

# **TOWN OF OLDS**

## **Consolidated Financial Statements**

**For the year ended December 31, 2015**

---

**TOWN OF OLDS**  
**TABLE OF CONTENTS**  
**For the year ended December 31, 2015**

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>MANAGEMENT REPORT</b>	<b>2</b>
<b>FINANCIAL STATEMENTS</b>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF OPERATIONS	4
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	5
CONSOLIDATED STATEMENT OF CASH FLOW	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 18
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	19 - 21

# Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S 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, 2015, 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, 2015 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

*Young Parkyn McNab LLP*

April 25, 2016

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, 2015**

	2015	2014
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 3,173,203	\$ 1,016,445
Taxes and grants in place of taxes receivable (note 3)	466,181	365,154
Trade and other receivables (note 4)	1,919,475	2,311,797
Loan receivable (note 5)	13,680,030	10,955,236
Investments (note 6)	6,360,377	9,769,160
Inventory held for resale	14,267	7,680
	25,613,533	24,425,472
<b>Liabilities</b>		
Line of credit (note 7)	380,000	-
Accounts payable and accrued liabilities	2,345,375	2,157,016
Employee benefit obligations (note 8)	172,067	191,741
Deposits	13,455	16,755
Deferred revenue (note 9)	479,763	762,699
Long-term debt (note 10)	18,527,381	17,896,799
	21,918,041	21,025,010
<b>Net financial assets</b>	3,695,492	3,400,462
<b>Non-financial assets</b>		
Prepaid expenses	116,339	15,489
Tangible capital assets (schedule 2)	71,369,567	69,367,458
	71,485,906	69,382,947
<b>Accumulated surplus (note 12)</b>	\$ 75,181,398	\$ 72,783,409

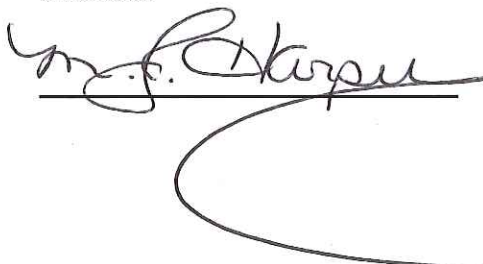
*Commitments and contingencies (note 21)*

Approved on behalf of Council:

Mayor



Councillor



**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the year ended December 31, 2015**

	2015 Budget (Unaudited)	2015	2014
<b>Revenue</b>			
Net municipal taxes (note 15)	\$ 8,131,358	\$ 8,122,514	\$ 7,668,794
User fees and sales of goods	7,925,855	8,328,768	7,461,703
Government transfers for operating (note 16)	1,047,130	1,058,692	1,016,567
Investment income	190,000	225,068	215,515
Penalties and costs of taxes	304,500	297,421	276,484
Development levies	-	70,131	190,675
Licenses and permits	369,600	253,603	395,348
Franchise and concession contracts	1,129,410	1,120,819	1,069,435
Rentals and other	200,500	207,644	201,927
Sales to other governments	192,900	204,898	188,292
	19,491,253	19,889,558	18,684,740
<b>Expenses (note 17)</b>			
Legislative	303,852	298,721	332,424
Administration	1,550,700	1,653,817	1,393,248
Protective services	2,305,820	2,555,861	2,389,999
Transportation services	1,723,947	2,826,148	2,904,481
Water and waste water	2,476,615	3,103,590	3,020,632
Wastewater treatment and disposal	3,043,590	3,376,585	2,707,562
Waste management	1,285,430	1,193,752	982,930
Public health and welfare services	534,420	507,475	511,736
Planning and development	1,330,490	1,146,588	1,131,701
Recreation, parks and culture	4,115,381	4,447,297	4,265,213
	18,670,245	21,109,834	19,639,926
<b>Deficiency of revenue over expenses before other</b>	821,008	(1,220,276)	(955,186)
<b>Other</b>			
Government transfers for capital (note 16)	3,260,510	3,051,717	2,838,027
Capital donations	-	566,548	-
Contributed assets	750,000	-	269,895
	4,010,510	3,618,265	3,107,922
<b>Excess of revenue over expenses</b>	4,831,518	2,397,989	2,152,736
<b>Accumulated surplus, beginning of year</b>	72,783,409	72,783,409	70,630,673
<b>Accumulated surplus, end of year</b>	\$ 77,614,927	\$ 75,181,398	\$ 72,783,409

