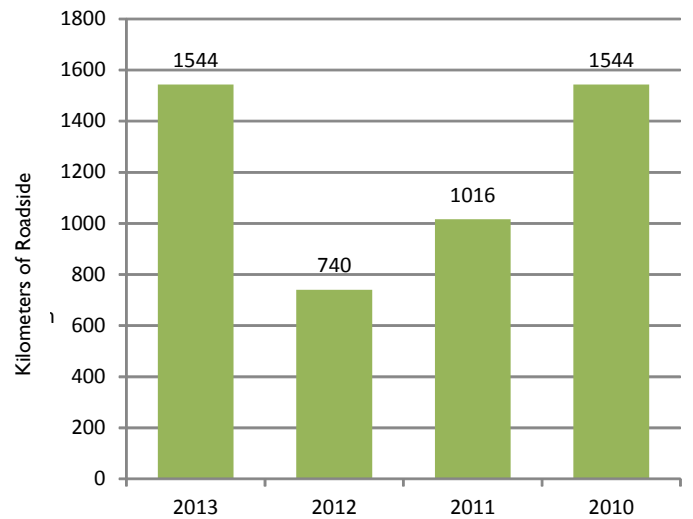
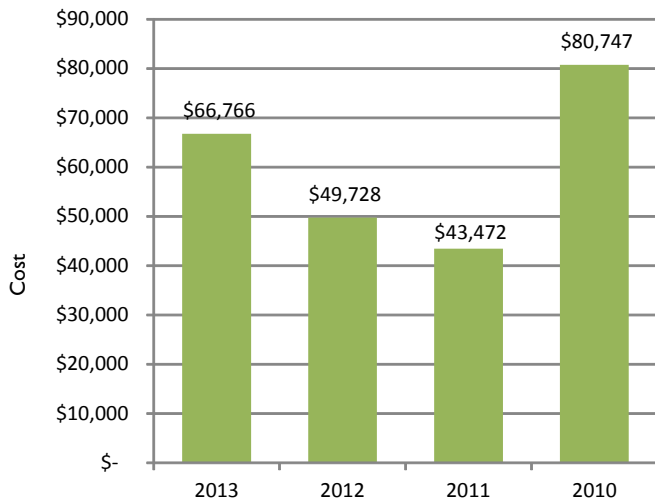
Mackenzie County rents a 6" PTO driven water pump for agricultural use. The pump comes with one-mile of pipe. Two-day rental fee is \$300.

## Roadside Grass Mowing

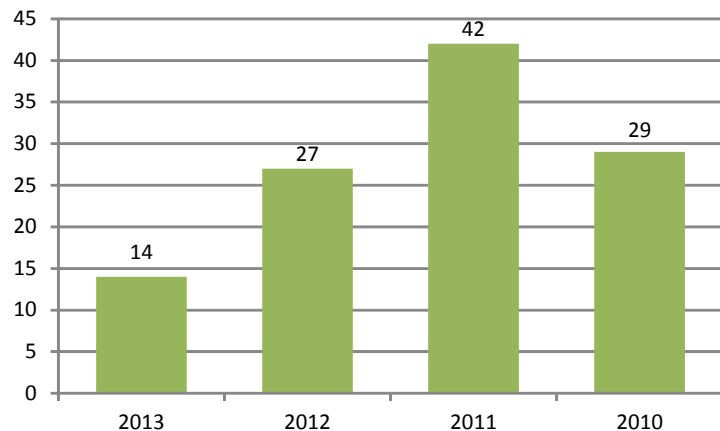


County roads are mowed once each year—one pass cut. Each road receives a full width cut every other year. Approximately 1655 km of County roadside are mowed each year.

