TOWN OF OLDS

INDICATORS OF FINANCIAL CONDITION
For the year ended December 31, 2019

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.

	2015	2016	2017	2018	2019

SUSTAINABILITY INDICATORS
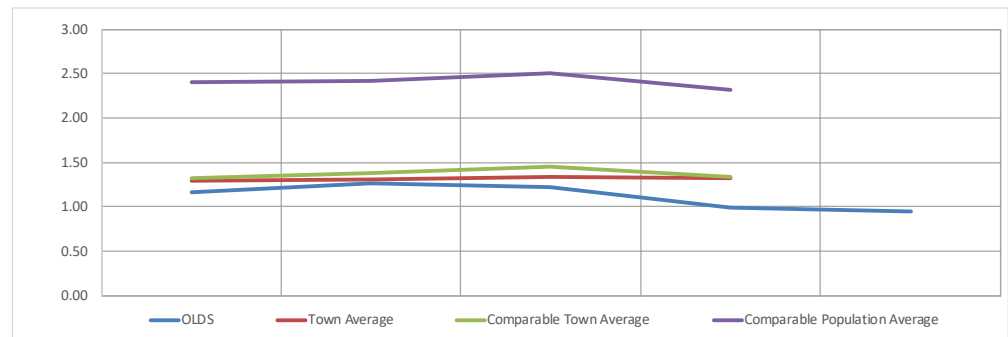
Assets to Liabilities

This indicator illustrates the extent 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 the government has been financing its operations by issuing debt.
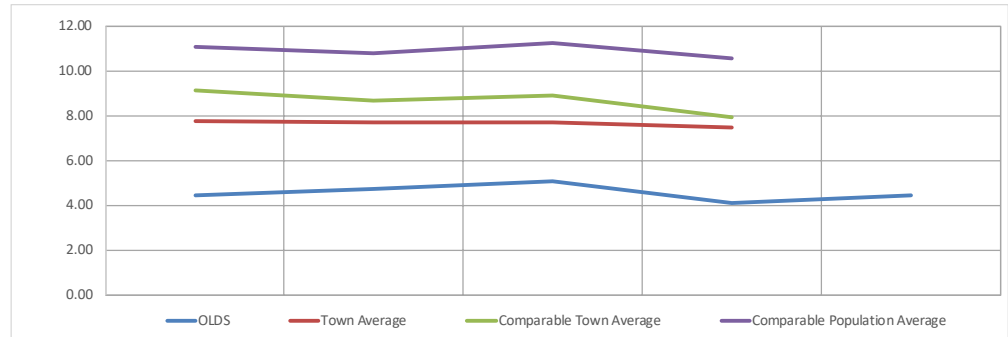
	2015	2016	2017	2018	2019
Total assets	97,099,438	100,025,837	104,764,099	113,228,581	116,545,488
Total liabilities	21,918,040	21,093,216	20,615,123	27,337,607	26,420,449
Assets to liabilities	4.43	4.74	5.08	4.14	4.41
Town Average	7.79	7.69	7.69	7.47	
Comparable Town Average	9.16	8.65	8.90	7.96	
Comparable Population Average	11.06	10.78	11.29	10.55	

Financial assets to liabilities

This indicator illustrates the ratio of a government's financial assets to its liabilities. A result lower than one indicates a net debt position and future revenues will be required to pay for past transactions. A result higher than one indicates 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.


