

# MACKENZIE COUNTY

SPECIAL COUNCIL (BUDGET) MEETING

OCTOBER 31, 2014

10:00 A.M.

COUNCIL CHAMBERS  
FORT VERMILION, AB

**MACKENZIE COUNTY  
SPECIAL COUNCIL (BUDGET) MEETING**

**Friday, October 31, 2014  
10:00 a.m.**

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

**AGENDA**

- |                                          |    |    |                                                                                                                 |
|------------------------------------------|----|----|-----------------------------------------------------------------------------------------------------------------|
| <b>CALL TO ORDER:</b>                    | 1. | a) | Call to Order                                                                                                   |
| <b>AGENDA:</b>                           | 2. | a) | Adoption of Agenda                                                                                              |
| <b>ADOPTION OF<br/>PREVIOUS MINUTES:</b> | 3. | a) | None                                                                                                            |
| <b>DELEGATIONS:</b>                      | 4. | a) | None                                                                                                            |
| <b>BUSINESS:</b>                         | 5. | a) | 2015 Operating Budget – Draft                                                                                   |
|                                          |    | b) | Fort Vermilion Recreation Board –<br>Request for 2014 Operating Funds (to be<br>presented at the meeting)       |
|                                          |    | c) |                                                                                                                 |
|                                          |    | d) |                                                                                                                 |
| <b>IN CAMERA<br/>SESSION:</b>            | 6. | a) | None                                                                                                            |
| <b>NEXT MEETING<br/>DATE:</b>            | 7. | a) | Special Council (Budget) Meeting<br>Thursday, December 4, 2014<br>10:00 a.m.<br>Fort Vermilion Council Chambers |
| <b>ADJOURNMENT:</b>                      | 8. | a) | Adjournment                                                                                                     |

MACKENZIE COUNTY

# 2015 Operating Budget

October 31, 2014 – Special Council Meeting

## Contents:

1. 2015 Draft Operating Budget	1
2. Cash Flow Requirement	7
3. Long Term Debt	11
4. Assessment and Estimated Tax Revenues	14
5. Review of Water & Sewer Rates	17

# 2015 Draft Operating Budget

## REVIEW OF STATEMENT OF OPERATIONS:

Mackenzie County’s management team has drafted the 2015 operating budget for Council’s consideration, using various assumptions including maintenance of current levels of service (status quo), and recalculation of the water and sewer rate, in order to reach 100% recovery rate of operating expenses excluding TCA amortization and including long-term debt principal and interest payments.

## Significant Budget Changes

### Revenue

#### Taxation

We anticipate an increase of 3.28% in municipal assessment which will result in an increase in taxation revenue of approximately \$700,000 (actual 2014).

#### Water sales

Revenues from Water Sales will increase since the current water rate increase only took effect in March of 2014. Water rates are discussed in detail later in this package.

#### Provincial Grants

We do not anticipate a significant decrease in provincial grants except for MSI Operating grant to decrease (50% was assumed) and exclusion of the FireSmart (\$50,000) and Regional Water Initiative (\$150,000) grants.

### Expenses

#### Wages and salaries

Salaries and wages are based on the approved Organizational Structure and are expected to increase in line with an inflationary adjustment as per the union agreement.

#### Professional fees

The increase in professional fees is mainly attributable to the following items:

	\$
Professional fees	234,254
Fire Department – Water trucks High Level	70,000
Enforcement – Contracted Peace Officer	70,000
Airport – PAPI Lights	20,000
Water – Rural Water Line, MPA Testing & Sundry	48,000
Planning – Consultant, Safety Codes & Website	39,500
Other – Decreases	(13,246)

**Enhanced Policing Fee**

Although not an increase, we would like to bring to Council’s attention that this fee includes the following items:

Enhanced policing	\$ 297,200
Crime Reduction Unit - High Level	148,600
Enhanced policing - La Crete	148,600

**Repairs & maintenance – bridges**

The increase in the 2015 budget for bridges is due to the carryover from 2014’s budget. Most of repairs and maintenance were not completed during the year.

**Dust Control**

The dust control budget has increased significantly since 2012.

Year	2012	2013	2014	2015
Cost	\$365,815	\$458,750	\$698,227	\$889,806

The increases are mainly attributable to the following:

- During 2014 the budget was amended to include oil dust control on a few heavily traveled roads within and adjacent to the Hamlet of La Crete, this consisted of 113 Street, 109 Avenue and River Drive for a total of 3 miles/4.8 km’s. Additionally, we are proposing to apply another oil layer in 2015 due to these being truck routes;
- Apply oil once every three years instead of an annual calcium application on the Hamlet Country Residential roads at an estimated cost of \$176,400 for 2015; and
- Apply another oil layer on West La Crete Road (3.2 Km) to maintain the current condition of the road = \$69,120 plus gravel at \$41,856 = \$110,976.

