

TOWN OF OLDS
Consolidated Financial Statements
For the year ended December 31, 2014

TOWN OF OLDS
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For the year ended December 31, 2014

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Olds

We have audited the accompanying consolidated financial statements of the Town of Olds which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Olds as at December 31, 2014 and the results of its operations, changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 13, 2015



Chartered Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Olds.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

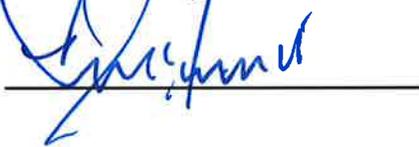
The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Olds is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council, through its committee, meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Young Parkyn McNab LLP has full and free access to the Council.

Municipal Manager



TOWN OF OLDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	2014	2013
Financial assets		
Cash and temporary investments (note 2)	\$ 1,016,445	\$ 5,478,354
Taxes and grants in place of taxes receivable (note 3)	365,154	445,035
Trade and other receivables (note 4)	2,311,797	1,769,468
Loan receivable (note 5)	10,955,236	5,111,814
Investments (note 6)	9,769,160	5,298,150
Inventory held for resale	7,680	16,654
	24,425,472	18,119,475
Liabilities		
Accounts payable and accrued liabilities	2,157,019	2,153,417
Employee benefit obligations (note 7)	191,740	197,130
Deposits	16,755	19,405
Deferred revenue (note 8)	762,699	656,147
Long-term debt (note 9)	17,896,799	12,440,643
	21,025,012	15,466,742
Net financial assets	3,400,460	2,652,733
Non-financial assets		
Prepaid expenses	15,489	14,513
Tangible capital assets (schedule 2)	69,367,460	67,963,427
	69,382,949	67,977,940
Accumulated surplus (note 10)	\$ 72,783,409	\$ 70,630,673

Commitments and contingencies (note 20)

Approved on behalf of Council:

Mayor

Councillor

TOWN OF OLDS
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2014

	2014 Budget (Unaudited)	2014	2013
Revenue			
Net municipal taxes (note 13)	\$ 7,662,815	\$ 7,668,794	\$ 7,284,122
User fees and sales of goods	7,905,852	7,456,013	7,679,819
Government transfers for operating (note 14)	1,044,949	1,016,567	1,130,534
Investment income	180,000	215,515	188,754
Penalties and costs of taxes	287,900	276,484	252,443
Development levies	-	190,675	211,255
Licenses and permits	352,500	395,348	312,927
Franchise and concession contracts	939,215	1,069,435	943,062
Rentals and other	192,900	207,617	272,070
Sales to other governments	206,400	188,292	181,914
	<u>18,772,531</u>	<u>18,684,740</u>	<u>18,456,900</u>
Expenses (note 15)			
Legislative	311,828	332,424	278,400
Administration	1,487,436	1,393,248	1,364,913
Protective services	2,201,755	2,389,999	2,675,138
Transportation services	1,884,581	2,904,481	3,051,980
Water and waste water	2,499,810	3,020,632	2,836,121
Wastewater treatment and disposal	2,504,310	2,707,562	1,964,350
Waste management	1,035,396	982,930	853,938
Public health and welfare services	490,364	511,736	566,029
Planning and development	1,241,402	1,131,701	1,051,764
Recreation, parks and culture	3,915,208	4,265,213	4,139,832
	<u>17,572,090</u>	<u>19,639,926</u>	<u>18,782,465</u>
Deficiency of revenue over expenses before other	<u>1,200,441</u>	<u>(955,186)</u>	<u>(325,565)</u>
Other			
Government transfers for capital (note 14)	3,936,823	2,838,027	2,774,688
Contributed assets (note 16)	-	269,895	5,932,148
	<u>3,936,823</u>	<u>3,107,922</u>	<u>8,706,836</u>
Excess of revenue over expenses	<u>5,137,264</u>	<u>2,152,736</u>	<u>8,381,271</u>
Accumulated surplus, beginning of year	<u>70,630,673</u>	<u>70,630,673</u>	<u>62,249,402</u>
Accumulated surplus, end of year	<u>\$ 75,767,937</u>	<u>\$ 72,783,409</u>	<u>\$ 70,630,673</u>