	2015	2016	2017	2018	2019
Total financial assets	25,613,533	26,726,520	25,257,206	27,314,569	25,133,778
Total liabilities	21,918,040	21,093,216	20,615,123	27,337,607	26,420,449
Financial assets to liabilities	1.17	1.27	1.23	1.00	0.95
Town Average	1.30	1.31	1.34	1.33	
Comparable Town Average	1.34	1.39	1.46	1.34	
Comparable Population Average	2.41	2.42	2.51	2.32	

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|	2015	2016	2017	2018	2019

Current Ratio

The ratio of current assets (cash, temporary investments, accounts receivable) to current liabilities (accounts payable, temporary borrowings, current repayment obligations on long-term borrowings). This ratio is an indication of the governments ability to meet short term obligations.
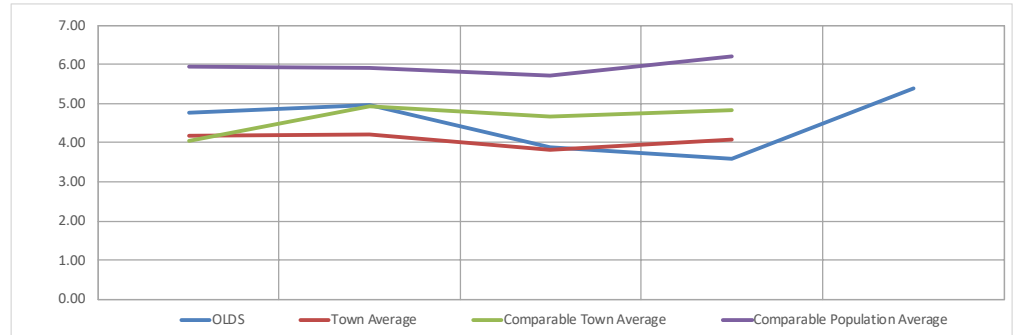
	2015	2016	2017	2018	2019
Current assets	19,253,156	20,290,111	20,427,738	24,980,711	25,029,520
Current liabilities	4,041,890	4,090,751	5,272,893	6,958,680	4,624,414
Assests to liabilities	4.76	4.96	3.87	3.59	5.41
Town Average	4.19	4.24	3.84	4.07	
Comparable Town Average	4.06	4.93	4.66	4.84	
Comparable Population Average	5.93	5.91	5.73	6.21	

Net debt to annual revenue

Net debt provides a measure of the future revenue required to pay for past transactions. A ratio that is increasing would indicate that more time to eliminate net debt will be necessary.
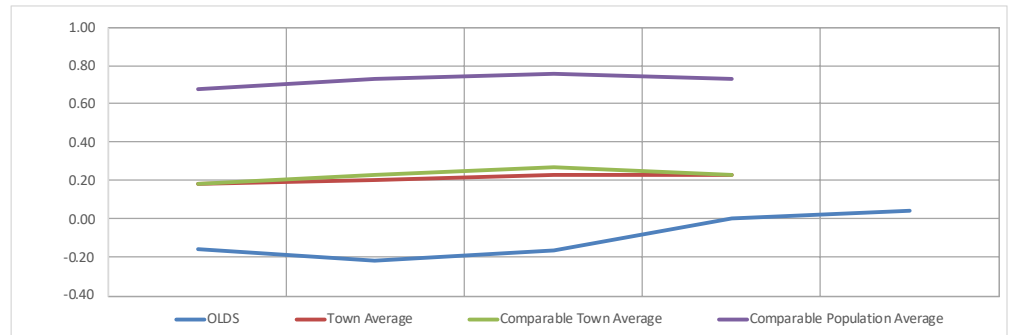

	2015	2016	2017	2018	2019
Net debt (assets)	(3,695,493.00)	(5,633,304.00)	(4,642,083.00)	23,038.00	1,286,671.00
Total revenues (including capital)	23,507,823.00	26,337,789.00	28,440,936.00	26,778,467.00	29,651,970.00
Net debt to annual revenue	-0.16	-0.21	-0.16	0.00	0.04
Town Average	0.19	0.20	0.23	0.23	
Comparable Town Average	0.19	0.23	0.27	0.23	
Comparable Population Average	0.68	0.73	0.76	0.73	

