

Financial statements of

Town of Olds

December 31, 2012

Town of Olds

December 31, 2012

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Town of Olds

Management's Report

The financial statements of the Town of Olds (the "Town") as at and for the year ended December 31, 2012 are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (Canadian public sector accounting standards). Financial statements are not precise as they include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that assets are properly accounted for and safeguarded and that the financial statements faithfully report the Town's operating and financial results.

Town Council has approved these financial statements.

Deloitte LLP, Chartered Accountants, have been appointed by Town Council to audit the financial statements and provide an independent professional opinion.

Norm McInnis
Chief Administrative Officer
April 8, 2013

Independent Auditor's Report

To the Mayor and Councillors of the Town of Olds

We have audited the accompanying financial statements of the Town of Olds, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements.

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 the Town of Olds as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
April 8, 2013

Town of Olds

Statement of operations

year ended December 31, 2012

	2012 budget (Unaudited)	2012	2011
	\$	\$	\$
Revenue			
Net municipal property taxes (Schedule 3)	7,216,284	7,203,781	6,764,883
Sales to other governments	229,500	172,646	228,927
Sales and user fees	6,211,413	6,476,064	6,299,127
Government transfers for operations (Schedule 4)	1,121,689	1,147,295	1,133,061
Investment income	139,000	208,859	170,590
Penalties, costs and fines	178,500	215,896	184,919
Licences and permits	338,000	420,587	347,862
Franchise fees	822,796	807,398	768,851
Developers' contributions	-	-	147,630
Rentals and other	153,893	167,091	249,348
	16,411,075	16,819,617	16,295,198
Expenses (Schedule 5)			
Amortization of tangible capital assets	265,858	2,507,567	2,350,595
General government	1,785,212	1,679,510	1,566,031
Planning and development	1,103,017	968,331	816,936
Protective services	1,870,666	1,828,018	1,638,858
Public health and welfare	597,338	519,423	472,119
Recreation, parks and culture	3,461,540	3,390,842	3,112,457
Roads, streets and other transportation services	1,331,262	1,325,512	1,326,598
Water and wastewater	3,440,755	3,640,899	3,444,968
Waste management	856,080	873,973	689,403
Other	15,000	19,816	17,957
	14,726,728	16,753,891	15,435,922
Excess of revenue over expenses before other items	1,684,347	65,726	859,276
Other items			
Contributed tangible capital assets	-	85,964	-
Gain on sale of tangible capital assets	45,000	47,100	2,918
Government transfers for capital (Schedule 4)	2,710,286	1,943,113	2,208,797
	2,755,286	2,076,177	2,211,715
Excess of revenue over expenses	4,439,633	2,141,903	3,070,991
Accumulated surplus, beginning of year	60,107,501	60,107,501	57,036,510
Accumulated surplus, end of year	64,547,134	62,249,404	60,107,501


Town of Olds

Statement of financial position

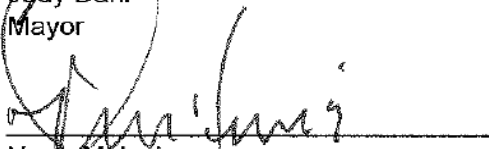
as at December 31, 2012

	2012	2011
	\$	\$
Financial assets		
Cash and cash equivalents (Note 3)	5,523,350	6,528,411
Accounts receivable		
Taxes and grants in place of taxes recoverable (Note 4)	395,236	395,445
Trade and other receivables (Note 5)	1,041,414	1,204,795
Receivable from OICRD (Note 6)	5,661,446	-
Portfolio investments (Note 7)	5,180,980	4,551,480
	17,802,426	12,680,131
Liabilities		
Accounts payable and accrued liabilities (Note 8)	2,208,554	1,947,592
Employee future benefits (Note 16)	161,977	248,911
Deposits and other liabilities	24,255	36,120
Deferred revenue (Note 9)	875,166	493,736
Long-term debt (Note 10)	13,352,980	7,495,371
	16,622,932	10,221,730
Net financial assets	1,179,494	2,458,401
Non-financial assets		
Tangible capital assets (Note 12)	60,980,230	57,640,926
Prepaid expenses	89,680	8,174
	61,069,910	57,649,100
Accumulated surplus (Note 13)	62,249,404	60,107,501
Contingencies (Note 17)		
Commitments (Note 18)		

On behalf of the Council:



Judy Dahl
Mayor



Norm McInnis
Chief Administrative Officer

Town of Olds

Statement of changes in net financial assets year ended December 31, 2012

	2012	2011
	\$	\$
Excess of revenue over expenses	2,141,903	3,070,991
Acquisition of tangible capital assets	(5,842,134)	(4,330,054)
Contributed tangible capital assets	(85,964)	-
Amortization of tangible capital assets	2,507,567	2,350,595
Gain on sale of tangible capital assets	(47,100)	(2,918)
Proceeds on disposal of tangible capital assets	128,327	2,918
	(1,197,401)	1,091,532
Change in prepaid expenses	(81,506)	49,986
(Decrease) increase in net financial assets	(1,278,907)	1,141,518
Net financial assets, beginning of year	2,458,401	1,316,883
Net financial assets, end of year	1,179,494	2,458,401

Town of Olds

Statement of cash flows

year ended December 31, 2012

	2012	2011
	\$	\$
Operating activities		
Excess of revenue over expenses	2,141,903	3,070,991
Items not affecting cash		
Amortization of tangible capital assets	2,507,567	2,350,595
Gain on sale of tangible capital assets	(47,100)	(2,918)
	4,602,370	5,418,668
Changes in non-cash items		
Accounts receivable		
Taxes and grants in place of property taxes recoverable	209	(121,877)
Trade and other receivables	163,381	1,026,950
Receivable from OICRD	(5,661,446)	-
Accounts payable and accrued liabilities	260,962	(200,238)
Employee future benefits	(86,934)	(11,860)
Deposits and other liabilities	(11,865)	(14,381)
Deferred revenue	381,430	106,369
Prepaid expenses	(81,506)	49,986
	(433,399)	6,253,617
Capital		
Acquisition of tangible capital assets (Note 12)	(5,928,098)	(4,330,054)
Proceeds on disposal of tangible capital assets	128,327	2,918
	(5,799,771)	(4,327,136)
Financing activities		
Issuance of debentures	6,700,000	2,500,000
Repayment of long-term debt	(842,391)	(604,791)
	5,857,609	1,895,209
Investing activity		
Purchase of portfolio investments	(629,500)	(605)
Net (decrease) increase in cash and cash equivalents	(1,005,061)	3,821,085
Cash and cash equivalents, beginning of year	6,528,411	2,707,326
Cash and cash equivalents, end of year	5,523,350	6,528,411
Represented by		
Cash	2,482,710	3,017,766
Short-term investments	3,040,640	3,510,645
	5,523,350	6,528,411

Town of Olds

Notes to the financial statements

December 31, 2012

1. Significant accounting policies and recent accounting pronouncements

1.1. Significant accounting policies

The financial statements of the Town of Olds (the "Town") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants ("Canadian public sector accounting standards"). Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Revenues and expenses

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon, restricted by agreement or legislation, are recorded as deferred revenue until used for the purpose specified.

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act ("MGA"). Tax mill rates are established annually. Taxation revenues are recorded at the time the tax billings are issued. Assessments are subject to appeal. Losses on assessment appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services were acquired and a liability was incurred or transfers are due.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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. Areas containing the greatest degree of estimation include useful lives and any potential impairment of tangible capital assets and the collectability of receivables.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in the bank, and short-term investments with maturities of 90 days or less.

(d) Portfolio investments

Portfolio investments are recorded at cost and represent deposits with maturities greater than three months. When there is a loss in value that is other than a temporary decline, the respective investment is impaired to recognize the loss.

(e) Taxes and grants in place of taxes recoverable

Taxes and grants in place of taxes recoverable consist of current and non-current property tax levies which remain outstanding at December 31.

(f) Reserves for future expenditures

Reserves for future expenditures are amounts set aside at Council's discretion to finance future operating and capital expenditures. Details of capital and operating reserves are disclosed in Note 13.

Town of Olds

Notes to the financial statements

December 31, 2012

1. Significant accounting policies and recent accounting pronouncements (continued):

1.1. Significant accounting policies (continued)

(g) Over-levies and under-levies

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 property tax revenue is increased.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) 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 revenue over expenses, provide the change in net financial assets for the year.

i) Tangible capital assets

Tangible capital assets are reported 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:

Land improvements	15 to 25 years
Buildings	25 to 50 years
Engineered structures	15 to 75 years
Machinery and equipment	5 to 40 years
Vehicles	10 years

Assets under construction are not amortized until put into use.

ii) Cultural and historical assets

The Town owns multiple works of art with historical significance, which are on permanent display at various buildings throughout the town. These are not recorded as tangible capital assets in the financial statements and are not amortized.