**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2015**

	2015 Budget (Unaudited)	2015	2014
<b>Excess of revenue over expenses</b>	\$ 4,831,518	\$ 2,397,989	\$ 2,152,736
Acquisition of tangible capital assets	(6,586,950)	(5,141,868)	(3,978,045)
Amortization of tangible capital assets	463,370	2,924,837	2,734,787
Contributed assets	(750,000)	-	(269,895)
Loss on disposal of tangible capital assets	(72,500)	14,270	38,473
Proceeds on disposal of tangible capital assets	-	200,653	70,647
	(6,946,080)	(2,002,108)	(1,404,033)
Net change in prepaid expense	-	(100,851)	(975)
<b>Change in net financial assets</b>	(2,114,562)	295,030	747,728
<b>Net financial assets, beginning of year</b>	3,400,462	3,400,462	2,652,734
<b>Net financial assets, end of year</b>	\$ 1,285,900	\$ 3,695,492	\$ 3,400,462



**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2015

	2015	2014
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 2,397,989	\$ 2,152,736
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	14,270	38,473
Amortization of tangible capital assets	2,924,837	2,734,787
Contributed assets	-	(269,895)
	5,337,096	4,656,101
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(101,027)	79,881
Trade and other receivables	392,320	(542,328)
Loan receivable	(2,724,794)	(5,843,422)
Inventory held for resale	(6,587)	8,974
Prepaid expenses	(100,851)	(975)
Accounts payable and accrued liabilities	188,359	3,599
Employee benefit obligations	(19,674)	(5,390)
Deposits	(3,300)	(2,650)
Deferred revenue	(282,936)	106,552
Cash provided by (applied to) operating transactions	2,678,606	(1,539,658)
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	200,653	70,647
Acquisition of tangible capital assets	(5,141,868)	(3,978,045)
Cash applied to capital transactions	(4,941,215)	(3,907,398)
<b>Investing transactions</b>		
Purchase of investments	(5,387,750)	(4,471,009)
Proceeds on sale of investments	8,796,535	-
Cash provided by (applied to) investing transactions	3,408,785	(4,471,009)
<b>Financing transactions</b>		
Proceeds of long-term debt	1,600,000	6,400,000
Repayment of long-term debt	(969,418)	(943,844)
Cash provided by financing transactions	630,582	5,456,156
<b>Increase (decrease) in cash and cash equivalents</b>	1,776,758	(4,461,909)
<b>Cash and cash equivalents, beginning of year</b>	1,016,445	5,478,354
<b>Cash and cash equivalents, end of year</b>	\$ 2,793,203	\$ 1,016,445
<b>Cash and cash equivalents consists of:</b>		
Cash and temporary investments (note 2)	\$ 3,173,203	\$ 1,016,445
Line of credit (note 7)	(380,000)	-
	\$ 2,793,203	\$ 1,016,445



---

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

---

**1. Significant accounting policies**

The consolidated financial statements of the Town of Olds are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. 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.

**(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.

---

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

---

**1. Significant accounting policies, continued**

(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) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(j) 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.

(k) 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, 2015

**1. Significant accounting policies, continued**

(k) 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**

	2015	2014
Cash	\$ 114,276	\$ 1,016,445
Temporary investments	3,058,927	-
	<u>\$ 3,173,203</u>	<u>\$ 1,016,445</u>

Temporary investments consist of guaranteed investment certificates with maturities of three months or less.