|	2015	2016	2017	2018	2019

Net debt to taxable assessment

This indicator shows the relationship between net debt and the activity in the economy. If the ratio declines, government debt is becoming less onerous on the economy. A stable ratio indicates overall fiscal policies have been sustainable, and the rate of economic growth is the same as the growth in net debt. If the ratio rises, net debt is becoming more onerous on the economy, which may not be sustainable. This may prompt a decision to increase taxes or reduce program expenses.
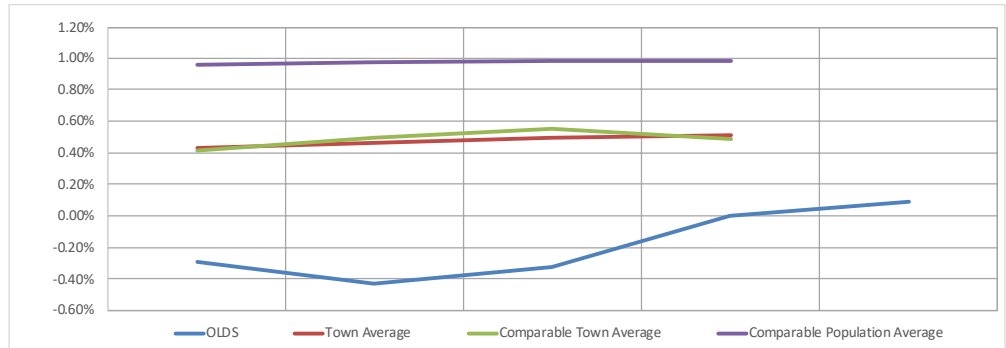
	2015	2016	2017	2018	2019
Net debt (assets)	(3,695,493.00)	(5,633,304.00)	(4,642,083.00)	23,038.00	1,286,671.00
Taxable assessment	1,259,970,406.00	1,312,315,527.00	1,415,932,962.00	1,419,026,761.00	1,441,938,171.00
Net debt to taxable assessment	-0.29%	-0.43%	-0.33%	0.00%	0.09%
Town Average	0.44%	0.46%	0.50%	0.52%	
Comparable Town Average	0.42%	0.49%	0.56%	0.49%	
Comparable Population Average	0.96%	0.97%	0.99%	0.98%	

Operating expenses to taxable assessment

This 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.
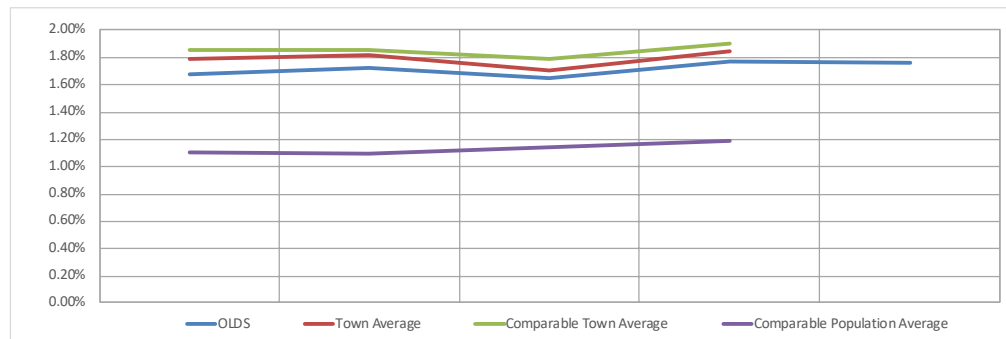
	2015	2016	2017	2018	2019
Operating expenses	21,109,834	22,586,566	23,224,581	25,036,467	25,417,905
Taxable assessment	1,259,970,406	1,312,315,527	1,415,932,962	1,419,026,761	1,441,938,171
Operating expenses to taxable assessment	1.68%	1.72%	1.64%	1.76%	1.76%
Town Average	1.79%	1.82%	1.70%	1.84%	
Comparable Town Average	1.86%	1.86%	1.78%	1.90%	
Comparable Population Average	1.11%	1.10%	1.14%	1.19%	

