

**TOWN OF OLDS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of the Town of Olds

### *Opinion*

We have audited the accompanying consolidated financial statements of the Town of Olds (the Town), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, change in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, the results of its operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

The consolidated financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 12, 2023.

### *Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 22, 2024

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

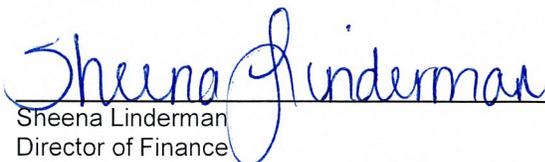
The elected Mayor and Council of the Town of Olds are composed entirely of individuals who are neither management nor employees of the Town. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



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Brent Williams  
Chief Administrative Officer



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Sheena Linderman  
Director of Finance

April 22, 2024  
Olds, Alberta

**TOWN OF OLDS**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 6,344,099	\$ 1,359,140
Taxes and grants in place of taxes receivable (Note 2)	660,031	1,193,022
Trade and other receivables (Note 3)	7,516,368	7,902,477
Loans receivable (Note 4)	14,085,556	14,486,166
Inventory for consumption	64,964	9,061
Investments (Note 5)	<u>680,001</u>	<u>6,080,001</u>
	<u>29,351,019</u>	<u>31,029,867</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	4,123,707	3,303,328
Deposit liabilities (Note 7)	537,655	816,775
Deferred revenue (Note 8)	1,466,601	2,668,628
Employee benefit obligations (Note 9)	293,232	274,897
Asset retirement obligations (Note 10)	124,390	120,335
Long-term debt (Note 11)	<u>28,043,801</u>	<u>29,344,927</u>
	<u>34,589,386</u>	<u>36,528,890</u>
<b>NET FINANCIAL DEBT</b>	<u>(5,238,367)</u>	<u>(5,499,023)</u>
<b>NON-FINANCIAL DEBT</b>		
Tangible capital assets (Schedule 1)	99,567,203	97,733,885
Prepaid expenses	<u>47,902</u>	<u>37,601</u>
	<u>99,615,105</u>	<u>97,771,486</u>
<b>ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 12)</b>	<u>\$ 94,376,738</u>	<u>\$ 92,272,463</u>

Guarantees (Note 15)

Commitments (Note 18)

Contingency (Note 25)

**ON BEHALF OF COUNCIL:**

Judy Dahl, Mayor.  
Hester G. Deputy Mayor

**TOWN OF OLDS**

**Consolidated Statement of Operations and Accumulated Surplus**

**For the Year Ended December 31, 2023**

	<u>2023</u> (Budget) (Note 23)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 26)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 10,620,811	\$ 10,565,008	\$ 10,083,053
User fees and sales of goods (Schedule 5)	10,517,307	10,688,903	10,235,385
Franchise fees and concession contracts	2,548,216	2,414,740	2,543,462
Government transfers for operating (Schedule 4)	1,436,945	1,557,271	1,355,878
Investment income	313,000	1,053,225	670,050
Licenses and permits	338,000	309,980	274,970
Sales to other governments	258,655	269,745	206,467
Rentals	232,906	242,421	215,320
Other	-	222,378	-
Penalties on taxes	140,000	189,070	218,655
Fines	82,000	72,593	71,028
Development levies	-	-	98,999
	<u>26,487,840</u>	<u>27,585,334</u>	<u>25,973,267</u>
<b>EXPENSES</b>			
Legislative	422,283	391,371	409,204
Administration	2,409,276	2,855,592	2,821,852
General government services	-	-	81,304
Policing services	2,277,574	1,820,589	2,261,113
Firefighting services	1,427,695	1,645,224	1,581,441
Disaster and emergency measures	55,258	48,075	85,535
Bylaws enforcement	449,170	455,521	384,917
Transportation	2,753,698	4,766,577	8,080,639
Water supply and distribution	3,003,416	3,799,344	3,535,604
Wastewater treatment and disposal	4,143,073	4,712,634	4,808,209
Waste management	1,095,421	1,066,270	1,153,899
Family and Community Support Services	336,803	395,101	347,911
Community services	335,809	232,014	330,752
Other utilities	270,000	183,814	7,749
Economic development and other planning	1,097,010	1,028,687	778,390
Parks and recreation	4,834,090	5,773,108	5,185,584
Library	644,387	711,482	716,916
	<u>25,554,963</u>	<u>29,885,403</u>	<u>32,571,019</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	<u>932,877</u>	<u>(2,300,069)</u>	<u>(6,597,752)</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 4)	6,084,557	4,485,296	2,863,987
Capital donations	199,774	-	27,600
Gain (loss) on disposal of tangible capital assets	10,000	(80,952)	(26,214)
	<u>6,294,331</u>	<u>4,404,344</u>	<u>2,865,373</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>7,227,208</u>	<u>2,104,275</u>	<u>(3,732,379)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	-	96,079,404	96,103,418
Restatement (Note 26)	-	(3,806,941)	(98,576)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, BEGINNING OF YEAR, AS RESTATED</b>	<u>92,272,463</u>	<u>92,272,463</u>	<u>96,004,842</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 12)</b>	<u>\$ 99,499,671</u>	<u>\$ 94,376,738</u>	<u>\$ 92,272,463</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TOWN OF OLDS**  
**Consolidated Statement of Change in Net Financial Debt**  
**For the Year Ended December 31, 2023**