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**3. Taxes and grants in place of taxes receivables**

	2015	2014
Current taxes and grants in place of taxes receivable	\$ 368,511	\$ 246,097
Arrears taxes receivable	94,032	122,937
(Over) under-levies	3,638	(3,880)
	\$ 466,181	\$ 365,154

**4. Trade and other receivables**

	2015	2014
Utility accounts receivable	\$ 855,435	\$ 795,898
Goods and services tax	119,027	119,667
Trade and other receivable	945,013	1,396,232
	\$ 1,919,475	\$ 2,311,797

**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 between 2021 and 2030.

The loan receivable is secured by a collateral mortgage over land, a mortgage of rights of way, an assignment of insurance policies, an assignment of leases and rents, an assignment of contracts, construction documents, plans, and designs, an assignment of the network system, an unlimited guarantee from Olds Fibre Ltd., and general security agreements.

**6. Investments**

Investments consist of guaranteed investment certificates that bear interest at rates ranging from 1.2% to 2.35% (2014 - 1.7% to 2.55%) per annum and mature in periods from 2016 through 2018.



**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**7. Line of credit**

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.

**8. Employee benefit obligations**

	2015	2014
Vacation payable	\$ 160,720	\$ 177,131
Overtime payable	11,347	14,609
	<u>\$ 172,067</u>	<u>\$ 191,741</u>

**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.

**9. Deferred revenue**

	2015	2014
Municipal Sustainability Initiative - capital	\$ 302,153	\$ 420,354
Federal Gas Tax Fund - capital	40,562	235,194
New Police Officers Grant	25,000	25,000
Other	112,048	82,151
	<u>\$ 479,763</u>	<u>\$ 762,699</u>

**10. Long-term debt**

	2015	2014
Debentures supported by general tax levies	\$ 4,673,748	\$ 4,894,189
Debentures supported by utility rates	1,886,070	2,046,665
Debentures supported by loan repayment agreement	11,967,563	10,941,723
Royal Bank of Canada long-term borrowing	-	14,222
	<u>\$ 18,527,381</u>	<u>\$ 17,896,799</u>
Current portion	<u>\$ 1,130,994</u>	<u>\$ 937,254</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**10. Long-term debt, continued**

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 1,130,994	\$ 622,357	\$ 1,753,351
2017	1,489,548	579,968	2,069,516
2018	1,592,899	529,002	2,121,901
2019	1,646,540	475,361	2,121,901
2020	1,702,295	419,605	2,121,900
Thereafter	10,965,105	2,403,875	13,368,980
	<u>\$ 18,527,381</u>	<u>\$ 5,030,168</u>	<u>\$ 23,557,549</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.

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

Interest on long-term debt amounted to \$313,089 (2014 - \$333,585).

The Town's total cash payments for interest were \$323,025 (2014 - \$342,324).

**11. Contaminated sites liability**

On January 1, 2015, the Town adopted PS3260 liability for contaminated sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Town.

The Town's sewage treatment plant was shutdown in August, 2015. A reasonable estimate to decommission the plant cannot be made until Alberta Environment has approved the Town's decommissioning plan.

**12. Accumulated surplus**

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

	2015	2014
Unrestricted surplus	\$ 3,427,733	\$ 3,286,189
Internally restricted surplus (reserves) (note 13)	6,943,916	7,084,838
Equity in tangible capital assets (note 14)	64,809,749	62,412,382
	<u>\$ 75,181,398</u>	<u>\$ 72,783,409</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**13. 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.

	2015	2014
<b>Operating</b>		
General	\$ 1,398,014	\$ 1,261,116
Perpetual care	192,838	192,838
Utilities	6,219	-
NU2U	60,102	60,585
Olds Fashioned Christmas	16,476	16,476
Fire reserve	50,940	37,683
RCMP DARE reserve	5,190	5,190
Snow removal	147,000	110,000
	<u>1,876,779</u>	<u>1,683,888</u>
<b>Capital</b>		
Utility reserve	909,121	909,121
Road and other infrastructure	566,895	591,895
South Red Deer Regional Wastewater Commission	59,580	570,244
General	451,571	545,825
Building reserve	1,037,395	709,680
Offsite levies - transportation	510,242	572,866
Offsite levies - water	316,710	407,636
Offsite levies - wastewater	195,286	286,212
Offsite levies - storm sewer	175,568	175,568
Equipment replacement	461,412	242,961
Parks	65,736	65,736
Municipal reserve	138,087	135,684
Restricted reserves for specific purposes	76,497	91,497
Fire - small equipment	103,037	96,025
	<u>5,067,137</u>	<u>5,400,950</u>
	<u>\$ 6,943,916</u>	<u>\$ 7,084,838</u>