Breakdown of costs per location:

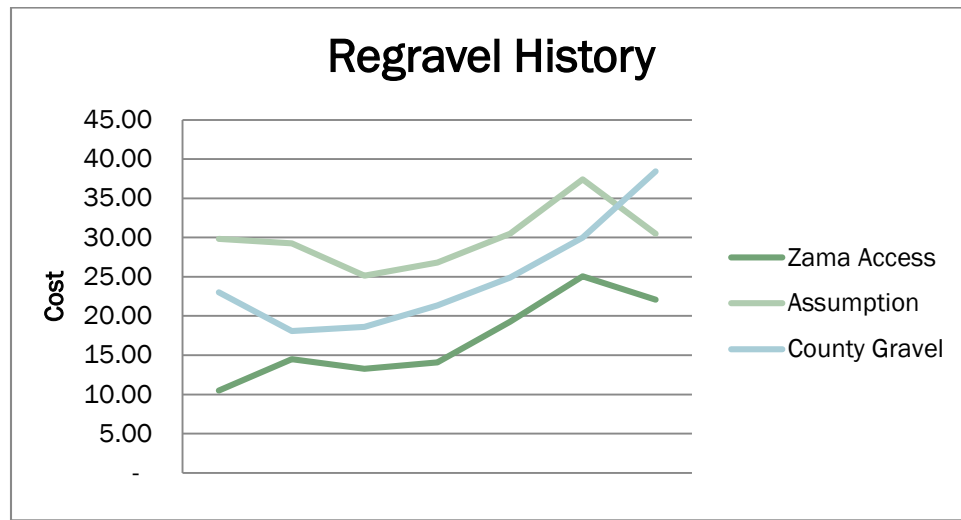
Description	Fort Vermilion	La Crete	Zama	Total
Calcium	130,000	200,000	111,150	441,150
Oil	-	448,656	-	448,656
<b>Total</b>	<b>130,000</b>	<b>648,656</b>	<b>111,150</b>	<b>889,806</b>

**Gravel**

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

The significant decrease in gravel cost from 2014 is due to the gravel crushing programme that takes place approximately every three years. We do not anticipate any crushing for 2015, assuming that the contractor completes the gravel crushing as expected.

Regravelling cost per tonne has increased significantly since 2008, as can be seen in the graph below. The regravelling cost has more than doubled from the lowest in 2009 to the highest in 2014 in respect to the Zama Access and the county supply gravel.



**Grants to local governments**

This cost consists of grants to High Level and Rainbow Lake. The current year increase is mainly attributable to capital items from the Town of High Level.

**Depreciation**

The county’s annual depreciation continues to increase. The increase is due to the continued upgrade of facilities and road infrastructures. Significant contributions to the depreciation charge is associated to Zama Access paving and the 88 Connector. This trend is expected to continue as the county grows and infrastructure is improved and expanded..



Mackenzie County  
Summary of All Units  
For the Twelve Months Ending December 31, 2014

