

2016 Operating Budget

October 27, 2015 – Special Council Meeting

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2016 Operating Budget

REVIEW OF STATEMENT OF OPERATIONS:

Mackenzie County's management team has drafted the 2016 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 2.45% in municipal assessment which will result in an increase in taxation revenue of approximately \$569,559 in 2016.

Water Sales

Assuming the water and sewer rates remain the same in 2016, the water and sewer revenues may increase slightly due to the projected increase in metered water consumption.

Penalties on Taxes

The penalties on taxes are expected \$450,000 higher than 2015 budget. According to our current Tax Penalties Bylaw amended in 2013, we have four penalty runs on January 1 (12% penalties), July 1 (6% penalties), September 1 (9% penalties), and November 1 (12% penalties) in a yearly cycle. In addition, the estimated penalties for the uncollectable aged accounts, for example, the accounts of Winter Petroleum Ltd., will increase significantly in 2016.

Provincial Grants

We do not anticipate a significant change in provincial grants in 2016. Basic Municipal Transportation Grant should be same amount of \$608,694 as we received in last year. ASB grant, FireSmart grant, RCP Regional Housing Study grant should also remain unchanged. However, FCSS grant will be increased by 10% in 2016.

Expenses

Wages and Salaries

Salaries and wages are based on the approved Organizational Chart and are expected to increase by about 2.6% in 2016 in line with an inflationary adjustment.

Professional Fees

Overall Change in professional fees was approximately \$10,650. Some of the major changes within the professional fees include the following items:

Professional fees	10,650
Roads – T & L Engineering	50,000
Waste – Increase in Contracts & Fees	16,000
Airport – Utilization Plan	10,000
Water – Rural Water Line, MPA Testing & Sundry	(36,000)
Planning – Safety Codes Contract	29,000
Agriculture – Change in contract amount and over budgeted in 2015	(62,000)
Other – Under/Over Budgeted in previous year	3,650

Enhanced Policing Fee

The enhanced policing fee for 2016 is expected to be \$297,200, same amount as the budget for 2015. The fee includes the following items:

Enhanced policing	297,200
Enhanced policing - La Crete	148,600
School Resource Officer	148,600

Repairs & Maintenance – Bridges

A large amount of bridge work has been completed this year allowing for a decrease of \$236,500 in carry forward portion of bridge maintenance in the 2016 budget.

Repairs & Maintenance – Building

It was decided to include \$40,000 in the 2016 building repair & maintenance budget for the heating repairs for La Crete office buildings. As a result, the budget for this expense is expected to increase in 2016.

Rental - Vehicle and Equipment

The increase of \$21,650 in the rental costs of vehicle and equipment is due to the rental expenses for XEROX in La Crete office and increasing rental expenses for more rehabilitation and repairs to existing roads, packers, track hoes in 2016.

Dust Control

\$25,000 was included in the 2016 budget for Hill Crest Community School oil dust control. The overall dust control budget decreased slightly as Zama did not have any dust control that would be charged back to companies with RPAs (road protection agreements) in 2015. The dust control calcium application was reduced from about 2.5 per linear meter to 1.5 per linear meter for reapplication.

Below are the dust control actual costs for 2012-2015 and dust control budget for 2016:

Year	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget
Cost	\$365,815	\$458,750	\$698,227	\$553,608	\$691,405

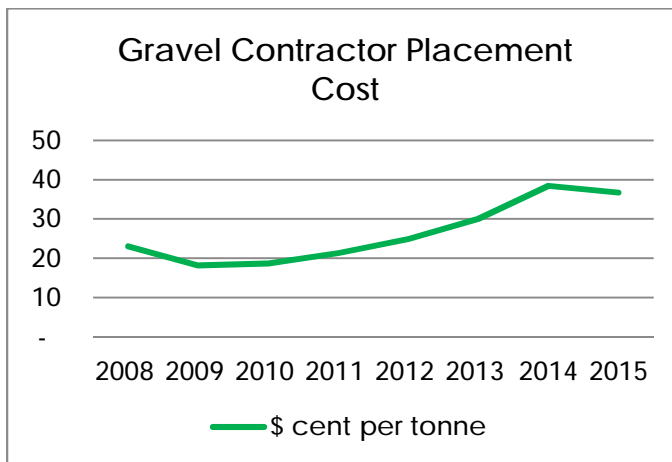
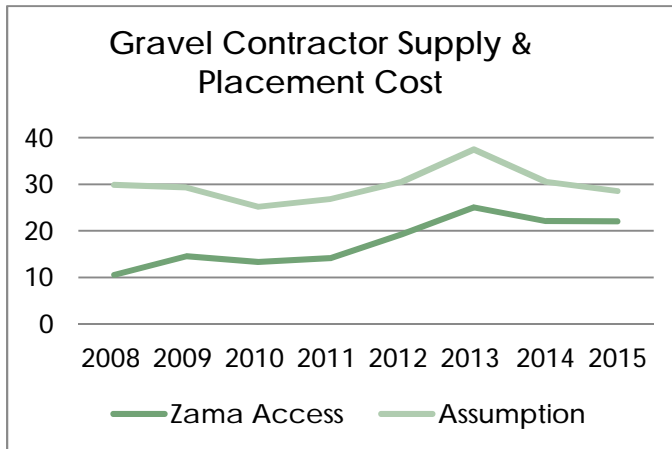
Gravel

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.