(i) Government transfers

Government transfers are the transfers 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 return.

1.2 Recent accounting pronouncements

(a) Financial instruments

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2015. The application of this section for governments will be reviewed by December 31, 2013. The standard applies to all types of financial instruments (primary and derivatives). The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of remeasurement gains or losses. The standard gives the option of cost or amortized cost versus fair value for remaining instruments, which is elected upon by the government organization. When this standard comes into effect, the Town will comply with the standard as required at that time.

Town of Olds

Notes to the financial statements

December 31, 2012

1. Significant accounting policies and recent accounting pronouncements (continued)

1.2 Recent accounting pronouncements (continued)

(b) Government transfers

PSAB released a standard related to Government Transfers (PS 3410). The standard applies (retroactively or prospectively) to all local governments for fiscal years beginning on or after April 1, 2012. The standard discusses what the criteria are for a government transfer, recognition of the transferring and recipient government, eligibility criteria or stipulations within the transfer, and presentation and disclosure information related to the government transfer. The Town is in the process of assessing the financial statement impact of the new standard and will comply with this standard for the fiscal year 2013 as required.

(c) Tax revenues

PSAB released a standard related to Tax Revenue (PS 3510). The standard applies to all local governments for fiscal years beginning on or after April 1, 2012. The section discusses various types of tax, the timing of recognition, measurement and presentation and disclosure requirements. The Town is in the process of assessing the impact of the new standard on the financial statements and will comply with this standard for the fiscal year 2013 as required.

(d) Contaminated sites

PSAB released a standard related to Contaminated Sites (PS 3260). The standard applies to all local governments for fiscal years beginning on or after April 1, 2014. The section defines the activities included with regards to remediation, establishes when to recognize and how to measure the liability, as well as discusses the presentation and disclosure requirements. The Town has processes in place for assessing land for contamination on a periodic basis and estimating the costs of reclamation.

2. Bank indebtedness

The Town has established a line of credit with a Canadian chartered bank to a maximum of \$500,000, which bears interest at prime less 0.25% per annum. As at December 31, 2012, \$Nil (2011 - \$Nil) was drawn on this line of credit.

3. Cash and cash equivalents

	2012	2011
	\$	\$
Cash	2,482,710	3,017,766
Temporary investments	3,040,640	3,510,645
	5,523,350	6,528,411

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

4. Taxes and grants in place of taxes recoverable

	2012	2011
	\$	\$
Under-levies	6,442	3,347
Current taxes and grants in place of taxes recoverable	388,794	375,998
Taxes in arrears	-	16,100
	395,236	395,445

Town of Olds

Notes to the financial statements

December 31, 2012

5. Trade and other receivables

	2012	2011
	\$	\$
Utility accounts receivable	619,248	631,645
Goods and Services Tax recoverable and rebates	189,982	255,824
Trade and other receivables	232,184	317,326
	1,041,414	1,204,795

6. Receivable from OICRD

This receivable is the loan given to the Olds Institute for Community and Regional Development ("OICRD") for the installation of fibre optics within the Town boundaries in order to provide high speed Internet service to the residents and business of the Town. Principal and interest are payable to the Town in instalments that match the payments on the debenture which the Town has taken from Alberta Capital Finance in order to fund the project. The term of the receivable matches the term of the debenture which matures December 15, 2022.

7. Portfolio investments

	2012		2011	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Guaranteed Investment Certificates	8,221,620	8,221,620	8,062,125	8,062,125
Less: short-term investments	3,040,640	3,040,640	3,510,645	3,510,645
	5,180,980	5,180,980	4,551,480	4,551,480

Portfolio investments bear interest at rates ranging from 1.7% to 2.85% (2011 - 2.25% to 2.85%) per annum, before provincial subsidy, and mature in periods from 2013 through 2016 (2011 - 2012 to 2014).