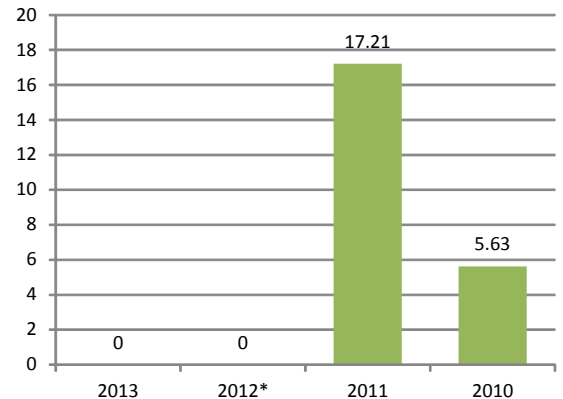
## Roadside Spraying



## Do Not Spray Requests



## Flood Control Channel Brushing

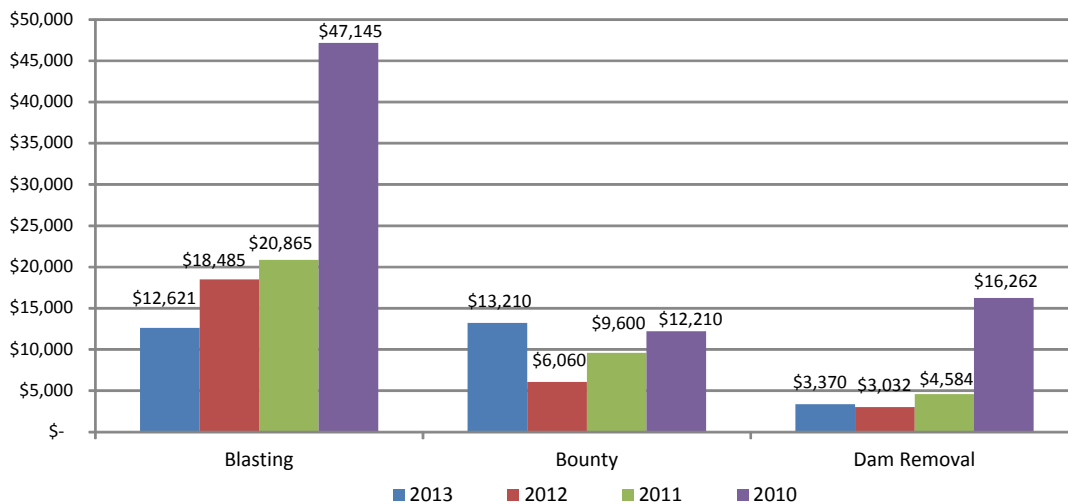


\*12 km of flood control channels were scheduled to be brushed in fall 2012, however, was not completed due to the early snowfall.



# 2013 ACTIVITY HIGHLIGHTS

## Beaver Control



The Agricultural Service Board pays the Local Trapper's Association a \$50 bounty for each beaver tail collected from problem areas.

## Planning & Development Department

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

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

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 seven fulltime staff and one summer GIS staff.

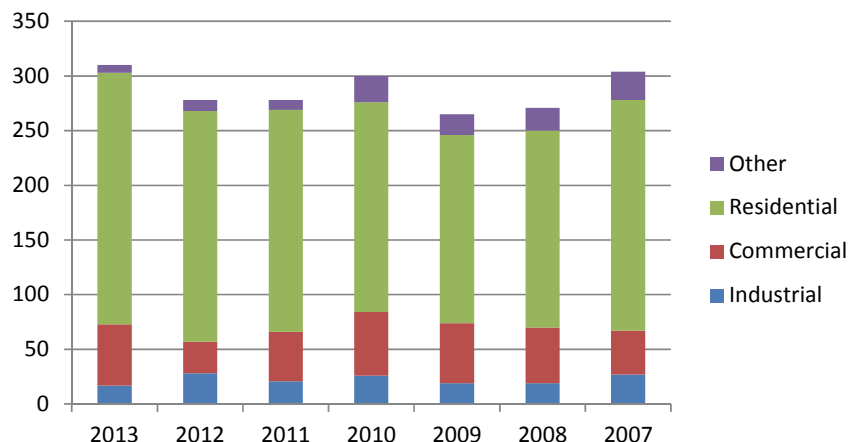
During the past year, new Area Structure Plans (ASPs) have been created. Each hamlet received a new plan, and three rural industrial areas were identified and plans created. In addition to the new ASPs, the Municipal Development Plan (MDP) and Land Use Bylaw (LUB) were amended. Public meetings and open houses were facilitated to foster discussion regarding each of these documents and the changes that the County proposed to them.

In addition to the new ASPs, and revisions to

the MDP and LUB, 2013 was a very busy year for development in the County. As the stats indicate, it was one of the busiest years ever for development in the County.

On the economic development front, the most visible change has been the implementation of annual business licensing. We are currently gathering the information and compiling it into a database. This business information will then be adapted and placed on the County website, with businesses searchable by industry, NAICS code, business name, location, etc. We have also been busy making introductions and getting to know people and corporations that can help investment in our region. This contact has been focused on local businesses and groups as well as provincial departments.

Development Applications by Number of Permits



# 2013 ACTIVITY HIGHLIGHTS

## Development Applications by Construction Value

	2007	2008*	2009	2010	2011*	2012	2013
Industrial	\$ 8,008,300	\$52,687,000	\$2,265,000	\$3,319,000	\$54,777,000	\$3,003,000	\$2,637,000
Commercial	4,760,500	8,515,000	2,571,200	4,022,000	5,592,550	2,402,500	\$7,394,500
Residential	16,954,863	15,233,063	10,169,616	14,803,816	16,231,775	23,816,096	\$23,926,626
Other*	1,294,660	3,028,000	3,879,046	6,663,992	301,800	411,000	\$1,960,500
<b>Total</b>	<b>\$31,018,323</b>	<b>\$79,463,063</b>	<b>\$18,884,862</b>	<b>\$28,808,808</b>	<b>\$76,903,125</b>	<b>\$29,632,596</b>	<b>\$35,918,626</b>