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. In 2015, regravelling cost decreased slightly.

The significant decrease in 2016 gravel cost budget is mainly due to the gravel crushing programme that takes place approximately every three years and the

decrease in the placement costs for Filtler and North Vermilion, which is being completed by Mackenzie County staff.



Grants to Local governments

This cost consists of grants to High Level and Rainbow Lake. The 2016 grant requests from Town of High Level and Town of Rainbow Lake have not been received. The current 2016 budget number is estimated based on the historical budget numbers.

Grants to Other Organizations

The current 2016 budget for grants to other organizations has been estimated by using the previous years' budget numbers. These grants include the grant payments to Recreational Boards, FCSS, Mackenzie Library Board, and other non-profit organizations. The 2016 budget for grants to other organizations will be updated as soon as all grant requests are received from the non-profit organizations.

Tax Cancellation/Write-Off

2016 tax cancellation/write-off costs include \$85,085 of the estimated uncollectable levy and \$248,856 of the estimated penalties. The majority of these uncollectable tax revenues are from the properties owned by Winter Petroleum Ltd.

Depreciation

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

Mackenzie County
2016 Operating Budget

	2013 Actual	2014 Actual	2015 Actual	2015 Budget	2016 Budget	\$ Variance Budget	% Budget
OPERATING REVENUES							
100-Taxation	30,860,986	33,718,682	35,026,173	35,153,924	28,300,696	(6,853,228)	-19.49%
990-Over/under tax collections	10,836	(113,435)	-	-	-	-	
124-Frontage	248,706	354,997	198,106	270,471	171,497	(98,974)	-36.59%
Less:							
747-School requisition	6,222,152	6,306,111	3,156,022	6,535,310		(6,535,310)	-100.00%
750-Lodge requisition	392,262	490,719	788,108	783,885		(783,885)	-100.00%
Net property taxes	24,506,114	27,163,414	31,280,149	28,105,200	28,472,193	366,993	
420-Sales of goods and services	372,681	732,370	427,576	623,595	590,395	(33,200)	-5.32%
421-Sale of water - metered	2,158,058	2,715,197	2,273,884	3,011,440	3,093,285	81,845	2.72%
422-Sale of water - bulk	701,657	870,425	710,109	923,555	910,536	(13,019)	-1.41%
424-Sale of land	46,859	45,956	1	-	-	-	
510-Penalties on taxes	240,452	444,838	657,378	250,000	700,000	450,000	180.00%
511-Penalties of AR and utilities	41,766	49,657	44,608	40,000	48,000	8,000	20.00%
520-Licenses and permits	22,484	49,296	40,852	32,800	36,000	3,200	9.76%
521-Offsite levy	156,593	112,359	4,855	-	-	-	
522-Municipal reserve revenue	110,066	60,132	63,824	50,000	50,000	-	0.00%
526-Safety code permits	308,789	369,776	283,197	275,000	325,000	50,000	18.18%
525-Subdivision fees	44,674	55,162	51,112	30,000	35,000	5,000	16.67%
530-Fines	15,221	38,974	58,742	36,000	39,000	3,000	8.33%
531-Safety code fees	12,993	13,952	11,385	10,000	13,000	3,000	30.00%
550-Interest revenue	402,125	533,261	361,023	350,000	360,000	10,000	2.86%