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	2015	2016	2017	2018	2019

FLEXIBILITY INDICATORS

Public debt charges to revenues

This indicator measures public debt charges as a percentage of revenues. It illustrates the extent to which past borrowing decisions present a constraint on the ability to meet financial and service commitments in the current period. Specifically, the more a government uses revenues to fund debt servicing, the less will be available for program spending.
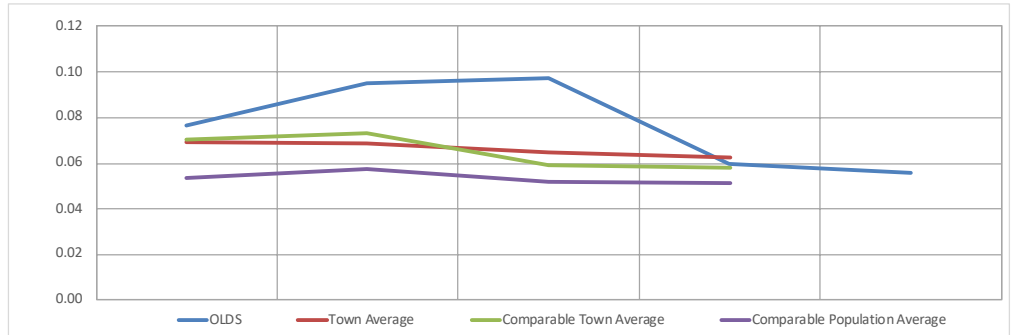
	2015	2016	2017	2018	2019
Debt servicing	1,753,351	2,069,516	2,121,901	1,420,305	1,544,730
Operating revenue	22,830,147	21,742,252	21,808,370	23,639,394	27,801,324
Public debt charges to revenues	0.08	0.10	0.10	0.06	0.06
Town Average	0.07	0.07	0.06	0.06	
Comparable Town Average	0.07	0.07	0.06	0.06	
Comparable Population Average	0.05	0.06	0.05	0.05	

Debt to Revenue Percentage

The total amount of municipal borrowings, including long term capital leases, as a percentage of total municipal revenues. This indicator demonstrates the growth in revenue compared to changes in debt. An increasing trend would indicate the municipality is increasing its debt load faster than its revenue is growing, which may not be sustainable.


	2015	2016	2017	2018	2019
Total long term debt principal balance	18,527,381	17,396,386	15,906,839	20,878,773	22,100,186
Total revenue	23,507,823	26,337,789	28,440,936	26,778,467	29,651,970
Debt to revenue	79%	66%	56%	78%	75%
Town Average	34%	35%	35%	37%	
Comparable Town Average	35%	37%	34%	39%	
Comparable Population Average	26%	27%	25%	27%	

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	2015	2016	2017	2018	2019

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

This indicator is important because it reports the extent that the estimated useful lives of tangible capital assets are available to provide its 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.
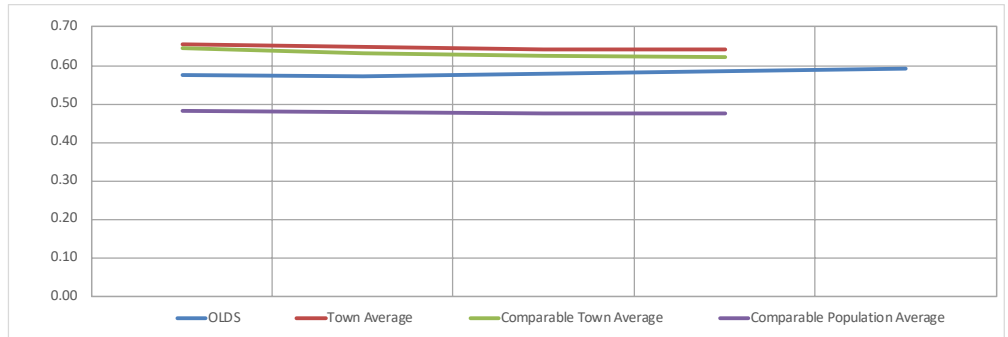
	2015	2016	2017	2018	2019
Net book value	71,369,567	73,224,108	79,392,145	85,852,942	91,224,540
Cost of tangible capital assets	123,778,847	128,245,789	137,323,275	146,242,974	154,477,907
Net book value to cost of tangible capital assets	0.58	0.57	0.58	0.59	0.59
Town Average	0.65	0.65	0.64	0.64	
Comparable Town Average	0.64	0.63	0.62	0.62	
Comparable Population Average	0.48	0.48	0.47	0.47	

