

TOWN OF OLDS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

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, 2025 and the consolidated statements of operations and accumulated surplus, changes in net financial debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2025, the results of consolidated 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.

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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Town or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 27, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.



Brent Williams
Chief Administrative Officer



Rebecca Fox
Manager of Finance

April 27, 2026
Olds, Alberta

TOWN OF OLDS
Consolidated Statement of Financial Position
As at December 31, 2025

	<u>2025</u>	<u>2024</u> (Restated) (Note 28)
FINANCIAL ASSETS		
Cash	\$ 5,829,508	\$ 7,858,943
Taxes and grants in place of taxes receivable (Note 3)	602,312	720,902
Trade and other receivables (Note 4)	7,839,443	9,665,134
Inventory held for resale	76,587	53,520
Investments (Note 5)	300,000	300,000
Land held for resale	<u>118,523</u>	<u>-</u>
	<u>14,766,373</u>	<u>18,598,499</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	2,330,353	2,927,871
Employee benefit obligations (Note 8)	379,363	334,542
Deposit liabilities (Note 9)	844,768	699,355
Deferred revenue (Note 10)	3,657,769	3,512,844
Asset retirement obligations (Note 11)	132,915	128,582
Long-term debt (Note 12)	<u>22,243,051</u>	<u>26,887,405</u>
	<u>29,588,219</u>	<u>34,490,599</u>
NET FINANCIAL DEBT	<u>(14,821,846)</u>	<u>(15,892,100)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	101,083,328	100,978,834
Prepaid expenses	<u>149,822</u>	<u>109,958</u>
	<u>101,233,150</u>	<u>101,088,792</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 14)	<u>\$ 86,411,304</u>	<u>\$ 85,196,692</u>

CONTRACTUAL RIGHTS (Note 17)

CONTRACTUAL OBLIGATIONS (Note 18)

CONTINGENCIES (Note 19)

ON BEHALF OF COUNCIL:



 Mayor



 Councillor

TOWN OF OLDS

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2025

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 28)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 11,861,898	\$ 11,806,403	\$ 11,075,566
User fees and sales of goods (Schedule 5)	10,496,964	10,848,796	10,434,014
Franchise fees and concession contracts (Note 13)	2,776,916	2,509,891	2,332,770
Government transfers for operating (Schedule 4)	1,755,790	1,562,698	1,767,695
Licenses and permits	323,000	646,073	345,130
Sales to other governments	330,275	343,774	335,200
Investment income	162,000	281,289	708,515
Rentals	219,340	219,279	229,921
Fines	82,000	212,634	85,660
Other	133,000	195,316	97,337
Penalties on taxes	180,000	160,461	175,730
Development levies	-	57,976	37,180
	<u>28,321,183</u>	<u>28,844,590</u>	<u>27,624,718</u>
EXPENSES			
Parks and recreation	4,978,410	6,074,228	6,194,233
Transportation	3,308,706	5,047,932	4,949,280
Wastewater treatment and disposal	4,153,879	4,495,584	4,380,597
Administration	3,011,703	3,974,925	3,384,188
Water supply and distribution	3,209,743	3,644,116	3,659,844
Policing services	2,297,066	1,806,467	2,135,991
Firefighting services	1,338,062	1,632,229	1,637,492
Economic development and other planning	1,469,688	1,534,597	1,285,416
Waste management	885,249	879,218	1,063,183
Culture	654,828	734,924	741,886
Bylaws enforcement	544,898	717,942	476,844
Legislative	507,728	475,491	412,206
Family and Community Support Services	375,666	396,653	371,630
Community services	169,782	172,144	210,151
Other utilities	227,100	157,510	185,300
Disaster and emergency measures	101,334	79,899	84,473
	<u>27,233,842</u>	<u>31,823,859</u>	<u>31,172,714</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>1,087,341</u>	<u>(2,979,269)</u>	<u>(3,547,996)</u>
OTHER INCOME			
Government transfers for capital (Schedule 4)	2,750,976	2,814,659	2,981,962
Gain on disposal of tangible capital assets	2,045,000	1,379,222	227,229
Contributed assets (Schedule 1)	174,200	-	1,412,795
Net loss on sale of Olds Fibre Ltd. (Note 20)	-	-	(7,804,266)
	<u>4,970,176</u>	<u>4,193,881</u>	<u>(3,182,280)</u>
ANNUAL SURPLUS (DEFICIT)	<u>6,057,517</u>	<u>1,214,612</u>	<u>(6,730,276)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	-	87,741,470	94,376,738
Restatement (Note 28)	-	<u>(2,544,778)</u>	<u>(2,449,770)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	85,196,692	85,196,692	91,926,968
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 14)	<u>\$ 91,254,209</u>	<u>\$ 86,411,304</u>	<u>\$ 85,196,692</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, 2025