## Development Applications by Number of Permits

	2007	2008	2009	2010	2011	2012	2013
Industrial	27	19	19	26	21	28	17
Commercial	40	51	55	58	45	29	56
Residential	211	180	172	192	203	211	230
Other*	26	21	19	24	9	10	7
<b>Total</b>	<b>304</b>	<b>271</b>	<b>265</b>	<b>300</b>	<b>278</b>	<b>278</b>	<b>310</b>

\*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

## Residential Development by Number of Permits

	2007	2008	2009	2010	2011	2012	2013
Multi-Family Dwellings	2	1	1	2	4	3	1
Single Family Dwellings	79	71	40	52	47	78	74
Mobile Homes	63	49	41	43	53	52	39
Ancillary(Garages, Additions)			49	56	62	33	70
Others (Fences, Decks, Renos)			41	22	12	33	47
<b>Total</b>	<b>144</b>	<b>121</b>	<b>172</b>	<b>175</b>	<b>178</b>	<b>211</b>	<b>231</b>

## Subdivisions by Number of Applications

	2007	2008	2009	2010	2011	2012	2013
Urban	10	1	4	2	4	5	2
Rural	46	30	26	20	28	48	43
Rural Multi-lot	3	2	0	0	0	1	0
<b>Total</b>	<b>57</b>	<b>33</b>	<b>30</b>	<b>22</b>	<b>32</b>	<b>54</b>	<b>45</b>

## Subdivisions by Lots or Acres

	2007	2008	2009	2010	2011	2012	2013
Number of Lots	82	59	89	22	32	84	78
Rural in acres	644	317	353	206	311	550	447
Multi-rural in acres	9	113	0	0	0	9	0
Urban in acres	260	8	4	27	46	33	61
<b>Total Acres</b>	<b>995</b>	<b>497</b>	<b>357</b>	<b>233</b>	<b>357</b>	<b>591.1</b>	<b>507.81</b>

# 2013 ACTIVITY HIGHLIGHTS

## Fire Services

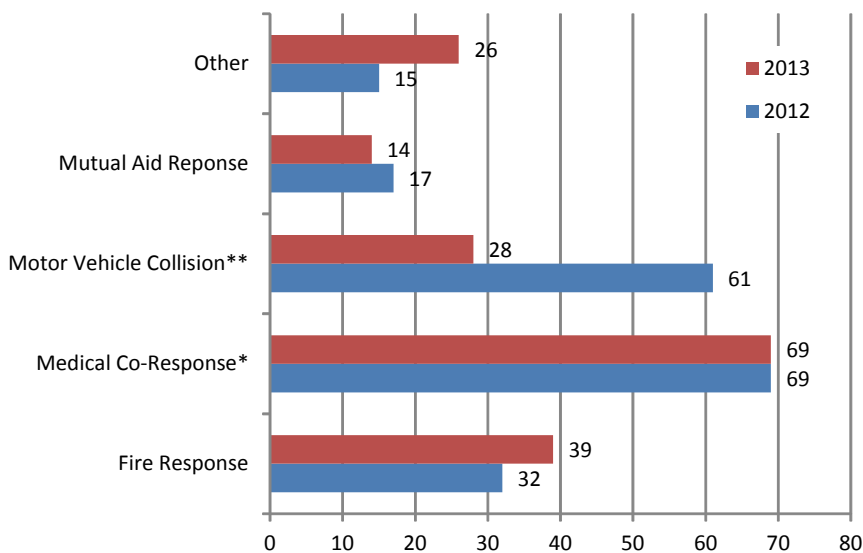
Mackenzie County operates four fire stations located in Tompkins Landing, La Crete, Fort Vermilion, and Zama. High Level rural residents are served by the Town of High Level fire department under a Regional Service Sharing Agreement.

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

- La Crete/Tompkins—37 active members
- Fort Vermilion—9 active members
- Zama—7 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



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

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

## Disaster Recovery Program

Mackenzie County experienced a rapid snow melt in 2013, which resulted in floods throughout the County.

Public works staff and management worked very hard to reduce the impact on ratepayers where possible, however some areas required extensive repairs.

Due to the wide spread damage within Mackenzie County, administration applied for, and was approved for assistance under the Disaster Recovery Program. With this approval, it allowed Mackenzie County residents that received damage to their homes, or businesses the opportunity to apply for assistance with the Disaster Recovery Program.

Mackenzie County staff oversaw the replacement of over 100 culvert joints and 12,000 m<sup>3</sup> of gravel that was required to restore roads, and repair areas damaged by the melt. Numerous contractors worked alongside Mackenzie County staff to ensure that the roadways were returned to their pre-melt condition. Clean up will continue in 2014 to ensure all areas affected by this melt are repaired.

Mackenzie County administration would like to thank all ratepayers for their patience and understanding during the ongoing clean up and repairs following the melt.





**Mackenzie County**

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