551-Market value changes	(24,697)	(110,574)	25,023	-	-	-	
560-Rental and lease revenue	107,152	124,928	113,649	77,831	80,455	2,624	3.37%
570-Insurance proceeds	16,236	25,603	-	-	-	-	
592-Well drilling revenue	147,804	103,826	11,114	50,000	20,000	(30,000)	-60.00%
597-Other revenue	282,095	165,028	66,216	159,000	143,500	(15,500)	-9.75%
598-Community aggregate levy	97,889	92,623	13,390	75,000	70,000	(5,000)	-6.67%
630-Sale of non-TCA equipment	-	76,982	49	-	-	-	
790-Tradeshaw Revenues	1,475	25,016	25,580	23,425	26,500	3,075	13.13%
840-Provincial grants	1,821,615	1,867,856	1,561,707	1,336,002	1,350,194	14,192	1.06%
890-Gain (Loss) Penny Rounding	0	-	2	-	-	-	
990-Over/under tax collections	-	-	-	-	-	-	
TOTAL REVENUE	31,590,099	35,626,056	38,085,424	35,458,848	36,363,058	904,210	
OPERATING EXPENSES							
110-Wages and salaries	5,645,161	5,810,098	4,396,286	6,630,578	6,801,009	170,431	2.57%
132-Benefits	1,017,599	1,107,369	963,854	1,414,901	1,453,315	38,414	2.71%
136-WCB contributions	63,138	39,501	21,610	38,833	39,442	609	1.57%
142-Recruiting	-	10,306	12,848	20,000	20,000	-	0.00%
150-Isolation cost	43,798	66,438	48,000	78,000	78,000	-	0.00%
151-Honoraria	515,230	571,863	310,396	602,250	635,700	33,450	5.55%
211-Travel and subsistence	317,291	288,543	182,276	396,920	400,435	3,515	0.89%
212-Promotional expense	102,704	100,672	58,109	82,500	82,500	-	0.00%
214-Memberships & conference fees	78,290	99,553	65,072	137,618	143,321	5,703	4.14%
215-Freight	111,899	117,871	60,102	134,640	121,460	(13,180)	-9.79%
216-Postage	44,113	52,064	33,141	45,800	43,150	(2,650)	-5.79%
217-Telephone	140,050	128,213	80,032	131,454	123,220	(8,234)	-6.26%
221-Advertising	40,296	43,806	23,416	63,850	63,220	(630)	-0.99%
223-Subscriptions and publications	6,227	7,254	5,939	12,245	12,738	493	4.03%
231-Audit fee	64,125	116,650	53,450	72,000	76,000	4,000	5.56%
232-Legal fee	75,108	50,814	11,293	73,000	60,500	(12,500)	-17.12%
233-Engineering consulting	99,267	122,247	85,942	256,500	261,000	4,500	1.75%
235-Professional fee	1,420,980	1,535,390	1,046,747	1,711,364	1,722,014	10,650	0.62%
236-Enhanced policing fee	257,812	265,408	37,150	297,200	297,200	-	0.00%
239-Training and education	53,303	157,583	65,107	165,273	159,329	(5,944)	-3.60%
242-Computer programming	47,267	78,337	30,964	98,428	105,681	7,253	7.37%
251-Repair & maintenance - bridges	35,702	26,536	198,183	838,500	602,000	(236,500)	-28.21%
252-Repair & maintenance - buildings	134,594	150,824	80,121	158,320	195,820	37,500	23.69%
253-Repair & maintenance - equipment	332,207	339,438	263,124	379,870	369,800	(10,070)	-2.65%
255-Repair & maintenance - vehicles	67,877	79,638	48,518	85,800	81,900	(3,900)	-4.55%
258-Contract graders	182,425	144,000	57,820	150,840	150,840	-	0.00%
259-Repair & maintenance - structural	1,543,400	1,636,879	1,061,241	1,790,370	1,538,193	(252,177)	-14.09%
261-Ice bridge construction	144,054	79,564	66,320	120,000	120,000	-	0.00%
262-Rental - building and land	23,442	30,085	28,345	32,210	29,812	(2,398)	-7.44%
263-Rental - vehicle and equipment	55,572	56,286	42,224	60,045	81,695	21,650	36.06%