TOWN OF OLDS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2014

	2014 Budget (Unaudited)	2014	2013
Excess of revenue over expenses	\$ 5,137,264	\$ 2,152,736	\$ 8,381,271
Acquisition of tangible capital assets	(5,967,810)	(3,978,045)	(3,935,485)
Amortization	436,204	2,734,787	2,506,875
Contributed assets	-	(269,895)	(5,932,148)
Loss on disposal of tangible capital assets	(72,500)	38,473	22,298
Proceeds on disposal of tangible capital assets	-	70,647	355,262
	(5,604,106)	(1,404,033)	(6,983,198)
Net change in prepaid expense	-	(976)	75,166
Change in net financial assets	(466,842)	747,727	1,473,239
Net financial assets, beginning of year	2,652,733	2,652,733	1,179,494
Net financial assets, end of year	\$ 2,185,891	\$ 3,400,460	\$ 2,652,733

TOWN OF OLDS
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2014

	2014	2013
Operating transactions		
Excess of revenue over expenses	\$ 2,152,736	\$ 8,381,271
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	38,473	22,298
Amortization of tangible capital assets	2,734,787	2,506,875
Contributed assets	(269,895)	(5,932,148)
	4,656,101	4,978,296
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	79,881	(171,951)
Trade and other receivables	(542,330)	(605,901)
Loan receivable	(5,843,422)	549,632
Inventory held for resale	8,974	(16,654)
Prepaid expenses	(976)	75,166
Accounts payable and accrued liabilities	3,602	(55,137)
Employee benefit obligations	(5,390)	35,153
Deposits	(2,650)	(4,850)
Deferred revenue	106,552	(219,019)
	(1,539,658)	4,564,735
Capital transactions		
Proceeds on disposal of tangible capital assets	70,647	355,262
Acquisition of tangible capital assets	(3,978,045)	(3,935,485)
	(3,907,398)	(3,580,223)
Investing transactions		
Purchase of investments	(4,471,009)	(117,170)
	(4,471,009)	(117,170)
Financing transactions		
Proceeds of long-term debt	6,400,000	-
Repayment of long-term debt	(943,844)	(912,338)
	5,456,156	(912,338)
Decrease in cash and temporary investments	(4,461,909)	(44,996)
Cash and temporary investments, beginning of year	5,478,354	5,523,350
Cash and temporary investments, end of year	\$ 1,016,445	\$ 5,478,354

1. Significant accounting policies

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

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Inventories for resale

Inventory held for resale is recorded at the lower of cost and net realizable value.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

1. Significant accounting policies, continued

(e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(f) Requisition over-levy and under-levy

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 as property tax revenue.

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

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditure 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.

(h) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(i) Government transfers

Government transfers are the transfer 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 financial return.

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(j) 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 revenues over expenses, provides the consolidated change in net financial assets (debt) for the year.

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

(j) Non-financial assets, continued

(i) Tangible capital assets

Tangible capital assets are recorded 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:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	15-75
Machinery and equipment	5-40

Assets under construction are not amortized until put into use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the first-in first-out method.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets.

2. Cash and temporary investments

	2014	2013
Cash	\$ 1,016,445	\$ 2,405,175
Temporary investments	-	3,073,179
	\$ 1,016,445	\$ 5,478,354

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, 2014 no funds (2013 - \$0) were drawn on this line of credit.

