



ANNUAL REPORT

2016

For the year ending December 31, 2016



Mackenzie County



Mackenzie County

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Vision Mission & Values

Our Vision is...

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

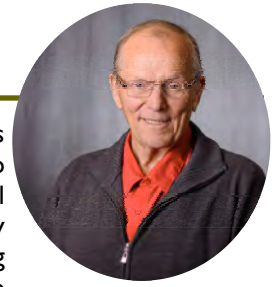
Our Mission is...

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

Our Organizational Values are...

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

MESSAGE FROM THE REEVE



On behalf of Mackenzie County Council, I present you with the 2016 Annual Report.

In this report you will find the Audited Financial Statements for 2016, the budget highlights for 2017, and statistics from the various activities throughout the year. These financial statements will give you some insight to what the financial position of the County was as of December 31, 2016. We continued to experience a decline in the municipal tax revenue from our oil and gas industry, so we will face challenges in the year ahead.

This year caribou has been the buzz word around the County as we work with all facets of government and industry stakeholders to develop a sustainable protection plan for these protected species. With our biggest workforce driven by oil & gas, forestry and agriculture, it is essential to devise a plan that maintains these industries while offering a solution to the alleged declining caribou population. The next year will be geared towards finding that common ground and our council works tirelessly to find that balance.

2016 saw a spike in the farming community as new lands were opened up for agriculture expansion. Mackenzie County has invested in a filling station in the Buffalo Head area for potable water, hoping to alleviate some of the extensive travelling for farmers in this area. Fort Vermilion is also seeing the construction of a filling station just south of the hamlet. Council has also secured funding for a flood mitigation project known as the “Buffalo Head Prairie Drainage Ditch Project” in the figures of \$3.8 million. We are excited to say that we have also received funding of \$1 million to add a bridge across the Little Buffalo Creek that will allow industry and agriculture to access the new land that was sold.

Roads projects are well underway. Various roads around Fort Vermilion are scheduled for paving, including the surrounding of the Fort Vermilion Water Treatment Plant. La Crete 94th Avenue will be completed in the upcoming year as well as the overlays on various other streets around the hamlet. We have been pushing and are happy to say the 88 Connector bumps that have been flagged as a safety concern will be addressed and paved this upcoming year.

Throughout the County we have been developing our parks for your recreation. Wadlin Lake campsite numbers have expanded to accompany its municipal popularity. The convenience of power will be added to Hutch Lake Campground. Machesis Lake has seen an increase in use with the establishment of the Equine Campground portion of Machesis Campground where campers can bring their horses to enjoy the lake and the trails. The recreation facilities across our County’s hamlets will see some upgrades. We look forward to the new ice chiller being installed in the Fort Vermilion Recreation Center ice rink. La Crete will begin its construction on the La Crete Recreation Facility’s new lobby and expanding the dressing rooms, as well as the splash-park under construction at Knelsen Park in the coming year. As

people have enjoyed the walking trails around La Crete, we continue to expand them in partnership with local businesses from Main Street all the way to Tourangeau Lake, and connecting the 94th Avenue walking trail to Knelsen Park. With forest fires a hazard in our County, provincial funding for the Fire Smart program has been secured to help mitigate forest fire potential around the hamlet of Zama City.

This year, we continued to see a decline in the tax revenue in 2016 and our 2017 budget reflects this. For the following year we proceed with caution as we adopt a strategy of spending based on needs rather than wants to help maintain our services to you. We continue to seek grants from provincial or federal sources that could help us with some of the bigger projects we hope to accomplish in the years to come. For the 2017 year, we maintained a steady mill rate to support our citizens in these tighter economic times.

I would like to thank all of the volunteers that have been behind the scenes across our region striving to make Mackenzie County a better place. Our non-profit organizations have a huge impact on everyone, and our volunteer firefighters work tirelessly to serve our communities. We thank you for your time and dedication to our region.

Len Racher was appointed as the new Chief Administrative Officer on September 13, 2016. Len previously held the position of Director of Operations & Facilities (South). We appreciate his leadership and helping to build a strong team to deliver services throughout the municipality. A huge thank you goes out to the staff of Mackenzie County for all your hard work and your commitment to making our home a better place to live.

If you want to know more about your County and what is going on, our website is a great place to access County information and see what we are up to in your area. You can find council meeting agenda packages and minutes, council meeting and other important dates, as well as our financial statements, business plans, annual reports, and more. The public is encouraged to engage with Councillors, and with council meetings open to the public, we encourage you to come and see what we do in the chambers. Council and staff maintain an open door policy, and we welcome your comments, suggestions, and participation with open arms.

Once again thank you to all our citizens for another great year. Your individual and collective contributions are what makes our region a better place to live, work, pray, play, prosper and for that we are truly grateful.

Thank you.
Respectfully – 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	11,171 (2016 Federal Census)
Total Area of Municipality	7,761,580 hectares
Total Area of Farmland	790,000 acres
Number of Hamlets	3 (La Crete, Fort Vermilion, Zama)
Number of Dwelling Units	3,088 (2016 Federal Census)
Total Positions	81 Full-Time 5 Part-Time 17 Summer/Seasonal
Length of Roads	2005 km (includes 104 km of paved roads & streets)
Length of Water Mains	169.57 km
Length of Wastewater Mains	68.05 km
Length of Storm Water Drains	10.40 km
Vehicle Fleet (incl. fire equip)	63 (cost ≥ \$5,000/unit)
Equipment (incl. graders)	178 (cost ≥ \$5,000/unit)
Building Structures	88 (cost ≥ \$5,000/unit)
Bridges (incl. culverts over 5' in diameter)	73 (cost ≥ \$5,000/unit)

Governance

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

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

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



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

MACKENZIE COUNTY...THE ORGANIZATION

Council 2013—2017 Term

Reeve Bill Neufeld, Ward 2 (La Crete Rural)
Deputy Reeve Lisa Wardley, Ward 10 (Zama)
Councillor Josh Knelsen, Ward 1 (Blue Hills/Buffalo Head)
Councillor Peter F. Braun, Ward 3 (La Crete)
Councillor John W. Driedger, Ward 4 (La Crete/LC Rural)
Councillor Elmer Derksen, Ward 5 (Blumenort)

Councillor Eric Jorgensen, Ward 6 (Fort Vermilion Rural)
Councillor Ray Toews, Ward 7 (Fort Vermilion) (*elected in a by-election held May 4, 2016*)
Councillor Walter Sarapuk, Ward 8 (Rocky Lane)
Councillor Jacquie Bateman, Ward 9 (High Level Rural)



2016 Boards & Committees

Internal Boards/Committees

Aboriginal Consultation Committee | Agricultural Appeal Board
Agricultural Land Use Planning | Agriculture Service Board
Amalgamation of Housing Boards Implementation Comm.
Assessment Review Board
Community Advisory Committee/Economic Development & Streetscape Project
Community Services Committee
Community Sustainability Committee
Emergency Response Committee | Finance Committee
Inter-Municipal Planning Commission
Inter-Municipal Subdivision & Development Appeal Board
Land Stewardship Committee
Mackenzie Library Board
Municipal Planning Commission
Public Works Committee
Regional Sustainability Study Committee
Subdivision & Development Appeal Board
Tompkins Crossing Committee

External Boards/Committees

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

2016 AUDITED FINANCIAL STATEMENT



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 financial statements of Mackenzie County, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Mackenzie County as at December 31, 2016 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 26, 2017

Wilde + Company
Chartered Accountants

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
Financial Assets		
Cash and temporary investments (Note 3)	19,915,575	18,470,139
Receivables		
Taxes receivable (Note 4)	1,589,572	811,537
Due from governments	3,446,022	2,906,657
Trade and other receivables	869,878	1,115,790
Short term investments (Note 5)	5,795,878	5,044,630
Land held for resale	46,846	8,705
Investments (Note 6)	5,668,164	6,468,440
	37,331,935	34,825,898
Liabilities		
Accounts payable and accrued liabilities (Note 7)	4,918,765	5,505,820
Deposit liabilities	529,319	514,961
Deferred revenue (Note 8)	1,526,832	793,457
Long term debt (Note 9)	14,657,290	16,235,802
	21,632,206	23,050,040
Net financial assets	15,699,729	11,775,858
Non-financial assets		
Tangible capital assets (Schedule 2)	188,871,904	186,458,708
Inventory for consumption (Note 11)	2,059,392	2,619,015
Prepaid expenses	382,036	359,705
	191,313,332	189,437,428
Accumulated surplus (Schedule 1, Note 14)	207,013,061	201,213,286
Contingent liability (Note 17)		

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Consolidated Statement of Operations
As at December 31, 2016

	Budget \$ (Unaudited)	2016 \$	2015 \$
Revenue			
Net municipal taxes (Schedule 3)	26,232,384	26,232,538	27,885,203
User fees and sales of goods	4,594,216	4,507,818	4,619,126
Government transfers for operating (Schedule 4)	1,302,914	1,390,555	1,501,319
Investment income	360,000	525,474	500,870
Penalties and costs on taxes	1,288,413	1,453,394	1,057,962
Licenses, permits and fines	448,000	456,914	539,489
Rentals	80,455	114,094	140,117
Other	358,000	416,806	979,452
Total revenue	34,664,382	35,097,593	37,223,538
Expenses			
Legislative	796,640	647,300	543,500
Administration	5,674,653	6,505,191	7,036,030
Protective services	1,864,996	1,337,485	1,605,857
Transportation	18,428,976	15,480,795	15,352,206
Environmental use and protection	4,925,216	4,720,707	5,185,155
Family and community support	781,053	784,073	639,256
Planning, development and agriculture	2,639,517	2,694,732	2,752,139
Recreation and culture	2,308,449	2,068,564	2,276,295
Loss on disposal of capital assets	387,237	322,261	306,170
Total expenses	37,806,737	34,561,108	35,696,608
Excess (deficiency) of revenue over expenses	(3,142,355)	536,485	1,526,930
Other			
Government transfers for capital (Schedule 4)	12,401,732	5,263,290	5,102,465
Contributed assets	-	-	718,363
Other capital contributions	-	-	14,787
Excess of revenues over expenses	9,259,377	5,799,775	7,362,545
Accumulated surplus - beginning of the year	201,213,286	201,213,286	193,850,741
Accumulated surplus - end of the year	210,472,663	207,013,061	201,213,286

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Consolidated Statement of Change in Net Financial Assets

As at December 31, 2016

	Budget \$ (Unaudited)	2016 \$	2015 \$
Excess of revenue over expenses	9,259,377	5,799,775	7,362,545
Acquisition of tangible capital assets	(28,339,029)	(11,714,814)	(9,272,010)
Contributed tangible capital assets	-	-	(718,363)
Proceeds on disposal of tangible capital assets	492,932	639,056	528,614
Amortization of tangible capital assets	9,169,166	8,345,075	8,922,961
Loss on sale of tangible capital assets	387,237	322,261	306,170
	(18,289,694)	(2,408,422)	(232,628)
Acquisition of prepaid assets	-	(22,331)	(63,890)
Use (acquisition) of supplies inventories	580,324	554,849	(191,404)
	580,324	532,518	(255,294)
Increase (decrease) in net assets	(8,449,993)	3,923,871	6,874,623
Net financial assets, beginning of year	11,775,858	11,775,858	4,901,235
Net financial assets, end of year	3,325,865	15,699,729	11,775,858

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY Consolidated Statement of Cash Flows As at December 31, 2016

	2016 \$	2015 \$
Operating		
Excess of revenue over expenses	5,799,775	7,362,545
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	8,345,075	8,922,961
Loss on disposal of tangible capital assets	322,261	306,170
Tangible capital assets received as contributions	-	(718,363)
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(778,035)	(330,618)
Decrease (increase) in government receivables	(539,365)	542,176
Decrease (increase) in trade and other receivables	245,912	(67,529)
Decrease (increase) in inventory for consumption	559,623	(191,404)
Increase in land held for resale	(38,141)	(5,260)
Increase in prepaid expenses	(22,331)	(63,890)
Decrease in accounts payable and accrued liabilities	(587,060)	(1,069,413)
Increase in deposit liabilities	14,358	16,197
Increase (decrease) in deferred revenue	733,375	(355,200)
<i>Net cash provided by operating transactions</i>	14,055,447	14,348,372
Capital		
Acquisition of tangible capital assets	(11,714,814)	(9,272,010)
Adjustment to tangible capital assets	(4,769)	-
Proceeds on sale of tangible capital assets	639,056	528,614
<i>Net cash applied to capital transactions</i>	(11,080,527)	(8,743,396)
Investing		
Decrease (increase) in restricted cash or cash equivalents	(733,375)	355,200
Decrease (increase) in short term investments	(751,248)	4,955,370
Decrease in investments	800,276	455,038
<i>Net cash provided by (used in) investing transactions</i>	(684,347)	5,765,608
Financing		
Long term debt repaid	(1,578,512)	(1,669,369)
<i>Net cash used in investing transactions</i>	(1,578,512)	(1,669,369)
Change in cash and cash equivalents during the year	712,061	9,701,215
Cash and cash equivalents, beginning of year	17,676,682	7,975,467
Cash and cash equivalents, end of year	18,388,743	17,676,682
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	19,915,575	18,470,139
Less: restricted portion of cash and temporary investments (Note 3)	(1,526,832)	(793,457)
	18,388,743	17,676,682
Cash flows supplementary information		
Interest received	590,387	645,840
Interest paid	562,322	621,194

See accompanying notes

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

(Schedule 1)

**Schedule of Changes in Accumulated Surplus
As at December 31, 2016**

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital	2016 \$	2015 \$
Balance, beginning of year	3,729,326	8,120,997	19,140,057	170,222,806	201,213,286	193,850,741
Excess of revenues over expenses	5,799,775	-	-	-	5,799,775	7,362,545
Unrestricted funds designated for future use	(3,487,224)	246,958	3,240,266	-	-	-
Restricted funds used for operations	1,931,924	(1,887,024)	(44,900)	-	-	-
Restricted funds used for tangible capital assets	-	(530,629)	(4,156,732)	4,687,361	-	-
Current year funds used for tangible capital assets	(7,027,456)	-	-	7,027,456	-	-
Disposal of tangible capital assets	961,317	-	-	(961,317)	-	-
Annual amortization expense	8,345,075	-	-	(8,345,075)	-	-
Adjustment to tangible capital assets	(4,771)	-	-	4,771	-	-
Long term debt repaid	(1,578,512)	-	-	1,578,512	-	-
Balance, end of year	8,669,454	5,950,302	18,178,691	174,214,814	207,013,061	201,213,286

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

(Schedule 2)

