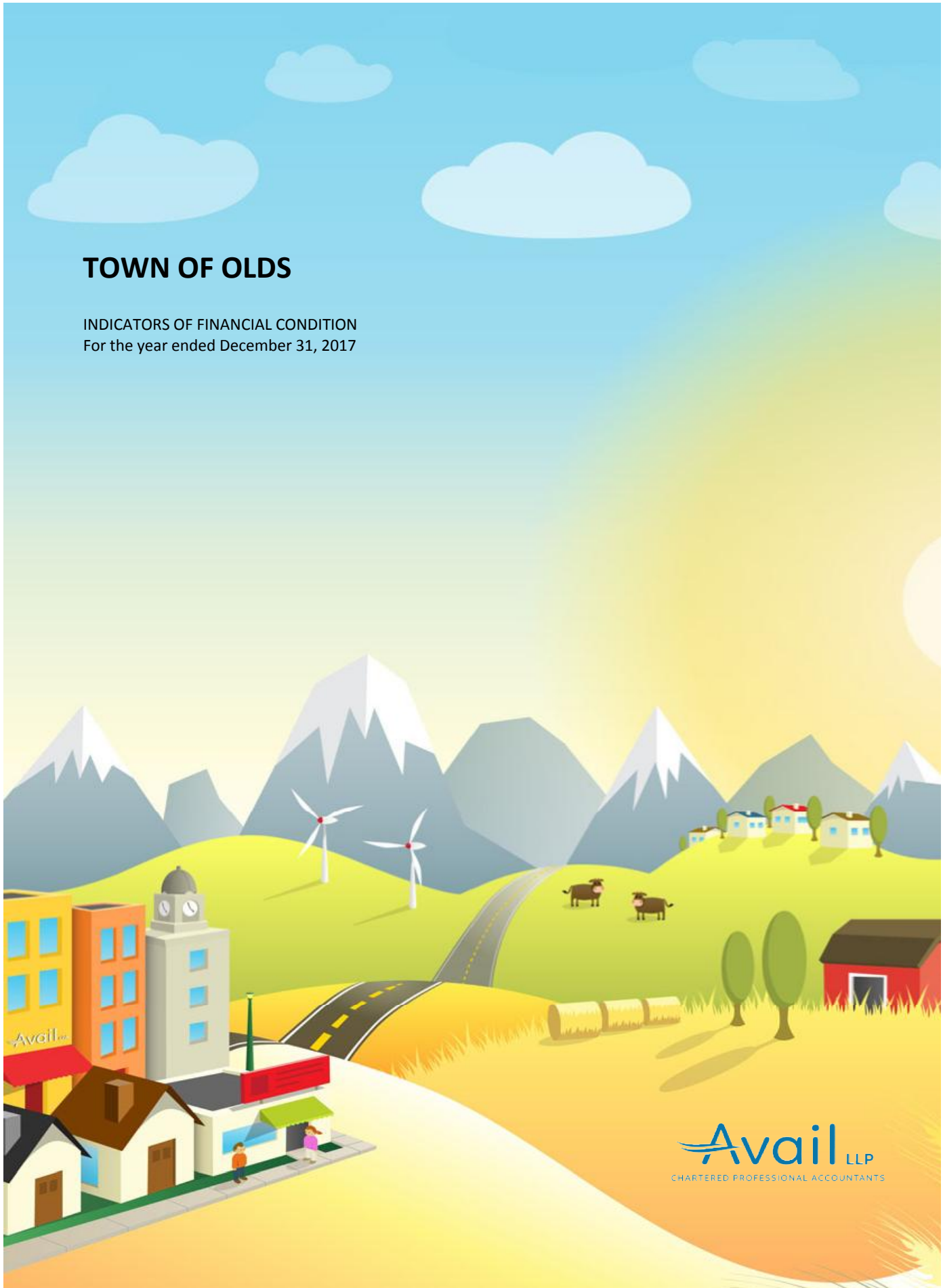


# TOWN OF OLDS

INDICATORS OF FINANCIAL CONDITION  
For the year ended December 31, 2017



**Avail** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Introduction

A Key Performance Indicator (KPI) is a metric used to evaluate factors that are crucial to the success of an organization. The importance of each KPI may change with time depending on the goals and strategic plans of the organization.