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 28)
ANNUAL SURPLUS (DEFICIT)	\$ <u>6,057,517</u>	\$ <u>1,214,612</u>	\$ <u>(6,730,276)</u>
Acquisition of tangible capital assets	(8,279,103)	(5,941,033)	(4,683,433)
Contributed tangible capital assets	(174,200)	-	(1,412,795)
Proceeds on disposal of tangible capital assets	-	2,489,528	280,170
Amortization of tangible capital assets	486,280	4,726,233	4,631,656
Gain on disposal of tangible capital assets	<u>(2,045,000)</u>	<u>(1,379,222)</u>	<u>(227,229)</u>
	<u>(10,012,023)</u>	<u>(104,494)</u>	<u>(1,411,631)</u>
Net change in prepaid expenses	-	<u>(39,864)</u>	(62,056)
CHANGE IN NET FINANCIAL DEBT	<u>(3,954,506)</u>	<u>1,070,254</u>	<u>(8,203,963)</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR, AS PREVIOUSLY STATED	-	(13,347,322)	(5,238,367)
Restatement (Note 28)	-	<u>(2,544,778)</u>	<u>(2,449,770)</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR, AS RESTATED	<u>(15,892,100)</u>	<u>(15,892,100)</u>	<u>(7,688,137)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(19,846,606)</u>	\$ <u>(14,821,846)</u>	\$ <u>(15,892,100)</u>

TOWN OF OLDS
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u> (Restated) (Note 28)
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus (deficit)	\$ 1,214,612	\$ (6,730,276)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	4,726,233	4,631,656
Contributed capital assets	-	(1,412,795)
Gain on disposal of tangible capital assets	(1,379,222)	(227,229)
Accretion expense of asset retirement obligations	4,333	4,192
Net loss on sale of Olds Fibre Ltd.	<u>-</u>	<u>7,804,266</u>
	<u>4,565,956</u>	<u>4,069,814</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	118,590	(60,871)
Trade and other receivables	1,825,691	(2,139,013)
Inventory held for resale	(23,067)	11,444
Loan receivable	-	3,281,291
Land held for resale	(118,523)	-
Prepaid expenses	(39,864)	(62,056)
Accounts payable and accrued liabilities	(597,518)	(1,205,596)
Employee benefit obligations	44,821	41,310
Deposit liabilities	145,413	161,700
Deferred revenue	<u>144,925</u>	<u>(403,520)</u>
	<u>1,500,468</u>	<u>(375,311)</u>
	<u>6,066,424</u>	<u>3,694,503</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(4,644,354)</u>	<u>(1,156,396)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,941,033)	(4,683,433)
Proceeds on disposal of tangible capital assets	<u>2,489,528</u>	<u>280,170</u>
	<u>(3,451,505)</u>	<u>(4,403,263)</u>
INVESTING ACTIVITIES		
Purchase of investments	(300,000)	(300,000)
Proceeds from investment redemption	300,000	680,000
Proceeds from sale of Olds Fibre Ltd.	<u>-</u>	<u>3,000,000</u>
	<u>-</u>	<u>3,380,000</u>
CHANGE IN CASH DURING THE YEAR	(2,029,435)	1,514,844
CASH, BEGINNING OF YEAR	<u>7,858,943</u>	<u>6,344,099</u>
CASH, END OF YEAR	<u>\$ 5,829,508</u>	<u>\$ 7,858,943</u>