	2012 Actual	2013 Actual	2014 Actual	2014	2015	\$ Variance	% Variance
	Total	Total	Total	Budget	Budget	Budget	Budget
	2.00	3.00	4.00	5.00	6.00		
<b>OPERATING REVENUES</b>							
100-Taxation	\$29,859,344	\$30,860,986	\$33,718,682	\$33,320,265	\$27,678,845	(\$5,641,420)	-17%
124-Frontage	\$255,668	\$248,706	\$247,383	\$267,599	\$270,471	\$2,872	1%
747-School requisition	\$6,157,364	\$6,222,152	\$6,306,111	\$6,306,111	\$0	(\$6,306,111)	-100%
750-Lodge requisition	\$291,715	\$392,262	\$490,719	\$488,959	\$0	(\$488,959)	-100%
<b>Net property taxes</b>	<b>\$23,665,933</b>	<b>\$24,495,279</b>	<b>\$27,169,235</b>	<b>\$26,792,794</b>	<b>\$27,949,316</b>	<b>\$1,156,522</b>	
420-Sales of goods and services	\$641,482	\$372,681	\$551,929	\$547,635	\$623,595	\$75,960	14%
421-Sale of water - metered	\$2,097,610	\$2,158,058	\$2,019,953	\$2,674,505	\$3,011,440	\$336,935	13%
422-Sale of water - bulk	\$700,271	\$701,657	\$666,238	\$989,956	\$923,555	(\$66,401)	-7%
424-Sale of land	\$63,764	\$46,859	\$35,956	\$0	\$0	\$0	#DIV/0!
510-Penalties on taxes	\$140,171	\$240,452	\$328,570	\$140,000	\$250,000	\$110,000	79%
511-Penalties of AR and utilities	\$41,251	\$41,766	\$37,553	\$40,000	\$40,000	\$0	0%
520-Licenses and permits	\$19,911	\$22,484	\$41,906	\$33,000	\$32,800	(\$200)	-1%
521-Offsite levy	\$61,302	\$156,593	\$111,359	\$0	\$0	\$0	#DIV/0!
522-Municipal reserve revenue	\$44,578	\$110,066	\$53,132	\$50,000	\$50,000	\$0	0%
526-Safety code permits	\$330,815	\$308,789	\$322,355	\$250,000	\$275,000	\$25,000	10%
525-Subdivision fees	\$48,899	\$44,674	\$46,064	\$25,000	\$30,000	\$5,000	20%
530-Fines	\$16,270	\$15,221	\$24,055	\$20,000	\$36,000	\$16,000	80%
531-Safety code fees	\$13,074	\$12,993	\$11,941	\$10,000	\$10,000	\$0	0%
550-Interest revenue	\$430,269	\$402,125	\$317,360	\$326,000	\$350,000	\$24,000	7%
551-Market value changes	\$23,771	(\$24,697)	(\$121,614)	\$0	\$0	\$0	#DIV/0!
560-Rental and lease revenue	\$77,847	\$107,152	\$87,374	\$77,591	\$77,831	\$240	0%
570-Insurance proceeds	\$673	\$16,236	\$13,164	\$0	\$0	\$0	#DIV/0!
592-Well drilling revenue	\$250,945	\$147,804	\$48,569	\$75,000	\$50,000	(\$25,000)	-33%
597-Other revenue	\$182,787	\$282,095	\$46,829	\$212,875	\$159,000	(\$53,875)	-25%
598-Community aggregate levy	\$109,231	\$97,889	\$4,789	\$50,000	\$75,000	\$25,000	50%
630-Sale of non-TCA equipment	\$2,454	\$0	\$1,982	\$800	\$0	(\$800)	-100%
790-Tradeshaw Revenues	\$0	\$1,475	\$25,416	\$28,345	\$23,425	(\$4,920)	-17%
840-Provincial grants	\$2,921,832	\$1,821,615	\$692,362	\$1,433,905	\$1,079,457	(\$354,449)	-25%
890-Gain (Loss) Penny Rounding	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
990-Over/under tax collections	(\$28,458)	\$10,836	\$0	(\$8,741)	\$0	\$8,741	-100%
<b>TOTAL REVENUE</b>	<b>\$31,856,681</b>	<b>\$31,590,099</b>	<b>\$32,536,478</b>	<b>\$33,768,665</b>	<b>\$35,046,418</b>	<b>\$1,277,753</b>	
<b>OPERATING EXPENSES</b>							
110-Wages and salaries	\$5,088,978	\$5,645,161	\$4,429,154	\$6,737,023	\$6,946,324	\$209,301	3%
132-Benefits	\$876,394	\$1,017,599	\$881,270	\$1,404,288	\$1,413,232	\$8,944	1%
136-WCB contributions	\$42,059	\$63,138	\$6,276	\$47,345	\$48,324	\$979	2%
142-Recruiting	\$13,193	\$0	\$8,258	\$20,000	\$20,000	\$0	0%
150-Isolation cost	\$34,442	\$43,798	\$32,538	\$66,000	\$54,000	(\$12,000)	-18%
151-Honoraria	\$473,231	\$515,230	\$314,394	\$566,050	\$602,250	\$36,200	6%
211-Travel and subsistence	\$412,881	\$317,291	\$178,855	\$375,630	\$396,920	\$21,290	6%
212-Promotional expense	\$26,864	\$102,704	\$90,429	\$77,500	\$82,500	\$5,000	6%
214-Memberships & conference fees	\$111,370	\$78,290	\$79,322	\$128,280	\$137,618	\$9,338	7%
215-Freight	\$94,542	\$111,899	\$65,745	\$123,980	\$134,640	\$10,660	9%
216-Postage	\$29,193	\$44,113	\$35,314	\$42,500	\$45,800	\$3,300	8%
217-Telephone	\$136,459	\$140,050	\$63,248	\$143,199	\$131,454	(\$11,745)	-8%
221-Advertising	\$61,461	\$40,296	\$37,720	\$58,500	\$63,850	\$5,350	9%
223-Subscriptions and publications	\$4,777	\$6,227	\$5,944	\$11,512	\$12,245	\$733	6%
231-Audit fee	\$68,965	\$64,125	\$94,150	\$76,000	\$72,000	(\$4,000)	-5%
232-Legal fee	\$74,488	\$75,108	\$47,716	\$85,000	\$73,000	(\$12,000)	-14%
233-Engineering consulting	\$152,968	\$99,267	\$66,389	\$98,500	\$81,500	(\$17,000)	-17%
235-Professional fee	\$2,660,001	\$1,420,980	\$1,043,819	\$1,477,110	\$1,711,364	\$234,254	16%
236-Enhanced policing fee	\$237,840	\$257,812	\$116,808	\$284,000	\$297,200	\$13,200	5%
239-Training and education	\$42,147	\$53,303	\$110,346	\$207,456	\$165,273	(\$42,183)	-20%
242-Computer programming	\$52,746	\$47,267	\$61,075	\$85,878	\$98,428	\$12,550	15%
251-Repair & maintenance - bridges	\$59,312	\$35,702	\$5,181	\$406,500	\$838,500	\$432,000	106%
252-Repair & maintenance - buildings	\$181,060	\$134,594	\$83,161	\$174,050	\$156,820	(\$17,230)	-10%
253-Repair & maintenance - equipment	\$256,390	\$332,207	\$198,441	\$330,400	\$360,470	\$30,070	9%
255-Repair & maintenance - vehicles	\$100,884	\$67,877	\$42,695	\$94,300	\$85,800	(\$8,500)	-9%
258-Contract graders	\$93,290	\$182,425	\$95,406	\$150,000	\$150,840	\$840	1%
259-Repair & maintenance - structural	\$977,660	\$1,543,400	\$1,021,527	\$1,727,605	\$1,723,370	(\$4,235)	0%
261-Ice bridge construction	\$76,692	\$144,054	\$52,417	\$120,000	\$120,000	\$0	0%
262-Rental - building and land	\$15,133	\$23,442	\$28,060	\$31,850	\$32,210	\$360	1%
263-Rental - vehicle and equipment	\$65,035	\$55,572	\$40,173	\$61,556	\$60,045	(\$1,511)	-2%
266-Communications	\$73,785	\$73,018	\$64,706	\$107,342	\$110,291	\$2,949	3%
271-Licenses and permits	\$10,368	\$10,171	\$3,987	\$20,100	\$8,300	(\$11,800)	-59%
272-Damage claims	\$1,500	\$27,916	\$25,771	\$5,000	\$5,000	\$0	0%