Infrastructure Investment

The total cost of annual additions (through purchases or construction) to tangible capital assets (vehicles, equipment, buildings, roads, utility infrastructure, land) relative to the annual amortization (depreciation) on all tangible capital assets - measured as a five-year average.
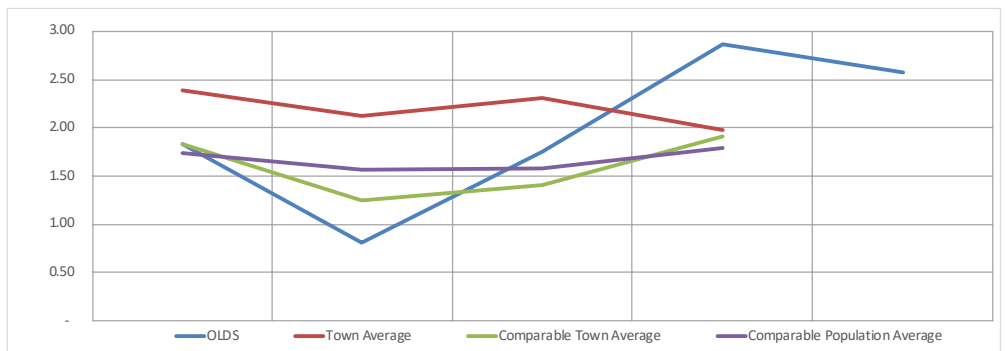

	2015	2016	2017	2018	2019
Tangible capital assets additions	5,379,575	2,388,523	5,698,937	9,256,274	9,034,874
Annual amortization expense	2,924,836	2,968,766	3,248,743	3,241,260	3,502,248
Additions to amortization expense	1.84	0.80	1.75	2.86	2.58
Town Average	2.39	2.12	2.31	1.98	
Comparable Town Average	1.84	1.25	1.41	1.91	
Comparable Population Average	1.73	1.57	1.58	1.78	

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	2015	2016	2017	2018	2019

Own source revenues to taxable assessment

This indicator is important because it shows the ratio of a local government's own source 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 assessment in relation to changes in own source revenues could influence flexibility.
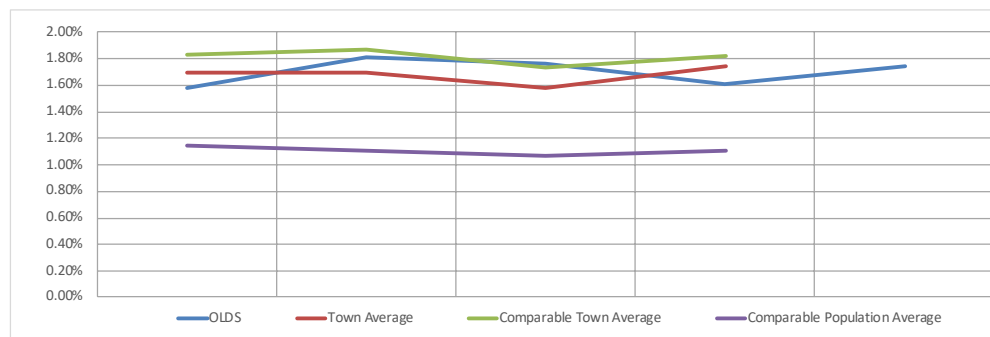