When reviewing KPIs, it is important to not only compare to past performance and desired goals, but to consider industry standards and benchmarks.

The following information has been provided in order to provide you some insight into some important KPIs for your organization.

It is important to review the underlying information of your municipality in order to determine cause and create desired change.

*The underlying data for this report was taken from the financial data publicly available found on the Alberta Municipal Affairs website.*

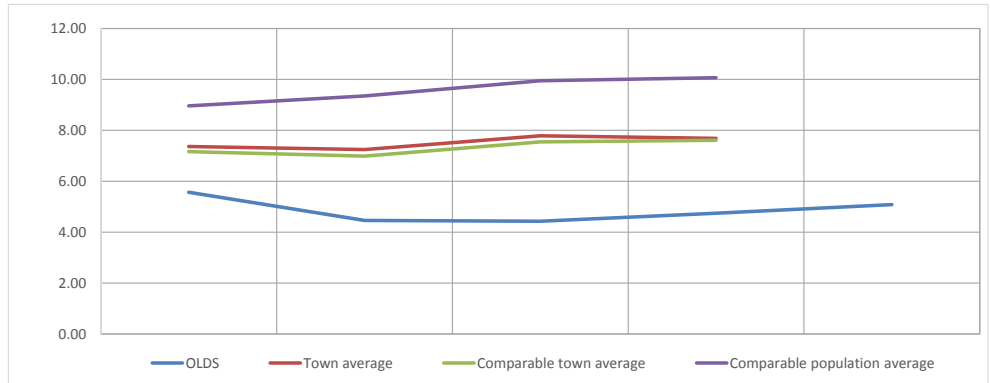
*Comparable municipalities were determined based on a range of 75% to 125% of your population.*

2013                      2014                      2015                      2016                      2017

**SUSTAINABILITY INDICATORS**

**Assets to Liabilities**

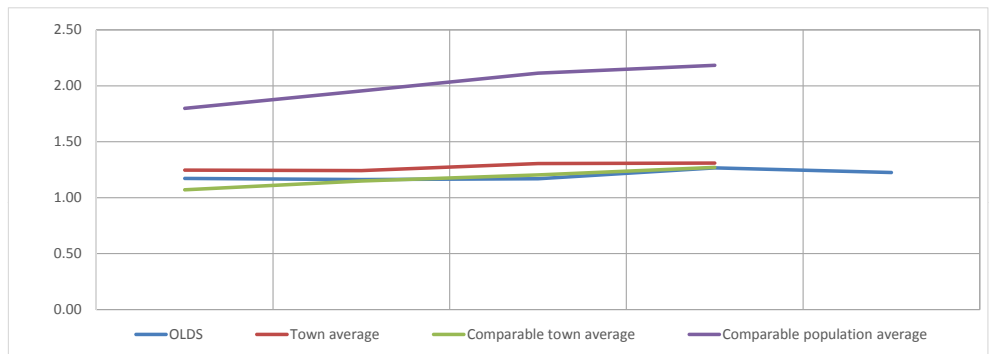
The "assets-to-liabilities" indicator reports the ratio of a government's financial and nonfinancial assets to its liabilities. This indicator supports a discussion about sustainability by illustrating the extent to which a government finances its operations by issuing debt. A ratio higher than one indicates that a government has accumulated surplus and has assets greater than debt. A ratio of less than one indicates that debt is greater than assets and that the government has been financing its operations by issuing debt. A trend in this direction may not be sustainable.