	<u>2023</u> (Budget) (Note 23)	<b>2023</b> (Actual)	<u>2022</u> (Restated) (Note 26)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ <u>7,227,208</u>	\$ <u><b>2,104,275</b></u>	\$ <u>(3,732,379)</u>
Acquisition of tangible capital assets	(8,279,103)	<b>(6,383,223)</b>	(814,366)
Proceeds on disposal of tangible capital assets	-	<b>51,042</b>	9,151
Amortization of tangible capital assets	463,100	<b>4,417,910</b>	4,205,960
Loss (gain) on disposal of tangible capital assets	<u>(10,000)</u>	<u><b>80,953</b></u>	<u>26,214</u>
	<u>(7,826,003)</u>	<u><b>(1,833,318)</b></u>	<u>3,426,959</u>
Net change in prepaid expenses	<u>-</u>	<u><b>(10,301)</b></u>	<u>6,397</u>
<b>DECREASE (INCREASE) IN NET FINANCIAL DEBT</b>	(598,795)	<b>260,656</b>	(299,023)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(5,499,023)</u>	<u><b>(5,499,023)</b></u>	<u>(5,200,000)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	\$ <u><u>(6,097,818)</u></u>	\$ <u><u><b>(5,238,367)</b></u></u>	\$ <u><u>(5,499,023)</u></u>

**TOWN OF OLDS**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
<b>OPERATING ACTIVITIES</b>		
Cash from operations:		
Annual surplus (deficit)	\$ 2,104,275	\$ (3,732,379)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	4,417,910	4,205,960
Loss (gain) on disposal of tangible capital assets	80,953	26,214
Accretion expense of asset retirement obligations	<u>4,055</u>	<u>3,923</u>
	<u>6,607,193</u>	<u>503,718</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	532,991	(426,110)
Trade and other receivables	386,109	1,057,572
Inventory held for resale	(55,903)	5,827
Prepaid expenses	(10,301)	6,397
Loan receivable	400,610	513,834
Accounts payable and accrued liabilities	820,380	1,058,656
Employee benefit obligations	18,335	(80,059)
Deposit liabilities	(279,120)	(115,650)
Deferred revenue	<u>(1,202,027)</u>	<u>(1,393,988)</u>
	<u>611,074</u>	<u>626,479</u>
	<u>7,218,267</u>	<u>1,130,197</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(1,301,127)</u>	<u>(1,378,870)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,383,223)	(814,366)
Proceeds on disposal of tangible capital assets	<u>51,042</u>	<u>9,151</u>
	<u>(6,332,181)</u>	<u>(805,215)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	-	(5,998,252)
Proceeds on sale of investments	<u>5,400,000</u>	<u>-</u>
	<u>5,400,000</u>	<u>(5,998,252)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>4,984,959</b>	<b>(7,052,140)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u>1,359,140</u>	<u>8,411,280</u>
<b>CASH, END OF YEAR</b>	<u>\$ 6,344,099</u>	<u>\$ 1,359,140</u>

TOWN OF OLDS

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2023

	Land and Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress*	2023	2022 (Restated) (Note 26)
<b>COST:</b>								
Balance, Beginning of Year, As Previously Stated	\$ 17,293,508	\$ 33,764,251	\$ 111,170,723	\$ 6,783,379	\$ 5,219,758	\$ 1,707,833	\$ 175,939,452	\$ 171,694,347
Restatement (Note 26)	-	42,883	(3,798,571)	-	-	-	(3,755,688)	42,883
Balance, Beginning of Year, As Restated	17,293,508	33,807,134	107,372,152	6,783,379	5,219,758	1,707,833	172,183,764	171,737,230
Additions	313,547	106,095	1,445,344	1,913,386	154,517	2,450,334	6,383,223	814,366
Disposals	(2,463)	(129,048)	(112,742)	-	(69,276)	-	(313,529)	(367,832)
Transfers	881,985	22,937	656,385	50,847	-	(1,612,154)	-	-
Balance, End of Year	<u>18,486,577</u>	<u>33,807,118</u>	<u>109,361,139</u>	<u>8,747,612</u>	<u>5,304,999</u>	<u>2,546,013</u>	<u>178,253,458</u>	<u>172,183,764</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year, As Previously Stated	\$ 4,147,656	\$ 11,663,230	\$ 52,636,111	\$ 3,724,369	\$ 2,347,597	\$ -	\$ 74,518,963	\$ 70,551,340
Restatement (Note 26)	-	25,881	(94,964)	-	-	-	(69,083)	25,046
Balance, Beginning of Year, As Restated	4,147,656	11,689,111	52,541,147	3,724,369	2,347,596	-	74,449,879	70,576,386
Amortization expense	680,280	690,937	2,313,674	443,330	289,689	-	4,417,910	4,205,960
Disposals	-	(36,346)	(75,912)	-	(69,276)	-	(181,534)	(332,467)
Balance, End of Year	<u>4,827,936</u>	<u>12,343,702</u>	<u>54,778,909</u>	<u>4,167,699</u>	<u>2,568,009</u>	<u>-</u>	<u>78,686,255</u>	<u>74,449,879</u>
<b>NET BOOK VALUE, END OF YEAR</b>	<b>\$ <u>13,658,641</u></b>	<b>\$ <u>21,463,416</u></b>	<b>\$ <u>54,582,230</u></b>	<b>\$ <u>4,579,913</u></b>	<b>\$ <u>2,736,990</u></b>	<b>\$ <u>2,546,013</u></b>	<b>\$ <u>99,567,203</u></b>	<b>\$ <u>97,733,885</u></b>
<b>NET BOOK VALUE, BEGINNING OF YEAR</b>	<b>\$ <u>13,145,852</u></b>	<b>\$ <u>22,118,023</u></b>	<b>\$ <u>54,831,005</u></b>	<b>\$ <u>3,059,010</u></b>	<b>\$ <u>2,872,162</u></b>	<b>\$ <u>1,707,833</u></b>	<b>\$ <u>97,733,885</u></b>	<b>\$ <u>-</u></b>
*Construction in progress is comprised of	<u>\$ 62,860</u>	<u>\$ 651,034</u>	<u>\$ 1,804,908</u>	<u>\$ 27,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,546,013</u>	<u>\$ 1,707,833</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedule of Changes in Accumulated Surplus  
For the Year Ended December 31, 2023