Mackenzie County
2016 Operating Budget

	2013 Actual	2014 Actual	2015 Actual	2015 Budget	2016 Budget	\$ Variance Budget	% Budget
266-Communications	73,018	93,611	76,963	109,892	112,718	2,826	2.57%
271-Licenses and permits	10,171	4,118	295	8,300	8,568	268	3.23%
272-Damage claims	27,916	285	-	5,000	5,000	-	0.00%
273-Taxes	817	-	-	1,000	-	(1,000)	-100.00%
274-Insurance	271,727	279,950	-	298,960	298,960	-	0.00%
342-Assessor fees	261,782	260,117	162,725	263,000	263,000	-	0.00%
290-Election cost	14,282	-	-	5,000	5,000	-	0.00%
511-Goods and supplies	761,848	786,446	476,719	893,803	895,094	1,291	0.14%
521-Fuel and oil	944,698	920,643	686,739	905,350	1,016,070	110,720	12.23%
531-Chemicals and salt	233,128	204,158	151,714	319,100	328,700	9,600	3.01%
532-Dust control	458,750	698,227	553,608	694,018	691,405	(2,613)	-0.38%
533-Grader blades	119,161	123,534	104,588	137,500	137,500	-	0.00%
534-Gravel (apply; supply and apply)	806,073	2,767,176	927,279	2,369,955	1,184,878	(1,185,077)	-50.00%
535-Gravel reclamation cost	26,529	132,375	-	-	-	-	-
543-Natural gas	106,154	132,863	53,571	122,966	113,877	(9,089)	-7.39%
544-Electrical power	692,901	597,395	463,275	846,392	679,037	(167,355)	-19.77%
710-Grants to local governments	1,786,210	1,711,647	1,683,969	2,317,400	1,805,000	(512,400)	-22.11%
735-Grants to other organizations	1,745,667	2,020,465	1,576,284	1,903,012	1,886,012	(17,000)	-0.89%
810-Interest and service charges	17,864	39,831	19,509	36,000	27,000	(9,000)	-25.00%
831-Interest - long term debt	396,045	687,927	318,496	621,195	598,494	(22,701)	-3.65%
921-Bad debt expense	(3,301)	2,696	-	4,500	3,800	(700)	-15.56%
922-Tax cancellation/write-off	32,222	1,402,310	3,686	50,000	333,941	283,941	567.88%
992-Cost of land sold	25,486	19,557	-	-	-	-	-
993-NBV value of disposed TCA	7,000	771,676	-	315,993	-	(315,993)	-100.00%
994-Change in inventory	250,883	(779,765)	-	1,197,655	580,324	(617,331)	-51.54%
995-Depreciation of TCA	7,213,241	8,252,150	-	8,938,929	9,169,166	230,237	2.58%
TOTAL	28,943,205	34,442,622	16,697,050	38,444,229	36,012,838	(2,431,391)	
Non-TCA projects	592,124	379,279	633,465	2,094,122	-	(2,094,122)	-100.00%
TOTAL EXPENSES	29,535,330	34,821,901	17,330,516	40,538,351	36,012,838	(4,525,513)	
EXCESS (DEFICIENCY)	2,054,769	804,155	20,754,908	(5,079,503)	350,220	5,429,723	
OTHER							
840-Provincial transfers for capital	4,954,981	8,481,362	4,646,637	14,231,923	-	(14,231,923)	-100.00%
575-Contributed TCA	150,000	1,401,131	-	298,800	-	(298,800)	-
597-Other capital revenue	57,455	-	16,948	330,000	-	(330,000)	-100.00%
630-Proceeds of sold TCA asset	1,523	553,000	528,646	525,403	-	(525,403)	-100.00%
	5,163,959	10,435,493	5,192,231	15,386,126	-	(15,386,126)	
EXCESS (DEFICIENCY) - PS MODEL	7,218,728	11,239,648	25,947,141	10,306,623	350,220	(9,956,403)	
CONVERT TO LG INCOME STATEMENT							
Remove non-cash transactions							
993-NBV value of disposed TCA	7,000	771,676	-	315,993	-	(315,993)	-100.00%
994-Change in inventory	250,883	(779,765)	-	1,197,655	580,324	(617,331)	-51.54%
995-Amortization of TCA	7,213,241	8,252,150	-	8,938,929	9,169,166	230,237	2.58%
Remove TCA revenues							
Total of OTHER per above	(5,163,959)	(10,435,493)	(5,192,231)	(15,386,126)	-	15,386,126	
Add LTD principle paid							
832-Principle Payments	1,826,572	2,090,929	826,786	1,669,369	1,659,239	(10,130)	-0.61%
LG model TF to/from reserves							
920-Contribution from Capital Reserve	(353,085)	(3,832)	-	-	-	-	-
930-Contribution from Operating Reserve	-	(1,605,110)	-	(2,173,676)	-	2,173,676	
940-Contribution from Capital Reserve	-	(7,764)	-	(509,645)	-	509,645	
762-Contribution to Capital	3,583,050	2,112,492	-	4,152,026	-	(4,152,026)	
763-Contribution to Capital Reserves	2,889,832	3,678,692	-	1,735,000	1,735,000	-	0.00%
764-Contribution to Operating Reserves	1,579,524	2,732,808	-	500,000	100,000	(400,000)	-80.00%
EXCESS (DEFICIENCY) - LG MODEL	0	50,001	19,928,122	-	6,605,471	6,605,471	

MACKENZIE COUNTY
STATEMENT OF OPERATIONS - 2016 BUDGET (including depreciation of capital assets)