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

3. Taxes and grants in place of taxes receivables

	2014	2013
Current taxes and grants in place of taxes receivable	\$ 246,097	\$ 307,991
Arrears taxes receivable	122,937	109,984
(Over) under-levies	(3,880)	27,060
	\$ 365,154	\$ 445,035

4. Trade and other receivables

	2014	2013
Utility accounts receivable	\$ 795,898	\$ 782,564
Goods and services tax	119,667	132,049
Trade and other receivable	1,396,232	854,855
	\$ 2,311,797	\$ 1,769,468

5. Loan receivable

Olds Institute for Community and Regional Development (OICRD) was granted a loan to fund the installation of fibre optics within the Town boundaries in order to provide high speed internet service for residents and businesses. Principal and interest are payable in installments which match the payments on the debenture the Town has taken from Alberta Capital Finance. The term of the receivable matches the term of the debentures, maturing in 2022 and 2029. The loan receivable is fully secured through the terms of the agreements.

6. Investments

Investments consist of guaranteed investment certificates that bear interest at rates ranging from 1.7% to 2.55% (2013 - 1.7% to 2.55%) per annum and mature in periods from 2015 through 2017.

7. Employee benefit obligations

	2014	2013
Vacation payable	\$ 177,131	\$ 184,404
Overtime payable	14,609	12,727
	\$ 191,740	\$ 197,130

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

8. Deferred revenue

	2014	2013
Municipal Sustainability Initiative - capital	\$ 420,354	\$ 538,179
Federal Gas Tax Fund - capital	235,194	-
New Police Officers Grant	25,000	25,000
Other	82,151	92,968
	<u>\$ 762,699</u>	<u>\$ 656,147</u>

9. Long-term debt

	2014	2013
Debentures supported by general tax levies	\$ 4,894,190	\$ 5,104,339
Debentures supported by utility rates	2,046,665	2,198,255
Debentures supported by loan repayment agreement	10,941,722	5,103,015
Royal Bank of Canada long-term borrowing	14,222	35,034
	<u>\$ 17,896,799</u>	<u>\$ 12,440,643</u>
Current portion	<u>\$ 937,254</u>	<u>\$ 943,851</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2015	\$ 955,197	\$ 615,527	\$ 1,570,724
2016	1,130,994	581,999	1,712,993
2017	1,437,163	539,610	1,976,773
2018	1,486,140	490,633	1,976,773
2019	1,537,072	439,701	1,976,773
Thereafter	11,350,233	2,403,875	13,754,108
	<u>\$ 17,896,799</u>	<u>\$ 5,071,345</u>	<u>\$ 22,968,144</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.226% to 6.25% per annum, before Provincial subsidy, and matures in periods 2021 through 2042.

The Royal Bank of Canada loan is repayable at \$1,801 per month including interest at 3.15%. The debt is unsecured and matures in 2015.

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$333,585 (2013 - \$352,785).

The Town's total cash payments for interest were \$342,324 (2013 - \$362,974).

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

10. Accumulated surplus

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

	2014	2013 Restated
Unrestricted surplus	\$ 3,286,189	\$ 3,473,378
Internally restricted surplus (reserves) (note 11)	7,084,837	6,531,496
Equity in tangible capital assets (note 12)	62,412,383	60,625,799
	\$ 72,783,409	\$ 70,630,673

11. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2014	2013
Operating		
General	\$ 1,261,116	\$ 1,146,428
Perpetual care	192,838	192,838
Utilities	-	121,159
NU2U	60,585	62,195
Olds Fashioned Christmas	16,476	16,476
Fire reserve	37,683	14,463
RCMP DARE reserve	5,190	5,190
Snow removal	110,000	-
	1,683,888	1,558,749
Capital		
Utility reserve	909,121	949,963
Road and other infrastructure	591,895	591,895
South Red Deer Regional Wastewater Commission	570,243	570,244
General	545,825	518,124
Building reserve	709,679	439,934
Offsite levies - transportation	572,865	496,721
Offsite levies - water	407,636	365,588
Offsite levies - wastewater	286,212	244,164
Offsite levies - storm sewer	175,568	145,133
Equipment replacement	242,961	187,162
Parks	65,736	150,629
Municipal reserve	135,684	135,684
Restricted reserves for specific purposes	91,497	91,497
Fire - small equipment	96,027	86,009
	5,400,949	4,972,747
	\$ 7,084,837	\$ 6,531,496