	<u>Unrestricted Surplus</u>	<u>Operating Reserve</u>	<u>Capital Reserve</u>	<u>Equity in Tangible Capital Assets</u>	<u>2023</u>	<u>2022</u>
<b>BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	\$ 5,102,574	\$ 2,223,605	\$ 6,578,192	\$ 82,175,033	<b>\$ 96,079,404</b>	\$ 96,103,418
Restatement (Note 26)	<u>469,631</u>	<u>-</u>	<u>-</u>	<u>(4,276,572)</u>	<b><u>(3,806,941)</u></b>	<u>(98,576)</u>
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b><u>\$ 5,572,205</u></b>	<b><u>\$ 2,223,605</u></b>	<b><u>\$ 6,578,192</u></b>	<b><u>\$ 77,898,461</u></b>	<b><u>\$ 92,272,463</u></b>	<b><u>\$ 96,004,842</u></b>
Annual surplus (deficit)	2,104,275	-	-	-	<b>2,104,275</b>	(3,732,379)
Unrestricted funds designated for future use	710,665	(619,165)	(91,500)	-	-	-
Restricted funds used for operations	(402,113)	402,113	-	-	-	-
Restricted funds used for tangible capital assets	495,245	-	(495,245)	-	-	-
Current year funds used for tangible capital assets	(6,383,223)	-	-	6,383,223	-	-
Disposal of tangible capital assets (net of amortization)	131,995	-	-	(131,995)	-	-
Annual amortization expense	4,417,910	-	-	(4,417,910)	-	-
Change in asset retirement obligation	4,055	-	-	(4,055)	-	-
Long term debt repaid	<u>(968,245)</u>	<u>-</u>	<u>-</u>	<u>968,245</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>110,564</u>	<u>(217,052)</u>	<u>(586,745)</u>	<u>2,797,508</u>	<b><u>2,104,275</u></b>	<u>(3,732,379)</u>
<b>BALANCE, END OF YEAR (NOTE 12)</b>	<b><u>\$ 5,682,769</u></b>	<b><u>\$ 2,006,553</u></b>	<b><u>\$ 5,991,447</u></b>	<b><u>\$ 80,695,969</u></b>	<b><u>\$ 94,376,738</u></b>	<b><u>\$ 92,272,463</u></b>

**TOWN OF OLDS**  
**Consolidated Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2023**

**Schedule 3**

	<u>2023</u> (Budget) (Note 23)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 15,489,739	<b>\$ 15,306,960</b>	\$ 14,885,976
Linear property taxes	<u>-</u>	<u><b>118,688</b></u>	<u>115,247</u>
	<u>15,489,739</u>	<u><b>15,425,648</b></u>	<u>15,001,223</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	4,245,538	<b>4,237,189</b>	4,362,435
Mountain View Senior Housing	622,180	<b>622,180</b>	554,525
Designated Industrial Property	<u>1,210</u>	<u><b>1,271</b></u>	<u>1,210</u>
	<u>4,868,928</u>	<u><b>4,860,640</b></u>	<u>4,918,170</u>
<b>NET MUNICIPAL TAXES</b>	<u><b>\$ 10,620,811</b></u>	<u><b>\$ 10,565,008</b></u>	<u><b>\$ 10,083,053</b></u>

## Consolidated Schedule of Government Transfers

For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 23)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 783,162	\$ 853,619	\$ 745,095
Local governments	650,783	<b>692,352</b>	605,783
Federal government	<u>3,000</u>	<u>11,300</u>	<u>5,000</u>
	<u>1,436,945</u>	<u>1,557,271</u>	<u>1,355,878</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	2,787,861	<b>2,440,969</b>	1,608,824
Federal government	3,296,696	<b>1,916,977</b>	1,255,163
Local governments	<u>-</u>	<u>127,350</u>	<u>-</u>
	<u>6,084,557</u>	<u>4,485,296</u>	<u>2,863,987</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 7,521,502</u>	<u>\$ 6,042,567</u>	<u>\$ 4,219,865</u>