	2015	2016	2017	2018	2019
Own source revenues (net of government transfers)	19,848,430	23,687,430	24,910,645	22,835,093	25,212,453
Taxable assessment	1,259,970,406	1,312,315,527	1,415,932,962	1,419,026,761	1,441,938,171
Own source revenues to taxable assessment	1.58%	1.81%	1.76%	1.61%	1.75%
Town Average	1.70%	1.70%	1.57%	1.74%	
Comparable Town Average	1.84%	1.87%	1.73%	1.82%	
Comparable Population Average	1.14%	1.10%	1.07%	1.11%	

VULNERABILITY INDICATORS

Government transfers to total revenues

The purpose of this ratio 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.
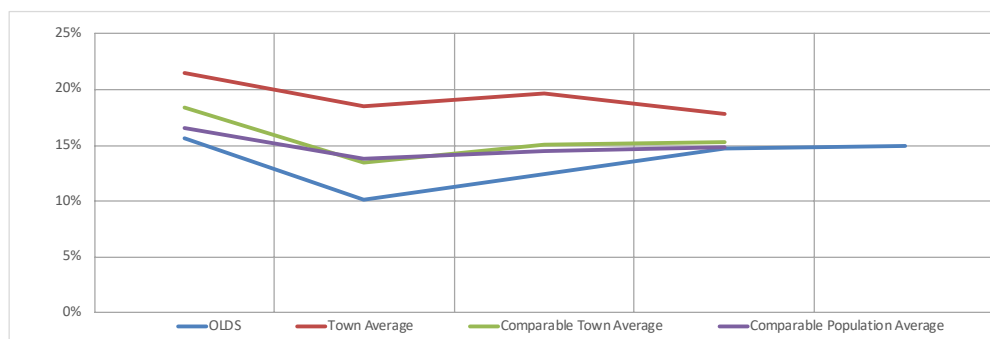

	2015	2016	2017	2018	2019
Government transfers (including capital)	3,659,393	2,650,359	3,530,291	3,943,374	4,439,517
Total revenues (including capital)	23,507,823	26,337,789	28,440,936	26,778,467	29,651,970
Government transfers to total revenues	16%	10%	12%	15%	15%
Town Average	21%	19%	20%	18%	
Comparable Town Average	18%	13%	15%	15%	
Comparable Population Average	17%	14%	14%	15%	

	2015	2016	2017	2018	2019

OTHER INDICATORS
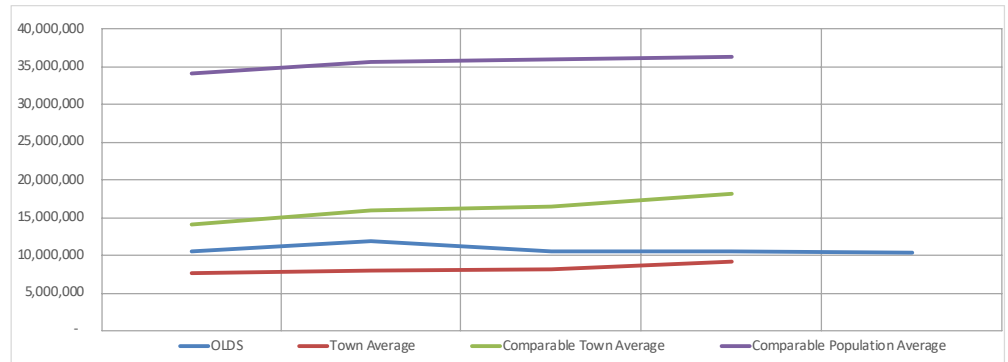
Reserves to total accumulated surplus