Schedule of Tangible Capital Assets

As at December 31, 2016

	Land and Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016 \$	2015 \$
Cost							
Balance, beginning of year	10,401,652	19,026,484	337,275,464	13,292,364	4,272,991	384,268,955	375,637,321
Acquisition of tangible capital assets	32,112	860,549	2,192,781	2,550,168	554,308	6,189,918	7,747,136
Construction in progress	93,353	555	5,308,793	122,198	-	5,524,899	2,243,237
Disposal of tangible capital assets	-	-	(148,277)	(1,389,064)	(54,099)	(1,591,440)	(1,358,739)
Balance, end of year	10,527,117	19,887,588	344,628,761	14,575,666	4,773,200	394,392,332	384,268,955
Accumulated amortization							
Balance, beginning of year	1,226,101	4,023,380	186,903,890	3,809,473	1,842,632	197,805,476	189,406,471
Annual amortization	293,986	346,847	6,329,800	1,155,436	219,006	8,345,075	8,922,961
Accumulated amortization on disposals	-	-	(148,277)	(432,747)	(49,099)	(630,123)	(523,958)
Balance, end of year	1,520,087	4,370,227	193,085,413	4,532,162	2,012,539	205,520,428	197,805,476
2016 net book value of tangible capital assets	9,007,030	15,517,361	151,543,348	10,043,504	2,760,661	188,871,904	186,463,479
2015 net book value of tangible capital assets	9,175,551	15,003,104	150,371,574	9,482,891	2,430,359		186,463,479

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Property and Other Taxes
As at December 31, 2016

(Schedule 3)

	Budget \$ (Unaudited)	2016 \$	2015 \$
Taxation			
Real property taxes	17,176,936	17,408,445	16,705,629
Linear property	16,503,331	16,298,615	18,301,926
Government grants in place of property taxes	101,927	95,294	104,292
Special assessments and local improvement taxes	171,497	120,584	197,245
	33,953,691	33,922,938	35,309,092
Requisitions			
Alberta School Foundation Fund	6,866,280	6,838,317	6,635,781
Mackenzie Housing Management Board:			
Operating	442,907	442,083	378,108
Capital	412,120	410,000	410,000
	7,721,307	7,690,400	7,423,889
Net Municipal Taxes	26,232,384	26,232,538	27,885,203

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Government Transfers
As at December 31, 2016

(Schedule 4)

	Budget	2016	2015
	\$	\$	\$
	(Unaudited)		
Transfers for Operating			
Provincial Government	1,302,914	1,390,555	1,501,319
	1,302,914	1,390,555	1,501,319
Transfers for Capital			
Provincial Government	12,401,732	5,263,290	5,102,465
	12,401,732	5,263,290	5,102,465
Total Government Transfers	13,704,646	6,653,845	6,603,784

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Consolidated Expenses by Object
As at December 31, 2016

(Schedule 5)

	Budget \$ (Unaudited)	2016 \$	2015 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	9,101,663	8,639,744	8,210,041
Contracted and general services	7,611,114	6,669,465	6,871,689
Materials, goods, supplies and utilities	5,557,083	5,699,765	5,549,188
Transfers to other governments (Note 13)	1,805,000	1,408,661	1,927,281
Transfers to local boards and agencies	2,080,245	1,927,694	2,068,118
Bank charges and short term interest	27,000	32,576	29,536
Interest on long term debt	562,323	555,056	614,288
Amortization of tangible capital assets	9,169,166	8,345,075	8,922,961
Loss on disposal of tangible capital assets	387,237	322,261	306,170
Property tax bad debt expense (Note 4)	1,502,106	960,811	1,187,068
Other operating expenditures	3,800	-	10,268
	37,806,737	34,561,108	35,696,608

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Schedule of Segmented Disclosure
As at December 31, 2016

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total \$
Revenue								
Net municipal taxes	26,111,953	-	92,675	27,910	-	-	-	26,232,538
Government transfers for operations	72,277	99,000	732,173	-	188,423	-	298,682	1,390,555
User fees and sales of goods	27,927	156,513	119,149	4,046,643	67,837	89,749	-	4,507,818
Investment income	525,474	-	-	-	-	-	-	525,474
Other revenues	1,677,892	58,584	63,699	59,206	568,160	-	13,667	2,441,208
	28,415,523	314,097	1,007,696	4,133,759	824,420	89,749	312,349	35,097,593
Expenses								
Salaries, wages and benefits	2,507,502	373,258	3,556,604	884,254	997,233	320,893	-	8,639,744
Contracted and general services	1,534,465	547,697	1,783,272	1,274,605	1,321,628	207,078	720	6,669,465
Materials, goods, supplies and utilities	337,636	277,413	3,982,767	729,351	230,981	141,617	-	5,699,765
Transfers to local boards and agencies	1,408,661	-	-	-	110,000	1,034,341	783,353	3,336,355
Interest on long term debt	48,656	-	397,152	109,248	-	-	-	555,056
Property tax bad debt expense (Note 4)	965,552	-	-	(4,741)	-	-	-	960,811
Other expenses	32,576	-	309,347	-	-	12,914	-	354,837
	6,835,048	1,198,368	10,029,142	2,992,717	2,659,842	1,716,843	784,073	26,216,033
Net revenue (expenditure) before amortization	21,580,475	(884,271)	(9,021,446)	1,141,042	(1,835,422)	(1,627,094)	(471,724)	8,881,560
Amortization of tangible capital assets	317,443	139,117	5,761,000	1,727,990	34,890	364,635	-	8,345,075
Net revenue (expenditure) before other	21,263,032	(1,023,388)	(14,782,446)	(586,948)	(1,870,312)	(1,991,729)	(471,724)	536,485
Government transfers for capital	-	375,000	3,536,061	1,350,229	-	-	-	5,263,290
2016 net revenue (expenditure)	21,263,032	(648,388)	(11,244,385)	763,281	(1,870,312)	(1,991,729)	(471,724)	5,799,775
2015 net revenue (expenditure)	22,183,747	(1,249,078)	(9,846,785)	(47,733)	(1,792,286)	(1,498,337)	(386,983)	7,362,545

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The 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.

(continues)

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

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

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.

Significant estimates include:

- Amortization
- Estimated used life of tangible capital assets
- Allowance for doubtful accounts

Cash and cash equivalents

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

Tax revenue

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

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

Investments

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

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.

(continues)

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

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

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 leveling 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.

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)

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

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.

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

2. Recent accounting pronouncements published but not yet adopted

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

Section PS 2200 - Related Party Disclosures

This new Section defines a related party and establishes disclosures required for related party transactions. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3210 - Assets

This new Section provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3320 - Contingent Assets

This new Section defines and establishes disclosure standards on contingent assets. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3380 - Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3420 - Inter-entity Transactions

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3430 - Restructuring Transactions

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

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, 2019.

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Financial Statements
Year Ended December 31, 2016

3. Cash and temporary investments	2016	2015
Cash	\$ 9,675,424	\$ 2,654,866
Temporary investments	10,240,151	15,815,273
	\$ 19,915,575	\$ 18,470,139

Temporary investments are short term deposits with original maturities of three months or less. Council has designated funds of \$18,178,691 (2015 - \$19,140,057) included in the above amounts for capital projects, vehicle and equipment replacement and infrastructure upgrades. Included in cash and temporary investments is a restricted amount of \$1,526,832 (2015 - \$793,457) comprised of deferred revenue not expended (Note 8).

4. Taxes receivable	2016	2015
Taxes receivable - current	\$ 2,225,339	\$ 1,878,026
Taxes receivable - arrears	2,916,496	1,624,898
	5,141,835	3,502,924
Less: allowance for doubtful accounts	(3,552,263)	(2,691,387)
	\$ 1,589,572	\$ 811,537

Allowance for doubtful accounts is determined by management through identification of specific accounts. Property tax bad debt expense is included in the administration expense category on the consolidated statement of operations. In 2016, this amount is \$960,811 (2015 - \$1,187,068).

5. Short term investments	2016	2015
Short term notes and deposits	\$ 5,795,878	\$ 5,044,630

Short term notes and deposits have effective interest rates of 1.61% to 2.39% with maturity dates in 2017. Market value of the short term notes and deposits is \$5,825,160 (2015 - \$5,132,289).

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

6. Investments

	2016	2015
Long term deposits	\$ 3,773,572	\$ 4,362,450
Government and government guaranteed bonds	1,894,592	2,105,990
	\$ 5,668,164	\$ 6,468,440

Long term deposits have effective interest rates of 2.105% to 4.1% with maturity dates from August 2018 to June 2024. Government and government guaranteed bonds have effective interest rates of 2.45% to 4.1% with maturity dates between December 2019 and June 2025. Market value of the investments is \$5,670,450 (2015 - \$6,544,591).

7. Accounts payables and accrued liabilities

	2016	2015
Government payroll remittance payable	\$ 54,196	\$ 76,116
Trade payables and accruals	2,283,383	2,984,340
Holdback payables	284,549	133,760
Gravel pit reclamation liability	1,756,428	1,714,387
Employee payable (wages and accrued overtime)	504,803	554,544
Long term debt interest payable	35,406	42,673
	\$ 4,918,765	\$ 5,505,820

8. Deferred revenue

	2016	2015
Municipal Sustainability Initiative (MSI) capital	\$ 1,338,750	\$ 793,457
Basic Municipal Transportation Grant (BMTG)	188,082	-
	\$ 1,526,832	\$ 793,457

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

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Financial Statements
Year Ended December 31, 2016

9. Long term debt	2016	2015
Tax supported debentures	\$ 14,657,290	\$ 16,235,802

Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	\$ 1,575,520	\$ 505,190	\$ 2,080,710
2018	1,618,408	448,429	2,066,837
2019	1,319,527	392,813	14,561,692
2020	897,810	350,987	12,789,352
2021	709,482	319,774	11,540,555
Thereafter	8,536,543	1,974,756	10,511,299
	<u>\$ 14,657,290</u>	<u>\$ 3,991,949</u>	<u>\$ 18,649,239</u>

The current portion of the long term debt amounts to \$1,575,520 (2015 - \$1,578,512).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.942% to 4.501% per annum and matures in periods 2017 through 2032. The weighted average annual interest rate is 3.54% for 2016 (3.55% for 2015).

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

Interest on long term debt amounted to \$555,056 (2015 - \$614,288).

The municipality's total cash payments for interest in 2016 were \$562,322 (2015 - \$621,194).

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

10. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the municipality be disclosed as follows:

	2016	2015
Total debt limit	\$ 52,646,390	\$ 55,835,307
Total debt	(14,657,290)	(16,235,802)
Amount of debt limit unused	\$ 37,989,100	\$ 39,599,505
Debt servicing limit	\$ 8,774,398	\$ 9,305,885
Debt servicing	(2,080,710)	(2,140,835)
Amount of debt servicing limit unused	\$ 6,693,688	\$ 7,165,050

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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

	2016	2015
Parts and supplies	\$ 826,741	\$ 852,558
Gravel	1,232,651	1,766,457
Total	\$ 2,059,392	\$ 2,619,015

12. Equity in tangible capital assets

	2016	2015
Tangible capital assets (Schedule 2)	\$ 394,392,332	\$ 384,268,955
Accumulated amortization (Schedule 2)	(205,520,428)	(197,810,247)
Long term debt (Note 9)	(14,657,290)	(16,235,802)
Total	\$ 174,214,614	\$ 170,222,906

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY
Notes to Financial Statements
Year Ended December 31, 2016

13. Transfers to other governments

	2016	2015
Town of High Level	\$ 612,261	\$ 1,130,881
Town of Rainbow Lake	796,400	796,400
	\$ 1,408,661	\$ 1,927,281

These payments are related to service sharing agreements held with the Town of High Level and the Town of Rainbow Lake.

14. Accumulated surplus

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

	2016	2015
Equity in tangible capital assets (Note 12)	\$174,214,612	\$170,222,906
Operating reserves (Schedule 1)	5,950,302	8,120,997
Capital reserves (Schedule 1)	18,178,691	19,140,057
Unrestricted surplus (Schedule 1)	8,669,456	3,729,326
	\$207,013,061	\$201,213,286

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

15. Salary and benefits disclosure

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

	2016		2015	
	Salary (1)	Benefits & allowances (2)		
William Neufeld - Reeve	\$ 52,500	\$ 219	\$ 52,719	\$ 49,319
John W. Driedger	47,700	219	47,919	53,319
Lisa Wardley	41,579	3,924	45,503	35,709
Peter Braun	47,400	4,215	51,615	44,034
Walter Sarapuk	29,971	1,975	31,946	26,754
Jacquie Bateman	32,000	219	32,219	27,519
Eric Jorgensen	44,700	219	44,919	38,119
Elmer Derksen	23,700	219	23,919	23,619
Josh Knelsen	46,800	219	47,019	32,019
Ricky Paul	6,213	55	6,268	26,919
Ray Toews	16,683	110	16,793	-
Chief Administrative Officer - previous	216,125	16,103	232,228	243,450
Chief Administrative Officer - current	52,981	16,889	69,870	-
	\$ 658,352	\$ 44,585	\$ 702,937	\$ 600,780

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

16. Local Authorities Pension Plan

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

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

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

Total current service contributions by the municipality to the LAPP in 2016 were \$609,945 (2015 - \$623,215). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2016 were \$579,448 (2015 - \$586,450).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.

2016 AUDITED FINANCIAL STATEMENT

MACKENZIE COUNTY

Notes to Financial Statements

Year Ended December 31, 2016

17. Contingent liability

The municipality is the defendant in a lawsuit related to off-site levies amounting to \$300,000 plus interest and costs. At present, the outcome is not determinable. The amount of any future settlement would be accounted for as a current transaction in the year of the settlement.

18. 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).

19. Financial instruments

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

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

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

20. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.

21. Approval of financial statements

Council and Management have approved these financial statements.