**14. Equity in tangible capital assets**

	2015	2014
Tangible capital assets (schedule 2)	\$ 123,778,847	\$ 119,921,379
Accumulated amortization (schedule 2)	(52,409,280)	(50,553,921)
Long-term debt (note 10)	(18,527,381)	(17,896,799)
Non-capital long-term debt (note 10)	11,967,563	10,941,723
	<u>\$ 64,809,749</u>	<u>\$ 62,412,382</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**15. Net municipal property taxes**

	2015 Budget (Unaudited)	2015	2014
<b>Taxation</b>			
Real property taxes	\$ 11,784,613	\$ 11,584,597	\$ 11,020,753
Linear property taxes	-	150,028	132,876
Frontage taxes	8,100	8,037	8,037
Government grants in place of property taxes	-	41,207	51,486
	11,792,713	11,783,869	11,213,152
<b>Requisitions</b>			
Alberta School Foundation Fund	3,478,801	3,478,801	3,363,130
Mountain View Senior Housing	182,554	182,554	181,228
	3,661,355	3,661,355	3,544,358
	\$ 8,131,358	\$ 8,122,514	\$ 7,668,794

**16. Government transfers**

	2015 Budget (Unaudited)	2015	2014
<b>Transfers for operating:</b>			
Provincial conditional grants	\$ 680,520	\$ 677,676	\$ 642,023
Other local governments	366,610	381,016	374,544
	1,047,130	1,058,692	1,016,567
<b>Transfers for capital</b>			
Provincial grants	2,608,590	2,307,557	2,312,135
Federal grants	651,920	674,160	230,340
Other local governments	-	70,000	295,552
	3,260,510	3,051,717	2,838,027
	\$ 4,307,640	\$ 4,110,409	\$ 3,854,594



**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**17. Expenditures by object**

	2015 Budget (Unaudited)	2015	2014
Salaries, wages and benefits	\$ 6,432,104	\$ 6,345,487	\$ 5,872,013
Contracted and general services	4,086,010	3,560,206	3,899,168
Purchases from other governments	4,404,445	4,824,978	3,908,740
Materials, goods, supplies and utilities	1,912,245	1,927,113	1,857,374
Amortization of tangible capital assets	463,370	2,924,837	2,734,787
Transfers to organizations and others	1,075,360	1,129,064	942,035
Interest on long-term debt	316,661	313,089	333,585
Bank charges and short-term interest	36,900	38,217	39,971
Loss on disposal of tangible capital assets	(72,500)	14,270	38,473
Other expenditures	15,650	32,573	13,780
	\$ 18,670,245	\$ 21,109,834	\$ 19,639,926

**18. 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 237,612 people and about 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 LAPP of 11.39% (2014 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2014 - 15.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% (2014 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2014 - 14.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the Local Authorities Pension Plan in 2015 were \$424,932 (2014 - 383,338). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2015 were \$462,670 (2014 - \$352,134).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion.

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**19. 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)		
	Salary	Benefits & allowances	2015	2014
Council				
Mayor Dahl	\$ 54,064	\$ 6,175	\$ 60,239	\$ 57,971
Councillor Bearchell	22,027	5,034	27,061	28,884
Councillor Bennett	23,476	5,238	28,714	31,514
Councillor Durieux	25,501	5,140	30,641	30,965
Councillor Harper	24,776	2,693	27,469	30,109
Councillor Overwater	25,856	5,150	31,006	33,441
Councillor Walsh	31,901	5,348	37,249	35,137
Chief Administrative Officer	\$ 163,338	\$ 38,318	\$ 201,656	\$ 191,680

(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.