**TOWN OF OLDS**  
**Consolidated Schedule of Segmented Information**  
**For the Year Ended December 31, 2023**

**Schedule 5**

	Council Administration and <u>General Government</u>	Protective <u>Services</u>	Planning and <u>Development</u>	Public Health <u>Services</u>	Transportation <u>Services</u>	Water, Sewer and <u>Waste Management</u>	Recreation and Culture	<u>Total</u>
<b>REVENUE</b>								
Taxation	\$ 10,565,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,565,008
User fees and sales of goods	607,456	255,666	12,190	95,490	1,858	8,966,329	749,914	10,688,903
All other	177,294	610,990	26,500	-	-	17,816	163,607	996,207
Investment income	1,053,225	-	-	-	-	-	-	1,053,225
Franchise and concession contracts	2,414,740	-	-	-	-	-	-	2,414,740
Government transfers for operating	83,347	431,465	47,130	292,200	18,900	-	684,229	1,557,271
Licenses and permits	-	23,660	285,292	-	1,028	-	-	309,980
	<u>14,901,070</u>	<u>1,321,781</u>	<u>371,112</u>	<u>387,690</u>	<u>21,786</u>	<u>8,984,145</u>	<u>1,597,750</u>	<u>27,585,334</u>
<b>EXPENSES</b>								
Salaries, wages, and benefits	1,678,567	1,296,914	606,957	324,588	819,037	1,127,669	2,744,627	8,598,359
Contracted and general services	986,890	441,093	288,511	88,067	910,276	1,347,228	1,265,519	5,327,584
Transfers to other governments	-	1,628,724	98,105	215,098	-	5,792,025	-	7,733,952
Transfers to local boards and organizations	143,080	-	-	4,772	-	197,279	550,381	895,512
Materials, goods, supplies and utilities	136,411	227,268	5,908	21,898	763,986	142,512	675,823	1,973,806
Other	49,393	(36,249)	27,400	-	-	(99)	2,634	43,079
Interest on long term debt	317,700	85,170	-	-	205,708	188,041	94,527	891,146
Amortization of tangible capital assets	118,737	326,490	1,604	34,191	2,004,086	783,260	1,149,542	4,417,910
Accretion of asset retirement obligations	-	-	-	-	2,187	332	1,536	4,055
	<u>3,430,778</u>	<u>3,969,410</u>	<u>1,028,485</u>	<u>688,614</u>	<u>4,705,280</u>	<u>9,578,247</u>	<u>6,484,589</u>	<u>29,885,403</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>11,470,292</u>	<u>(2,647,629)</u>	<u>(657,373)</u>	<u>(300,924)</u>	<u>(4,683,494)</u>	<u>(594,102)</u>	<u>(4,886,839)</u>	<u>(2,300,069)</u>
Government transfers for capital	-	-	-	-	1,868,499	79,378	2,537,419	4,485,296
Gain (loss) on disposal of tangible capital assets	-	20,000	-	-	(64,122)	(36,830)	-	(80,952)
<b>ANNUAL SURPLUS</b>	<u>\$ 11,470,292</u>	<u>\$ (2,627,629)</u>	<u>\$ (657,373)</u>	<u>\$ (300,924)</u>	<u>\$ (2,879,117)</u>	<u>\$ (551,554)</u>	<u>\$ (2,349,420)</u>	<u>\$ 2,104,275</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TOWN OF OLDS**  
**Consolidated Schedule of Segmented Information**  
**For the Year Ended December 31, 2022**

**Schedule 5**

	Council Administration and <u>General Government</u>	Protective <u>Services</u>	Planning and <u>Development</u>	Public Health <u>Services</u>	Transportation <u>Services</u>	Water, Sewer and <u>Waste Management</u>	Recreation and Culture	Total (Restated - Note 26)
<b>REVENUE</b>								
Taxation	\$ 10,083,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,083,053
User fees and sales of goods	271,084	115,741	12,017	194,523	3,210	8,810,196	828,614	10,235,385
All other	200,046	479,815	-	-	61,966	63,643	5,000	810,470
Investment income	670,050	-	-	-	-	-	-	670,050
Franchise and concession contracts	2,543,462	-	-	-	-	-	-	2,543,462
Government transfers for operating	22,833	381,597	-	293,349	-	-	658,099	1,355,878
Licenses and permits	-	23,270	250,879	-	820	-	-	274,969
	<u>13,790,528</u>	<u>1,000,423</u>	<u>262,896</u>	<u>487,872</u>	<u>65,996</u>	<u>8,873,839</u>	<u>1,491,713</u>	<u>25,973,267</u>
<b>EXPENSES</b>								
Salaries, wages, and benefits	1,702,013	1,326,781	451,398	362,871	633,023	962,741	2,693,233	8,132,060
Contracted and general services	994,942	447,476	232,740	96,365	4,613,846	1,138,357	722,117	8,245,843
Transfers to other governments	-	1,856,754	52,638	195,531	-	5,954,760	-	8,059,683
Transfers to local boards and organizations	-	280	-	19,338	-	226,802	568,835	815,255
Materials, goods, supplies and utilities	148,532	236,966	5,843	39,931	750,773	177,106	721,441	2,080,592
Other	31,247	29,167	24,000	-	-	287	3,909	88,610
Interest on long term debt	328,723	94,342	-	-	212,661	202,629	100,738	939,093
Amortization of tangible capital assets	114,650	321,242	1,604	34,463	1,808,551	834,710	1,090,740	4,205,960
Accretion of asset retirement obligations	-	-	-	-	2,116	321	1,486	3,923
	<u>3,320,107</u>	<u>4,313,008</u>	<u>768,223</u>	<u>748,499</u>	<u>8,020,970</u>	<u>9,497,713</u>	<u>5,902,499</u>	<u>32,571,019</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>10,470,421</u>	<u>(3,312,585)</u>	<u>(505,327)</u>	<u>(260,627)</u>	<u>(7,954,974)</u>	<u>(623,874)</u>	<u>(4,410,786)</u>	<u>(6,597,752)</u>
Government transfers for capital	85,202	-	-	-	2,145,724	134,823	498,238	2,863,987
Capital donations	-	-	-	-	-	-	27,600	27,600
Gain (loss) on disposal of tangible capital assets	-	-	-	-	(1,243)	(24,971)	-	(26,214)
<b>ANNUAL SURPLUS</b>	<u>\$ 10,555,623</u>	<u>\$ (3,312,585)</u>	<u>\$ (505,327)</u>	<u>\$ (260,627)</u>	<u>\$ (5,810,493)</u>	<u>\$ (514,022)</u>	<u>\$ (3,857,348)</u>	<u>\$ (3,704,779)</u>

The accompanying notes are an integral part of these consolidated financial statements.