22. Budget amounts

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

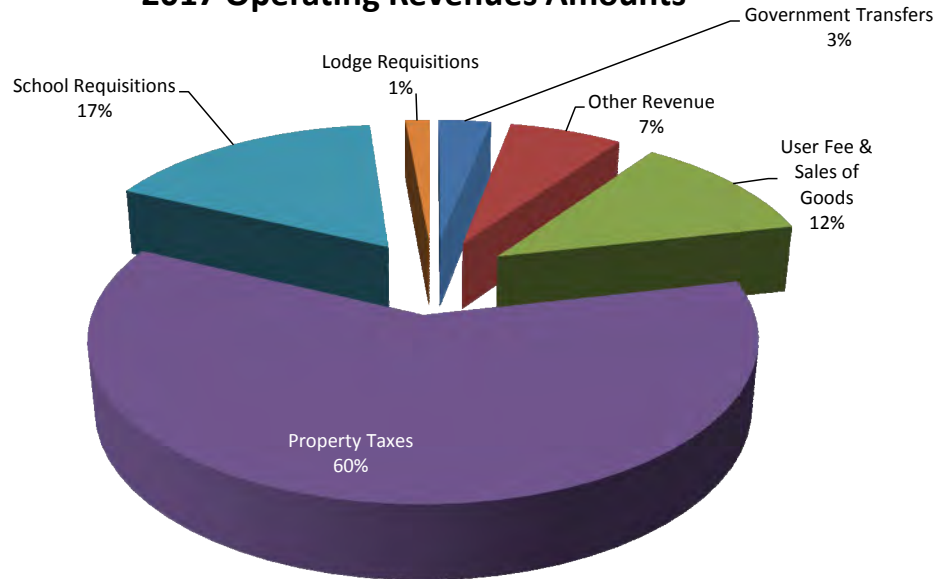
2017 BUDGET HIGHLIGHTS

2017 Operating Revenues

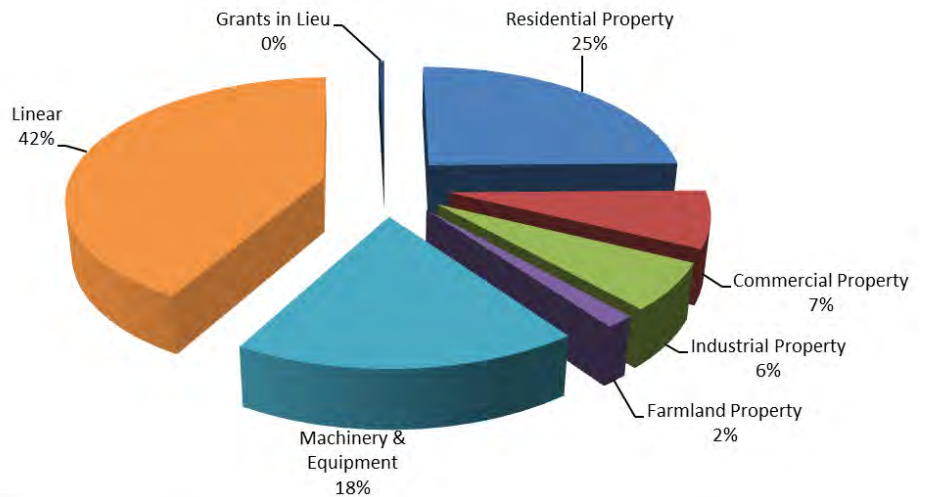
Under the Municipal Government Act, each council must adopt an operating and capital budget for each calendar year. Mackenzie County Council reviewed, deliberated and adopted the 2017 operating and capital budgets. Council has the drive and energy to build a fiscally responsible, results oriented culture and enjoy working in a publically accountable environment. Council's directive to administration was to prepare draft budgets while maintaining the same level of services with no changes to the mill rate from 2016. This means that while the County residents will continue to enjoy quality and timely services, residents will not see a change in their tax bills unless their individual property assessment has changed.

Total operating revenues are projected to be \$39.37 million (an 8% decrease over 2016). This decrease is associated with decreases in tax revenue.

2017 Operating Revenues Amounts



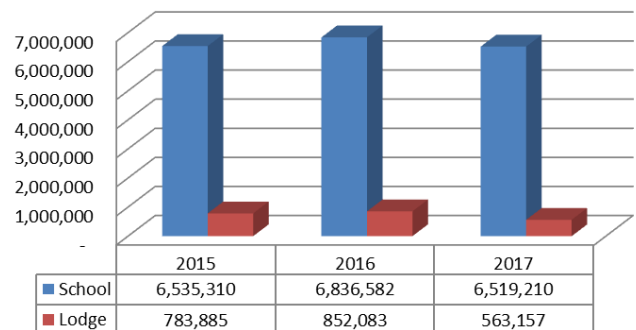
2017 Municipal Tax Revenue



Municipal Tax Revenue



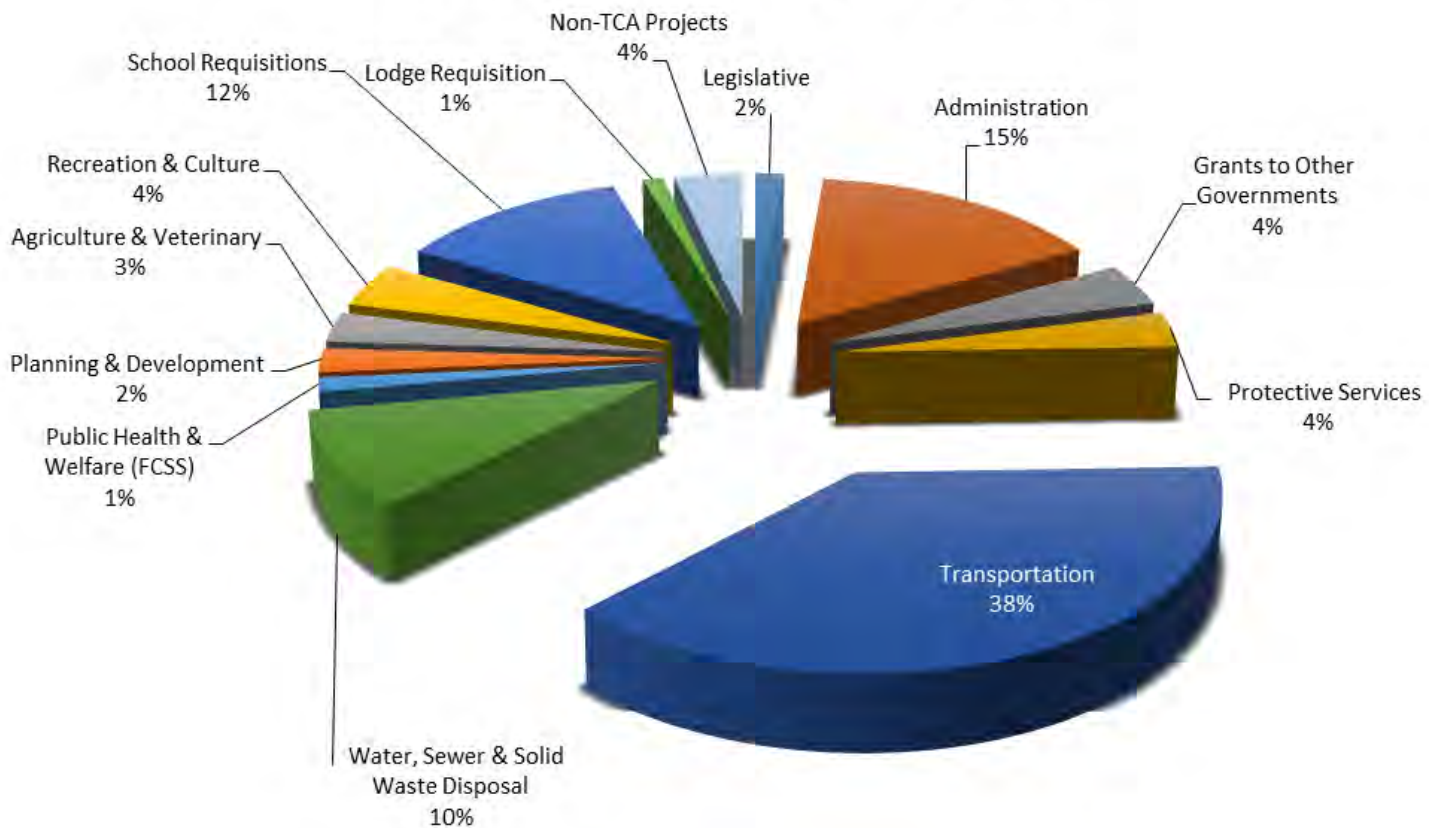
School & Lodge Requisitions



2017 BUDGET HIGHLIGHTS

2017 Operating Expenses

2017 Operating Budget - Expenses



Total operating expenses, excluding requisition transfers but including amortization of tangible capital assets, are projected to be \$46.4 million, which is an overall 8% increase from 2016.

The increase is mainly due to wages and salaries, bridge repairs and maintenance, engineering, professional services, projected electricity cost, the carbon tax levy and a higher depreciation charge as a result of infrastructure that was completed in 2016.

These increases will be offset, in part, by decreases in interest on long term debt. The schools requisition transfer will be \$6,519,210 (2016 - \$6,836,582), and the seniors lodge

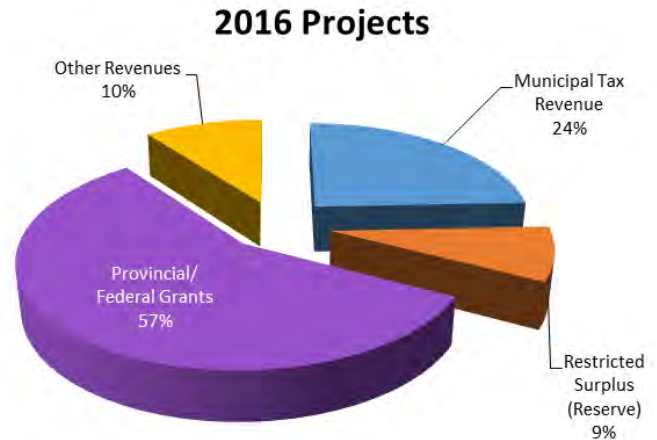
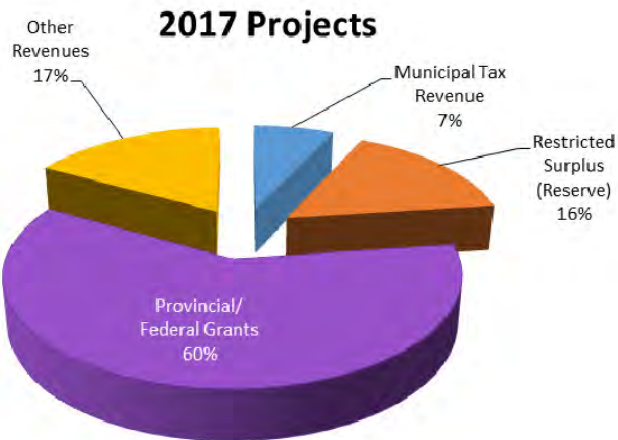
requisition transfer will be \$563,157 (2016 - \$852,083). Operating expenses include \$380,291 in grants to non-profit groups and bursaries, \$373,353 to FCSS (Family and Community Support Services), \$1,727,740 to recreation boards, and \$228,000 to the Mackenzie Library Board.

In order to support the regional services provision, the County entered into agreements with the neighboring municipalities of the Towns of High Level and Rainbow Lake. The 2017 transfer to these local governments is projected to be \$2,229,900.

2017 BUDGET HIGHLIGHTS

2017 Projects

The new 2017 capital projects are estimated at \$6,986,456 and are projected to be funded as follows:



Some of the major projects and/or equipment replacements scheduled for 2017 are:

Administration

- Xerox Replacement (LC)
- Firesmart Program (Zama)

Airports

- Automated Weather Observation System (AWOS) (LC & FV) *
- Parking Lot Drainage Improvements (FV)

Agriculture

- Flood Control Channel Erosion Repair (FV)

Enforcement/Fire Department

- RCMP Trailer for Safety Training Program
- New Tanker/Pumper (Tompkins)
- Training Facility (FV)

Parks & Playgrounds

- Machesis Lake Site Development *
- Improvements to Provincial Park—Bridge Campground *
- Hutch Lake Cabins— Playground
- Hutch Lake Campground Improvements
- Mackenzie Housing Park—Toddler Playground Equipment (FV)
- Big Back Yard Park—Slide & Swings (LC)
- Knelsen Park Playground Expansion (LC)

Planning & Development

- Fort Vermilion Streetscape
- La Crete Streetscape

Recreation

- Various capital improvements for Recreation Boards in Fort Vermilion, La Crete, and Zama
- Canada 150 partnered funding for ice plant replacement at the Fort Vermilion Arena
- La Crete arena lobby expansion and splash park

Sewer Disposal

- Main Lift Station Grinder (FV)

Transportation

- Various oil dust control locations
- 46 Avenue Road Pave (FV)
- Road Rebuild—Prairie Packers to West La Crete Road (LC)
- Teachers Loop Asphalt & Sidewalk (LC)
- Street Improvements (LC)
- Bridges to New Lands—Range Road 180 and 1020 (LC)
- Various equipment replacements

Water Treatment & Distribution

- Hydrant Replacement (LC)
- Re-Route Raw Water Truckfill (FV)

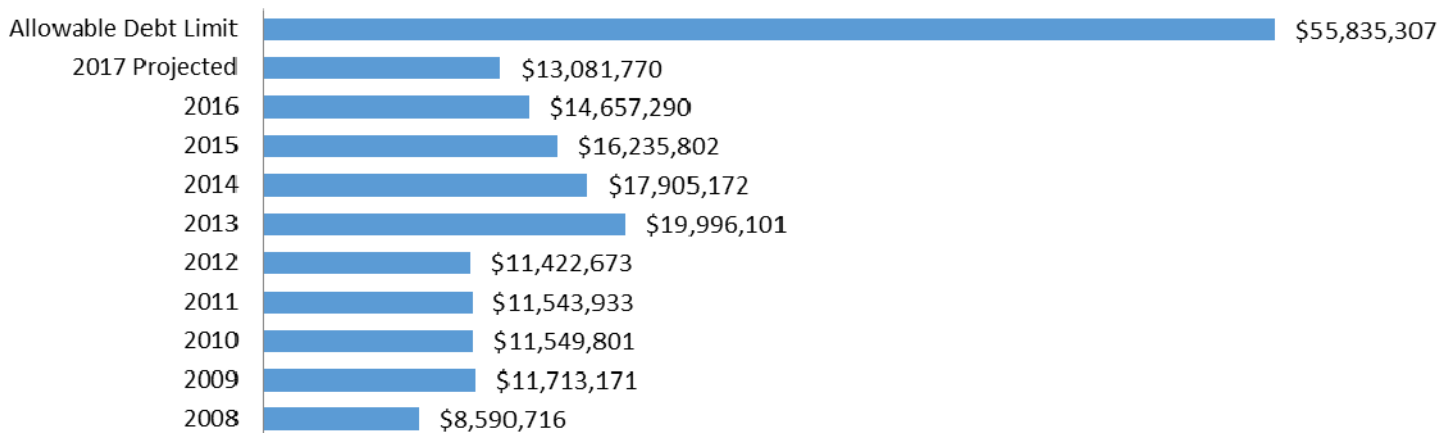
* indicates projects partially funded with grant funding.

2017 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.