8. Accounts payable and accrued liabilities

	2012	2011
	\$	\$
Accounts payable	1,008,917	1,281,154
Interest payable	172,117	143,818
Development bonds	543,025	497,900
Utility excavation bonds	8,000	4,000
Holdbacks	476,495	20,620
Other	-	100
	2,208,554	1,947,592

Town of Olds

Notes to the financial statements

December 31, 2012

9. Deferred revenue

	2012	2011
	\$	\$
Municipal sustainability initiative - capital	784,445	333,866
Municipal sustainability initiative - operations	-	61,117
Basic municipal tax grant - capital	-	46,410
Other	90,721	52,343
	875,166	493,736

10. Long-term debt

	2012	2011
	\$	\$
Debentures supported by general tax levies (i)	5,304,697	4,944,219
Debentures supported by utility rates (i)	2,341,346	2,476,414
Debentures supported by loan repayment agreement	5,651,731	-
Long-term borrowing (ii)	55,206	74,738
	13,352,980	7,495,371

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	912,332	487,711	1,400,043
2014	943,851	456,200	1,400,051
2015	969,440	423,399	1,392,839
2016	988,725	389,702	1,378,427
2017	1,023,683	354,744	1,378,427
Subsequent years	8,514,949	2,209,331	10,724,280
	13,352,980	4,321,087	17,674,067

- i) Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.306% to 6.25% (2011 - 2.31% to 6.25%) per annum, before provincial subsidy, and matures in periods 2013 through 2041. For qualifying debentures, the province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town at large.
- ii) In September 2010, the Town obtained a \$100,000 unsecured credit facility with a Canadian financial institution to finance the acquisition of certain tangible capital assets. The credit facility bears interest at 3.15% (2011 - 3.15%) per annum and has a term of five years.
- The loan is repayable in blended equal monthly payments of \$1,801. At December 31, 2012, \$55,206 was outstanding on this facility (2011 - \$74,738).
- iii) Interest expense on long-term debt, including accrued interest, amounted to \$353,037 (2011 - \$293,659). Total cash payments for interest were \$ 353,037 (2011 - \$300,954).

Town of Olds

Notes to the financial statements

December 31, 2012

11. Debt limits

Section 276(2) of the MGA requires that debt and debt servicing limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	2012	2011
	\$	\$
Total debt limit	25,300,076	24,447,174
Total debt	(13,352,980)	(7,495,371)
Amount of debt limit unused	11,947,096	16,951,803
Debt servicing limit	4,216,679	4,074,529
Debt servicing	(1,400,043)	(1,001,030)
Amount of debt servicing limit unused	2,816,636	3,073,499

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

Town of Olds

Notes to the financial statements

December 31, 2012

12. Tangible capital assets

								2012	2011
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of year	3,470,910	1,137,801	18,046,055	71,800,327	3,378,115	3,430,174	237,000	101,500,382	97,270,328
Additions	21,400	100,754	587,260	1,857,225	205,068	66,020	3,090,371	5,928,098	4,330,054
Disposals	-	(30,310)	-	(57,813)	(131,650)	(26,412)	-	(246,185)	(100,000)
End of year	3,492,310	1,208,245	18,633,315	73,599,739	3,451,533	3,469,782	3,327,371	107,182,295	101,500,382
Accumulated amortization									
Beginning of year	-	214,609	6,472,427	35,158,783	907,863	1,105,774	-	43,859,456	41,608,861
Amortization	-	64,082	504,147	1,472,375	281,202	185,761	-	2,507,567	2,350,595
Disposals	-	(801)	-	(50,091)	(87,655)	(26,411)	-	(164,958)	(100,000)
End of year	-	277,890	6,976,574	36,581,067	1,101,410	1,265,124	-	46,202,065	43,859,456
Net carrying amount									
December 31, 2012	3,492,310	930,355	11,656,741	37,018,672	2,350,123	2,204,658	3,327,371	60,980,230	
December 31, 2011	3,470,910	923,192	11,573,628	36,641,544	2,470,252	2,324,400	237,000		57,640,926

Note: The assets under construction consist of the Fire Hall \$2,953,576 (2011- \$237,000) to be completed in 2013, the Community Sign Board \$57,608 to be completed in 2013, the Open Space Plan and Trails Master Plan \$59,422, and fencing for the cemetery \$19,766 to be completed in 2013.

Funding for the engineering structures was provided in part by the Federal Gas Tax Fund grant \$403,931 (2011 - \$403,931), the Basic Municipal Transportation grant \$481,290 (2011 - \$388,470) and the Municipal Sustainability Initiative grant \$570,893 (2011 - \$1,107,090).