	2013 Actual	2014 Actual	2015 Actual	2015 Budget	2016 Budget	\$ Variance	% Variance
OPERATIONAL REVENUES							
Property taxes	31,120,528	33,960,244	35,224,279	35,424,395	28,472,193	(6,952,202)	-19.63%
School requisitions	6,222,152	6,306,111	3,156,022	6,535,310		(6,535,310)	-100.00%
Lodge requisitions	392,262	490,719	788,108	783,885		(783,885)	-100.00%
Net property taxes	24,506,114	27,163,414	31,280,149	28,105,200	28,472,193	366,993	
User fees and sales of goods	3,232,396	4,317,992	3,411,569	4,558,590	4,594,216	35,626	0.78%
Government transfers	1,821,615	1,867,856	1,561,707	1,336,002	1,350,194	14,192	1.06%
Investment income (operating)	377,428	422,686	386,046	350,000	360,000	10,000	2.86%
Penalties and costs on taxes	240,452	444,838	657,378	250,000	700,000	450,000	180.00%
Licenses, permits and fines	404,159	527,160	445,288	383,800	448,000	64,200	16.73%
Rentals	107,152	124,928	113,649	77,831	80,455	2,624	3.37%
Insurance proceeds	16,236	25,603	-	-	-	-	
Development levies	156,593	112,359	4,855	-	-	-	
Municipal reserve revenue	110,066	60,132	63,824	50,000	50,000	-	0.00%
Sale of non-TCA equipment	-	76,982	49	-	-	-	
Other	617,888	482,106	160,910	347,425	308,000	(39,425)	-11.35%
Total operating revenues	31,590,099	35,626,056	38,085,424	35,458,848	36,363,058	904,210	
OPERATIONAL EXPENSES							
Legislative	617,724	616,185	354,280	781,734	796,640	14,906	1.91%
Administration	3,325,795	4,502,402	2,225,264	4,059,751	4,371,578	311,827	7.68%
Grants to other governments	1,786,210	1,711,647	1,683,969	2,317,400	1,805,000	(512,400)	-22.11%
Protective services	1,264,879	1,608,343	736,052	1,808,679	1,849,369	40,690	2.25%
Transportation	12,941,082	16,084,363	6,368,567	18,918,919	16,827,309	(2,091,610)	-11.06%
Water, sewer, solid waste disposal	4,557,490	4,846,137	1,799,484	4,888,386	4,940,158	51,772	1.06%
Public health and welfare (FCSS)	611,618	693,797	596,974	699,841	698,341	(1,500)	-0.21%
Planning, development	943,560	1,054,417	680,551	1,116,749	1,175,435	58,686	5.26%
Agriculture and Veterinary	1,132,801	1,315,747	998,131	1,652,736	1,339,816	(312,920)	-18.93%
Recreation and culture	1,762,047	2,009,584	1,253,779	2,200,034	2,209,192	9,158	0.42%
Non-TCA projects	592,124	379,279	633,465	2,094,122	-	(2,094,122)	-100.00%
Total operating expenses	29,535,330	34,821,901	17,330,516	40,538,351	36,012,838	(4,525,513)	
Excess (deficiency) before other	2,054,769	804,155	20,754,908	(5,079,503)	350,220	5,429,723	
CAPITAL REVENUES							
Government transfers for capital	4,954,981	8,481,362	4,646,637	14,231,923	-	(14,231,923)	-100.00%
Other revenue for capital	207,455	1,401,131	16,950	628,800	-	(628,800)	-100.00%
Proceeds from sale of TCA assets	1,523	553,000	528,646	525,403	-	(525,403)	-100.00%
	5,163,959	10,435,493	5,192,233	15,386,126	-	(15,386,126)	
EXCESS (DEFICIENCY) - PSAB Model	7,218,728	11,239,648	25,947,141	10,306,623	350,220	(9,956,403)	
Convert to local government model							
Remove non-cash transactions	7,471,124	8,244,062	-	10,452,577	9,749,490	(703,087)	-6.73%
Remove revenue for capital projects	(5,163,959)	(10,435,493)	(5,192,233)	(15,386,126)	-	15,386,126	-100.00%
Long term debt principal	1,826,572	2,090,929	826,786	1,669,369	1,659,239	(10,130)	-0.61%
Transfers to/from reserves or for capital	7,699,321	6,907,287	-	3,703,705	1,835,000	(1,868,705)	-50.46%
EXCESS (DEFICIENCY) - LG Model	-	50,001	19,928,122	-	6,605,471	6,605,471	

Cash Flow Requirement

Cash Flow Requirement:

The Cash Flow Requirement schedule summarizes all of the County's cash requirements for the 2016 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
2016 BUDGET - Cash Requirement

	2015 Budget	% change	2016 Budget	
Operating Cash Requirements:				
Operating Cost (excluding non-cash items and capital debt interest expense)	27,328,457	-6%	25,664,854	Schedule A-2
Non-TCA - Operating Costs (Non-TCA Projects List)	2,094,123	-100%	-	
Non-TCA revenue - Fees				
Less: Other Operating Revenue (excluding municipal tax levy)	(7,624,119)	6%	(8,062,362)	Schedule A-1
Anticipated draw from prior year accumulated surplus - restricted (for Non-TCA projects)	(1,031,910)	-100%	(1)	
Anticipated draw from prior year accumulated surplus - restricted (for operating purposes)	(53,000)		(1)	
Tax levy for operations	20,713,551		17,602,492	
Capital Cash Requirements:				
Capital costs	30,064,272	-100%		
Capital debt interest	621,194	-4%	598,495	Schedule E
Capital debt principal	1,669,369	-1%	1,659,239	Schedule E
Less:				
Capital revenue - grants	(14,231,923)	-100%		Schedule B
Other capital revenue (community, developers' contributions; contributed assets)	(628,800)	-100%		
Proceeds on disposal of assets	(525,403)	-100%		Schedule D
Proceeds from new debentures	(4,586,412)	-100%		Schedule E
Contribution (from)/to prior year accumulated surplus	(7,496,119)	-100%	(2)	
Tax levy for capital	4,886,178	-54%	2,257,734	
Minimum Tax Levy	25,599,729	-22%	19,860,226	
Municipal Tax Revenue	(27,834,729)		(28,300,696)	
Deficit/(Surplus)	(2,235,000)		(8,440,470)	
Future Financial Plans:				
Contributions to Reserves as per Policies	2,235,000		1,835,000	Schedule C
Tax levy for future financial plans	2,235,000	-18%	1,835,000	(3)
Total Tax Levy	27,834,729	-22%	21,695,226	Note 1
Net budgeted cash draw on accumulated surplus accounts	(6,346,029)	-129%	1,835,000	(1) + (2) + (3)
OTHER:				
Restricted surplus (reserves), beginning of year	22,066,910		15,720,881	
Restricted surplus (reserves), ending of year	15,720,881		17,555,881	
Total budgeted operating and capital costs (excluding non-cash items)	61,777,415		27,922,588	

Note 1: 2016 projected municipal tax revenue is \$28,300,696. This calculation is based on 2015 Tax Rate Bylaw.