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

12. Equity in tangible capital assets

	2014	2013 (Restated)
Tangible capital assets (schedule 2)	\$ 119,921,380	\$ 115,914,839
Accumulated amortization (schedule 2)	(50,553,920)	(47,951,412)
Long-term debt (note 9)	(17,896,799)	(12,440,643)
Non-capital long-term debt (note 9)	10,941,722	5,103,015
	\$ 62,412,383	\$ 60,625,799

13. Net municipal property taxes

	2014 Budget (Unaudited)	2014	2013
Taxation			
Real property taxes	\$ 11,197,273	\$ 11,020,753	\$ 10,683,740
Linear property taxes	-	132,876	63,465
Frontage taxes	9,900	8,037	8,037
Government grants in place of property taxes	-	51,486	50,065
	11,207,173	11,213,152	10,805,307
Requisitions			
Alberta School Foundation Fund	3,363,130	3,363,130	3,429,419
Mountain View Senior Housing	181,228	181,228	91,766
	3,544,358	3,544,358	3,521,185
	\$ 7,662,815	\$ 7,668,794	\$ 7,284,122

14. Government transfers

	2014 Budget (Unaudited)	2014	2013
Transfers for operating:			
Provincial conditional grants	\$ 678,073	\$ 642,023	\$ 763,509
Other local governments	366,876	374,544	367,025
	1,044,949	1,016,567	1,130,534
Transfers for capital			
Provincial grants	2,482,893	2,312,135	2,339,119
Federal grants	403,930	230,340	403,931
Other local governments	1,050,000	295,552	31,638
	3,936,823	2,838,027	2,774,688
	\$ 4,981,772	\$ 3,854,594	\$ 3,905,222

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

15. Expenditures by object

	2014 Budget (Unaudited)	2014	2013
Salaries, wages and benefits	\$ 6,117,031	\$ 5,862,959	\$ 5,792,718
Contracted and general services	4,249,137	3,967,187	4,165,050
Purchases from other governments	3,784,170	4,069,615	3,164,052
Materials, goods, supplies and utilities	1,987,468	1,861,166	2,059,347
Amortization of tangible capital assets	436,204	2,734,787	2,506,875
Transfers to organizations and others	696,360	718,403	680,400
Interest on long-term debt	343,220	333,585	352,785
Bank charges and short-term interest	29,000	39,971	31,730
Loss on disposal of tangible capital assets	(72,500)	38,473	22,298
Other expenditures	2,000	13,780	7,210
	\$ 17,572,090	\$ 19,639,926	\$ 18,782,465

16. Contributed assets

During 2014 the Town received certain contributed capital assets. The tangible capital assets received have been recorded at fair market value at the date of contribution and have been recognized as income during the year.

17. Local Authorities Pension Plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 224,000 people and about 428 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 LAPP of 11.39% (2013 - 10.43%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2013 - 14.47%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% (2013 - 9.43%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2013 - 13.47%) on pensionable salary above this amount.

Total current service contributions by the Town to the Local Authorities Pension Plan in 2014 were \$383,338 (2013 - 371,526). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2014 were \$352,134 (2013 - \$347,488).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

18. Salary and benefits disclosure

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

	(1)	(2)	2014	2013
	Salary	Benefits & allowances		
Council				
Mayor Dahl	\$ 52,138	\$ 5,833	\$ 57,971	\$ 45,249
Councillor Bearchell	24,084	4,800	28,884	22,933
Councillor Bennett	26,456	5,058	31,514	24,189
Councillor Durieux	25,778	5,187	30,965	3,728
Councillor Harper	27,459	2,650	30,109	22,728
Councillor Overwater	28,497	4,944	33,441	5,406
Councillor Walsh	30,134	5,003	35,137	27,703
Councillor Ball	-	-	-	17,362
Councillor Bull	-	-	-	14,482
Chief Administrative Officer	\$ 154,130	\$ 37,550	\$ 191,680	\$ 159,793

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees. Benefits and allowances figures also include the Town's share of the costs of additional taxable benefits including travel allowances and car allowances.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

19. Segmented disclosure

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those used in the preparation of the financial statements as disclosed in note 1.