Total assets	86,097,415	93,808,419	97,099,438	100,025,837	104,764,099
Total liabilities	15,466,741	21,025,012	21,918,040	21,093,216	20,615,123
Assets to liabilities	5.57	4.46	4.43	4.74	5.08
Town average	7.36	7.25	7.79	7.69	
Comparable town average	7.16	6.99	7.54	7.61	
Comparable population average	8.96	9.35	9.94	10.07	

**Financial assets to liabilities**

The "financial assets-to-liabilities" indicator reports the ratio of a government's financial assets to its liabilities. A result lower than one indicates liabilities exceed financial assets (net debt) and future revenues will be required to pay for past transactions and events. A result higher than one indicates financial assets exceed liabilities (net financial assets) and financial resources are on hand that can finance future operations. A trend showing increases in net debt or reductions in net financial assets may not be sustainable.



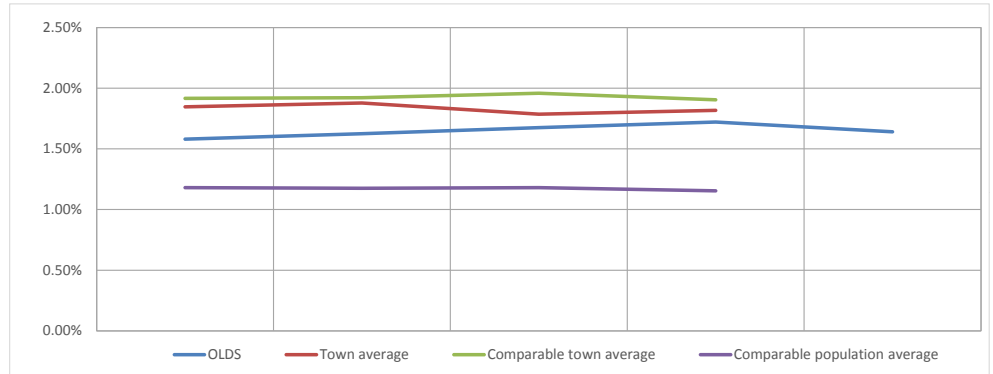
Total financial assets	18,119,475	24,425,472	25,613,533	26,726,520	25,257,206
Total liabilities	15,466,741	21,025,012	21,918,040	21,093,216	20,615,123
Financial assets to liabilities	1.17	1.16	1.17	1.27	1.23
Town average	1.25	1.24	1.30	1.31	
Comparable town average	1.07	1.15	1.20	1.27	
Comparable population average	1.80	1.95	2.11	2.18	

2013                      2014                      2015                      2016                      2017

**SUSTAINABILITY INDICATORS, CONTINUED**

**Operating expenses to taxable assessment**

The "total expenses-to-taxable assessment" indicator provides the trend of government spending over time in relation to the growth in the economy. A trend that shows total expense is growing at a faster rate than the growth in the economy may not be sustainable.