Legislative and Administration	Protective Services	Transportation and Airport	Utilities	Planning & Development	Agricultural & Veterinary	Recreation & Cultural	2016
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	33,000	125,000	105,000	4,140,651	118,000	2,835	69,730	4,594,216
Interest Revenue	360,000	-	-	-	-	-	-	360,000
Provincial Grants - operating	100,000	200,000	608,694	-	-	183,359	258,141	1,350,194
Other Revenue including frontage	824,234	57,427	298,439	79,394	458,000	40,458	-	1,757,952
TOTAL REVENUE	1,317,234	382,427	1,012,133	4,220,045	576,000	226,652	327,871	8,062,362

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

Wages & Salaries, Benefits, WCB, Recruiting, Honorariums	2,749,523	442,882	3,312,528	1,110,590	739,732	259,818	392,393	9,007,466
Contracted and General Services	1,427,993	956,539	2,588,313	1,192,203	415,600	717,348	257,078	7,555,074
Materials & Supplies, Fuel & Oil, Chemicals & Salt	126,850	245,019	3,928,437	376,965	17,000	79,650	60,050	4,833,971
Utilities (Gas, Power)	108,206	24,603	304,030	356,075	-	-	-	792,914
Grants to local governments	1,800,000	5,000	-	-	-	-	-	1,805,000
Grants to other organizations	-	-	-	-	-	133,000	1,753,012	1,886,012
Capital debt interest	49,168	-	399,001	150,325	-	-	-	598,494
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
Amortization	350,237	173,826	6,295,000	1,752,000	3,103	150,000	445,000	9,169,166
Other	361,241	1,500	-	2,000	-	-	-	364,741
TOTAL OPERATING EXPENSES	6,973,218	1,849,369	16,827,309	4,940,158	1,175,435	1,339,816	2,907,533	36,012,838
Non-TCA projects	-	-	-	-	-	-	-	-
TOTAL EXPENSES	6,973,218	1,849,369	16,827,309	4,940,158	1,175,435	1,339,816	2,907,533	36,012,838

Less:

Non-cash items included in the above:

Estimated gravel inventory change at Year End 2014	-	-	580,324	-	-	-	-	580,324
Net Book Value of disposed TCA	-	-	-	-	-	-	-	-
Amortization	350,237	173,826	6,295,000	1,752,000	3,103	150,000	445,000	9,169,166
Capital debt interest	49,168	-	399,001	150,325	-	-	-	598,494
Total operational expenses excluding non-cash items and capital debt interest	6,573,813	1,675,543	9,552,984	3,037,833	1,172,332	1,189,816	2,462,533	25,664,854

Contributions to Reserves as per established Policies

Reserves	Minimal contribution	Comments
Emergency - Fire Department	\$150,000	
Emergency - Fort Vermillion Fire Department	\$225,000	was \$675,000; placing \$225,000 into a reserve build up over three years
Emergency - La Crete Tompkins	\$125,000	Leave \$125,000 for placing into a reserve and accumulate funds over three years.
Roads	\$500,000	
Vehicle & Equipment	\$485,000	
Drainage	\$250,000	
Parks & Playgrounds	\$100,000	
Total	\$1,835,000	

Long Term Debt

1. Schedule of ending balances for long term debt as of December 31, 2016

Debtentures -		2016	2015
		\$	\$
From Alberta Capital Finance Authority:			
12	4.453% due 2016 (for La Crete Gravity Sewer Line)	-	44,751
13	4.311% due 2017 (for La Crete 98th Ave, Curb, Gutter, Sidewalk)	8,958	26,312
14	4.501% due for 2027 (for Zama Tower Road Sewer)	117,315	125,888
15	4.311% due for 2017 (for FV 46th Str Sewer Line Extension)	4,623	13,577
16	4.012% due for 2018 (for Zama Water Treatment Plant)	370,217	544,584
17	4.012% due for 2018 (for Zama Wastewater System)	181,532	267,031
19	3.718% due for 2019 (for Zama Water Treatment Plant)	236,193	324,745
20	3.718% due for 2019 (for Zama Wastewater System)	69,781	95,943
21	3.334% due for 2019 (for La Crete Office Building)	370,752	486,363
22	3.334% due for 2019 (for Zama Multi-Use Cultural Building)	503,284	660,221
23	3.334% due for 2019 (for Zama Water Treatment Plant))	255,623	335,333
25	3.377% due on Dec 15,2020 (Fort Vermilion Corporate Office Expansion)	330,407	406,322
27	4.124% due on Dec 15, 2030 (La Crete Sewer Lift Station)	170,190	179,021
26	3.5635% due on Mar 15, 2021 (Ruaral Water Line)	1,076,683	1,293,582
28	2.942% due on Dec 17, 2031 (Highway #88 connector)	1,687,623	1,769,171
29	3.623% due on Dec 15, 2033 (Highway #88 connector)	9,274,109	9,662,959
30	2.526% due on Dec 15, 2030 (High Level Rural Water Line)	1,371,297	1,452,024
		16,028,587	17,687,827