Town of Olds

Notes to the financial statements

December 31, 2012

13. Accumulated surplus

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

	2012	2011
	\$	\$
Unrestricted surplus	8,845,645	4,078,714
Capital		
Aquatic centre	50,000	62,256
Aquatic steam room	-	66,750
Building reserve	431,312	-
Community projects	-	314,447
Environmental utility	-	751,689
Equipment replacement	233,152	48,877
Fire - building	-	46,020
Fire - small equipment	105,594	60,733
Fire equipment - capital	-	11,181
General capital reserves	703,054	368,689
Green reserve	-	64,200
Handi-bus	-	39,311
Infrastructure deficit	-	356,868
Lifecycle	-	47,000
Municipal recreation reserve	-	71,719
Municipal reserve	97,969	-
Offsite levies - storm sewer	111,093	111,093
Offsite levies - transportation	411,675	411,675
Offsite levies - wastewater	198,080	198,079
Offsite levies - water	319,503	319,503
Parks	150,629	142,251
Police	-	59,513
Police lifecycle	-	35,000
RCMP building	-	76,330
Recreation complex	-	3,405
Recycling depot	-	74,159
Reserve for offsite - parks	-	28,150
Restricted reserves for specific purposes	101,562	-
Road and other infrastructure	591,895	-
Signs	-	2,941
Skateboard park	-	-
Software replacement	27,338	27,338
Solid waste	-	24,633
Trails reserve	-	6,258
Transportation	-	668,680
Utility reserve	609,092	-
Waste disposal	-	83,279
	4,141,948	4,582,027

Town of Olds

Notes to the financial statements

December 31, 2012

13. Accumulated surplus (continued)

	2012	2011
	\$	\$
Operating		
CLC Field House	-	33,168
Disaster services training	-	2,726
General operating reserve	1,158,797	803,771
Handi-bus	-	26,613
NU2U	47,345	42,643
Olds Fashioned Christmas	16,476	16,476
Perpetual care	192,838	192,838
Planning and development	-	3,392
RCMP DARE reserve	5,190	-
Snow removal	70,712	32,948
Utilities	143,203	146,631
	1,634,561	1,301,206
Equity in tangible capital assets	47,627,250	50,145,555
	62,249,404	60,107,501

14. Salary and benefits disclosure

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

			2012	2011
	Salary	Benefits	Total	Total
	\$	\$	\$	\$
Mayor Dahl	40,216	5,045	45,261	43,433
Councillor Ball	19,436	1,171	20,607	19,923
Councillor Bearchell	17,728	4,219	21,947	21,321
Councillor Bennett	17,430	4,214	21,644	20,875
Councillor Bull	18,233	-	18,233	18,925
Councillor Harper	18,108	2,163	20,271	21,637
Councillor Walsh	21,258	4,338	25,596	27,151
Chief Administrative Officer	154,573	29,449	184,022	148,599

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.

Benefits include:

- (a) 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, long and short-term disability plans, professional memberships, and tuition; and
- (b) allowances and the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, car and travel allowances, conferences and memberships.

Town of Olds

Notes to the financial statements

December 31, 2012

15. Local authorities pension plan

Employees of the Town participate in the Local Authorities Pension Plan ("LAPP"), covered by the Public Sector Pension Plans Act. The LAPP services about 214,328 members and pensioners in addition to approximately 423 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

The Town is required to make current service contributions to the Plan of 9.91% (2011 - 9.49%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% (2011 - 13.13%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.91% (2011 - 8.49%) of pensionable salary up to the year's maximum pensionable salary and 12.74% (2011 - 12.13%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2012 were \$329,196 (2011 - \$284,906). Total current service contributions by the employees of the Town to the LAPP in 2012 were \$299,774 (2011 - \$256,371).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.6 billion. This amount is not specifically allocated to the Town and the potential liability is not reduced. The actuarial deficiency for December 31, 2012 is not known as of the date of release of these financial statements.

16. Employee future benefits

	2012	2011
	\$	\$
Vacation pay	152,717	217,347
Time in lieu and earned day off	9,260	31,564
	161,977	248,911

Vacation pay and time in lieu comprise vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

17. Contingencies

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

18. Commitments

i) The Town has agreed to operating leases for vehicles and equipment for various periods as follows:

	\$
2013	107,893
2014	65,449
2015	41,878
2016	26,372
2017	-
	241,592

Town of Olds

Notes to the financial statements

December 31, 2012

18. Commitments (continued)

- ii) The Town is also committed to a payment of \$100,000 per year to the Community Learning Campus until 2014.
- iii) The Town has agreed to guarantee a line of credit for \$4,000,000 received by the OICRD from a local financial institution for a period not to exceed five years beginning August 27, 2012.