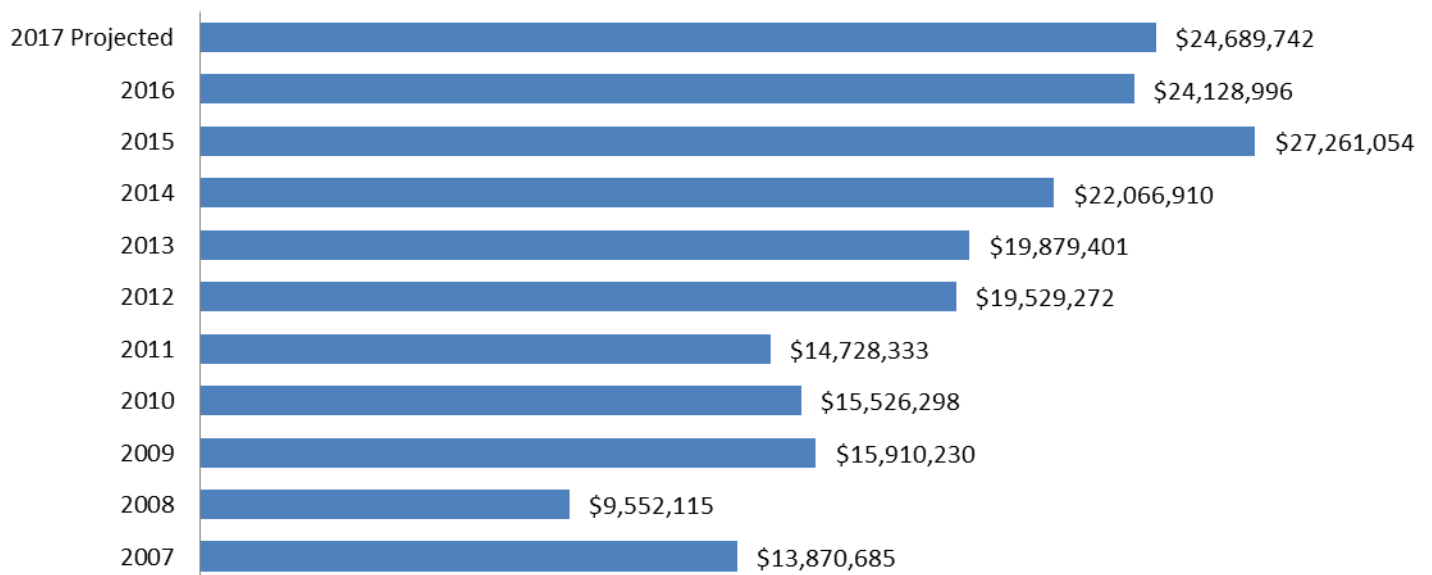
The Municipal Government Act and Alberta Regulation 255/00 defines the debt limits for municipalities. If the borrowing takes place as intended based on the preapproved bylaws, the County will be at 23% of its allowable debt limit on December 31, 2017 as permitted under MGA, AR 255/00.



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.



2017 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).

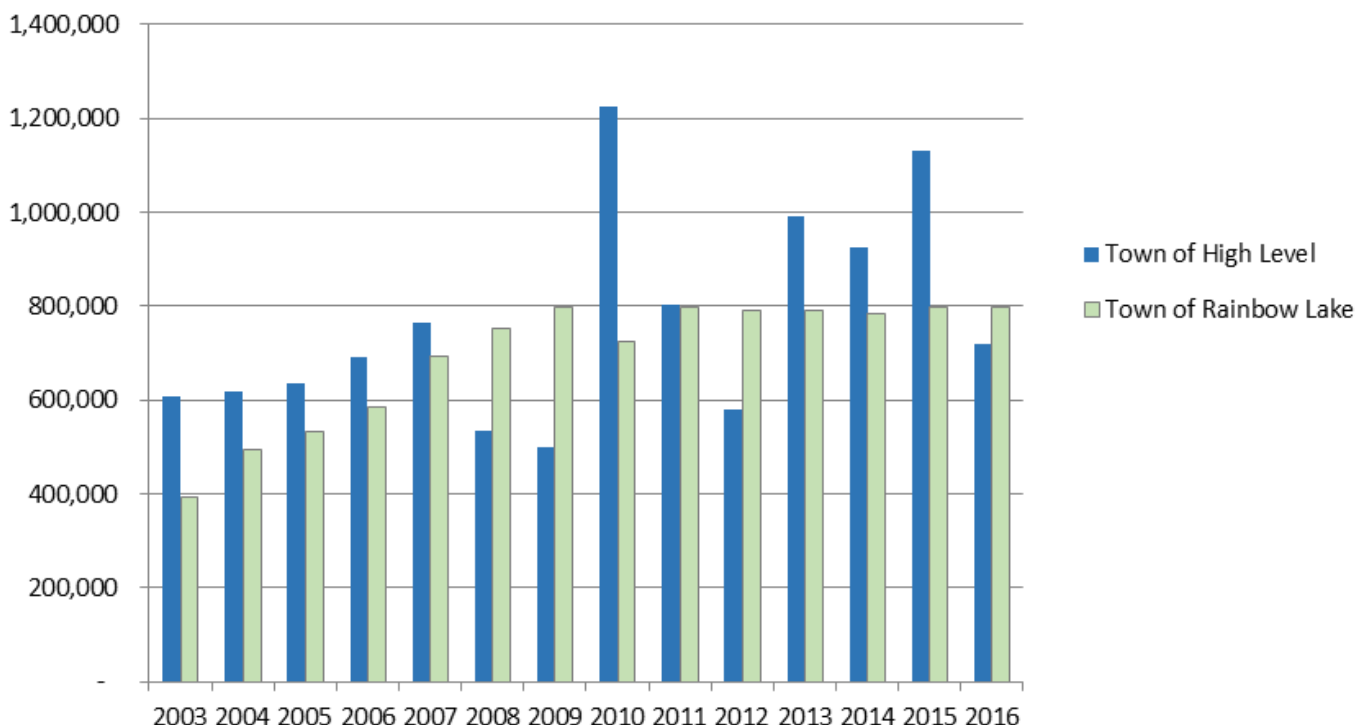
Based on the agreement, the County shares revenues from service areas (defined as 40 kilometers radius around the Town) in exchange for provision of these services. An annual payment is equal to 25% for the property tax levied by the County against all properties in the service area or \$500,000, whichever 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 shows the cost-shared amounts provided by Mackenzie County to the Town of High Level and the Town of Rainbow Lake since 2002.



2017 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 2017 operating budget includes \$2,709,384 in funding that will be provided to FCSS, Recreation Boards, and numerous other non-profit organizations.

The chart on the right identifies the Council approved grants during budget deliberations.

The County has an operating agreement with the La Crete Agricultural Society and the Fort Vermilion Recreation Board whereby the County pays all conventional utilities for the La Crete Heritage Centre and the Fort Vermilion Community & Cultural Complex.

The County has a cemetery funding policy whereby each cemetery that is located within Mackenzie County receives a \$600 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.

2017 Grants to Not-for-Profit Organizations



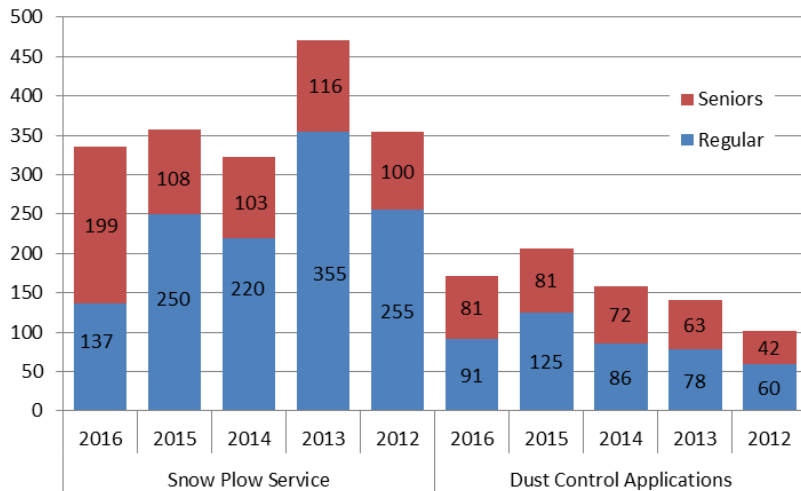
Grants to Non-Profit Groups and Organizations	2017	2016	2015
Zama Chamber of Commerce	\$ 8,000	\$ 8,000	\$ 8,000
Rocky Lane Agricultural Society	34,000	26,000	28,000
Fort Vermilion School Division - Rocky Acres	-	-	-
Fort Vermilion Friends of the Old Bay House	11,500	-	-
Golden Range Society (High Level)	-	-	-
High Level Agricultural Society (Exhibition Association)	15,000	10,000	10,000
High Level Rural Community Hall	20,000	20,000	17,000
Watt Mountain Wanderers	5,000	5,000	10,000
La Crete Agricultural Society	86,000	75,000	75,000
La Crete Area Chamber of Commerce	23,000	23,000	23,000
La Crete Field of Dreams Stampede Committee	35,000	-	-
La Crete Meals for Seniors	4,000	4,000	4,000
La Crete Seniors' Inn (drop-in centre)	4,341	3,000	3,000
La Crete Polar Cats	5,000	5,000	5,000
La Crete Walking Trails	-	-	10,000
La Crete Recreation Director	-	-	50,000
La Crete Community Equine Centre	10,000	100,000	-
Fort Vermilion Agricultural Society	25,000	25,000	25,000
Fort Vermilion Area Board of Trade	12,000	12,000	12,000
Fort Vermilion Mackenzie Applied Research Station	-	-	-
Fort Vermilion Recreation Society - 225th Anniversary Celebration	-	-	-
Fort Vermilion Royal Canadian Legion, Branch 243	6,000	6,000	6,000
Fort Vermilion Seniors' Club	4,000	4,000	4,000
Fort Vermilion Walking Trail	-	-	10,000
Fort Vermilion Skate Park	-	-	10,000
Fort Vermilion Youth Programs	-	-	5,000
Cemeteries	4,200	4,200	3,500
High School Bursaries	34,250	25,000	25,000
Rainbow Lake Youth Centre Society	-	-	10,000
Rainbow Lake Family Centre	5,000	-	-
Regional Economic Development Initiative (REDI)	28,000	28,000	28,000
Mackenzie Regional Community Policing Society	-	-	-
Farm Women's Conference/Farm Safety	-	2,000	-
Mackenzie Regional Charity Golf	1,000	1,000	-
Mackenzie Frontier Tourist Association	-	15,000	15,000
Miscellaneous	-	15,000	15,000
Total Grants to Other Organizations	\$ 380,291	\$ 416,200	411,500
Mackenzie County Library Board	\$ 228,000	\$ 228,000	228,000
Recreation Boards	\$ 1,727,740	\$ 939,692	1,105,901
FCSS	\$ 373,353	\$ 373,353	293,341
	2,709,384	1,957,245	2,038,742

2016 ACTIVITY HIGHLIGHTS

Public Works

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.

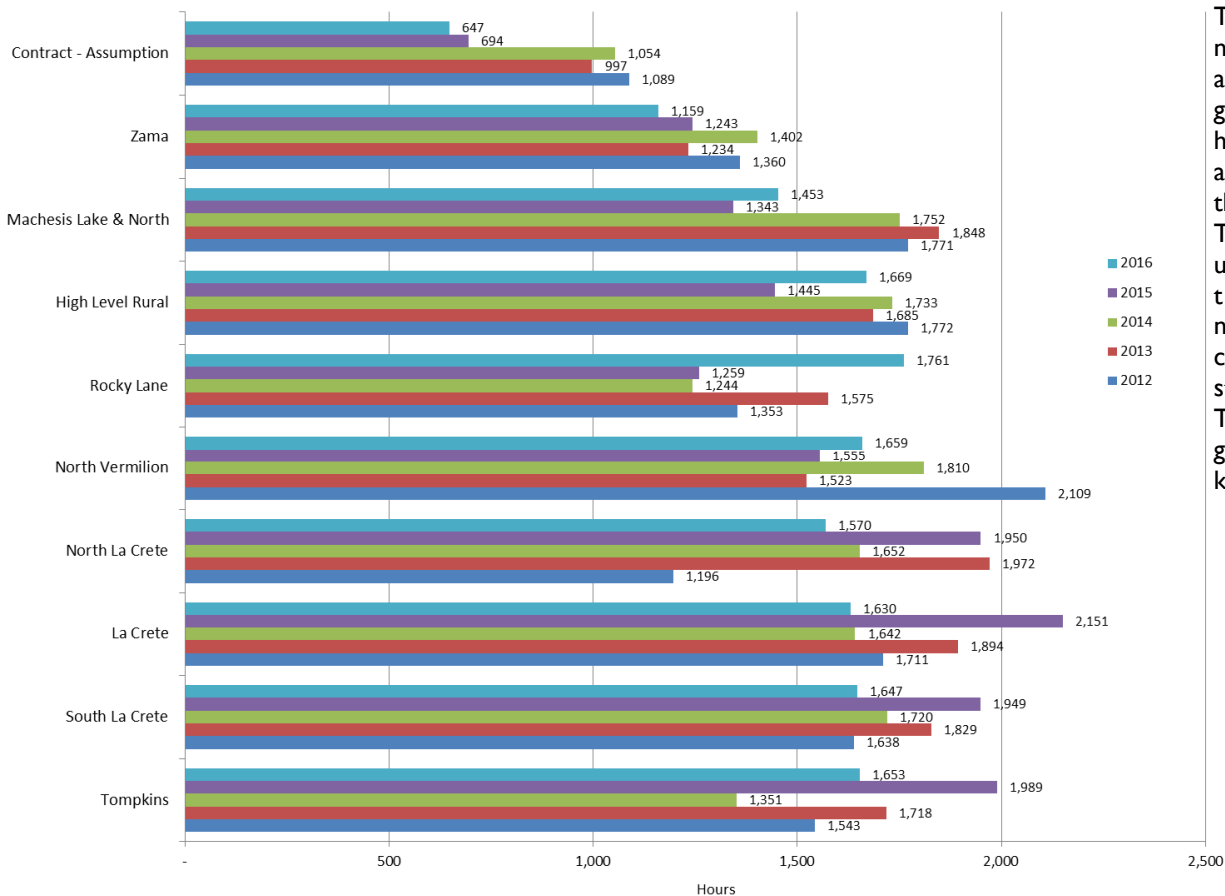
Snow Plow Agreements & Dust Control Applications



Mackenzie County has a winter maintenance program which offers plowing service (up to 1/4 mile) to rural residents with the purchase of a flag/indicator. The new indicator program was implemented in late 2015.

The County applies dust control along gravel roads within the Hamlets, within school zones, major intersections, and other identified areas. Residents within the County may also apply for dust control at a cost of \$500 per 200 linear meters with calcium chloride. This service is provided free of charge to Seniors.