TOWN OF OLDS
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2025</u>	<u>2024</u>
COST:								
Balance, Beginning of Year	18,566,611	34,880,775	113,251,667	9,420,310	5,190,056	1,702,411	183,011,830	178,253,458
Additions	17,000	34,208	522,097	1,308,933	194,565	3,864,230	5,941,033	4,683,433
Contributed assets	-	-	-	-	-	-	-	1,412,795
Disposals	(285,032)	(1,178,078)	(15,249)	(736,643)	(149,122)	-	(2,364,124)	(1,337,856)
Transfers	<u>155,549</u>	<u>2,583,177</u>	<u>168,558</u>	<u>227,952</u>	<u>-</u>	<u>(3,135,236)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>18,454,128</u>	<u>36,320,082</u>	<u>113,927,073</u>	<u>10,220,552</u>	<u>5,235,499</u>	<u>2,431,405</u>	<u>186,588,739</u>	<u>183,011,830</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	5,536,188	13,055,338	56,872,553	3,861,705	2,707,212	-	82,032,996	78,686,255
Amortization	703,595	743,369	2,373,122	626,117	280,030	-	4,726,233	4,631,656
Disposals	<u>(44,882)</u>	<u>(437,640)</u>	<u>(1,880)</u>	<u>(620,295)</u>	<u>(149,121)</u>	<u>-</u>	<u>(1,253,818)</u>	<u>(1,284,915)</u>
Balance, End of Year	<u>6,194,901</u>	<u>13,361,067</u>	<u>59,243,795</u>	<u>3,867,527</u>	<u>2,838,121</u>	<u>-</u>	<u>85,505,411</u>	<u>82,032,996</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 12,259,227</u>	<u>\$ 22,959,015</u>	<u>\$ 54,683,278</u>	<u>\$ 6,353,025</u>	<u>\$ 2,397,378</u>	<u>\$ 2,431,405</u>	<u>\$ 101,083,328</u>	<u>\$ 100,978,834</u>
NET BOOK VALUE, BEGINNING OF YEAR	<u>\$ 13,030,423</u>	<u>\$ 21,825,437</u>	<u>\$ 56,379,114</u>	<u>\$ 5,558,605</u>	<u>\$ 2,482,844</u>	<u>\$ 1,702,411</u>	<u>\$ 100,978,834</u>	<u>\$ -</u>
*Construction in progress is comprised of	<u>\$ 22,677</u>	<u>\$ 107,021</u>	<u>\$ 2,299,947</u>	<u>\$ 1,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,431,405</u>	<u>\$ 1,702,411</u>

Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2025

	<u>Unrestricted Surplus (Deficit)</u>	<u>Operating Reserve</u>	<u>Capital Reserve</u>	<u>Equity in Tangible Capital Assets</u>	<u>2025</u>	<u>2024</u>
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ (2,607,105)	\$ 2,118,944	\$ 5,313,992	\$ 82,915,639	\$ 87,741,470	\$ 94,376,738
Restatement (Note 28)	<u>-</u>	<u>-</u>	<u>(2,544,778)</u>	<u>-</u>	<u>(2,544,778)</u>	<u>(2,449,770)</u>
BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>\$ (2,607,105)</u>	<u>\$ 2,118,944</u>	<u>\$ 2,769,214</u>	<u>\$ 82,915,639</u>	<u>\$ 85,196,692</u>	<u>\$ 91,926,968</u>
Annual surplus (deficit)	1,214,612	-	-	-	1,214,612	(6,730,276)
Restricted funds used for operations	(625,267)	625,267	-	-	-	-
Restricted funds used for tangible capital assets	65,798	-	(65,798)	-	-	-
Current year funds used for tangible capital assets	(5,941,033)	-	-	5,941,033	-	-
Disposal of tangible capital assets (net of amortization)	1,110,306	-	-	(1,110,306)	-	-
Amortization	4,726,233	-	-	(4,726,233)	-	-
Accretion of asset retirement obligation	4,333	-	-	(4,333)	-	-
Long term debt repaid	<u>(839,913)</u>	<u>-</u>	<u>-</u>	<u>839,913</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(284,931)</u>	<u>625,267</u>	<u>(65,798)</u>	<u>940,074</u>	<u>1,214,612</u>	<u>(6,730,276)</u>
BALANCE, END OF YEAR (NOTE 14)	<u>\$ (2,892,036)</u>	<u>\$ 2,744,211</u>	<u>\$ 2,703,416</u>	<u>\$ 83,855,713</u>	<u>\$ 86,411,304</u>	<u>\$ 85,196,692</u>