19. Financial instruments

The Town's financial instruments are cash and cash equivalents, taxes and grants in place of taxes recoverable, trade and other receivables, portfolio investments, accounts payable and accrued liabilities and long-term debt. The Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes recoverable and trade and other receivables including the receivable from OICRD. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes this credit risk. In addition, substantially all of the Town's cash is held with one bank, thereby exposing the Town to the risk of this institution.

The carrying values of the financial instruments, with the exception of long-term debt, approximate their fair values.

20. Segmented disclosure

The Town is a diversified municipal government that provides a wide range of services to its citizens, including police protection, fire, water, waste management and recreation facilities. For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. 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) for details regarding the revenues and expenditures of each segment. Certain functions that have been disclosed in the segmented information, along with the services provided, are as follows:

General government

This function is used to report activities that provide for the overall operation of the Town and which are common to or affect all of the services provided by the Town, including Council and legislative, general administration, property assessment, taxation administration, licensing, elections and municipal census.

Protective services

This function is used to report activities that provide for the public safety of the inhabitants of the Town, including police protection, fire and ambulance, emergency and disaster prevention and recovery and bylaw enforcement.

Roads, streets and other transportation services

This function is used to report activities related to public transportation, including common and equipment pool, roads, streets, walks and lighting.

Environmental services

This function is used to report activities related to acquiring, treating and supplying water, collection or removal, treatment, disposal of sanitary sewage, storm sewers and drainage, and the collection of garbage and other waste material.

Town of Olds

Notes to the financial statements

December 31, 2012

20. Segmented disclosure (continued)

Public health and welfare

This function is used to report activities related to public health and to the development and management of social issues in the community.

Planning and development

This function is used to report activities related to regulating the use and development of land and buildings according to the rules and policies of the bylaws and MGA.

Recreation, parks and culture

This function is used to report activities related to providing recreational and cultural opportunities to the community.

Other

This function is used to report activities related to bank charges and short-term interest.

21. Budgeted information (unaudited)

For fiscal year 2012, the Council approved the Town's operating budget. The budget balances have been included for information purposes only and are unaudited.

22. Approval of financial statements

These financial statements were approved by the Council and management on April 8, 2013.

Town of Olds

Reserves for future expenditures - Schedule 1 year ended December 31, 2012

(Unaudited)

	2011	Increases	Decreases	2012
	\$	\$	\$	\$
Capital				
Aquatic centre	62,256	50,000	62,256	50,000
Aquatic steam room	66,750	-	66,750	-
Building reserve	-	564,429	133,117	431,312
Community projects	314,447	-	314,447	-
Equipment replacement	48,877	210,437	26,162	233,152
Fire - building	46,020	19,550	65,570	-
Fire - small equipment	60,733	59,285	14,423	105,595
Fire equipment - capital	11,181	14,000	25,181	-
General capital reserves	368,689	494,365	160,000	703,054
Green reserve	64,200	-	64,200	-
Handi-bus	39,311	-	39,311	-
Infrastructure deficit	356,868	-	356,868	-
Lifecycle	47,000	-	47,000	-
Municipal recreation reserve	71,719	26,250	-	97,969
Offsite levies - storm sewer	111,093	-	-	111,093
Offsite levies - transportation	411,675	-	-	411,675
Offsite levies - wastewater	198,079	-	-	198,079
Offsite levies - water	164,864	-	-	164,864
Parks	296,890	34,408	26,030	305,268
Police	59,513	-	59,513	-
Police lifecycle	35,000	-	35,000	-
RCMP building	76,330	-	76,330	-
Recreation complex	3,405	50,000	53,405	-
Restricted reserves	-	112,280	10,718	101,562
Recycling depot	74,159	-	74,159	-
Reserve for offsite - parks	28,150	-	28,150	-
Road and other infrastructure	-	693,680	101,785	591,895
Signs	2,941	-	2,941	-
Software replacement	27,338	-	-	27,338
Solid waste	24,633	-	24,633	-
Trails reserve	6,258	-	6,258	-
Transportation	668,680	25,000	693,680	-
Utility capital reserve	751,689	246,271	388,868	609,092
Waste disposal	83,279	-	83,279	-
	4,582,027	2,599,955	3,040,034	4,141,948
Operating				
CLC Field House	33,168	-	33,168	-
Disaster services	2,725	-	2,725	-
General government	803,771	370,025	15,000	1,158,796
Police	-	5,190	-	5,190
Handi-bus	26,613	-	26,613	-
NU2U	42,643	22,803	18,100	47,346
Olds Fashioned Christmas	16,476	-	-	16,476
Perpetual care	192,838	-	-	192,838
Planning and development	3,392	-	3,392	-
Snow removal	32,948	37,764	-	70,712
Utilities	146,631	267,138	270,566	143,203
	1,301,205	702,920	369,564	1,634,561
	5,883,232	3,302,875	3,409,598	5,776,509