Mackenzie County  
Summary of All Units  
For the Twelve Months Ending December 31, 2014

	2012 Actual	2013 Actual	2014 Actual	2014	2015	\$ Variance	% Variance
	Total	Total	Total	Budget	Budget	Budget	Budget
273-Taxes	\$990	\$817	\$0	\$15,000	\$1,000	(\$14,000)	-93%
274-Insurance	\$272,043	\$271,727	\$109	\$313,000	\$298,960	(\$14,040)	-4%
342-Assessor fees	\$257,865	\$261,782	\$174,360	\$262,100	\$263,000	\$900	0%
290-Election cost	\$0	\$14,282	\$0	\$5,000	\$5,000	\$0	0%
511-Goods and supplies	\$968,357	\$761,848	\$532,709	\$890,136	\$903,503	\$13,367	2%
521-Fuel and oil	\$820,952	\$944,698	\$450,117	\$820,550	\$905,350	\$84,800	10%
531-Chemicals and salt	\$195,479	\$233,128	\$147,383	\$295,600	\$319,100	\$23,500	8%
532-Dust control	\$365,815	\$458,750	\$698,227	\$656,000	\$889,806	\$233,806	36%
533-Grader blades	\$133,451	\$119,161	\$104,090	\$140,000	\$137,500	(\$2,500)	-2%
534-Gravel (apply; supply and apply)	\$1,017,661	\$806,073	\$1,483,966	\$3,433,600	\$1,551,755	(\$1,881,845)	-55%
535-Gravel reclamation cost	\$12,109	\$26,529	\$0	\$0	\$0	\$0	#DIV/0!
543-Natural gas	\$84,170	\$106,154	\$99,034	\$117,500	\$122,966	\$5,466	5%
544-Electrical power	\$571,607	\$692,901	\$329,065	\$716,643	\$846,392	\$129,749	18%
710-Grants to local governments	\$1,371,120	\$1,786,210	\$1,318,117	\$1,811,810	\$2,287,400	\$475,590	26%
735-Grants to other organizations	\$1,690,701	\$1,745,667	\$1,730,989	\$1,941,802	\$1,907,302	(\$34,500)	-2%
810-Interest and service charges	\$39,104	\$17,864	\$24,355	\$36,000	\$36,000	\$0	0%
831-Interest - long term debt	\$426,418	\$396,045	\$356,782	\$733,658	\$621,195	(\$112,463)	-15%
921-Bad debt expense	\$3,479	(\$3,301)	\$139	\$7,500	\$4,500	(\$3,000)	-40%
922-Tax cancellation/write-off	\$202,181	\$32,222	\$29,832	\$50,000	\$50,000	\$0	0%
992-Cost of land sold	\$4,429	\$25,486	\$0	\$0	\$0	\$0	#DIV/0!
993-NBV value of disposed TCA	\$830,743	\$7,000	\$0	\$772,891	\$0	(\$772,891)	-100%
994-Change in inventory	\$713,078	\$250,883	\$0	(\$979,509)	\$1,197,655	\$2,177,164	-222%
995-Depreciation of TCA	\$6,769,738	\$7,213,241	\$0	\$8,241,398	\$8,938,929	\$697,531	8%
<b>TOTAL</b>	<b>\$29,357,595</b>	<b>\$28,943,205</b>	<b>\$16,909,569</b>	<b>\$35,625,133</b>	<b>\$37,526,881</b>	<b>\$1,901,748</b>	<b>5%</b>
<b>Non-TCA projects</b>	<b>\$148,191</b>	<b>\$592,124</b>	<b>\$251,491</b>	<b>\$1,547,977</b>	<b>\$0</b>	<b>(\$1,547,977)</b>	<b>-100%</b>
<b>TOTAL EXPENSES</b>	<b>\$29,505,786</b>	<b>\$29,535,329</b>	<b>\$17,161,060</b>	<b>\$37,173,110</b>	<b>\$37,526,881</b>	<b>\$353,771</b>	<b>1%</b>
<b>EXCESS (DEFICIENCY)</b>	<b>\$2,350,895</b>	<b>\$2,054,770</b>	<b>\$15,375,418</b>	<b>(\$3,404,445)</b>	<b>(\$2,480,463)</b>	<b>\$923,982</b>	<b>-27%</b>
<b>OTHER</b>							
840-Provincial transfers for capital	\$5,103,229	\$4,954,981	\$4,830,382	\$16,461,583	\$0	(\$16,461,583)	-100%
575-Contributed TCA	\$0	\$150,000	\$0	\$0	\$0	\$0	#DIV/0!
597-Other capital revenue	\$156,682	\$57,455	\$78,000	\$646,970	\$0	(\$646,970)	-100%
630-Proceeds of sold TCA asset	\$648,231	\$1,523	\$75,000	\$556,000	\$0	(\$556,000)	-100%
	<b>\$5,908,141</b>	<b>\$5,163,959</b>	<b>\$4,983,382</b>	<b>\$17,664,553</b>	<b>\$0</b>	<b>(\$17,664,553)</b>	<b>-100%</b>
<b>EXCESS (DEFICIENCY) - PS MODEL</b>	<b>\$8,259,036</b>	<b>\$7,218,728</b>	<b>\$20,358,800</b>	<b>\$14,260,108</b>	<b>(\$2,480,463)</b>	<b>(\$16,740,571)</b>	<b>-117%</b>
<b>CONVERT TO LG INCOME STATEMENT</b>							
Remove non-cash transactions associated with PSAB changes							
993-NBV value of disposed TCA	\$830,743	\$7,000	\$0	\$772,891	\$0	(\$772,891)	-100%
994-Change in inventory	\$713,078	\$250,883	\$0	(\$979,509)	\$1,197,655	\$2,177,164	-222%
995-Amortization of TCA	\$6,769,738	\$7,213,241	\$0	\$8,241,398	\$8,938,929	\$697,531	8%
Remove TCA revenues	\$0	\$0	\$0	\$0	\$0	\$0	0.00
Total of OTHER per above	(\$5,908,141)	(\$5,163,959)	(\$4,983,382)	(\$17,664,553)	\$0	\$17,664,553	-100%
Add LTD principle paid	\$0	\$0	\$0	\$0	\$0	\$0	0.00
832-Principle Payments	\$2,275,059	\$1,826,572	\$1,035,850	\$2,259,770	\$1,669,369	(\$590,401)	-26%
Add/Deduct LG model TF to/from reserves	\$0	\$0	\$0	\$0	\$0	\$0	0.00
920-Contribution from Capital Reserve	\$0	(\$353,085)	\$0	\$0	\$0	\$0	#DIV/0!
930-Contributions from Operating Reserve	(\$22,181)	\$0	\$0	(\$1,897,104)	\$0	\$1,897,104	-100%
762-Contribution to Capital (funding TCA projects)	\$667,467	\$3,583,050	\$0	\$2,732,669	\$0	(\$2,732,669)	-100%
763-Contribution to Capital Reserves	\$4,572,682	\$2,889,832	\$0	\$1,435,000	\$1,435,000	\$0	0%
764-Contribution to Operating Reserves	\$3,039,422	\$1,579,524	\$0	\$100,000	\$100,000	\$0	0%
<b>EXCESS (DEFICIENCY) - LG MODEL</b>	<b>\$132,006</b>	<b>\$0</b>	<b>\$14,339,568</b>	<b>\$0</b>	<b>\$4,451,752</b>	<b>\$4,451,752</b>	<b>#DIV/0!</b>