## **1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Olds (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

### **(a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all 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.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

The schedule of taxes levied also includes requisitions for education and seniors foundations 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 consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

### **(c) Land Held for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

### **(d) Investments**

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

The investment in Olds Fibre Ltd. is accounted for using the modified equity basis consistent with the Canadian public sector accounting standards for government business enterprises. Under the modified equity basis, entire business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the Town and the inter-organizational transactions and balances are not eliminated.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) *Asset retirement obligations*

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

### (f) *Tax Revenue*

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

### (g) *Use of Estimates*

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(CONT'D)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Government Transfers**

Government transfers are the transfer of assets from all levels of governments that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

**(i) Requisition Over-Levies and Under-Levies**

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. In situations 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.

**(j) Pension Expenses**

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

**(k) Valuation of financial assets and liabilities**

The Town's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Receivables	Lower of cost and net realizable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost

All financial assets are annually assessed for impairment. If an impairment deemed other-than-temporary is identified, the cost of the financial asset is written down to its realizable value. Any impairment losses are included in the consolidated statement of operations and accumulated surplus. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) *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 for the year.

#### i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15 - 25 years
Buildings	25 - 50 years
Engineered Structures	15 - 75 years
Machinery and Equipment	5 - 20 years
Vehicles	10 - 25 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive 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) Inventory for Consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the average cost method.

#### v) Cultural and Historical Tangible Capital Assets

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

### (n) *Adoption of Accounting Standards*

Effective January 1, 2022, the Town adopted PS3450 Financial Instruments standard and corresponding standards of PS2601 Foreign Currency Translation, PS1201 Financial Statement Presentation and PS3041 Portfolio Investments. The Town used prospective application to adopt these standards. As a result, 2022 comparative figures are not restated. There was no current year implications of adopting these standards.

The Town also adopted PS3280 Asset Retirement Obligations standard, using the modified retroactive approach with restatement of prior year comparatives.

(CONT'D)

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(o) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Town will continue to assess the impact and prepare for the adoption of these standards.

*i) Public Private Partnerships*

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*ii) Revenue*

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*iii) Purchased Intangible Assets*

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

*iv) Financial Statement Presentation*

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

**2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes		
Current taxes	\$ 357,510	\$ 719,665
Arrears taxes	<u>302,521</u>	<u>473,357</u>
	<u>\$ 660,031</u>	<u>\$ 1,193,022</u>

**3. TRADE AND OTHER RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Trade and other	\$ 5,823,633	\$ 5,532,645
Receivable from other governments	1,444,597	2,187,168
Receivable from other governments - GST	<u>257,334</u>	<u>191,860</u>
	7,525,564	7,911,673
Less: Allowance for doubtful accounts	<u>(9,196)</u>	<u>(9,196)</u>
	<u>\$ 7,516,368</u>	<u>\$ 7,902,477</u>

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**4. LOAN RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Olds Fibre Ltd.	<u>\$ 14,085,556</u>	<u>\$ 14,486,166</u>

Principal repayments are due as follows:

	<u>Principal</u>
2024	\$ 442,148
2025	442,148
2026	442,148
2027	442,148
2028	442,148
Thereafter	<u>11,874,816</u>
	<u>\$ 14,085,556</u>

In prior years, Olds Institute for Community and Regional Development ("OICRD") was granted a loan to fund the installation of fibre optics with the Town boundaries in order to provide high speed internet service for residents and businesses.

During 2020, the Town issued demand for payment and unlimited guarantee on the loan with OICRD. As a result of the demand for payment, the Town entered into a forbearance agreement with OICRD and Olds Fibre Ltd. (guarantor of the loan).

During 2021, the Court granted an order approving the credit bid of the Town of Olds to purchase all of the assets of OICRD, which included the share of Olds Fibre Ltd. Council approved a motion to structure the transfer of assets of Olds Fibre Ltd. as a loan. The resulting Promissory Note due from Olds Fibre Ltd. is repayable in semi annual payments of \$442,148 including interest at 3.362% over a 25 year amortization period ending in 2046.

**5. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Guaranteed investment certificates	\$ 680,000	\$ 6,080,000
Investment in Olds Fibre Ltd. (Note 22)	<u>1</u>	<u>1</u>
	<u>\$ 680,001</u>	<u>\$ 6,080,001</u>

The guaranteed investment certificates have interest rates ranging from 2.40% to 5.11% (2022 - 2.40% to 3.84%) with maturity dates from January 2024 to February 2024 (2022 - February 2023 to January 2024).