**20. 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, 2015**

**21. 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, 2015, the principal balance of the loan was \$3,883,798 (2014 - \$3,131,404).

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

Payments over the next three years are as follows:

2016	\$	198,941
2017		164,751
2018		152,663
	\$	516,355

**22. 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:

	2015	2014
Total debt limit	\$ 29,834,340	\$ 28,027,110
Total debt	22,411,179	21,028,203
	\$ 7,423,161	\$ 6,998,907
Debt servicing limit	\$ 4,972,390	\$ 4,671,185
Debt servicing	1,753,351	1,570,724
	\$ 3,219,039	\$ 3,100,461

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 \$22,411,179 includes the principal balance of the loan guarantee (\$3,883,798) for the Olds Institute for Community and Regional Development, as disclosed in note 21.



---

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

---

**23. Budget amounts**

The 2015 budget for the Town was approved by Council on April 27, 2015 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	\$ 4,831,518
Less: Capital expenses	(6,586,950)
Long-term debt repayments	(398,249)
Transfers to reserves	(1,484,679)
Add: Transfers from reserves	3,638,360
Equals: Approved budget	<u>\$ -</u>

**24. 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.

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**26. Comparative figures**

Where necessary the comparative figures for the 2014 year, have been reclassified to conform with 2015 financial statement presentation.



**TOWN OF OLDS**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Schedule of changes in accumulated surplus**

**Schedule 1**

	Unrestricted	Restricted	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 3,286,189	\$ 7,084,838	\$ 62,412,382	\$ 72,783,409	\$ 70,630,673
Excess of revenue over expenses	2,397,989	-	-	2,397,989	2,152,736
Unrestricted funds designated for future use	(1,177,374)	1,177,374	-	-	-
Restricted funds used for operations	164,232	(164,232)	-	-	-
Restricted funds used for tangible capital assets	-	(1,154,064)	1,154,064	-	-
Current year funds used for tangible capital assets	(3,987,804)	-	3,987,804	-	-
Disposal of tangible capital assets	214,922	-	(214,922)	-	-
Amortization of tangible capital assets	2,924,837	-	(2,924,837)	-	-
Capital long term debt repaid	(395,258)	-	395,258	-	-
Change in accumulated surplus	141,544	(140,922)	2,397,367	2,397,989	2,152,736
<b>Balance, end of year</b>	<b>\$ 3,427,733</b>	<b>\$ 6,943,916</b>	<b>\$ 64,809,749</b>	<b>\$ 75,181,398</b>	<b>\$ 72,783,409</b>

**TOWN OF OLDS**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2015

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2015	2014
<b>Cost:</b>									
Balance, beginning of year\$	3,574,401	\$ 1,750,201	\$ 22,579,149	\$ 83,728,478	\$ 3,816,840	\$ 4,129,602	\$ 342,708	\$ 119,921,379	\$ 115,914,839
Acquisitions	-	1,476,879	348,479	2,669,739	580,614	45,816	20,341	5,141,868	4,247,940
Construction-in-progress	-	9,583	118,535	109,589	-	-	(237,707)	-	-
Disposals	-	-	-	(609,956)	(83,190)	(591,254)	-	(1,284,400)	(241,400)
<b>Balance, end of year</b>	<b>3,574,401</b>	<b>3,236,663</b>	<b>23,046,163</b>	<b>85,897,850</b>	<b>4,314,264</b>	<b>3,584,164</b>	<b>125,342</b>	<b>123,778,847</b>	<b>119,921,379</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	443,716	7,653,952	39,383,582	1,582,758	1,489,912	-	50,553,921	47,951,412
Annual amortization	-	219,872	507,291	1,677,935	283,896	235,843	-	2,924,837	2,734,787
Disposals	-	-	-	(556,276)	(15,722)	(497,480)	-	(1,069,478)	(132,278)
<b>Balance, end of year</b>	<b>-</b>	<b>663,588</b>	<b>8,161,243</b>	<b>40,505,241</b>	<b>1,850,932</b>	<b>1,228,275</b>	<b>-</b>	<b>52,409,280</b>	<b>50,553,921</b>
<b>Net book value</b>	<b>\$ 3,574,401</b>	<b>\$ 2,573,075</b>	<b>\$ 14,884,920</b>	<b>\$ 45,392,609</b>	<b>\$ 2,463,332</b>	<b>\$ 2,355,889</b>	<b>\$ 125,342</b>	<b>\$ 71,369,567</b>	<b>\$ 69,367,458</b>
<b>2014 net book value</b>	<b>\$ 3,574,401</b>	<b>\$ 1,306,486</b>	<b>\$ 14,925,197</b>	<b>\$ 44,344,895</b>	<b>\$ 2,234,081</b>	<b>\$ 2,639,690</b>	<b>\$ -</b>	<b>\$ 69,367,458</b>	