# Cash Flow Requirement

**Cash Flow Requirement:**

The Cash Flow Requirement schedule summarizes all of the County's cash requirements for the 2015 year, including operating, capital, borrowing, and municipal reserve transactions.

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

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

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

**Mackenzie County**  
**2015 BUDGET - Cash Requirement**

	2014 Budget	% change	2015 Budget	
<b>Operating Cash Requirements:</b>				
Operating Cost (excluding non-cash items and capital debt interest expense)	\$26,630,645	1%	\$26,769,102	Schedule A-2
Non-TCA - Operating Costs (Non-TCA Projects List)	\$1,547,977	-100%	\$0	
Non-TCA revenue - Fees				
Less: Other Operating Revenue (excluding municipal tax levy)	(\$7,252,211)	-17%	(\$5,988,046)	Schedule A-1
Anticipated draw on short-term borrowing for 2015 & 2016 portions of 2014 gravel-crushing programme				
Anticipated draw from prior year accumulated surplus - restricted (for Non-TCA projects)	(\$460,104)	-100%		(1)
Anticipated draw from prior year accumulated surplus - restricted (for operating purposes)	(\$1,431,000)			(1)
<b>Tax levy for operations</b>	<b>\$19,035,307</b>	<b>9%</b>	<b>\$20,781,056</b>	
<b>Capital Cash Requirements:</b>				
Capital costs	\$31,995,115	-100%		
Capital debt interest	\$733,658	-15%	\$621,194	Schedule E
Capital debt principal	\$2,259,770	-26%	\$1,669,369	Schedule E
Less:				
Capital revenue - grants	(\$16,461,583)	-100%		Schedule B
Other capital revenue (community, developers' contributions; contributed assets)	(\$646,970)	-100%		
Proceeds on disposal of assets	(\$556,000)	-100%		Schedule D
Proceeds from new debentures	(\$2,928,697)	-100%		Schedule E
Anticipated draw from prior year accumulated surplus - restricted	(\$8,675,196)	-100%		(2)
Anticipated draw from prior year accumulated surplus - unrestricted	\$0		\$0	
<b>Tax levy for capital</b>	<b>\$5,720,097</b>	<b>-60%</b>	<b>\$2,290,564</b>	
<b>Minimum Tax Levy</b>	<b>\$24,755,404</b>	<b>-7%</b>	<b>\$23,071,619</b>	
<b>Future Financial Plans:</b>				
Contributions to Reserves as per Policies	\$1,535,000		\$1,535,000	Schedule C
<b>Contributions to Reserves</b>	<b>\$0</b>			
<b>Tax levy for future financial plans</b>	<b>\$1,535,000</b>	<b>0%</b>	<b>\$1,535,000</b>	(3)
<b>Total Tax Levy</b>	<b>\$26,290,404</b>	<b>-6%</b>	<b>\$24,606,619</b>	
<b>Net budgeted cash draw on accumulated surplus accounts</b>	<b>(\$10,287,202)</b>	<b>-115%</b>	<b>\$1,535,000</b>	(1) + (2) + (3)
<b>OTHER:</b>				
Restricted surplus (reserves), beginning of year	\$19,529,272		\$19,879,401	
Restricted surplus (reserves), ending of year	\$19,879,401		\$21,414,401	
20% of the total allowable debt limit (the benchmark that was set by Council in respect to reserves)	\$8,639,653		\$8,199,183	
<b>Total budgeted operating and capital costs (excluding non-cash items)</b>	<b>\$63,167,165</b>		<b>\$29,059,666</b>	