Refer to the Schedule of Segmented Disclosure (schedule 3).

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

20. Commitments and contingencies

a) The Town of Olds is a member of the Alberta Municipal Insurance Exchange. 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 the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) The Town has agreed to guarantee a line of credit for \$4,000,000 received by the Olds Institute for Community and Regional Development from a local financial institution for a period not to exceed five years beginning August 27, 2012. As at December 31, 2014, the principal balance of the loan was \$3,131,404 (2013 - \$3,862,017).

c) The Town has entered into operating leases for vehicles and equipment as follows.

Payments over the next three years are as follows:

2015	\$	106,118
2016		77,657
2017		43,224
		\$ 226,999

21. Debt limits

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

	2014	2013
Total debt limit	\$ 28,027,110	\$ 27,685,350
Total debt	21,028,203	16,302,660
	\$ 6,998,907	\$ 11,382,690
Debt servicing limit	\$ 4,671,185	\$ 4,614,225
Debt servicing	1,570,724	1,400,051
	\$ 3,100,461	\$ 3,214,174

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 which 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.

The total debt of \$21,028,203 includes the principal balance of the loan guarantee (\$3,131,404) for the Olds Institute for Community and Regional Development, as disclosed in note 20.

TOWN OF OLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

22. Budget amounts

The 2014 budget for the Town was approved by Council on December 9, 2013 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$ 5,137,264
Less: Capital expenses	(5,967,810)
Long-term debt repayments	(382,550)
Transfers to reserves	(1,180,595)
Add: Transfers from reserves	2,393,691
Equals: Approved budget	<u>\$ -</u>

23. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, loans receivable, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

24. Approval of financial statements

These financial statements were approved by Council and Management.

25. Comparative figures

In the prior year the non-capital long-term debt was deducted from equity in tangible capital assets in error, resulting in unrestricted net assets being overstated by \$5,103,015 and equity in tangible capital assets being understated by the same amount. The comparative balances have been adjusted accordingly.

TOWN OF OLDS
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2014	2013 Restated
Balance, beginning of year					
As previously stated	\$ 8,576,393	\$ 6,531,496	\$ 55,522,784	\$ 70,630,673	\$ 62,249,402
Prior period adjustment (note 25)	(5,103,015)	-	5,103,015	-	-
As restated	3,473,378	6,531,496	60,625,799	70,630,673	62,249,402
Excess of revenue over expenses	2,152,736	-	-	2,152,736	8,381,271
Unrestricted funds designated for future use	(1,151,711)	1,151,711	-	-	-
Restricted funds used for operations	186,571	(186,571)	-	-	-
Restricted funds used for tangible capital assets	-	(411,799)	411,799	-	-
Current year funds used for tangible capital assets	(3,566,247)	-	3,566,247	-	-
Contributed tangible capital assets	(269,895)	-	269,895	-	-
Disposal of tangible capital assets	109,121	-	(109,121)	-	-
Annual amortization expense	2,734,787	-	(2,734,787)	-	-
Long-term debt repaid	(382,551)	-	382,551	-	-
Change in accumulated surplus	(187,189)	553,341	1,786,584	2,152,736	8,381,271
Balance, end of year	\$ 3,286,189	\$ 7,084,837	\$ 62,412,383	\$ 72,783,409	\$ 70,630,673

