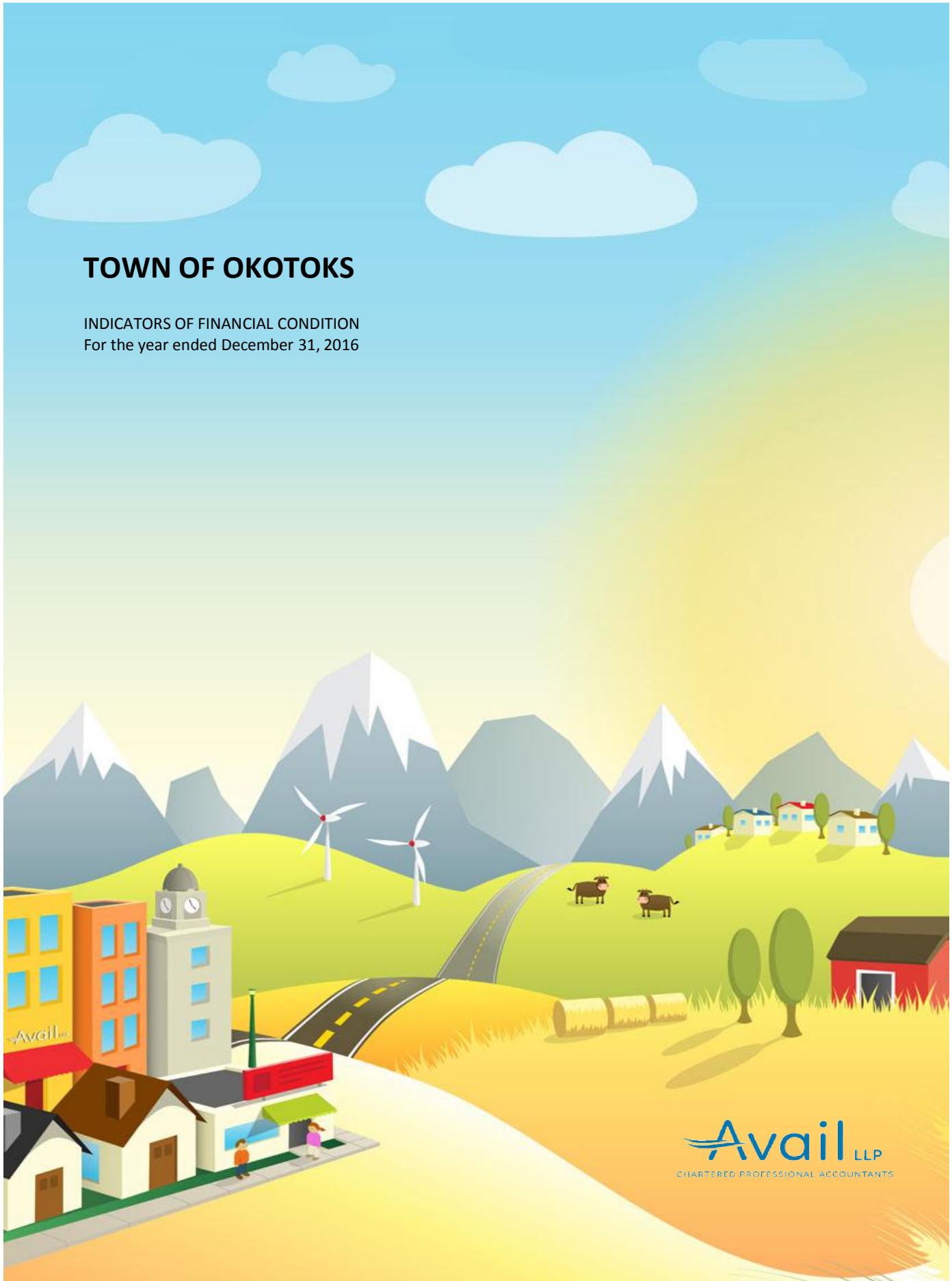


# TOWN OF OKOTOKS

INDICATORS OF FINANCIAL CONDITION  
For the year ended December 31, 2016



**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.*

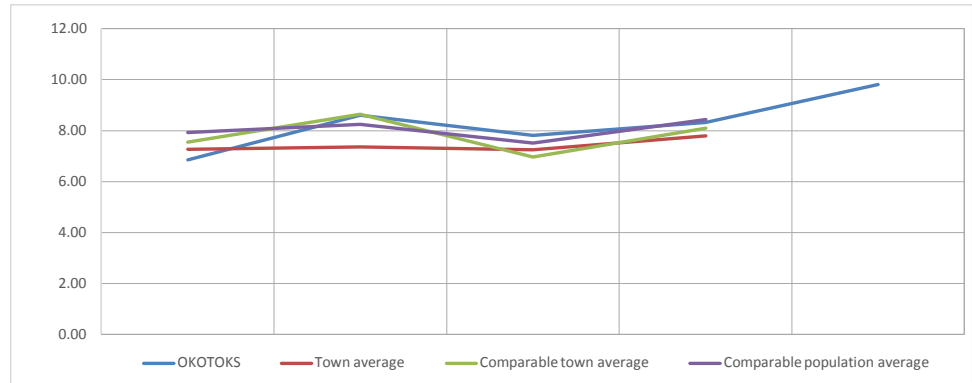
*Comparable municipalities were determined based on a range of 75% to 125% of your population.*

2012                      2013                      2014                      2015                      2016

**SUSTAINABILITY INDICATORS**

**Assets to Liabilities**

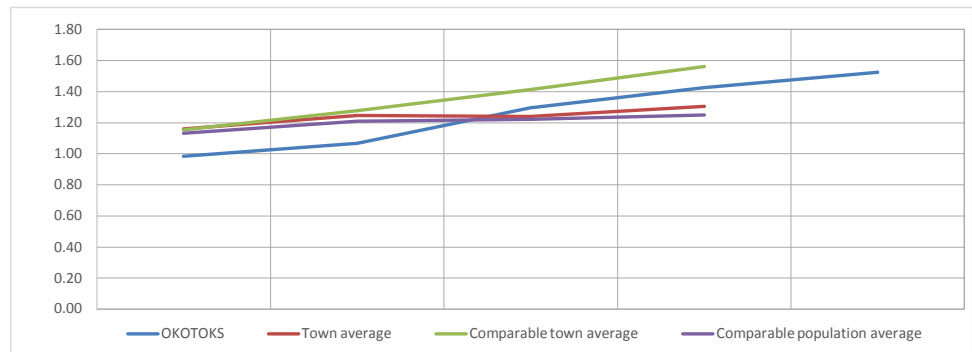
The "assets-to-liabilities" indicator reports the ratio of a government's financial and nonfinancial assets to its liabilities. This indicator supports a discussion about sustainability by illustrating the extent to which a government finances its operations by issuing debt. A ratio higher than one indicates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