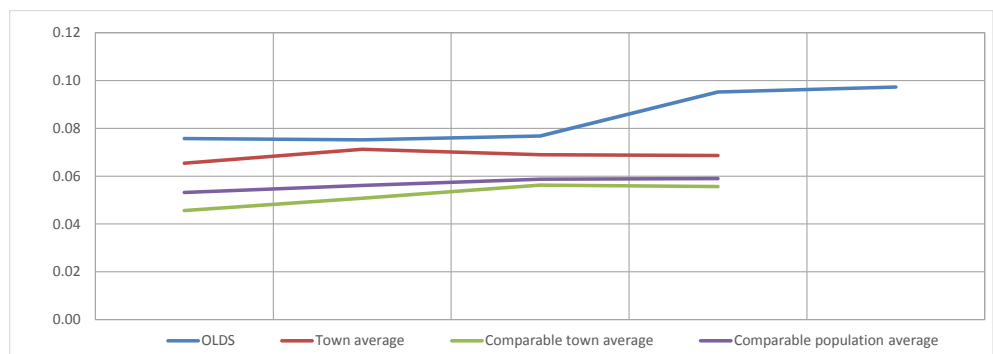


Operating expenses	18,782,465	19,639,926	21,109,834	22,586,566	23,224,581
Taxable assessment	1,189,080,925	1,208,884,984	1,259,970,406	1,312,315,527	1,415,932,962
Operating expenses to taxable assessment	1.58%	1.62%	1.68%	1.72%	1.64%
Town average	1.85%	1.88%	1.79%	1.82%	
Comparable town average	1.92%	1.92%	1.96%	1.90%	
Comparable population average	1.18%	1.18%	1.18%	1.15%	

**FLEXIBILITY INDICATORS**

**Public debt charges to revenues**

The "public debt charges-to-revenues" indicator measures public debt charges as a percentage of revenues. It illustrates the extent to which past borrowing decisions present a constraint on a government's ability to meet its financial and service commitments in the current period. Specifically, the more government uses revenues to meet the interest costs on past borrowing, the less will be available for program spending.



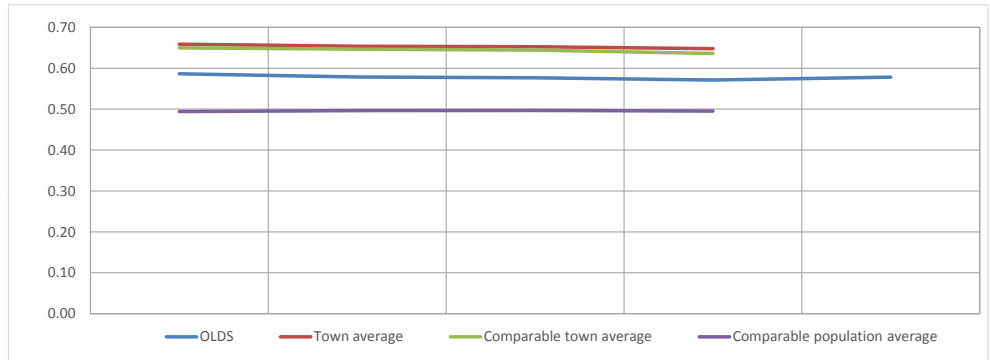
Debt servicing	1,400,051	1,570,724	1,753,351	2,069,516	2,121,901
Operating revenue	18,488,538	20,880,744	22,830,147	21,742,252	21,808,370
Public debt charges to revenues	0.08	0.08	0.08	0.10	0.10
Town average	0.07	0.07	0.07	0.07	
Comparable town average	0.05	0.05	0.06	0.06	
Comparable population average	0.05	0.06	0.06	0.06	

2013                      2014                      2015                      2016                      2017

**FLEXIBILITY INDICATORS, CONTINUED**

**Net book value to cost of tangible capital assets**

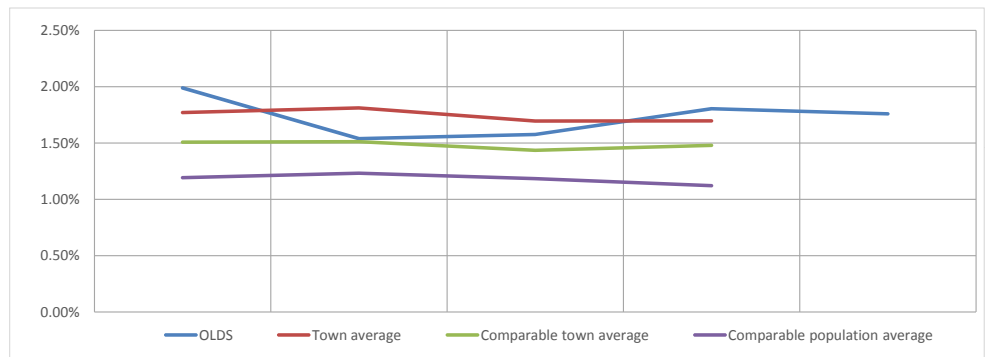
The "net book value of capital assets-to-cost of capital assets" indicator is important because it reports the extent to which the estimated useful lives of a government's tangible capital assets are available to provide its products and services. If a government's scale, scope and level of services remain unchanged or grow, its asset base could eventually impair flexibility because of the impending future costs of capital asset repair or replacement. Further information regarding assessing the physical condition of tangible capital assets can be found in ASSESSMENT OF TANGIBLE CAPITAL ASSETS, SORP-3.