Schedule of Property and Other Taxes

For the Year Ended December 31, 2025

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
TAXATION			
Real property taxes	\$ 17,766,996	\$ 17,567,004	\$ 16,253,684
Linear property taxes	<u>-</u>	<u>144,415</u>	<u>129,892</u>
	<u>17,766,996</u>	<u>17,711,419</u>	<u>16,383,576</u>
REQUISITIONS			
Alberta School Foundation Fund	5,219,563	5,219,563	4,650,364
Mountain View Senior Housing	684,164	684,164	656,275
Designated Industrial Property	<u>1,371</u>	<u>1,289</u>	<u>1,371</u>
	<u>5,905,098</u>	<u>5,905,016</u>	<u>5,308,010</u>
NET MUNICIPAL TAXES	<u>\$ 11,861,898</u>	<u>\$ 11,806,403</u>	<u>\$ 11,075,566</u>

TOWN OF OLDS
Schedule of Government Transfers
For the Year Ended December 31, 2025

Schedule 4

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 1,050,805	\$ 861,174	\$ 1,090,292
Local governments	679,985	676,524	659,803
Federal government	<u>25,000</u>	<u>25,000</u>	<u>17,600</u>
	<u>1,755,790</u>	<u>1,562,698</u>	<u>1,767,695</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,921,904	1,855,746	1,245,922
Federal government	829,072	902,828	1,736,040
Local governments	<u>-</u>	<u>56,085</u>	<u>-</u>
	<u>2,750,976</u>	<u>2,814,659</u>	<u>2,981,962</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 4,506,766</u>	<u>\$ 4,377,357</u>	<u>\$ 4,749,657</u>

TOWN OF OLDS
Schedule of Segmented Information
For the Year Ended December 31, 2025

Schedule 5

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Economic Development and Planning</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Utility Services</u>	<u>Recreation and Culture</u>	<u>2025</u>
REVENUE								
Taxation	\$ 11,806,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,806,403
User fees and sales of goods	361,740	145,958	17,869	95,680	4,781	9,298,906	923,862	10,848,796
Franchise and concession contracts	2,509,891	-	-	-	-	-	-	2,509,891
Government transfers for operating	109,790	386,397	59,837	293,169	-	-	713,505	1,562,698
All other	152,229	898,720	53,574	-	57,976	13,477	13,464	1,189,440
Licenses and permits	-	23,753	621,610	-	710	-	-	646,073
Investment income	281,289	-	-	-	-	-	-	281,289
	<u>15,221,342</u>	<u>1,454,828</u>	<u>752,890</u>	<u>388,849</u>	<u>63,467</u>	<u>9,312,383</u>	<u>1,650,831</u>	<u>28,844,590</u>
EXPENSES								
Salaries, wages, and benefits	2,089,396	1,485,494	734,181	274,896	1,012,775	1,132,435	2,965,790	9,694,967
Transfers to other governments	-	1,577,962	-	135,710	-	5,374,580	-	7,088,252
Contracted and general services	1,038,046	561,140	769,131	123,505	874,198	1,169,128	1,003,444	5,538,592
Amortization of tangible capital assets	52,171	333,844	1,604	26,858	2,110,733	886,829	1,314,194	4,726,233
Materials, goods, supplies and utilities	197,597	200,477	4,547	7,828	856,672	175,384	860,776	2,303,281
Other	894,703	4,912	25,134	-	-	19,390	4,791	948,930
Transfers to local boards and organizations	103,254	-	-	-	-	99,543	575,309	778,106
Interest on long term debt	232,759	72,708	-	-	191,217	161,274	83,207	741,165
Accretion of asset retirement obligations	-	-	-	-	2,337	355	1,641	4,333
	<u>4,607,926</u>	<u>4,236,537</u>	<u>1,534,597</u>	<u>568,797</u>	<u>5,047,932</u>	<u>9,018,918</u>	<u>6,809,152</u>	<u>31,823,859</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>10,613,416</u>	<u>(2,781,709)</u>	<u>(781,707)</u>	<u>(179,948)</u>	<u>(4,984,465)</u>	<u>293,465</u>	<u>(5,158,321)</u>	<u>(2,979,269)</u>
Government transfers for capital	127,403	-	-	-	434,209	1,267,053	985,994	2,814,659
Gain (loss) on disposal of tangible capital assets	1,400,921	-	-	-	(25,877)	(13,370)	17,548	1,379,222
ANNUAL SURPLUS (DEFICIT)	<u>\$ 12,141,740</u>	<u>\$ (2,781,709)</u>	<u>\$ (781,707)</u>	<u>\$ (179,948)</u>	<u>\$ (4,576,133)</u>	<u>\$ 1,547,148</u>	<u>\$ (4,154,779)</u>	<u>\$ 1,214,612</u>