Mackenzie County  
2015 Budget  
Schedules of Operating Revenues and General Operating Expenses

Schedules A-1 & A-2

Legislative and Administration	Protective Services	Transportation and Airport	Utilities	Planning & Development	Agricultural & Veterinary	Recreation & Cultural	2015
11 + 12	23 + 25 + 26	32 + 33	41 + 42 + 43	61 + 66	63 + 64	51+71+72+73+74	Budget

6.00

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

Sale of Goods & Services	36,500	85,000	90,000	4,060,255	204,000	2,835	80,000	4,558,590
Interest Revenue	350,000	-	-	-	-	-	-	350,000
Provincial Grants - operating	61,090	-	608,694	-	-	175,000	234,673	1,079,457
Other Revenue including frontage	390,000	53,727	158,336	40,000	431,500	35,493	-	1,109,056
<b>TOTAL REVENUE</b>	<b>447,590</b>	<b>85,000</b>	<b>698,694</b>	<b>4,060,255</b>	<b>204,000</b>	<b>177,835</b>	<b>314,673</b>	<b>5,988,046</b>

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

Wages & Salaries, Benefits, WCB, Recruiting, Honorariums	2,799,864	416,376	3,358,039	1,113,606	715,326	260,128	400,791	9,064,130
Contracted and General Services	1,394,193	934,098	2,636,808	1,150,290	389,900	985,480	252,629	7,743,398
Materials & Supplies, Fuel & Oil, Chemicals & Salt	140,650	261,017	4,978,356	357,076	19,500	79,650	68,420	5,904,669
Utilities (Gas, Power)	109,782	25,878	407,230	422,687	-	-	3,781	969,358
Grants to local governments	2,282,400	5,000	-	-	-	-	-	2,287,400
Grants to other organizations	-	-	-	-	-	150,000	1,757,302	1,907,302
Capital debt interest	60,559	-	415,788	144,848	-	-	-	621,195
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
Amortization	340,000	173,826	6,195,000	1,642,000	3,103	140,000	445,000	8,938,929
Other	87,500	1,500	-	1,500	-	-	-	90,500
<b>TOTAL OPERATING EXPENSES</b>	<b>7,214,948</b>	<b>1,817,695</b>	<b>17,991,221</b>	<b>4,832,007</b>	<b>1,127,829</b>	<b>1,615,258</b>	<b>2,927,923</b>	<b>37,526,881</b>
Non-TCA projects	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>7,214,948</b>	<b>1,817,695</b>	<b>17,991,221</b>	<b>4,832,007</b>	<b>1,127,829</b>	<b>1,615,258</b>	<b>2,927,923</b>	<b>37,526,881</b>

**Less:**

**Non-cash items included in the above:**

Estimated gravel inventory change at Year End 2014	-	-	1,197,655	-	-	-	-	1,197,655
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
Amortization	340,000	173,826	6,195,000	1,642,000	3,103	140,000	445,000	8,938,929
Capital debt interest	60,559	-	415,788	144,848	-	-	-	621,195
<b>Total operational expenses excluding non-cash items and capital debt interest</b>	<b>6,814,389</b>	<b>1,643,869</b>	<b>10,182,778</b>	<b>3,045,159</b>	<b>1,124,726</b>	<b>1,475,258</b>	<b>2,482,923</b>	<b>26,769,102</b>