Grader Beat Hours



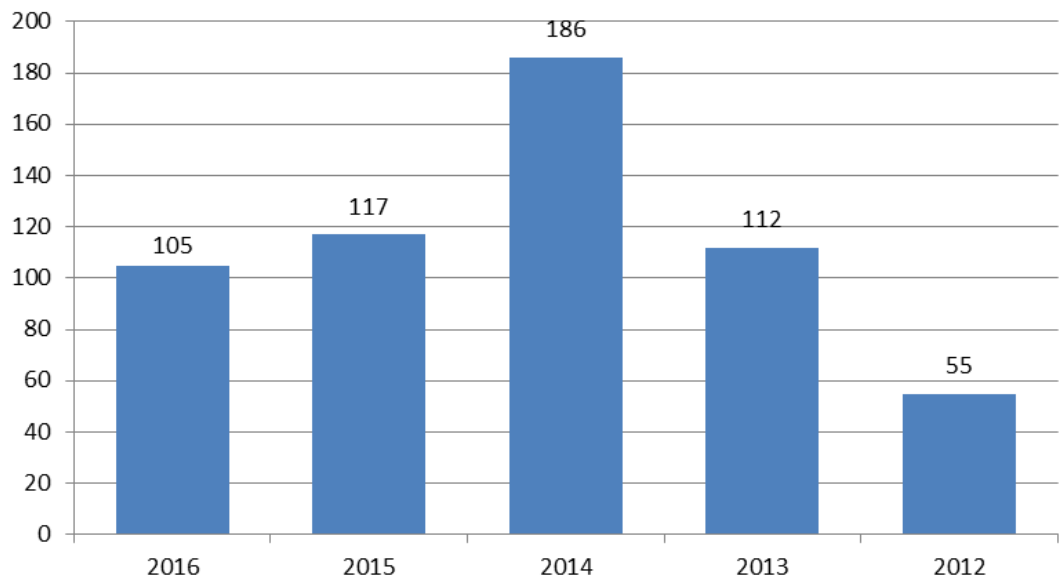
The County has nine grader beats and one contract grader. Their hours of operation are indicated on the graph below. The variances in unit hours are due to weather, number of dust controlled areas, staff vacancies, etc. The average grader beat is 205 kilometers.

2016 ACTIVITY HIGHLIGHTS

Approach/Driveway Access Requests

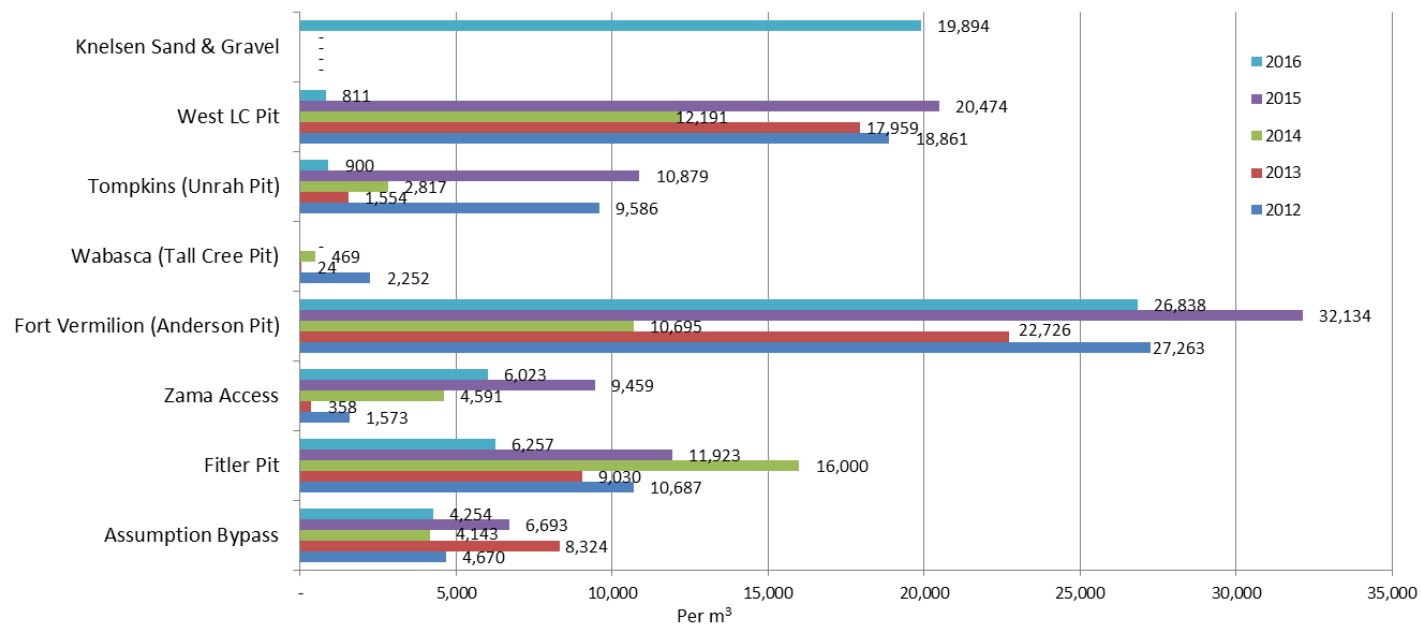
All new subdivisions require proper access that meets the County's standard. Policy PW039 Rural Road, Access Construction and Surface Water Management Policy outlines the application and approval process.

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



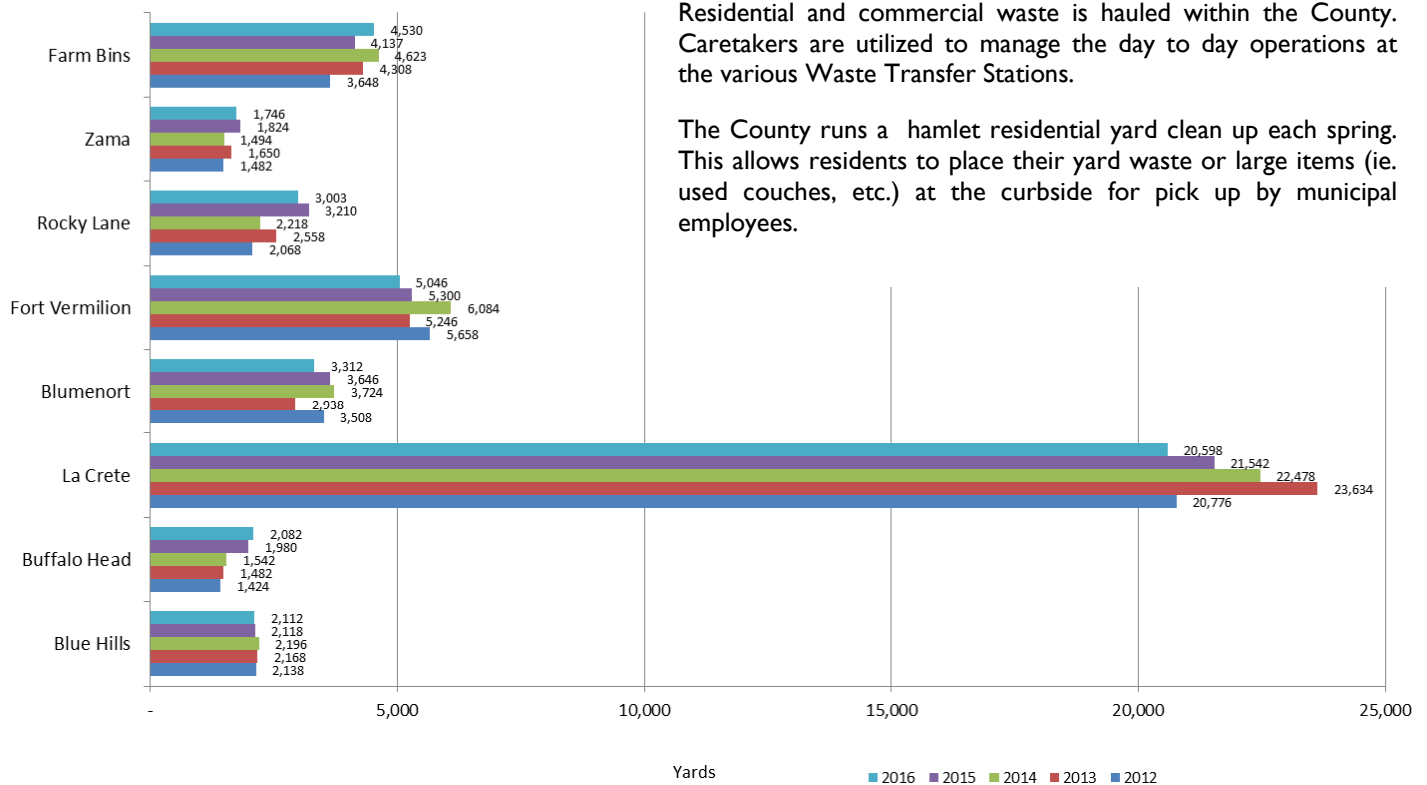
Quantity of Gravel Placed on County Roads

The County is continually working on securing aggregate resources for future road maintenance. The County's gravel placement cost has more than doubled during the past five years. As a result, we are exploring different options to reduce the cost for our ratepayers. In 2016, the County purchased locally sourced gravel to assist with regravelling programs and construction projects in the La Crete area.



2016 ACTIVITY HIGHLIGHTS

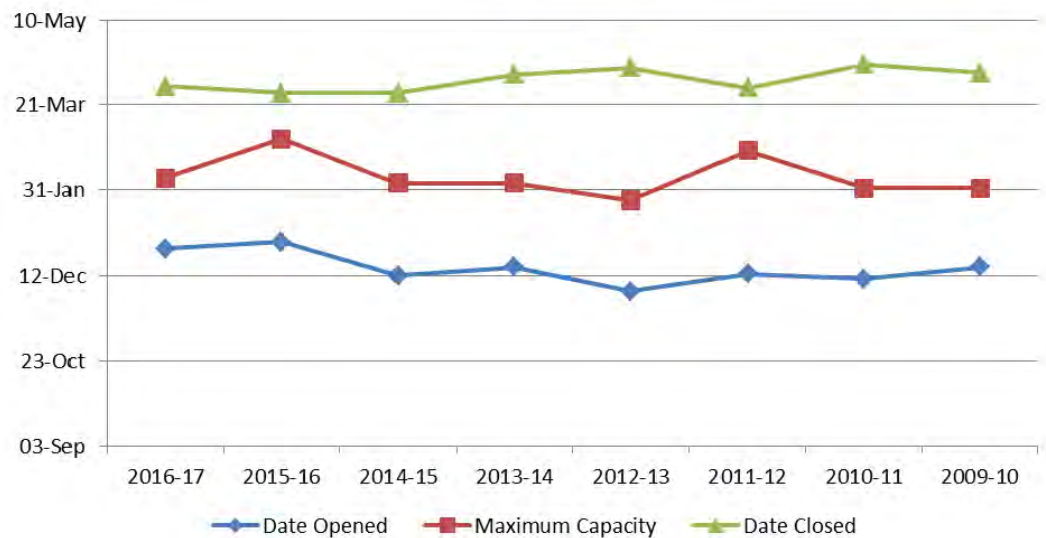
Waste Transfer Stations



Tompkins Ice-Bridge

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

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



	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Date Opened	28-Dec	01-Jan	12-Dec	17-Dec	03-Dec	13-Dec	10-Dec	17-Dec
Maximum Capacity	07-Feb	01-Mar	04-Feb	04-Feb	25-Jan	23-Feb	01-Feb	01-Feb
Date Closed	01-Apr	28-Mar	28-Mar	08-Apr	12-Apr	31-Mar	14-Apr	09-Apr

2016 ACTIVITY HIGHLIGHTS

Parks & Playgrounds

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

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

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



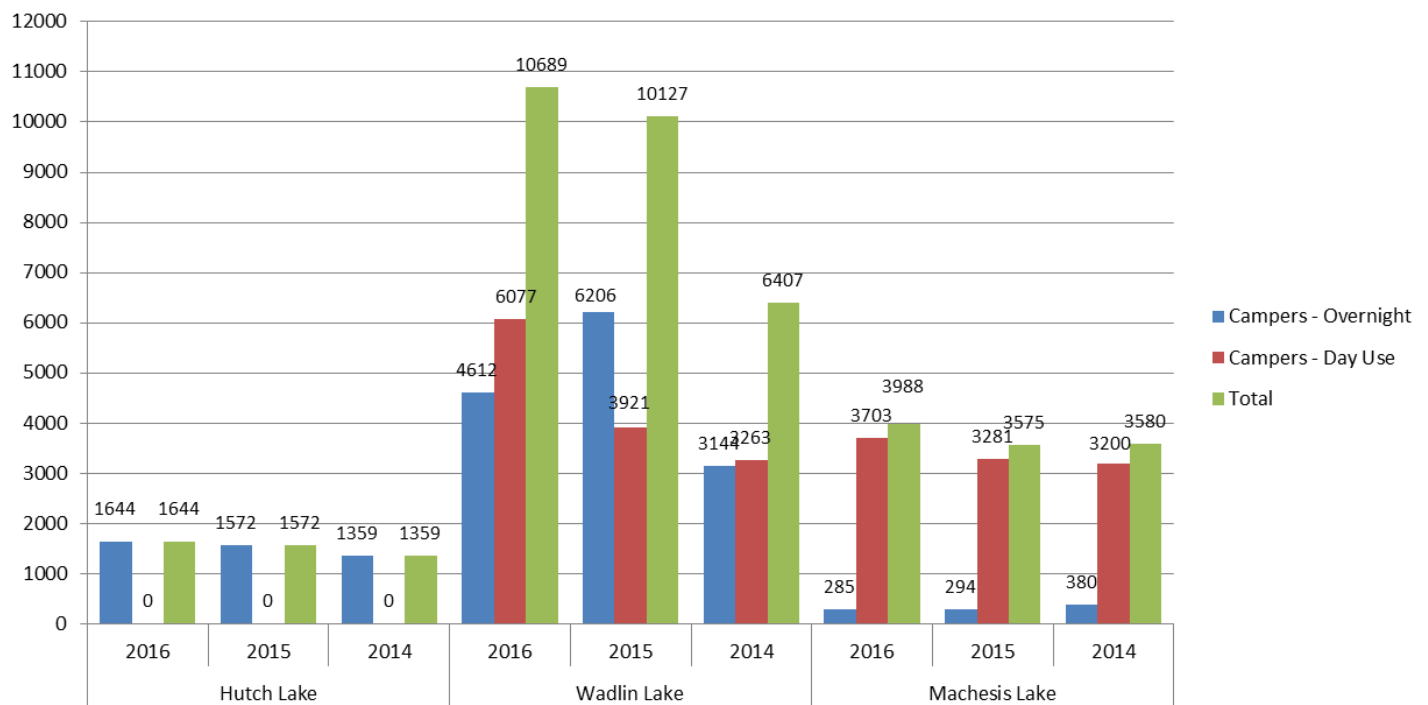
The overnight campgrounds, indicated in the chart below have caretakers on site from mid May to September 30th for Hutch Lake and Wadlin Lake, and the end of August for Machesis Lake. Visitors have come from all provinces of Canada, United States, England and abroad.