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade	\$ 3,479,718	\$ 2,682,510
Benefits and source deductions payable	458,245	422,872
Accrued interest payable	<u>185,744</u>	<u>197,946</u>
	<u>\$ 4,123,707</u>	<u>\$ 3,303,328</u>

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**7. DEPOSIT LIABILITIES**

	<u>2023</u>	<u>2022</u>
Development deposits	\$ 396,650	\$ 710,270
Utility deposits	133,500	97,500
Water deposits	<u>7,505</u>	<u>9,005</u>
	<u>\$ 537,655</u>	<u>\$ 816,775</u>

**8. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Municipal Sustainability Initiative	\$ 2,032,888	\$ 1,017,024	\$ (2,440,969)	\$ 608,943
Canada Community Building Fund	422,507	574,933	(375,473)	621,967
Other	126,226	89,304	(107,709)	107,821
Community and Regional Economic Support ("CARES")	62,007	-	(62,007)	-
New Police Officers grant	25,000	-	-	25,000
Alberta Community Partnership	<u>-</u>	<u>150,000</u>	<u>(47,130)</u>	<u>102,870</u>
	<u>\$ 2,668,628</u>	<u>\$ 1,831,261</u>	<u>\$(3,033,288)</u>	<u>\$ 1,466,601</u>

**9. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2023</u>	<u>2022</u>
Vacation payable	\$ 267,037	\$ 235,558
Overtime payable	<u>26,195</u>	<u>39,339</u>
	<u>\$ 293,232</u>	<u>\$ 274,897</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Town does not provide post-employment benefits to their employees.

**TOWN OF OLDS**

**Notes to Consolidated Financial Statements**

**Year Ended December 31, 2023**

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**10. ASSET RETIREMENT OBLIGATIONS**

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, engineered structures, and machinery and equipment.

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur.

The Town has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Town to reclaim the work site when the asset retirement activity occur.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 120,335	\$ 116,412
Net Change for the Year		
Accretion expense	<u>4,055</u>	<u>3,923</u>
Balance, End of Year	<u>\$ 124,390</u>	<u>\$ 120,335</u>

Asset retirement obligations of \$124,390 (2022 - \$120,335) measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$259,085 (2022 - \$259,085), a discount rate of 3.37% (2022 - 3.37%), an annual inflation of 3.65% (2022 - 3.65%), with retirement and reclamation activities expected to be settled between 2030 and 2054.

The above asset retirement obligations relate to buildings. These obligations were estimated based on the potential for hazardous materials in the identified buildings and calculated by applying an average rate per square footage to remove, remediate, or appropriately dispose of the hazardous materials.

In addition, the Town has identified land and sewage lagoons which contain legal obligations for remediation. The Town is unable to reasonably estimate when these assets will be retired and what costs will be incurred to retire these assets at this time.

The reported liabilities are based on estimates and assumptions using the best information available as at the end of the reporting period. Future events, such as changes in regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**11. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
Tax supported debentures	\$ <b>12,548,469</b>	\$ 13,174,037
Loan repayment debenture - OFL	<b>9,296,958</b>	9,629,839
Utility supported debentures	<u><b>6,198,374</b></u>	<u>6,541,051</u>
	<u><b>\$ 28,043,801</b></u>	<u>\$ 29,344,927</u>

The current portion of the long-term debt amounts to \$1,156,396 (2022 - \$1,301,127).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,156,396	\$ 855,103	\$ 2,011,499
2025	1,195,746	815,753	2,011,499
2026	1,236,532	774,967	2,011,499
2027	1,152,527	732,688	1,885,215
2028	1,188,721	696,494	1,885,215
Thereafter	<u>22,113,879</u>	<u>5,889,146</u>	<u>28,003,025</u>
	<u><b>\$ 28,043,801</b></u>	<u><b>\$ 9,764,151</b></u>	<u><b>\$ 37,807,952</b></u>

Debenture debt is repayable to the Province of Alberta bearing interest at rates ranging from 2.60% - 6.25% per annum maturing in the year 2026 through 2050.

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

Interest on long-term debt amounted to \$891,146 (2022 - \$939,092). The Town's total cash payments for interest is \$582,367 (2022 - \$642,445).

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**12. ACCUMULATED SURPLUS**

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

	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
Unrestricted surplus	\$ 5,682,769	\$ 5,572,205
Internally restricted reserves (Note 13)	7,998,000	8,801,797
Equity in tangible capital assets	<u>80,695,969</u>	<u>77,898,461</u>
	<u>\$ 94,376,738</u>	<u>\$ 92,272,463</u>

**13. RESERVES**

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

	<u>2023</u>	<u>2022</u>
Operating		
General	\$ 1,443,095	\$ 1,556,965
Tax stabilization fund	316,245	300,459
Utilities	5,141	195,691
Mountain view power	162,473	55,915
Fire reserve	56,957	54,114
NU2U	-	38,949
Olds fashioned Christmas	<u>22,642</u>	<u>21,512</u>
	<u>2,006,553</u>	<u>2,223,605</u>
Capital		
Building reserve	1,966,136	2,126,238
Utility reserve	1,054,456	1,605,869
Offsite levies - transportation	1,011,967	963,771
Offsite levies - water	610,922	581,426
Offsite levies - wastewater	456,731	432,295
Offsite levies - storm water	370,146	349,982
Municipal reserve	331,996	315,423
Restricted reserves for specific purposes	75,802	72,018
General	94,095	112,931
Fire - small equipment	<u>19,196</u>	<u>18,239</u>
	<u>5,991,447</u>	<u>6,578,192</u>
	<u>\$ 7,998,000</u>	<u>\$ 8,801,797</u>

**14. LINE OF CREDIT**

The Town has a credit facility with Alberta Treasury Branch, which includes an authorized overdraft that can be drawn upon to a maximum of \$500,000; which bears interest at prime plus 1% per annum. As at December 31, 2023, no amounts had been drawn on the bank overdraft (2022 - \$NIL).

**TOWN OF OLDS**

**Notes to Consolidated Financial Statements**

**Year Ended December 31, 2023**

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**15. GUARANTEES**

The Town has guaranteed a line of credit up to \$4,000,000 for the Olds Institute for Community and Regional Development. As at December 31, 2023, \$3,679,298 had been drawn on the line of credit (2022 - \$2,883,260).