# Long Term Debt

1. Schedule of ending balances for long term debt as of December 31, 2015

		2015	2014
Debentures -		\$	\$
<b>From Alberta Capital Finance Authority:</b>			
11	3.77% due 2015 (for La Crete 94th Avenue)	0	58,254
12	4.453% due 2016 (for La Crete Gravity Sewer Line)	44,751	87,574
13	4.311% due 2017 (for La Crete 98th Ave, Curb, Gutter, Sidewalk)	26,312	42,941
14	4.501% due for 2027 (for Zama Tower Road Sewer)	125,888	134,087
15	4.311% due for 2017 (for FV 46th Str Sewer Line Extension)	13,577	22,158
16	4.012% due for 2018 (for Zama Water Treatment Plant)	544,584	712,160
17	4.012% due for 2018 (for Zama Wastewater System)	267,031	349,200
18	3.046% due for 2013 (for Zama Groundwater Supply and Supply Line Project)	-	-
19	3.718% due for 2019 (for Zama Water Treatment Plant)	324,745	410,095
20	3.718% due for 2019 (for Zama Wastewater System)	95,943	121,158
21	3.334% due for 2019 (for La Crete Office Building)	486,363	598,202
22	3.334% due for 2019 (for Zama Multi-Use Cultural Building)	660,221	812,039
23	3.334% due for 2019 (for Zama Water Treatment Plant)	335,333	412,444
24	2.439% due on Dec 15, 2015 (La Crete Sewer Trunk Main)	-	88,205
25	3.377% due on Dec 15, 2020 (Fort Vermillion Corporate Office Expansion)	406,322	479,736
27	4.124% due on Dec 15, 2030 (La Crete Sewer Lift Station)	179,021	187,498
26	3.5635% due on Mar 15, 2021 (Ruaral Water Line)	1,293,582	1,502,953
28	2.942% due on Dec 17, 2031 (Highway #88 connector)	1,769,171	1,848,372
29	3.623% due on Dec 15, 2033 (Highway #88 connector)	9,662,959	10,038,095
		<b>16,235,803</b>	<b>17,905,172</b>

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

	Principal	Interest	Total
	\$	\$	\$
To be paid in 2015	1,669,369	621,194	2,290,564
To be paid in 2016	1,578,512	562,323	2,140,835
To be paid in 2017	1,575,520	505,190	2,080,710
To be paid in 2018	1,618,408	448,429	2,066,837
To be paid in 2019	1,319,527	392,813	1,712,340
To be paid in 2020 to maturity	10,143,836	2,645,517	12,789,353
	<b>17,905,172</b>	<b>5,175,467</b>	<b>23,080,638</b>



### 3. Debt limit calculation

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

	2014 projected	2013
	\$	\$
Total debt limit, on December 31	50,652,998	47,385,152
Total debt (principal on loans and loan guarantees), on December 31	-17,905,172	-19,996,101
<b>Amount by which debt limit exceeds debt</b>	<b>32,747,826</b>	<b>27,389,051</b>
Limit on debt service, in fiscal year	8,442,166	7,897,525
Service on debt in fiscal year (are interest & principal payments)	-2,290,564	-2,785,263
<b>Amount by which debt servicing limit exceeds debt servicing</b>	<b>6,151,603</b>	<b>5,112,262</b>

The debt limit is calculated at 1.5 times the revenue of the County (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

# Assessment and Estimated Tax Revenues

### What is property assessment?

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

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

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

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

### How is the tax rate calculated?

Revenue requirement / Assessment base = Tax rate.

### What is the County’s revenue requirement?

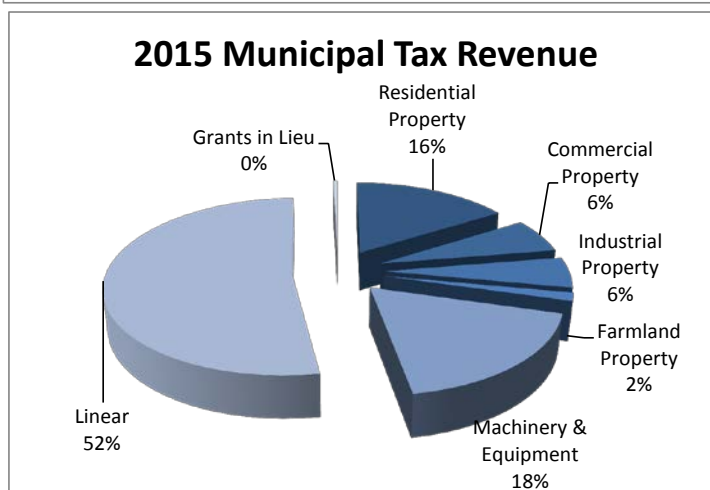
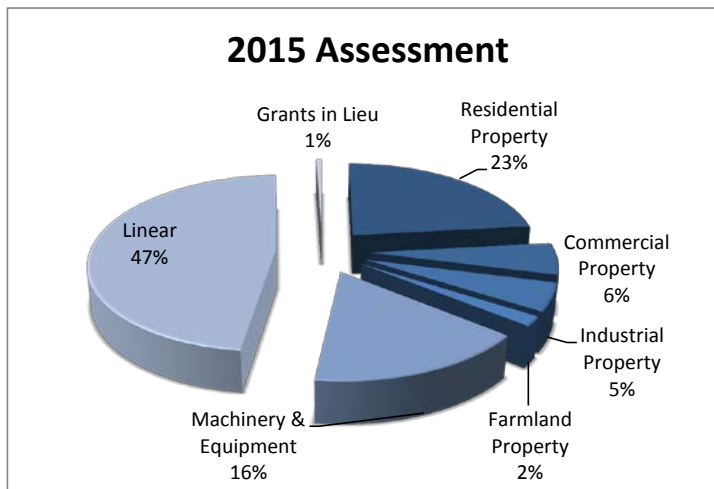
The County’s cash requirement decision worksheet identifies revenue requirements for operating, capital, and restricted surplus contributions.