Campground Expansions

The Machesis Lake Equine Campground opened in July 2016 with eight sites for overnight horse camping. This campground is adjacent to over 20 kilometers of trails.

Wadlin Lake campground expansion has begun with the development of 4 new sites and more opening in 2017.

A caretaker site was developed at the Hutch Lake campground with power to be installed in 2017.



Note: There was no data collected by the caretaker at the Hutch Lake Campground to determine day use statistics.

2016 ACTIVITY HIGHLIGHTS

Machesis Horse Camp Grand Opening

Below is the speech given by Gale Hayday at the grand opening held on July 13, 2016. Gale is a leader with the Rocky Lane Pony Club for the past 25 years, a Director of the Hungry Bend Sandhills Wilderness Society and volunteered a great amount of time to this project. This project is a great example of what can be achieved when partnerships are formed.

Hello everyone, it's great to see you all here today. My name is Gale Hayday and I got involved in the Horse Camp project as a community member.

Congratulations are in order today as we see the product of a lot of work by a lot of people.

I'd like to briefly summarize the development of the Machesis Lake Horse Camp.

A couple of years ago, our elected Mackenzie County councillors had a desire to increase recreational opportunities in our area. Along with County staff, they reached out to the community and effectively coordinated groups, individuals, and industry to develop a horse accessible campsite- the only one of its kind in northern Alberta.

In the planning stages, a formal proposal was submitted, budgets approved, permits and a Historical Resources Act Clearance were obtained from Alberta Parks. The Hungry Bend Sandhills Wilderness Society provided an assessment of the area to locate a suitable spot, hiked and flagged the road and the adjoining old ski trail, and personally researched other horse camps in Alberta, BC, and even the States.

Last fall the road was completed with care taken to have as little natural disturbance as possible.

Generous donations came from local industry. Members of the Zama City Chamber of Commerce gave pipe to build the corrals and Tolko provided the lumber for the picnic tables.

Students at Fort Vermilion Public School built the tables in

shop class. This spring and summer volunteers and members of the Rocky Lane Pony Club painted the tables and corrals.

There are miles of trails adjoining the camp. Recently Alberta Agriculture and Forestry provided a crew to help clear the deadfall on the trails in order to minimize environmental impact and facilitate riding. Signage was provided by the County and installed by volunteers.

Throughout the building process people too numerous to name here have attended meetings, sent emails, written letters, spent hours on the phone planning and organizing, and put in a lot of physical labour, such as welding the corrals.

The campground you see here today represents the on-going effort made by many people with one goal in mind: to create a shared space that will provide a high-quality, safe, and sustainable recreational experience for generations to come.

Please consider for a moment that we live in such a beautiful, peaceful, and prosperous place and that our local government works with and for us. Companies support youth and community development. Citizens generously share their time and personal resources. The result is this top-notch facility that we can all enjoy. It has been my pleasure to be a part of the building process and I congratulate the entire community for its effort and success. Thank you.



2016 ACTIVITY HIGHLIGHTS

Planning & Development

The Planning & Development Department is responsible for development permits, safety code permits, subdivision approvals, Land Use Bylaw revisions, mapping/GIS, engineering standards, future growth planning (Municipal Development Plan & Area Structure Plans), environmental and regional planning 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. The provincial government is currently reviewing and making amendments to the MGA, which will have a trickledown effect on some of our policies and procedures.

A new element that the province will soon be implementing for our area is the Lower Peace Regional Plan (LPRP). Pre-planning for this process has already begun, and we are working with the provincial staff to help them understand the land use concerns and priorities for this region. This will be one of seven (7) regional plans encompassing the province, and after the LPRP is completed we will have five years to ensure that all county planning documents are in compliance with the regional plan.

Our responsibility is to foster community growth by implementing regulations and concepts that match the expectations of each community, while still appropriately guiding responsible development that remains in the best interest of the community as a whole. An example of this was the streetscape design project that was completed last year. We engaged the public to see how we can make our communities more attractive, while understanding that we cannot impose design requirements that are too prohibitive. We are continuing with phase 2 of the streetscape project, there are two separate streetscape committees that have committed to integrating the streetscape design plan in each community.

Development activity in 2016 was down considerably from the previous years, but the value of the development saw a slight increase. The number of permits was down approximately 25% which is the lowest amount in 10 years. The total value of all permits was over \$47 million, primarily because there was a significant increase in the value of Industrial permits.

Considering that safety codes are in direct connection with

development permit activity, safety codes permits were also down.



Subdivision applications also decreased significantly in 2016 compared to the record setting 2014 and 2015 seasons; from 56 to 42. This was still above the 10 year average, and included 9 multi-lot subdivisions.

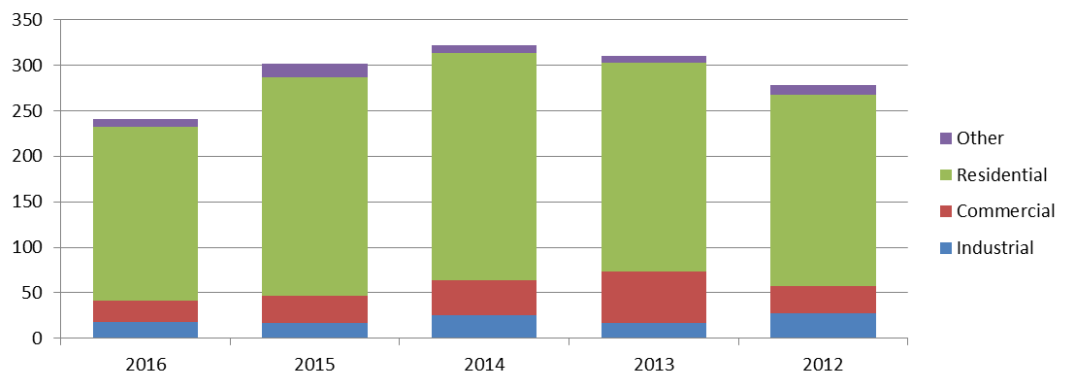
2016 saw significant progress and completion of a number of projects. The rural addressing project was nearly completed, with the installation of over 2100 signs.

An ongoing task for the department has been airport planning. 2016 saw the configuring of the PAPI light system at the La Crete and Fort Vermilion airports after several years of navigating the approval process. Automatic Weather Observation System (AWOS) stations are being installed in 2017 at the La Crete and Fort Vermilion airports to help pilots detect weather changes that may affect their landing.

The planning department is undergoing an intensive Land Use Bylaw update in order to keep the document current with the needs of the communities. This has been a time intensive process, and a challenge to balance the needs of the consumer, developer and municipality. It is a unique challenge to develop standards that fit the context of each community (Fort Vermilion, Zama, La Crete, rural – farmers and acreage owners, the environment and industry) while still ensuring consistency, fairness and sustainability throughout.

In 2016 the Land Use Bylaw Amendment project was awarded to Green Space Alliance for a complete review of the document. The bylaw was last reviewed in 2010 with a couple updates in between. The document has met its term as the document was becoming outdated and difficult to comprehend and inconsistent. Most of the changes are in direct correlation to concerns raised by both the public and administration. The review is also an opportunity to incorporate the Streetscape Design Standards and some FireSmart regulations.

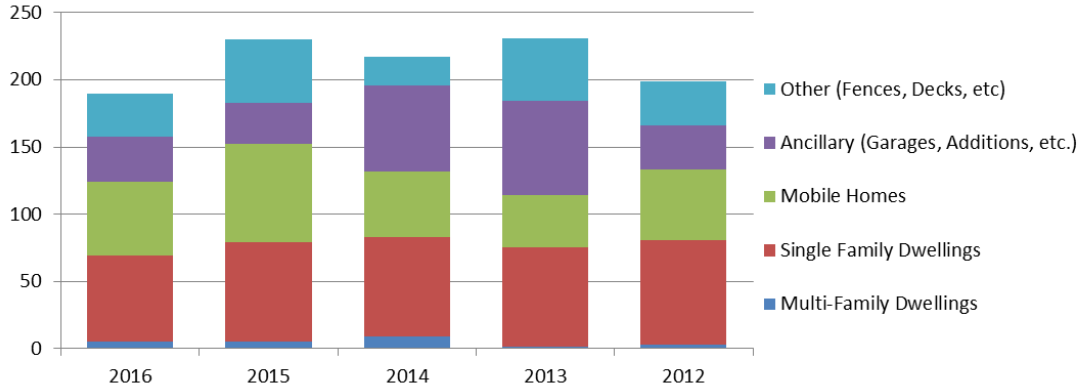
Development Applications by Number of Permits



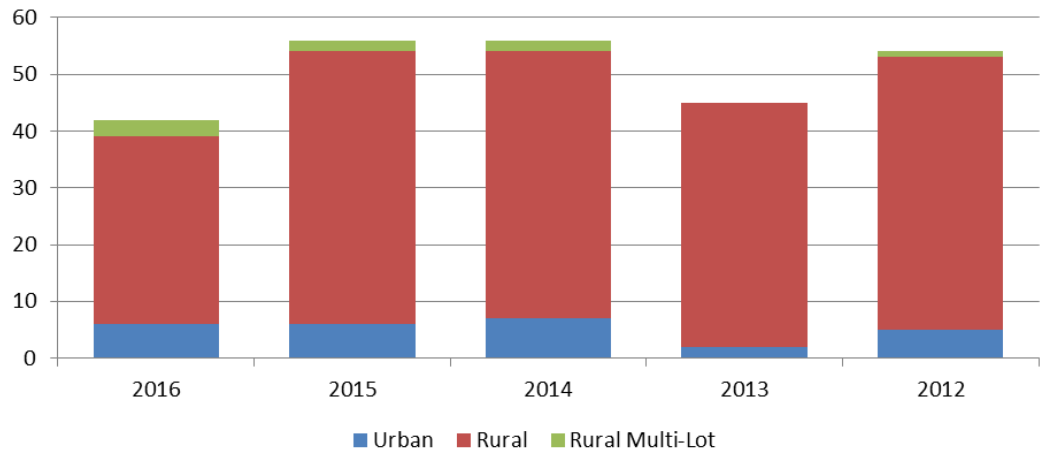
2016 ACTIVITY HIGHLIGHTS

Planning & Development Cont'd

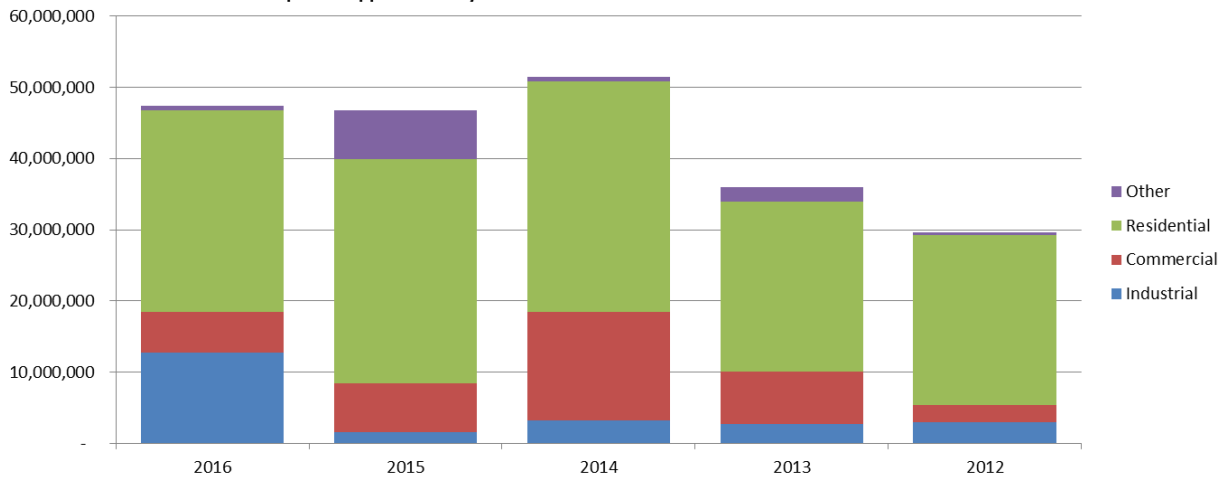
Residential Development by Number of Permits



Subdivisions by Number of Applications



Development Applications by Construction Value



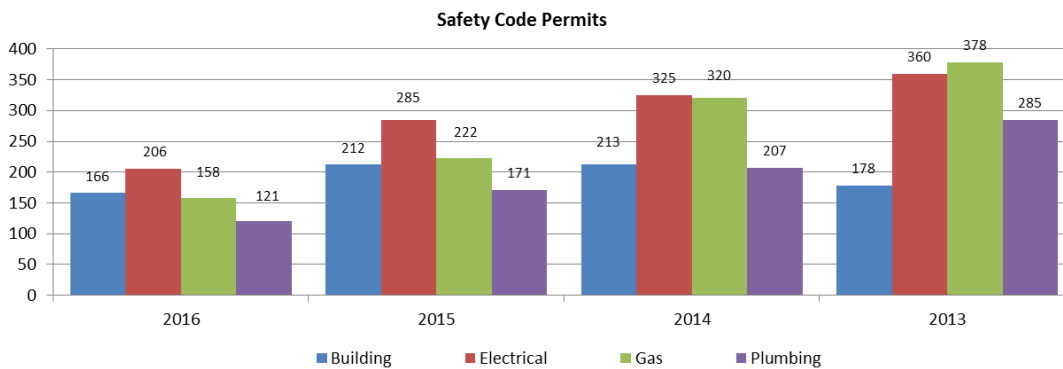
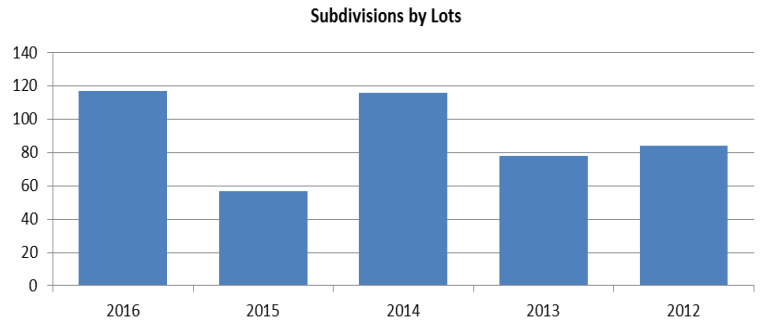
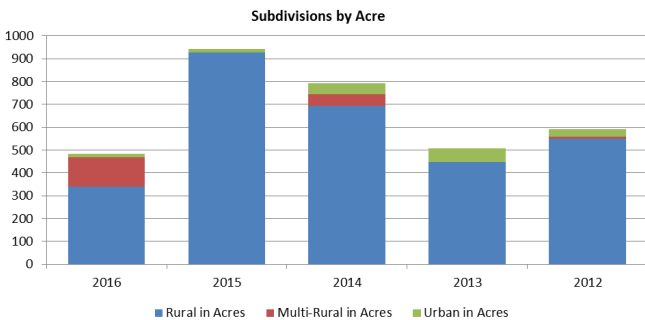
Other—includes public use facilities and home based businesses.