**TOWN OF OLDS**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**Schedule of segmented disclosure**

**Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal taxes	\$ 8,122,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,122,514
User fees and sales of goods	91,701	132,432	11,675	7,249,824	158,652	51,294	633,190	8,328,768
Government transfers for operating	-	376,075	-	-	233,348	-	449,269	1,058,692
Investment income	225,068	-	-	-	-	-	-	225,068
Penalties and costs of taxes	90,552	188,453	-	18,416	-	-	-	297,421
Development levies	-	-	32,535	37,596	-	-	-	70,131
Licenses and permits	-	22,240	2,821	-	-	228,542	-	253,603
Franchise and concession contracts	1,120,819	-	-	-	-	-	-	1,120,819
Rentals and other	-	202,644	-	-	-	-	5,000	207,644
Sales to other governments	-	196,898	8,000	-	-	-	-	204,898
	9,650,654	1,118,742	55,031	7,305,836	392,000	279,836	1,087,459	19,889,558
<b>Expenses</b>								
Salaries, wages and benefits	1,010,369	720,339	553,443	1,039,066	275,930	649,517	2,096,823	6,345,487
Contracted and general services	559,350	340,299	458,617	1,334,848	55,949	207,922	603,221	3,560,206
Materials, goods, supplies and utilities	309,743	151,612	670,866	227,250	11,385	15,438	540,819	1,927,113
Bank charges and short term interest	24,252	-	-	-	864	-	13,101	38,217
Interest on long term debt	-	147,829	-	115,391	-	-	49,869	313,089
Other expenditures	-	-	-	(104)	-	32,677	-	32,573
Transfers to organizations and others	-	5,000	-	355,159	155,717	150,000	463,187	1,129,064
Purchases from other governments	-	898,597	-	3,835,347	-	91,035	-	4,824,978
Amortization of tangible capital assets	48,822	268,190	1,145,098	769,263	12,416	-	681,047	2,924,837
Loss on disposal of tangible capital assets	-	23,995	(1,876)	(2,292)	(4,786)	-	(770)	14,270
	1,952,536	2,555,861	2,826,148	7,673,928	507,475	1,146,589	4,447,297	21,109,834
<b>Deficiency of revenue over expenses before other</b>	7,698,118	(1,437,119)	(2,771,117)	(368,092)	(115,475)	(866,753)	(3,359,838)	(1,220,276)
<b>Other</b>								
Government transfers for capital	238,314	-	1,844,086	463,982	-	-	505,335	3,051,717
Capital donations	-	-	4,000	-	-	-	562,548	566,548
	238,314	-	1,848,086	463,982	-	-	1,067,883	3,618,265
<b>Excess of revenue over expenses</b>	\$ 7,936,432	\$ (1,437,119)	\$ (923,031)	\$ 95,890	\$ (115,475)	\$ (866,753)	\$ (2,291,955)	\$ 2,397,989