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

	Principal	Interest	Total
	\$	\$	\$
To be paid in 2016	1,659,239	598,495	2,257,734
To be paid in 2017	1,658,300	539,309	2,197,609
To be paid in 2018	1,703,291	480,444	2,183,735
To be paid in 2019	1,406,568	422,671	1,829,239
To be paid in 2020	987,064	378,632	1,365,696
To be paid in 2021 to maturity	10,273,364	2,436,179	12,709,544
	17,687,827	4,855,731	22,543,557

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:

	2015 projected	2014
	\$	\$
Total debt limit, on December 31	53,188,272	53,439,083
Total debt (principal on loans and loan guarantees), on December 31	-17,687,827	-17,905,171
Amount by which debt limit exceeds debt	35,500,445	35,533,912
Limit on debt service, in fiscal year	8,864,712	8,906,514
Service on debt in fiscal year (are interest & principal payments)	-2,290,564	-2,290,564
Amount by which debt servicing limit exceeds debt servicing	6,574,148	6,615,950

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

4. New Debt

	2016
Debentures -	\$
From Alberta Capital Finance Authority:	
31 Zama Access due on Sep 15, 2031	3,000,000
Total new debt	3,000,000

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?

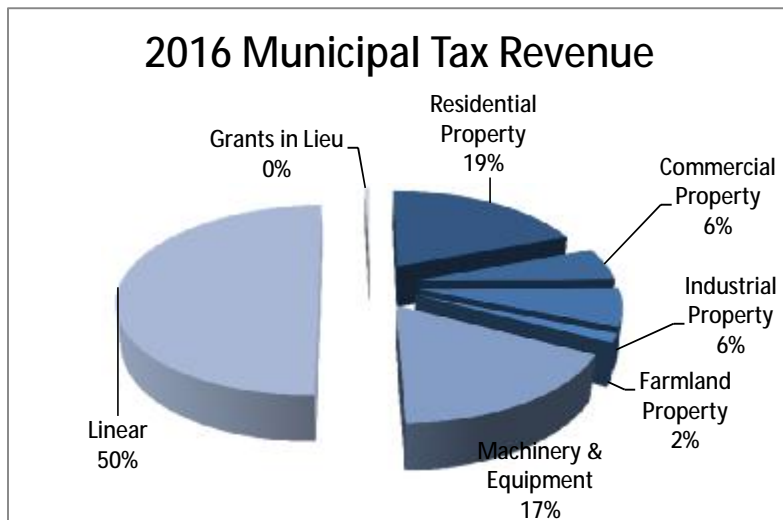
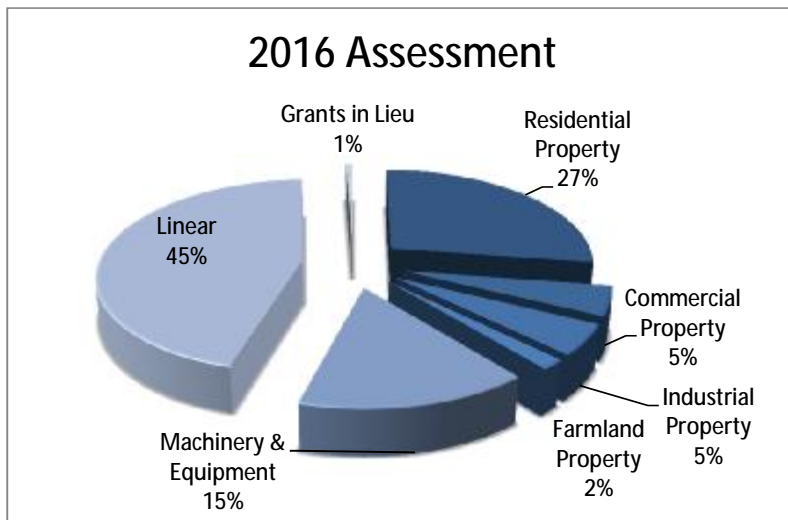
The County’s cash requirement decision worksheet identifies revenue requirements for operating, capital, and restricted surplus contributions.

	2015 assessment	% change estimated	2016 estimated assessment	2016 projected revenue
Residential Property	661,391,170	8.95%	720,579,171	5,442,412
Commercial Property	127,738,210	1.11%	129,162,184	1,567,182
Industrial Property	130,728,160	1.45%	132,620,577	1,824,994
Farmland Property	44,367,980	-0.01%	44,361,511	413,453
Machinery & Equipment	415,631,390	-2.60%	404,824,974	4,822,768
Linear	1,171,219,970	1.27%	1,186,091,419	14,121,053
Grants in Lieu	14,933,130	2.33%	15,281,688	108,833
Total Taxable Assessment	\$2,566,010,010	2.61%	\$2,632,921,524	\$28,300,696 (1)
Tax exempt assessment	168,933,860	0.00%	168,933,860	0
Total Assessment	\$2,734,943,870	2.45%	\$2,801,855,384	\$28,300,696 (2)

Notes:

(1) Please note that 2015 tax bylaw rates were used in the calculation of the projected 2016 tax revenues.

(2) Municipal tax revenue has increased from \$27,731,137 (2015 actual) to 28,300,696 (2016 budget) due to an increase in estimated assessment by 2.45%.