Town of Olds

Equity in tangible capital assets - Schedule 2 year ended December 31, 2012 (Unaudited)

	2012	2011
	\$	\$
Balance, beginning of year	50,145,555	50,061,305
Increases		
Tangible capital assets acquired		
Land	21,400	362,250
Land improvements	100,754	186,869
Buildings	587,260	159,678
Engineered structures	1,857,225	2,884,580
Machinery and equipment	205,068	467,226
Vehicles	66,020	32,451
Assets under construction	3,090,371	237,000
Repayment of long-term debt	842,391	604,791
	6,770,489	4,934,845
Decreases		
Tangible capital asset disposals		
Land improvements	(29,509)	-
Engineered structures	(7,722)	-
Machinery and equipment	(43,996)	-
Amortization	(2,507,567)	(2,350,595)
Issuance of debentures	(6,700,000)	(2,500,000)
	(9,288,794)	(4,850,595)
Net change during the year	(2,518,305)	84,250
Balance, end of year	47,627,250	50,145,555
Tangible capital assets per statement of financial position	60,980,230	57,640,926
Less: long-term debt	(13,352,980)	(7,495,371)
Equity in tangible capital assets	47,627,250	50,145,555

Town of Olds

Property taxes levied - Schedule 3 year ended December 31, 2012

(Unaudited)

	2012 budget	2012	2011
	\$	\$	\$
Taxation			
Real property taxes	10,615,098	10,494,223	9,753,234
Linear property taxes - power, pipe, cable	-	61,922	62,838
Government grants in place of property taxes	-	48,313	46,751
Local improvement taxes	9,900	8,037	8,305
	<u>10,624,998</u>	<u>10,612,495</u>	<u>9,871,128</u>
Requisitions			
Alberta School Foundation Fund	(3,318,874)	(3,318,874)	(3,016,329)
Mountain View Seniors Housing	(89,840)	(89,840)	(89,916)
	<u>(3,408,714)</u>	<u>(3,408,714)</u>	<u>(3,106,245)</u>
Net municipal property taxes	<u>7,216,284</u>	<u>7,203,781</u>	<u>6,764,883</u>

Town of Olds

Government transfers - Schedule 4 year ended December 31, 2012

(Unaudited)

	2012 budget	2012	2011
	\$	\$	\$
Transfers for operations			
Provincial government	758,795	784,401	776,915
Other local governments	362,894	362,894	356,146
	<u>1,121,689</u>	<u>1,147,295</u>	<u>1,133,061</u>
Transfers for capital			
Provincial government	2,156,355	1,539,182	1,774,851
Federal government	403,931	403,931	418,946
Other local governments	150,000	-	15,000
	<u>2,710,286</u>	<u>1,943,113</u>	<u>2,208,797</u>
Total government transfers	<u>3,831,975</u>	<u>3,090,408</u>	<u>3,341,858</u>

Town of Olds

Expenses by object - Schedule 5 year ended December 31, 2012 (Unaudited)

	2012 budget	2012	2011
	\$	\$	\$
Salaries, wages and benefits	5,688,647	5,543,515	4,683,180
Contracted and general services	3,701,939	3,422,044	3,360,739
Purchases from other governments	2,164,775	2,456,703	2,329,968
Amortization of tangible capital assets	265,858	2,507,567	2,350,595
Materials, goods and utilities	1,869,546	1,845,122	1,842,859
Transfers to individuals and organizations	557,838	541,125	507,518
Interest on long-term debt	391,882	353,033	291,131
Transfers to other governments	51,243	51,243	50,519
Bank charges and short-term interest	15,000	25,789	17,957
Other	20,000	7,750	1,456
	14,726,728	16,753,891	15,435,922

Town of Olds

Segmented disclosure - Schedule 6 year ended December 31, 2012

(Unaudited)