TOWN OF OLDS
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2014	2013
Cost:									
Balance, beginning of year	\$ 3,574,401	\$ 1,453,268	\$ 22,466,221	\$ 81,031,917	\$ 3,762,882	\$ 3,427,891	\$ 198,258	\$ 115,914,839	\$ 107,182,296
Acquisitions	-	275,784	112,928	2,776,876	117,605	701,711	263,037	4,247,941	9,867,632
Construction-in-progress	-	21,149	-	96,425	1,013	-	(118,587)	-	-
Disposals	-	-	-	(176,740)	(64,660)	-	-	(241,400)	(1,135,089)
Balance, end of year	3,574,401	1,750,201	22,579,149	83,728,478	3,816,840	4,129,602	342,708	119,921,380	115,914,839
Accumulated amortization:									
Balance, beginning of year	-	353,795	7,216,784	37,803,972	1,308,468	1,268,394	-	47,951,412	46,202,066
Annual amortization	-	89,921	437,168	1,708,656	277,523	221,519	-	2,734,787	2,506,875
Disposals	-	-	-	(129,046)	(3,233)	-	-	(132,279)	(757,529)
Balance, end of year	-	443,716	7,653,952	39,383,582	1,582,758	1,489,913	-	50,553,920	47,951,412
Net book value	\$ 3,574,401	\$ 1,306,485	\$ 14,925,197	\$ 44,344,896	\$ 2,234,082	\$ 2,639,689	\$ 342,708	\$ 69,367,460	\$ 67,963,427
2013 net book value	\$ 3,574,401	\$ 1,099,473	\$ 15,249,438	\$ 43,227,945	\$ 2,454,414	\$ 2,159,498	\$ -	\$ 67,963,427	

TOWN OF OLDS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 7,668,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,668,794
User fees and sales of goods	35,555	156,845	10,849	6,498,275	152,708	8,292	593,489	7,456,013
Government transfers for operating	-	368,088	-	-	212,306	24,000	412,173	1,016,567
Investment income	215,515	-	-	-	-	-	-	215,515
Penalties and costs of taxes	86,930	174,831	-	14,723	-	-	-	276,484
Development levies	-	-	106,580	84,095	-	-	-	190,675
Licenses and permits	-	20,475	-	-	-	374,873	-	395,348
Franchise and concession contracts	1,069,435	-	-	-	-	-	-	1,069,435
Rentals and other	2,724	194,402	-	-	3,600	-	6,891	207,617
Sales to other governments	-	180,292	8,000	-	-	-	-	188,292
	9,078,953	1,094,933	125,429	6,597,093	368,614	407,165	1,012,553	18,684,740
Expenses								
Salaries, wages and benefits	954,519	589,782	522,813	963,597	264,969	630,969	1,936,310	5,862,959
Contracted and general services	495,723	340,207	508,406	1,524,635	43,977	387,304	666,935	3,967,187
Materials, goods, supplies and utilities	136,174	144,779	712,097	270,146	9,369	14,771	573,830	1,861,166
Bank charges and short term interest	25,070	-	-	-	900	-	14,001	39,971
Interest on long term debt	1	154,745	-	124,760	-	-	54,079	333,585
Other expenditures	-	-	-	136	-	13,644	-	13,780
Transfers to organizations and others	-	6,000	-	-	168,785	-	543,619	718,403
Purchases from other governments	75,449	900,191	-	3,008,961	-	85,013	-	4,069,615
Amortization of tangible capital assets	38,734	254,293	1,150,532	790,617	23,736	-	476,876	2,734,787
Loss (gain) on disposal of tangible capital assets	-	-	10,633	28,274	-	-	(435)	38,473
	1,725,670	2,389,997	2,904,481	6,711,126	511,736	1,131,701	4,265,215	19,639,926
Deficiency of revenue over expenses before other	7,353,283	(1,295,064)	(2,779,052)	(114,033)	(143,122)	(724,536)	(3,252,662)	(955,186)
Other								
Government transfers for capital	-	510,552	1,358,852	598,452	-	-	370,171	2,838,027
Contributed assets	-	-	269,895	-	-	-	-	269,895
	-	510,552	1,628,747	598,452	-	-	370,171	3,107,922
Excess of revenue over expenses	\$ 7,353,283	\$ (784,512)	\$ (1,150,305)	\$ 484,419	\$ (143,122)	\$ (724,536)	\$ (2,882,491)	\$ 2,152,736