	2014 assessment	% change estimated	2015 assessment	2015 projected revenue
Residential Property	561,579,960	5.96%	595,064,067	4,445,597
Commercial Property	115,356,480	27.83%	147,456,304	1,756,723
Industrial Property	127,232,380	1.47%	129,102,129	1,538,472
Farmland Property	44,312,850	0.00%	44,312,850	405,345
Machinery & Equipment	429,507,410	-3.00%	416,622,188	4,959,054
Linear	1,182,792,130	2.60%	1,213,584,219	14,445,293
Grants in Lieu	14,226,290	0.76%	14,334,927	128,361
<b>Total Taxable Assessment</b>	<b>\$2,475,007,500</b>	<b>3.45%</b>	<b>\$2,560,476,684</b>	<b>\$27,678,845</b>
Tax exempt assessment	163,665,120	0.67%	164,765,647	0
<b>Total Assessment</b>	<b>\$2,638,672,620</b>	<b>3.28%</b>	<b>\$2,725,242,331</b>	<b>\$27,678,845</b>

Notes:

(1) Please note that 2013 tax bylaw rates were used in the calculation of projected 2014 tax revenue

(2) Municipal tax revenue has increased from \$26,516,454 to 27,678,845 due to an increase in actual assessment by 3.28%.



# Review of Water & Sewer Rates

The first component used in the water rate calculation is consumption (in m<sup>3</sup>):

	2015	2014
Metered, m <sup>3</sup>	380,000	385,350
Cardlock, m <sup>3</sup>	230,000	226,000
Raw, m <sup>3</sup>	10,500	9,500
Tall Cree (treated water), m <sup>3</sup>	11,000	
<b>Total</b>	<b>631,500</b>	<b>620,850</b>

The following cost were used for calculations and are based on the 2015 budget:

Water

Cost	Distribution costs	Treatment cost	Total 2015 budget	Total 2014 budget
Fixed	\$498,348	\$421,105	\$919,453	\$946,825
Variable	\$248,369	\$640,616	\$888,985	\$829,972
Long term debt (interest + principal)	\$0	\$496,173	\$496,173	\$1,277,466
<b>Total</b>	<b>\$746,717</b>	<b>\$1,557,894</b>	<b>\$2,304,611</b>	<b>\$3,054,263</b>

Wastewater

Cost	Collection costs	Treatment cost	Total 2015 budget	Total 2014 budget
Fixed	\$257,409	\$188,635	\$446,044	\$530,918
Variable	\$77,543	\$60,483	\$138,026	\$126,605
Long term debt (interest + principal)	\$167,307	\$124,851	\$292,158	\$557,753
<b>Total</b>	<b>\$502,259</b>	<b>\$373,969</b>	<b>\$876,228</b>	<b>\$1,215,276</b>

The number of meters that are currently installed:

Location	2015	2014
La Crete	1,312	1,261
Fort Vermilion	353	347
Zama	106	98
<b>Total</b>	<b>1,771</b>	<b>1,706</b>

Current rates	Water		Sewer	
	Cost per connection	Rate per m <sup>3</sup>	Cost per connection	Rate per m <sup>3</sup>
Rates for Metered Users	\$37.04	\$3.18	\$31.52	\$0.73
Rates for Cardlock Users (treated water)		\$3.18		\$0.73
Rates for Cardlock Users (raw water)		\$2.31		
Tall Cree		\$4.22		\$2.00

	WATER	SEWER	TOTAL
Projected revenue at current rate	\$2,797,748	\$1,137,247	\$3,934,995
- Connection cost	\$787,273	\$669,947	\$1,457,220
- Meter treated water	\$1,208,400	\$277,400	\$1,485,800
- Cardlock treated water	\$731,400	\$167,900	\$899,300
- Cardlock raw water	\$24,255	\$0	\$24,255
- Tall Cree	\$46,420	\$22,000	\$68,420
2015 Budget expenses	\$2,304,611	\$884,705	\$3,189,316
Over/(under) recovery	\$493,137	\$252,542	\$745,679

**Points to consider**

Long term debt fluctuates as debt is incurred or repaid.

Depreciation is excluded from above more consistent on a year to year basis.

Debt payments represent financing cost and not a true cost of infrastructure.

Above water calculation excludes the rural water line principal and interest payments.

No principal and debt payments were included for the the La Crete Lagoon.

Break even rate	Water		Sewer	
	Cost per connection	Rate per m3	Cost per connection	Rate per m3
Rates for Metered Users	\$35.13	\$2.46	\$23.63	\$0.58
Rates for Cardlock Users (treated water)		\$2.46		\$0.58
Rates for Cardlock Users (raw water)		\$1.81		
Tall Cree		\$4.22		\$2.00