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

Industrial permits could be affected due to the moratorium imposed by the Province on caribou ranges in 2012 and 2016.

2016 ACTIVITY HIGHLIGHTS

Planning & Development Cont'd



Environmental Planning

Land Stewardship Committee

The purpose of the Land Stewardship Committee is to provide recommendations to Council regarding land stewardship practices. The Committee's primary role is to learn and understand the issues and impacts of current, pending and proposed legislation as it relates to land use, deriving strategies on how to mitigate the negative impacts on the County, and provide recommendations to Council on how to best address the issues.

In April 2016 the following items were identified as the actionable objectives of the committee for the coming years: Water Management, Biodiversity & Regional Plans.

Caribou

The Government of Alberta (GOA) initiated their caribou recovery planning initiative last June, 2016 with their provincial Action Plan and Denhoff's recommendations report. Since then, a number of municipalities have begun working to understand the potential positive and negative implications of this initiative and have participated in a number of meetings with, both, the provincial and federal governments. A number of alliances have been formed, some of which have since dissolved, with a view to ensuring that our local voices are heard before any new 'stringent' measures are imposed upon the regional landscape.

In late November, 2016 the Town of High Level, Town of Rainbow Lake, the County of Northern Lights and Mackenzie County formed an alliance through a new committee; the Northwest Species at Risk Committee (NWSAR). Our preliminary meetings were focused on discussing how as a group we can move forward on this file; to provide valuable input into the GOA's plans for our local areas. During a meeting with the provincial and federal governments in early April, we learned that the province is set to submit substantially complete draft range plans for the entire province by the end of June, 2017. The Town of Manning and County of Clear Hills have since also joined this Committee.

With this in mind, the NWSAR has decided to utilize the information we've gathered from scientific professionals and the stakeholder engagement sessions we held, to date, to help inform a suite of draft documents, which are locally specific to each herd; identifying key concerns of a broad brush approach to species recovery, identifying regulatory issues which hinder effective habitat restoration and providing practical solutions (developed by local stakeholders) for the benefit of caribou recovery and our economic future.

2016 ACTIVITY HIGHLIGHTS

Economic Development

In 2016 Mackenzie County completed the Economic Development Strategy (EDS) which is a three to five year strategic and operational plan for the municipality. The EDS strives to align County policy and day-to-day activities of the economic development department with economic renewal and sustainability.

As the result of the recent economic fluctuations in Alberta, the County is responding to the challenges facing our businesses, and ultimately our residents, by working with surrounding neighbours and institutions to build on regional assets and emerging opportunities within the trade region. This includes the hamlets of Zama City, La Crete, and Fort Vermilion, and the towns of High Level and Rainbow Lake.

The municipality currently has more than the 11,171 residents and when considering the other communities within our boundary this adds up to 25,000 individuals who live, work and play in the region. This trade population is relevant to business, and presents an opportunity for more regional value-chain development.

The Economic Development Strategy for Mackenzie County focuses on three core goals:

1. Foster an environment that supports existing businesses with a focused business retention and expansion program.
2. Establish an entrepreneurial spirit in the community with an Investment Opportunity Marketplace that supports new local businesses, and community projects, by utilizing local investors' funds.
3. Focus the energy around Tourism Development to first understand the markets you have and then work longer term on the attraction of those markets.

The County has also been involved in different capacities with several broadband projects, of various types. The Northern Alberta Development Council (NADC) initiated a study to determine the current state of broadband internet throughout Northern Alberta, while the University of Alberta is conducting a

study on how to more effectively build-out broadband infrastructure. We assisted in gathering and providing information for both of these projects. We continue to encourage local Internet Service Providers (ISP) to invest in our County, and recently supported grant applications by two ISPs.

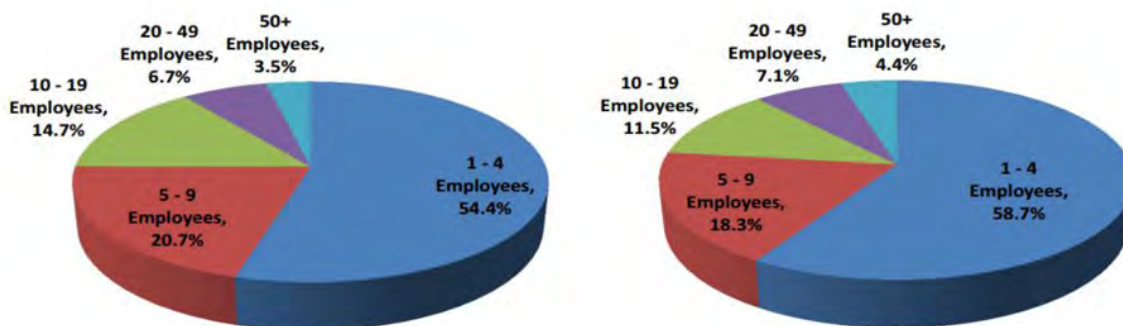
The County's businesses are similar to the rest of Alberta, as most small businesses employ under 5 employees (see chart below).

In 2016, Mackenzie County, in partnerships with Mackenzie Frontier Tourist Association (MFTA), Regional Economic Development Initiative (REDI), and Friends of Historical Northern Alberta Society have collaborated to build on our regional tourism within the municipality.

MFTA and Mackenzie County have created a regional campground booklet. This includes both county and privately owned camp grounds which is available throughout Northern Alberta at tourist information centres.

Another project that is in partnership with Mackenzie County, MFTA and REDI that is currently underway is the Historical Tourism project. In part of the project, a 'Circle Tour' of the municipality has been implemented. This allows tourists to get a feel for the vast region in approx. 3 hours. The tour begins in High Level; where tourists will travel east to Fort Vermilion, then south to La Crete, west to the Tompkins Landing (Ferry) and north back to High Level ending the tour. Another exciting element of this phase is the installation of signage that identifies historical landmarks in Fort Vermilion and North Vermilion (Buttertown).

A partnership with FHNAS uses a new phone app called 'History Check' to identify and share stories of significant historical landmarks in the municipality. These new tourism resources will encourage self-driving tourists to explore our region.



Source: Statistics Canada's Business Register

2016 ACTIVITY HIGHLIGHTS

Utilities

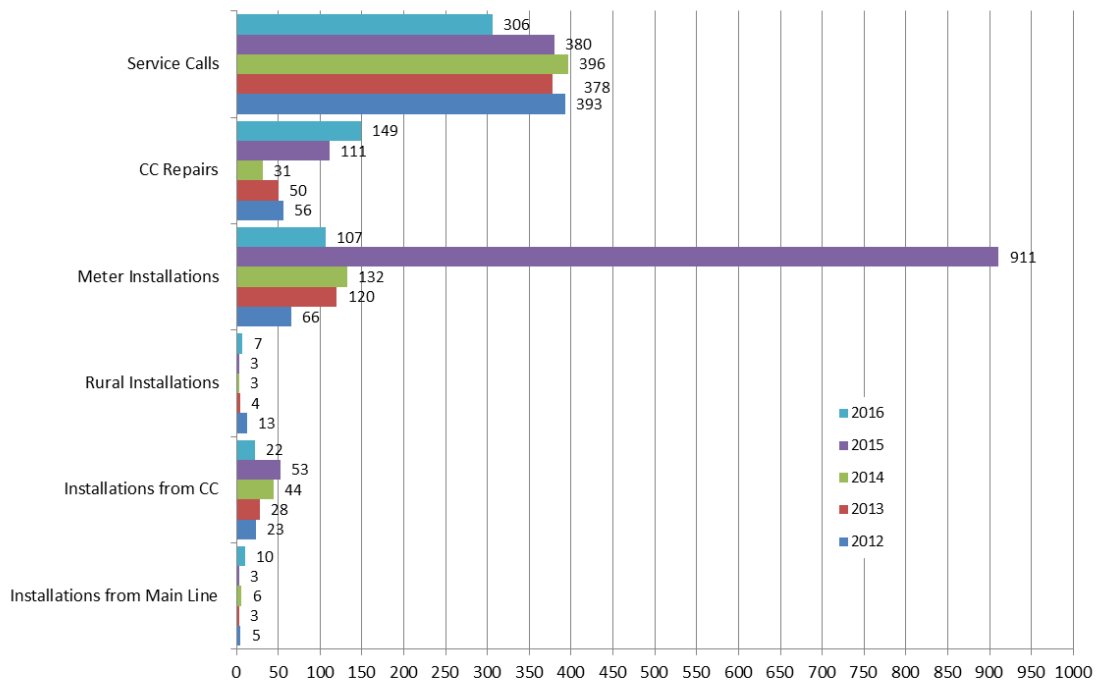
The Utilities Department managed to complete and also get started on some fairly significant projects in 2016. Some of the highlighted projects are as follows:

A sewer main replacement was completed on 96th Avenue also known as the 'Teachers Loop'. This project consisted of a relocation of a portion of sewer trunk main to the street and abandoning an old clay pipe which was cracked, disconnected, and had extreme sags in some areas all while being located on the back of private properties which made it very difficult to try and maintain. A new PVC sewer main was installed next to the street with new service connections to the affected residents.

Another significant project was started which will include two new potable water truckfills (One near Fort Vermilion and one in Buffalo Head Prairie). The truckfill near Fort Vermilion will allow heavy truck traffic to be diverted away from downtown Fort Vermilion and make water more accessible by having relocated it to just outside of the hamlet. The Buffalo Head truckfill is located adjacent to the Buffalo Head School and will save water haulers up to 30 minutes of water hauling time by bringing the potable water closer to residents located in the southern portion of the County. To enable this truckfill to be supplied with potable water, a 15 kilometer waterline was constructed connecting from our existing rural waterline from La Crete to the new truckfill. A booster station has also been put in place to boost the pressure over the distance to ensure the water supply meets the demands.

Our billing was also recently updated to present better breakdown of water charges. We added historical

Water Service Installations & Maintenance



consumption chart, meter information, billing breakdown, as well as a comments section. Our hope is this will provide more transparent information to the customer on the monthly water consumption and charges.

There were also some smaller scale projects that were completed some of which include Fort Vermilion lagoon desludging, Fort Vermilion filter media replacement, hydrant replacement program, lift station upgrades/repairs and exhaust thimbles for all our engine exhausts protruding through building walls for fire prevention.

Mackenzie County is also proud to announce that one of our very own operators, John Zacharias, won the operator of the year award in March 2016. This award is presented to an operator in Alberta who is recognized for his/her contributions to the water and wastewater industry and for ensuring requirements are met in producing safe and environmentally conscious water and wastewater.



2016 ACTIVITY HIGHLIGHTS

Mackenzie County Agricultural Service Board (ASB)

Mackenzie County's Agricultural Service Board (ASB) consists of two municipally appointed Councillors and three municipally appointed members at Large.

ASB's are established under the Alberta Agricultural Service Board Act, and are responsible for administering and enforcing the provincial agricultural related acts; Weed Control Act, Agriculture Pest Act, Soil Conservation Act, Livestock Disease Act, and the Agricultural Service Board Act. This is achieved through our business plan (available on the Mackenzie County website) where goals and strategies are outlined. The business plan is updated on a regular basis, but our main goals remain the same.

- Encourage development of new value-added agricultural farms and agri-businesses.
- 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.

The ASB works closely with Mackenzie Applied Research Association (MARA) to help provide farmers with information through various courses such as;

- Summer Field day/Crop tour
- Livestock Health Workshop
- Soils Course
- Organic Transitioning Workshop
- Soil Carbon Workshop

With noxious weeds such as Canada thistle and Scentless Chamomile being an ongoing problem within Mackenzie County, 2 seasonal Weed Inspectors are employed to inspect both the green and white zone area. These weed inspectors work directly with landowners to control noxious weeds found on their properties. Weed identification and weed management are two key components to a successful agriculture operation.

The fourth annual Agricultural Fair and Tradeshow was once again a huge success, with an estimated 3000 residents attending. The Agricultural Fair & Tradeshow is hosted at the MARA grounds. This event draws people from all over Mackenzie County to come out to help celebrate Agriculture. There is something for everybody at the fair, so mark



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& 12, 2017 because this is an event you won't want to miss.

A Wolf Depredation Management Program was implemented in August of 2016 in an effort to reduce caribou predation, allowing a \$200 bounty on wolves harvested within Mackenzie County's borders. To date, 201 wolves have been harvested.

The ASB also hosted a Trans Corridor Weed Control meeting to discuss weed control management plans, there was also a representative from DOW Ag who provided a presentation on herbicide use and safety.



The first annual Organic Growers conference was held in April of 2016 at the La Crete Heritage Centre, it was a huge success with over 80 delegates attending. This conference had an excellent line of speakers and a well-received tradeshow.

Extensive erosion repairs were completed on the AJA Flood control channel and the La Crete East flood control channel in the fall of 2016. These and other repairs throughout the County are an ongoing process from year to year as regular infrastructure maintenance.

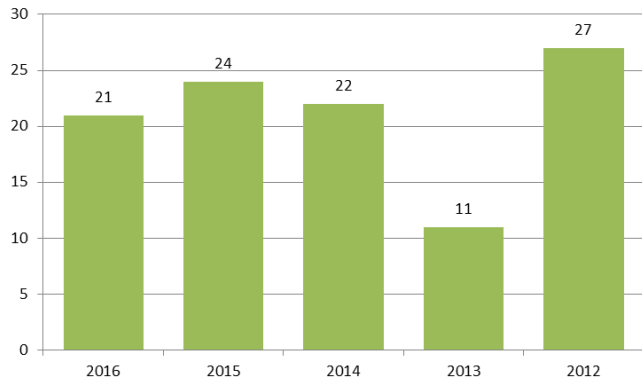
The ASB continues to seek approval from Alberta Environment and Parks for the Buffalo Head/Steephill Creek Flood Control project. The County has received \$3.8 million in grant funding through the Community Resilience Program for this project. The scope of the project will include constructing flood control channels and road building. The length of the project is 14 kilometers, and will be publicly tendered and construction should commence in the summer of 2017. This project will provide huge benefits to area ratepayers that face spring runoff and precipitation flooding issues.