Total assets	371,006,020	387,946,935	392,543,094	405,686,418	415,093,396
Total liabilities	54,189,001	45,042,127	50,214,402	48,761,365	42,284,496
Assets to liabilities	6.85	8.61	7.82	8.32	9.82
Town average	7.27	7.36	7.25	7.79	
Comparable town average	7.54	8.64	6.96	8.09	
Comparable population average	7.92	8.24	7.52	8.44	

**Financial assets to liabilities**

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



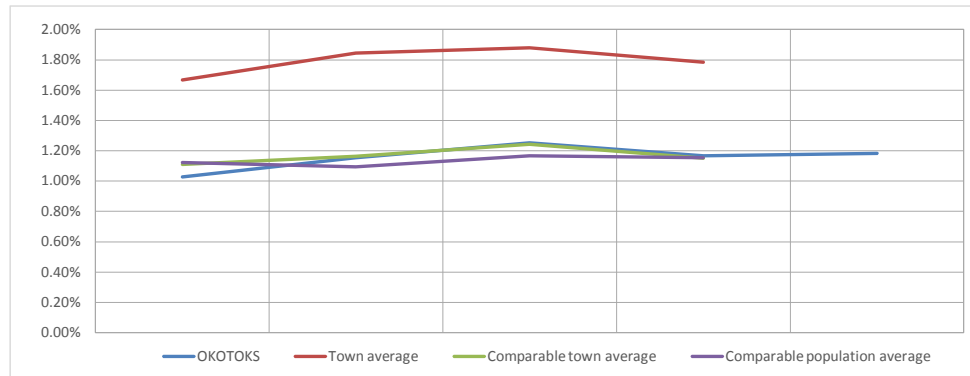
Total financial assets	53,319,419	48,061,483	65,057,129	69,587,226	64,441,334
Total liabilities	54,189,001	45,042,127	50,214,402	48,761,365	42,284,496
Financial assets to liabilities	0.98	1.07	1.30	1.43	1.52
Town average	1.16	1.25	1.24	1.30	
Comparable town average	1.15	1.28	1.41	1.56	
Comparable population average	1.13	1.21	1.22	1.25	