	General government	Protective services	Transportation services	Environmental services	Public health and welfare	Planning and development	Recreation and culture	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal property taxes	7,203,781	-	-	-	-	-	-	-	7,203,781
Sales to other governments	-	164,646	8,000	-	-	-	-	-	172,646
Sales and user fees	73,560	56,945	10,707	5,581,770	140,784	11,000	601,298	-	6,476,064
Government transfer for operating	104,908	358,244	-	-	262,826	-	421,317	-	1,147,295
Investment income	208,859	-	-	-	-	-	-	-	208,859
Penalties, costs and fines	67,219	134,204	-	14,473	-	-	-	-	215,896
Licenses and permits	-	24,675	-	-	-	395,912	-	-	420,587
Franchise fees	807,398	-	-	-	-	-	-	-	807,398
Rentals and other	11,756	125,431	-	-	2,748	-	27,156	-	167,091
	8,477,481	864,145	18,707	5,596,243	406,358	406,912	1,049,771	-	16,819,617
Expenses (Schedule 5)									
Salaries, wages and benefits	870,244	618,171	472,527	1,003,894	318,411	469,191	1,791,077	-	5,543,515
Contracted and general services	578,667	295,254	209,444	1,396,291	39,890	400,843	501,655	-	3,422,044
Purchases from other governments	70,816	653,934	-	1,662,650	-	69,303	-	-	2,456,703
Materials, goods and utilities	156,827	109,351	641,188	308,650	18,413	18,047	592,646	-	1,845,122
Transfers to individuals and organizations	-	5,837	-	-	142,894	-	392,394	-	541,125
Interest on long-term debt	-	145,470	2,353	143,383	-	-	61,827	-	353,033
Transfers to other governments	-	-	-	-	-	-	51,243	-	51,243
Bank charges and short-term interest	-	-	-	-	-	-	(185)	25,974	25,789
Other	2,956	-	-	3	-	4,791	-	-	7,750
	1,679,510	1,828,017	1,325,512	4,514,871	519,608	962,175	3,390,657	25,974	14,246,324
Other									
Amortization or tangible capital assets	61,342	179,568	880,880	819,983	15,714	-	550,079	-	2,507,567
Excess (deficiency)	6,736,629	(1,143,440)	(2,187,685)	261,389	(128,964)	(555,263)	(2,890,965)	(25,974)	65,726

Town of Olds

Segmented disclosure - Schedule 6 (continued - 2011 fiscal year)

year ended December 31, 2011

(Unaudited)

	General government	Protective services	Transportation services	Environmental services	Public health and welfare	Planning and development	Recreation and culture	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal property taxes	6,764,883	-	-	-	-	-	-	-	6,764,883
Sales to other governments	-	220,927	8,000	-	-	-	-	-	228,927
Sales and user fees	59,441	69,850	38,855	5,419,065	130,574	9,200	572,142	-	6,299,127
Government transfer for operating	104,161	359,306	-	-	291,659	20,424	357,511	-	1,133,061
Investment income	170,590	-	-	-	-	-	-	-	170,590
Penalties, costs and fines	65,161	106,376	-	13,382	-	-	-	-	184,919
Licenses and permits	-	20,015	-	-	-	327,847	-	-	347,862
Franchise fees	768,851	-	-	-	-	-	-	-	768,851
Developers' contributions	-	-	60,172	87,458	-	-	-	-	147,630
Rentals and other	9,758	189,234	-	-	589	-	49,767	-	249,348
	7,942,845	965,708	107,027	5,519,905	422,822	357,471	979,420	-	16,295,198
Expenses (Schedule 5)									
Salaries, wages and benefits	795,851	591,770	441,795	824,176	282,684	294,986	1,451,918	-	4,683,180
Contracted and general services	547,372	277,140	242,630	1,313,504	37,243	357,054	585,796	-	3,360,739
Purchases from other governments	67,546	587,090	-	1,524,411	-	150,921	-	-	2,329,968
Materials, goods and utilities	155,262	112,663	637,339	319,641	17,774	12,913	587,267	-	1,842,859
Transfers to individuals and organizations	-	4,971	-	-	134,419	-	368,128	-	507,518
Interest on long-term debt	-	65,224	4,833	152,245	-	-	68,829	-	291,131
Transfers to other governments	-	-	-	-	-	-	50,519	-	50,519
Bank charges and short-term interest	-	-	-	-	-	-	257	17,700	17,957
Other	-	-	-	395	-	1,061	-	-	1,456
	1,566,031	1,638,858	1,326,597	4,134,372	472,120	816,935	3,112,714	17,700	13,085,327
Other									
Amortization of tangible capital assets	12,553	189,928	862,803	868,178	9,736	-	407,398	-	2,350,595
Excess (deficiency)	6,364,261	(863,078)	(2,082,373)	517,355	(59,034)	(459,464)	(2,540,692)	(17,700)	859,276