The Town has guaranteed a line of credit up to \$600,000 for Mountain View Power. As at December 31, 2023, \$NIL had been drawn on the line of credit (2022 - \$NIL).

**16. DEBT LIMITS**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ <b>41,378,001</b>	\$ 38,959,901
Total debt	<u>31,723,099</u>	<u>32,228,187</u>
Amount of total debt limit unused	<u>\$ 9,654,902</u>	<u>\$ 6,731,714</u>
Debt servicing limit	\$ <b>6,896,334</b>	\$ 6,493,317
Debt servicing	<u>2,011,499</u>	<u>2,204,475</u>
Amount of debt servicing limit unused	<u>\$ 4,884,835</u>	<u>\$ 4,288,842</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

The total debt of 31,723,099 (2022 - \$32,228,187). includes the principal balance of the loan guarantee, \$3,679,298 ((2022 - \$2,883,260) for the Olds Institute for Community and Regional Development, as disclosed in Note 15.

**TOWN OF OLDS****Notes to Consolidated Financial Statements****Year Ended December 31, 2023****17. SALARIES AND BENEFITS DISCLOSURE**

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

	<u>Salary (1)</u>	<u>Benefits and Allowances (2)</u>	<u>2023 Total</u>	<u>2022 Total</u>
Elected Officials:				
Mayor Dahl	\$ 58,486	\$ 6,097	\$ 64,583	\$ 66,241
Councillor Blatz	37,175	7,989	45,164	46,262
Councillor Cummings	36,125	7,927	44,052	49,656
Councillor Daley	37,719	4,776	42,495	42,158
Councillor Ryan	35,025	7,879	42,904	44,090
Councillor Walsh	31,150	4,899	36,049	38,024
Councillor Wilson	34,950	7,875	42,825	48,741
	<u>\$ 270,630</u>	<u>\$ 47,442</u>	<u>\$ 318,072</u>	<u>\$ 335,172</u>
Chief Administrative Officer (3)				
	<u>\$ 208,234</u>	<u>\$ 60,369</u>	<u>\$ 268,603</u>	<u>\$ 263,947</u>

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, and tuition. 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.

(3) The 2022 figure includes the former and current Chief Administrative Officer's salaries and benefits.

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**18. COMMITMENTS**

The Town has entered into operating leases for vehicles and equipment. The payments over the next two years are as follows:

2024	\$ 61,472
2025	<u>33,627</u>
Total	<u>\$ 95,099</u>

**19. 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*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2023 were \$481,991 (2022 - \$433,361). Total current and past service contributions made by the employees of the Town to the LAPP in 2023 were \$426,588 (2022 - \$386,825).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

**20. FINANCIAL INSTRUMENTS**

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

Unless otherwise noted, the carrying value of these financial instruments approximates their fair value.

**21. SEGMENTED INFORMATION**

The Town provides a range of services to its residents. 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 followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedules of Segmented Information.

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**22. INVESTMENT IN OLDS FIBRE LTD.**

As of October 1, 2021, the Town owns 100% of the shares of Olds Fibre Ltd. (OFL) and the investment is recorded on the modified equity basis of accounting since OFL is a Government Business Enterprise.

The following is a summary of condensed financial information related to the Town's proportionate share in OFL for the year ended December 31, 2023.

**FINANCIAL POSITION**

	<u>2023</u>	<u>2022</u> (Restated)
<b>ASSETS</b>		
Investments	20,000	20,596
Trade and other receivables	444,560	755,738
Inventory	504,478	212,063
Prepaid expense	<u>149,546</u>	<u>97,451</u>
	<u>1,118,584</u>	<u>1,085,848</u>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	24,424	24,424
Deferred income tax asset	1,357,633	1,225,658
Property, plant and equipment	<u>7,662,832</u>	<u>8,189,640</u>
	<u>9,044,889</u>	<u>9,439,722</u>
<b>TOTAL ASSETS</b>	<u>10,163,473</u>	<u>10,525,570</u>
<b>LIABILITIES</b>		
Bank indebtedness	3,681,428	2,895,302
Accounts payable and accrued liabilities	212,578	246,769
Goods and service tax payable	38,551	41,106
Current portion of lease liabilities	14,275	7,369
Current portion of borrowings	<u>444,192</u>	<u>430,610</u>
	<u>4,391,024</u>	<u>3,621,156</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	13,666	10,898
Borrowings	<u>13,671,363</u>	<u>14,085,555</u>
	<u>13,685,029</u>	<u>14,096,453</u>
<b>TOTAL LIABILITIES</b>	<u>18,076,053</u>	<u>17,717,609</u>
<b>DEFICIT</b>	<u>\$ (7,912,580)</u>	<u>\$ (7,192,039)</u>

(CONT'D)

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**22. INVESTMENT IN OLDS FIBRE LTD. (CONT'D)**