The purpose of this ratio is to show the proportion of total accumulated surplus that has been internally restricted. This indicator provides insight on the change in reserves in relation to overall accumulated surplus. A decrease would show that the government has drawn on past reserves to fund current operations.
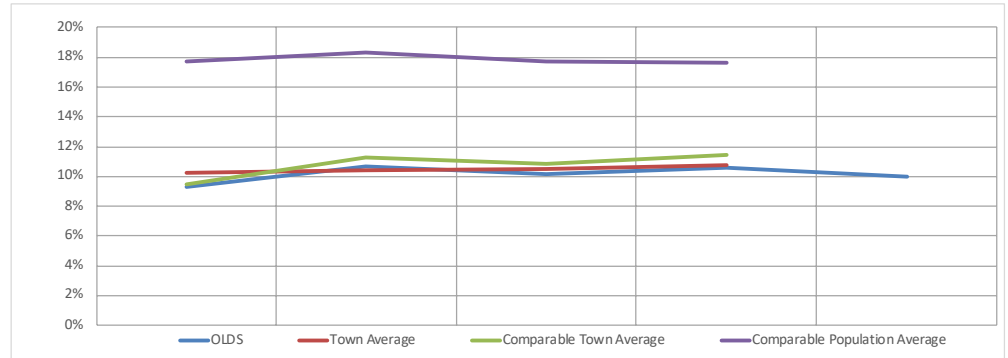
	2015	2016	2017	2018	2019
Accumulated surplus - restricted	6,943,916	8,395,851	8,527,823	9,106,357	8,999,594
Overall accumulated surplus	75,181,398	78,932,621	84,148,976	85,890,974	90,125,037
Restricted surplus to accumulated surplus	9%	11%	10%	11%	10%
Town Average	10%	10%	10%	11%	
Comparable Town Average	9%	11%	11%	11%	
Comparable Population Average	18%	18%	18%	18%	

Accumulated surplus available for future use

Accumulated surplus, to the extent it has not been invested in Tangible Capital Assets, represents overall surplus that is available for future use. This consists of unrestricted surplus and reserves and shows trends in spending vs. saving. This indicator only shows total surplus; the overall size of the municipality is not taken into account.


	2015	2016	2017	2018	2019
Accumulated surplus - restricted	6,943,916	8,395,851	8,527,823	9,106,357	8,999,594
Accumulated surplus - unrestricted	3,427,733	3,471,076	1,964,522	1,422,655	1,422,655
Total accumulated surplus	10,371,649	11,866,927	10,492,345	10,529,012	10,422,249
Town Average	7,583,409	7,974,510	8,185,109	9,063,879	
Comparable Town Average	14,023,850	16,039,023	16,407,101	18,073,106	
Comparable Population Average	34,051,514	35,618,528	35,994,205	36,325,780	

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|	2015	2016	2017	2018	2019

Tax Base Ratio

This ratio reports the proportion of the total municipal tax revenue generated by residential and farmland tax base, regardless of whether it is municipal property taxes, special taxes, or local improvement taxes.
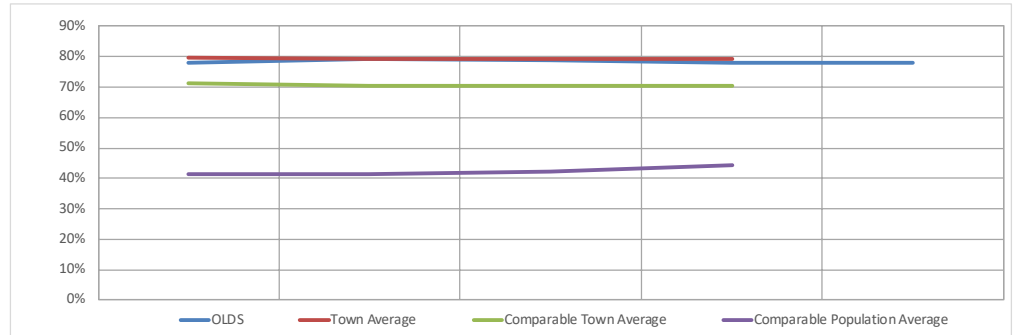
	2015	2016	2017	2018	2019
Residential & farmland assessed value	978,880,443	1,038,803,077	1,118,540,494	1,106,071,415	1,126,345,337
Total assessed value	1,259,970,406	1,312,315,527	1,415,932,962	1,419,026,761	1,441,938,171
Residential & farmland assessment percentage	78%	79%	79%	78%	78%
Town Average	80%	79%	79%	79%	
Comparable Town Average	71%	70%	70%	70%	
Comparable Population Average	42%	41%	42%	44%	