2012                      2013                      2014                      2015                      2016

**SUSTAINABILITY INDICATORS, CONTINUED**

**Operating expenses to taxable assessment**

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

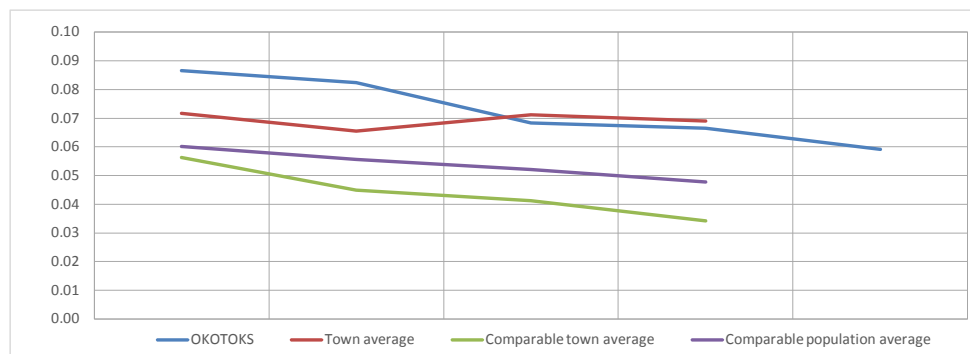


Operating expenses	40,145,619	45,355,013	51,420,960	50,958,339	55,913,061
Taxable assessment	3,908,363,533	3,933,146,729	4,110,024,576	4,372,219,642	4,728,812,066
<b>Operating expenses to taxable assessment</b>	<b>1.03%</b>	<b>1.15%</b>	<b>1.25%</b>	<b>1.17%</b>	<b>1.18%</b>
Town average	1.67%	1.85%	1.88%	1.79%	
Comparable town average	1.11%	1.16%	1.24%	1.15%	
Comparable population average	1.12%	1.09%	1.17%	1.15%	

**FLEXIBILITY INDICATORS**

**Public debt charges to revenues**

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



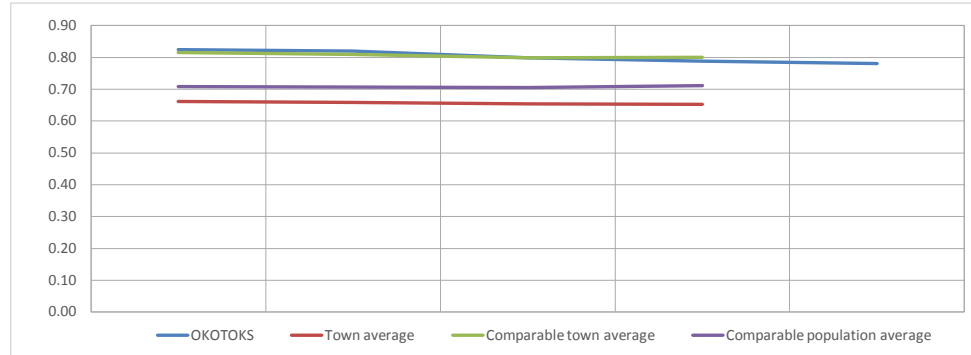
Debt servicing	4,092,922	4,060,671	4,060,672	3,997,265	3,905,782
Operating revenue	47,239,582	49,248,397	59,413,807	60,126,170	66,072,734
<b>Public debt charges to revenues</b>	<b>0.09</b>	<b>0.08</b>	<b>0.07</b>	<b>0.07</b>	<b>0.06</b>
Town average	0.07	0.07	0.07	0.07	
Comparable town average	0.06	0.04	0.04	0.03	
Comparable population average	0.06	0.06	0.05	0.05	

2012                      2013                      2014                      2015                      2016