**RESULTS OF OPERATIONS:**

	<u>2023</u>	<u>2022</u> (Restated)
<b>SALES</b>	<b>\$ 4,053,332</b>	<b>\$ 4,323,442</b>
<b>COST OF SALES</b>	<b><u>(1,323,174)</u></b>	<b><u>(1,361,901)</u></b>
<b>GROSS PROFIT</b>	<b><u>2,730,158</u></b>	<b><u>2,961,541</u></b>
<b>EXPENSES</b>		
Salaries, wages and benefits	1,254,932	1,098,195
Depreciation of property, plant, and equipment	1,062,339	1,096,449
Interest on borrowings	479,052	497,995
Interest on bank overdraft	222,121	133,166
Rent	166,503	99,852
Office and administration	160,031	211,138
All other	<u>248,322</u>	<u>264,549</u>
	<b><u>3,593,300</u></b>	<b><u>3,401,344</u></b>
<b>OPERATING PROFIT (LOSS)</b>	<b><u>(863,142)</u></b>	<b><u>(439,803)</u></b>
<b>OTHER INCOME</b>		
Other income	10,313	37,654
Finance income	<u>314</u>	<u>124</u>
	<b><u>10,627</u></b>	<b><u>37,778</u></b>
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b><u>\$ (852,515)</u></b>	<b><u>\$ (402,025)</u></b>
<b>INCOME TAXES</b>		
Deferred tax expense (recovery)	<u>\$ (131,974)</u>	<u>\$ (65,833)</u>
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>\$ (720,541)</b>	<b>\$ (336,192)</b>
Profit from discontinued operations	<u>-</u>	<u>47,339</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b><u>\$ (720,541)</u></b>	<b><u>\$ (288,853)</u></b>

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**23. BUDGET**

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on December 12, 2022 and include the Town's proportionate share of the Olds Fibre Ltd.'s budget. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2023</u> (Budget)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Annual surplus	7,227,208	<b>2,104,275</b>	(3,732,379)
Add back (deduct):			
Amortization expense	\$ 463,100	\$ <b>4,417,910</b>	\$ 4,205,960
Net transfers (to) from reserves	598,795	<b>(803,797)</b>	(884,748)
Acquisition of tangible capital assets	(8,279,103)	<b>(6,383,223)</b>	(814,366)
Loss (gain) on disposal of tangible capital assets	(10,000)	<b>80,953</b>	26,214
Proceeds on tangible capital assets	-	<b>51,042</b>	9,151
Contributed assets	-	-	-
Principal debt repayments	-	<b>(1,301,127)</b>	(1,378,870)
Levied portion of debt recoverable - local improvements	-	-	-
Operating surplus	<u>\$ -</u>	<u>\$ <b>(1,833,967)</b></u>	<u>\$ <b>(2,569,038)</b></u>

**24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by Council and Management.

**25. CONTINGENCY**

The Town is a member of the Alberta Municipal Insurance Exchange (the "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.

**26. RESTATEMENT**

**(a) PS 3280 - Asset Retirement Obligations**

Effective January 1, 2023, the Town adopted Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2022, the Town recognized the following to conform to the new standard:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

(CONT'D)

**TOWN OF OLDS**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**26. RESTATEMENT (CONT'D)**

**(b) PS 3210 - Assets**

Section 3210 of the Public Sector Accounting Standards ("PSAS") outlines that an asset is a present economic resource controlled by the public sector entity to which future economic benefit is expected to be obtained. The Town had previously recorded tangible capital assets that they did not have ownership of or the expectation of future economic benefit. These assets were incorrectly capitalized and depreciated in the fiscal year ended December 31, 2022. To adhere to the Public Sector Accounting Standards, the Town has restated the prior years balances for tangible capital assets, amortization expense, and related statements.

The above changes have been applied retroactively and the 2022 comparative figures have been restated as follows:

	2022 <u>Unadjusted</u>	<u>Adjustments</u>	2022 <u>Restated</u>
<b>Statement of Operations</b>			
Revenues	\$ 28,536,131	\$ -	\$ 28,536,131
Expenses	<u>(28,560,145)</u>	<u>(3,708,365)</u>	<u>(32,268,510)</u>
Annual Surplus / (Deficit)	<u>(24,014)</u>	<u>(3,708,365)</u>	<u>(3,732,379)</u>
Accumulated Surplus, Beginning of Year	96,103,418	(98,576)	96,004,842
Accumulated Surplus, End of Year	<u>96,079,404</u>	<u>(3,806,941)</u>	<u>92,272,463</u>
<b>Statement of Financial Position</b>			
Financial Assets	31,029,868	-	31,029,868
Liabilities	<u>(36,408,555)</u>	<u>(120,336)</u>	<u>(36,528,891)</u>
Net Financial Debt	<u>(5,378,687)</u>	<u>(120,336)</u>	<u>(5,499,023)</u>
Non-Financial Assets	<u>101,458,091</u>	<u>(3,685,771)</u>	<u>97,772,320</u>
Accumulated Surplus	<u>96,079,404</u>	<u>(3,806,107)</u>	<u>92,273,297</u>
<b>Statement of Changes in Net Financial Debt</b>			
Annual Surplus / (Deficit)	(24,014)	(3,708,365)	(3,732,379)
Acquisition of Tangible Capital Assets	(4,612,937)	3,798,571	(814,366)
Proceeds on disposal of tangible capital assets	9,151	-	9,151
Amortization of tangible capital assets	4,300,089	(94,129)	4,205,960
Loss on disposal of tangible capital assets	26,214	-	26,214
Net change in prepaid expenses	<u>6,397</u>	<u>-</u>	<u>6,397</u>
Change in Net Financial Assets	<u>(295,100)</u>	<u>(3,923)</u>	<u>(299,023)</u>
Net Financial Debt, Beginning of Year	<u>(5,083,587)</u>	<u>(116,413)</u>	<u>(5,200,000)</u>
Net Financial Debt, End of Year	\$ <u>(5,378,687)</u>	\$ <u>(120,336)</u>	\$ <u>(5,499,023)</u>