Population Change

The change in population of the municipality over the past ten years based on the Municipal Affairs Population List.
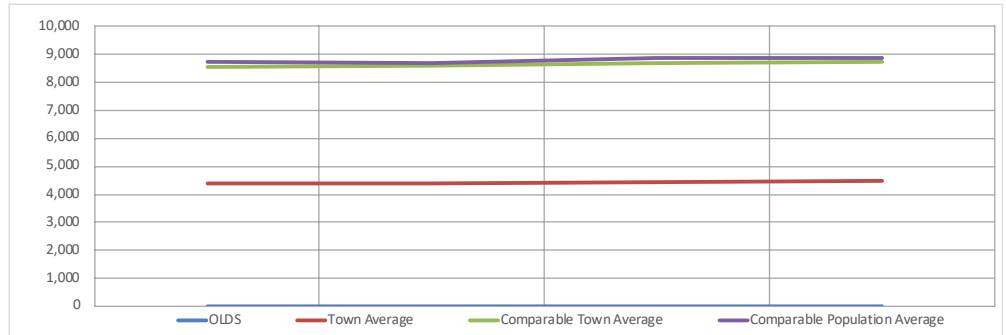
	2015	2016	2017	2018	2019
Population	8,617	8,617	9,184	9,184	
Prior year population	8,617	8,617	8,617	9,184	
Population change	0.00%	0.00%	6.58%	0.00%	
Population (Town Average)	4,375	4,415	4,448	4,449	
Town Average	2.14%	0.91%	0.76%	0.02%	
Population (Comparable Town Average)	8,521	8,614	8,716	8,732	
Comparable Town Average	1.13%	1.09%	1.19%	0.18%	
Population (popuation average)	8,729	8,676	8,867	8,874	
Comparable Population Average	0.62%	-0.60%	2.20%	0.08%	

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Comparable Listing

Comparables were determined on a range of 75% to 125% of your population

Total Town Count: 108

Comparables - Same Type (13)	**Comparables - Any Type (29)**
Town list with a comparable population	List used for comparable populations
BANFF	ATHABASCA COUNTY
BLACKFALDS	BANFF
COALDALE	BLACKFALDS
DRAYTON VALLEY	BRAZEAU COUNTY
DRUMHELLER	CAMROSE COUNTY
EDSON	COALDALE
HINTON	CYPRESS COUNTY
INNISFAIL	DRAYTON VALLEY
MORINVILLE	DRUMHELLER
OLDS	EDSON
PONOKA	HINTON
TABER	INNISFAIL
WHITECOURT	LAC LA BICHE COUNTY
	LAC STE. ANNE COUNTY
	LACOMBE COUNTY
	LETHBRIDGE COUNTY
	MORINVILLE
	NEWELL, COUNTY OF
	OLDS
	PONOKA
	PONOKA COUNTY
	TABER
	TABER, M.D. OF
	VERMILION RIVER, COUNTY OF
	WESTLOCK COUNTY
	WETASKIWIN NO. 10, COUNTY OF
	WHEATLAND COUNTY
	WHITECOURT
	YELLOWHEAD COUNTY