**FLEXIBILITY INDICATORS, CONTINUED**

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

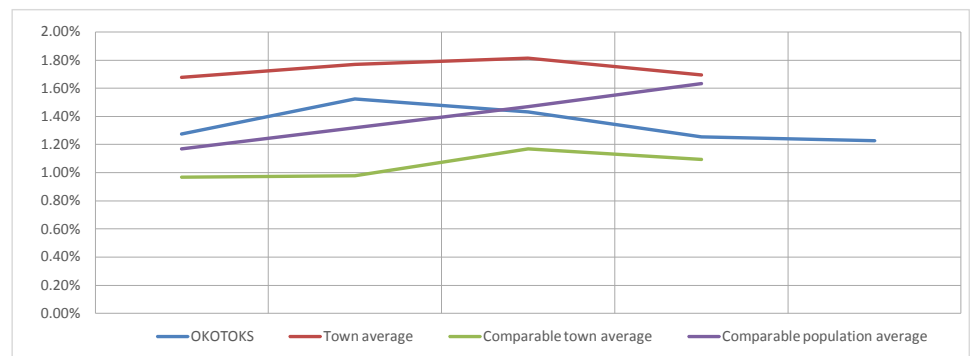
The "net book value of capital assets-to-cost of capital assets" indicator is important because it reports the extent to which the estimated useful lives of a government's tangible capital assets are available to provide its products and services. If a government's scale, scope and level of services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



Net book value	317,180,909	339,598,105	327,254,491	335,621,984	350,253,744
Cost of tangible capital assets	384,554,908	414,374,907	409,493,824	425,921,113	448,649,654
Net book value to cost of tangible capital assets	0.82	0.82	0.80	0.79	0.78
Town average	0.66	0.66	0.65	0.65	
Comparable town average	0.81	0.81	0.80	0.80	
Comparable population average	0.71	0.71	0.71	0.71	

**Own source revenues to taxable assessment**

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



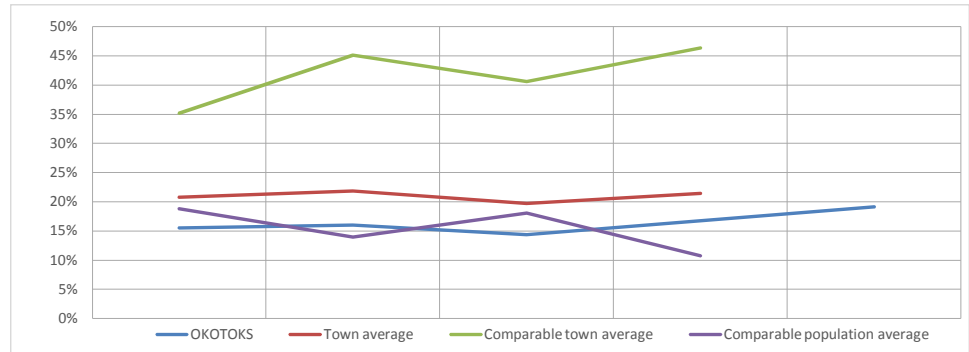
Own source revenues (net of government transfers)	49,787,173	59,996,538	58,857,995	54,834,289	58,048,994
Taxable assessment	3,908,363,533	3,933,146,729	4,110,024,576	4,372,219,642	4,728,812,066
Own source revenues to taxable assessment	1.27%	1.53%	1.43%	1.25%	1.23%
Town average	1.68%	1.77%	1.81%	1.70%	
Comparable town average	0.97%	0.98%	1.17%	1.09%	
Comparable population average	1.17%	1.32%	1.47%	1.63%	

2012                      2013                      2014                      2015                      2016

**VULNERABILITY INDICATORS**

**Government transfers to total revenues**

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



Government transfers (including capital)	9,166,653	11,446,266	9,881,400	11,058,329	13,747,922
Total revenues (including capital)	58,953,826	71,442,804	68,739,395	65,892,618	71,796,916
<b>Government transfers to total revenues</b>	<b>16%</b>	<b>16%</b>	<b>14%</b>	<b>17%</b>	<b>19%</b>
Town average	21%	22%	20%	21%	
Comparable town average	35%	45%	41%	46%	
Comparable population average	19%	14%	18%	11%	