Josh Knelsen, ASB Chair



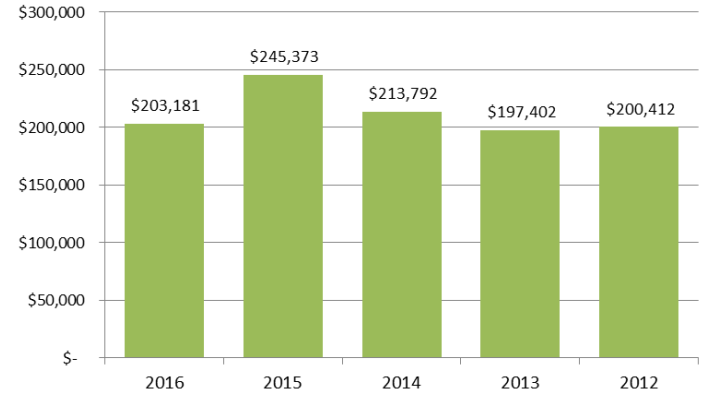
2016 ACTIVITY HIGHLIGHTS

Pump & Pipe Rental



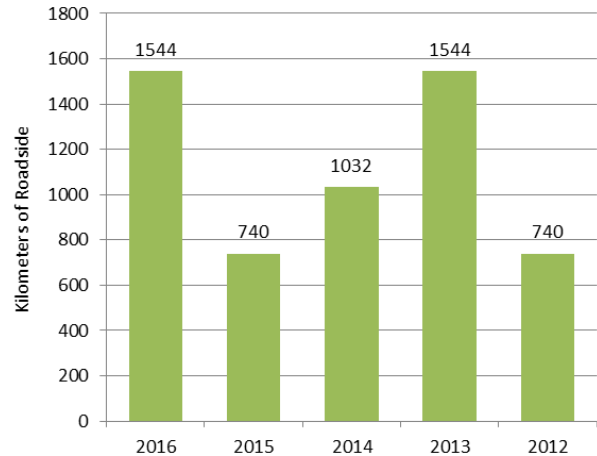
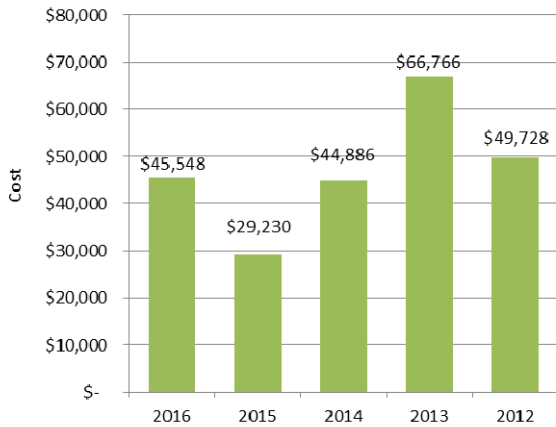
Mackenzie County rents a 6" PTO driven water pump for agricultural use. The pump comes with one-mile of pipe. Two-day rental fee is \$300.

Roadside Grass Mowing

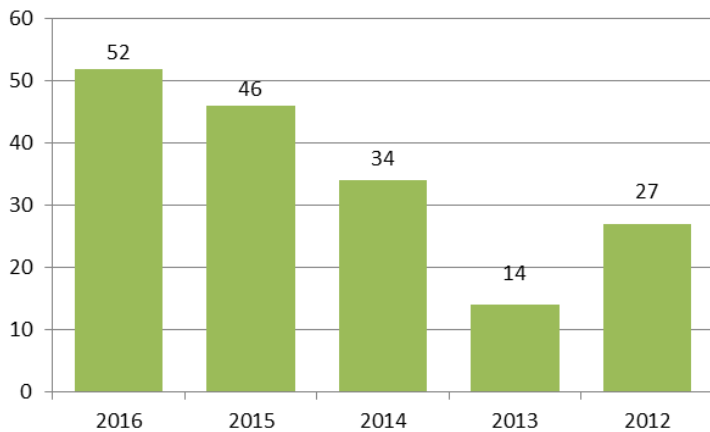


County roads are mowed once each year—one pass cut. Each road receives a full width cut every other year. Approximately 1655 km of County roadside are mowed each year.

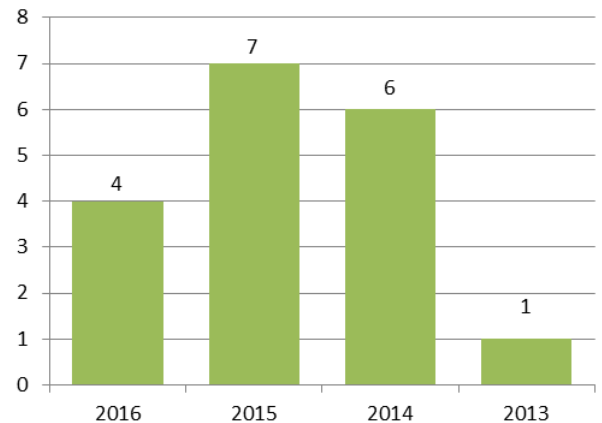
Roadside Spraying



Do Not Spray Requests



Weed Notices Issued



2016 ACTIVITY HIGHLIGHTS

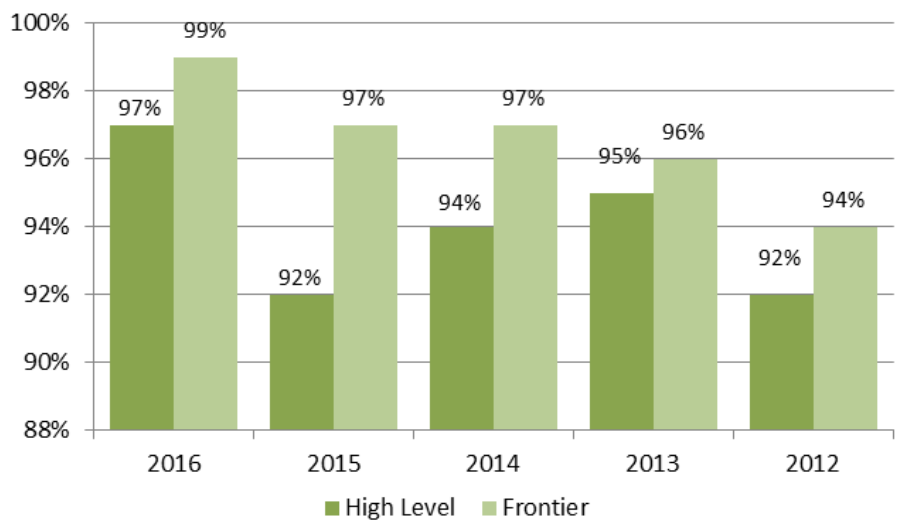
Seed Cleaning Plant Inspections

Licenses are issued to Seed Cleaning Plants under the authority of the Weed Control Act. The purpose of licensing is to protect uses from the spread of weeds due to faulty practices, design or maintenance of seed cleaning plants.

Plants are rated in two categories:

1. The design, maintenance and operation of the plant relating to the prevention of cross contamination of seeds.
2. The quality of the end product or seed produced.

The chart shows the scores of the High Level Seed Cleaning Co-op and the Frontier Seed Cleaning Co-op inspections. Plants must achieve at least 50% to operate.



Beaver Control

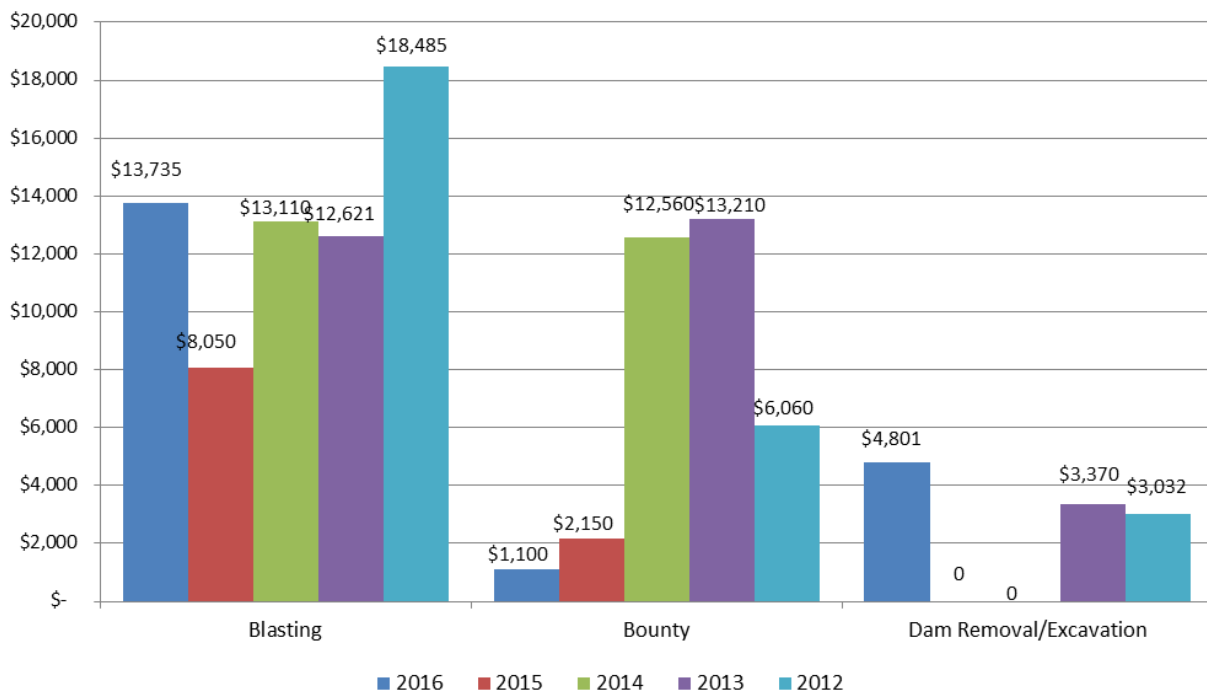
The County has a beaver bounty program to help agricultural producers deal with problem beavers that are flooding their agricultural land.

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

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

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

In 2016, Mackenzie County responded to nine concerns due to beaver dams flooding farm land.



2016 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—45 active members
- Fort Vermilion—11 active members
- Zama—11 active members

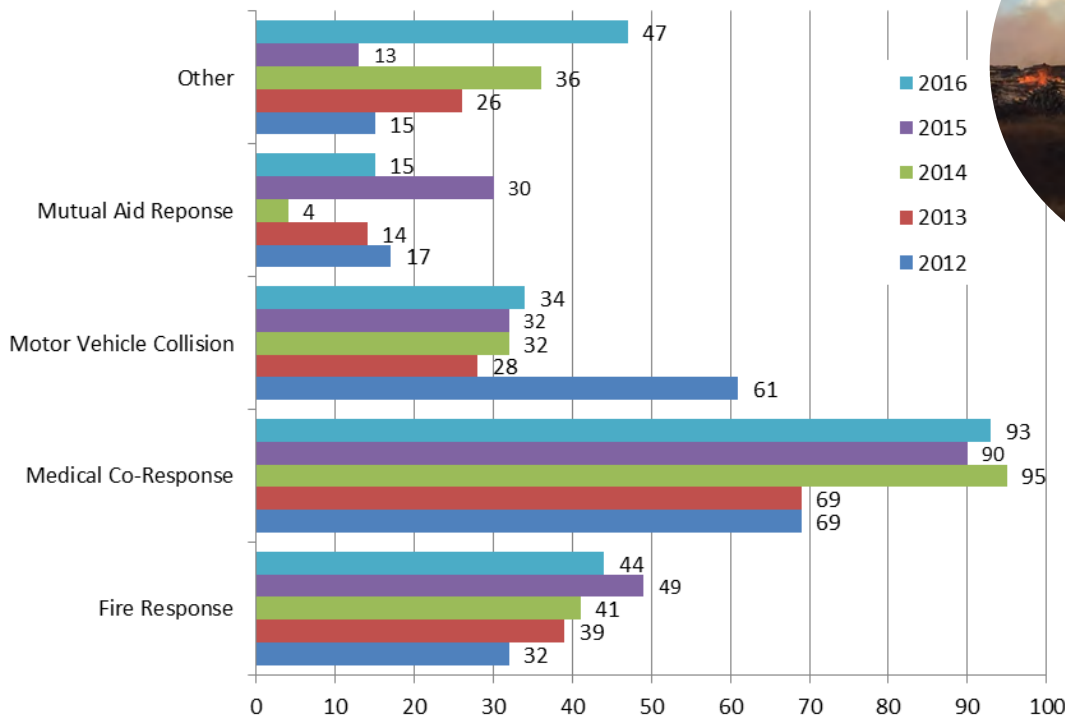
Becoming a firefighter requires a considerable commitment and availability. Some of the expectations and duties of a member are as follows:

- 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



In 2016, members from Fort Vermilion, La Crete/Tompkins were called in to assist with the Norbord fire south of High Level. Members were also fighting two other fires in Mackenzie County at the same time.

Thank you to our volunteer fire fighters for doing such a great job!



2016 ACTIVITY HIGHLIGHTS

La Crete Community Library

Reeve Neufeld was glad to provide the following comments at the grand opening of the La Crete Community Library building on October 4, 2016.

“It is indeed an honour and a privilege to be involved in this milestone event. On behalf of Mackenzie County Council and staff, I would like to congratulate you for this achievement. We know that you, the library society, together with Councillor Wardley and the Mackenzie County Library Board, will make this a great success. We also appreciate the contribution Alberta Treasury Branches have made and helped you to achieve this goal. Without their generosity this could not have happened. But the greatest contributors are the members of the society who have worked tirelessly to fulfill the dream

when the founders of the society handed the torch to Lorna Joch and her troops, they never missed a beat and we know they will carry on this great service to the community. We congratulate you and thank you!”



Grade 6 Students Attend Council Meetings

A highlight each year is hosting grade 6 classes in our Council Chambers. A mini-election is held for students to become the “Junior Reeve” for the day and assist the Reeve in running the meeting. Students are given an opportunity to ask questions of Council and are given a tour of the municipal office and the various departments and their function.

The Alberta Grade 6 Social Studies program of studies focuses

on citizenship, identity and democratic processes of decision-making within our society. Students explore ways to participate in democratic processes, be involved in their communities and develop beliefs, values and attitudes that empower them to effect change. The topic of local government is a natural place for students to investigate how issues, challenges and decisions are dealt with in communities.



Evan Bergen was elected by his classmates as the Junior Reeve on March 8, 2016.





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