Review of Water & Sewer Rates

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

	2016	2015
Metered, m ³	397,510	379,142
Cardlock, m ³	225,400	221,473
Raw, m ³	12,650	16,051
Tall Cree (treated water), m ³	9,500	9,445
Total	645,060	626,111

The following cost were used for calculations and are based on the 2016 budget:

Water

Cost	Distribution costs	Treatment cost	Total 2016 budget	Total 2015 budget
Fixed	\$511,464	\$427,968	\$939,432	\$919,453
Variable	\$232,571	\$576,867	\$809,438	\$888,985
Long term debt (interest + principal)	\$0	\$420,729	\$420,729	\$496,173
Total	\$744,035	\$1,425,564	\$2,169,599	\$2,304,611

Wastewater

Cost	Collection costs	Treatment cost	Total 2016 budget	Total 2015 budget
Fixed	\$270,025	\$195,021	\$465,046	\$446,044
Variable	\$99,282	\$64,932	\$164,213	\$138,026
Long term debt (interest + principal)	\$85,962	\$124,851	\$210,813	\$292,158
Total	\$455,268	\$384,804	\$840,072	\$876,228

The number of meters that are currently installed:

Location	2016	2015
La Crete	1,367	1,312
Fort Vermilion	355	353
Zama	104	106
Total	1,826	1,771

Current rates	Water		Sewer	
	Cost per connection	Rate per m3	Cost per connection	Rate per m3
Rates for Metered Users	\$37.04	\$3.18	\$31.52	\$0.73

**Mackenzie County
Water Rate Review**

2016 Budget

Rates for Cardlock Users (treated water)		\$3.18		\$0.73
Rates for Cardlock Users (raw water)		\$2.31		

	WATER	SEWER	TOTAL
Projected revenue at current rate	\$2,860,351	\$1,159,512	\$4,019,863
- Connection cost	\$811,398	\$690,477	\$1,501,875
- Meter treated water	\$1,264,082	\$290,182	\$1,554,264
- Cardlock treated water	\$716,772	\$164,542	\$881,314
- Cardlock raw water	\$29,222	\$0	\$29,222
- Tall Cree	\$38,877	\$14,311	\$53,188
2016 Budget expenses	\$2,169,599	\$840,072	\$3,009,671
Over/(under) recovery	\$690,752	\$319,440	\$1,010,192

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	\$33.96	\$2.20	\$20.78	\$0.59
Rates for Cardlock Users (treated water)		\$2.20		\$0.59
Rates for Cardlock Users (raw water)		\$1.53		

MGA Amendments

In April 2015 the Provincial Government approved Bill 20 which includes a number of changes to the Municipal Government Act. One of the changes that will impact Mackenzie County the most significantly will be the requirement to develop a 3 year plan for operations and 5 year plan for capital requirements. This change should be in place by the end of 2016.



Emerging Issues Task Force

Issue Number: 15-04

Date Posted: July 6, 2015

Issue Short Heading: Bill 20 – Municipal Government Act Amendments

Issue Category:

- Membership issue
- Government (Provincial)
- Government (Federal)
- PSAB
- Other

Issue Description:

Bill 20 approved in April of 2015 by the Provincial Government includes a number of changes to Municipal Government Act. Bill 20 is the first two planned amendments to the Municipal Government with the second due near the end of 2015. The focus of this document is to review those changes with finance and accounting implications. More details are expected as supporting regulations are approved.

Issue commentary/research:

A number of changes have been approved to the Municipal Government Act that will have a direct impact on municipal finance departments.

Financial Shortfall – Section 244 (Amended)

This section replaces the 3-year cumulative deficiency (now called a shortfall) with the requirement that the municipality must include funding in a budget to make up for a shortfall in accumulated surplus (excluding surplus in tangible capital assets). This means that municipalities can incur deficits and not have to fund them unless it results in the organization of a negative accumulated surplus.

Annual Budget – Section 248.1 (New)

This section clarifies that Council may approve an operating and capital budget consistent with this it financial statements. The most obvious item this covers is the inclusion of amortization in the budget process.

Financial Records and Receipts – Section 268.1 (New)

Section 268.1 puts in place the requirement for accurate records for financial information and financial reporting in its own section. Currently these requirements are included as the duties under section 208, which outlines the performance duties of the chief administrative officer.

Municipal Accounts – Section 270 (Amended)

A new subsection has been added to clarify that municipal funds must be deposited with one of a specific list of financial institutions.

Financial Plans & Capital Plans – Section 283.1

Section 283.1 will have the most obvious impact on municipal staff. The section will require municipalities to develop a written plan for the next 3 years for operations and 5 years for the capital requirements for the community. The specifics of this requirement will likely appear in future regulations and will establish a minimum requirement. Municipal staff will have to review with their respective Council on the level of detail and forecasting required by Council. It is intended to be in place by the end of 2016.

References:

<http://mgareview.alberta.ca/> (MGA Review website)

http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_28/session_3/20141117_bill-020.pdf (Bill 20 draft)

**Authored and prepared by Michael Minchin
Emerging Issues Task Force**