Net book value	67,963,427	69,367,458	71,369,567	73,224,108	79,392,145
Cost of tangible capital assets	115,914,839	119,921,379	123,778,847	128,245,789	137,323,275
Net book value to cost of tangible capital assets	0.59	0.58	0.58	0.57	0.58
Town average	0.66	0.65	0.65	0.65	
Comparable town average	0.65	0.65	0.64	0.64	
Comparable population average	0.49	0.50	0.50	0.50	

**Own source revenues to taxable assessment**

The "own-source revenues-to-taxable assessment" indicator is important because it shows the ratio of a local government's ownsource revenues to its tax base. A change in the size of a local government's taxable assessment or a change in the rate of growth in ownsource revenues could influence flexibility.



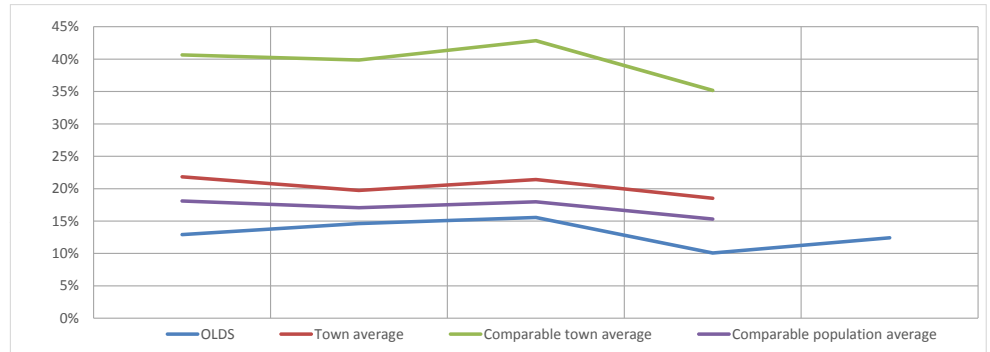
Own source revenues (net of government transfers)	23,657,177	18,608,164	19,848,430	23,687,430	24,910,645
Taxable assessment	1,189,080,925	1,208,884,984	1,259,970,406	1,312,315,527	1,415,932,962
Own source revenues to taxable assessment	1.99%	1.54%	1.58%	1.81%	1.76%
Town average	1.77%	1.81%	1.70%	1.70%	
Comparable town average	1.51%	1.51%	1.44%	1.48%	
Comparable population average	1.19%	1.23%	1.18%	1.12%	

**2013                      2014                      2015                      2016                      2017**

**VULNERABILITY INDICATORS**

**Government transfers to total revenues**

The purpose of reporting "government transfers-to-total revenues" is to show the proportion of revenues that provincial or local governments receive from other governments. This indicator offers a perspective on the degree of vulnerability a government faces as a result of its dependence on another level of government for revenues.



Government transfers (including capital)	3,506,559	3,184,498	3,659,393	2,650,359	3,530,291
Total revenues (including capital)	27,163,736	21,792,662	23,507,823	26,337,789	28,440,936
<b>Government transfers to total revenues</b>	<b>13%</b>	<b>15%</b>	<b>16%</b>	<b>10%</b>	<b>12%</b>
Town average	22%	20%	21%	19%	
Comparable town average	41%	40%	43%	35%	
Comparable population average	18%	17%	18%	15%	