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

TOWN OF OLDS
Schedule of Segmented Information
For the Year Ended December 31, 2024

Schedule 5

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Economic Development and Planning</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Utility Services</u>	<u>Recreation and Culture</u>	<u>2024</u>
REVENUE								
Taxation	\$ 11,075,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,075,566
User fees and sales of goods	371,200	141,323	13,052	93,384	7,402	8,959,351	848,302	10,434,014
Franchise and concession contracts	2,332,770	-	-	-	-	-	-	2,332,770
Government transfers for operating	126,135	383,737	237,982	291,669	25,520	-	702,652	1,767,695
All other	157,660	743,118	-	-	20,368	34,882	5,000	961,028
Investment income	708,515	-	-	-	-	-	-	708,515
Licenses and permits	-	23,068	320,988	-	1,074	-	-	345,130
	<u>14,771,846</u>	<u>1,291,246</u>	<u>572,022</u>	<u>385,053</u>	<u>54,364</u>	<u>8,994,233</u>	<u>1,555,954</u>	<u>27,624,718</u>
EXPENSES								
Salaries, wages, and benefits	1,974,506	1,332,089	692,272	279,516	859,663	995,403	2,930,216	9,063,665
Transfers to other governments	-	1,913,658	-	136,463	-	5,479,676	-	7,529,797
Contracted and general services	1,006,736	450,176	540,993	131,588	1,001,743	1,301,256	1,296,643	5,729,135
Amortization of tangible capital assets	90,119	330,711	1,604	26,433	2,049,848	889,583	1,243,358	4,631,656
Materials, goods, supplies and utilities	246,902	229,146	7,109	7,781	837,203	153,809	794,430	2,276,380
Interest on long term debt	309,695	75,855	-	-	198,562	173,143	88,964	846,219
Transfers to local boards and organizations	134,981	-	-	-	-	110,411	576,731	822,123
Other	218,755	3,165	43,438	-	-	-	4,189	269,547
Accretion of asset retirement obligations	-	-	-	-	2,261	343	1,588	4,192
	<u>3,981,694</u>	<u>4,334,800</u>	<u>1,285,416</u>	<u>581,781</u>	<u>4,949,280</u>	<u>9,103,624</u>	<u>6,936,119</u>	<u>31,172,714</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>10,790,152</u>	<u>(3,043,554)</u>	<u>(713,394)</u>	<u>(196,728)</u>	<u>(4,894,916)</u>	<u>(109,391)</u>	<u>(5,380,165)</u>	<u>(3,547,996)</u>
Government transfers for capital	-	-	-	-	636,120	1,546,844	798,998	2,981,962
Contributed assets	-	-	-	-	817,171	580,459	15,165	1,412,795
Gain (loss) on disposal of tangible capital assets	(1,181)	(1,954)	-	-	2,569	194,285	33,510	227,229
Net loss on sale of Olds Fibre Ltd.	<u>(7,804,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,804,266)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 2,984,705</u>	<u>\$ (3,045,508)</u>	<u>\$ (713,394)</u>	<u>\$ (196,728)</u>	<u>\$ (3,439,056)</u>	<u>\$ 2,212,197</u>	<u>\$ (4,532,492)</u>	<u>\$ (6,730,276)</u>

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

2. 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 debt 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. Included with the municipality are the following:

Family and Community Support Services
Mountain View Power

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) 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.

(d) 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.

(e) Pension Expenses

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

(Continues)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *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 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 statement of operations.

(g) *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.

(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 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.

(Continues)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the 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 financial statements.

(j) 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.

(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 recoverable value
Land held for resale	Lower of cost and net realizable value
Inventory for resale	Lower of cost and net realizable value
Investments	Amortized cost
Land held for resale	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost
Asset retirement obligations	Amortized cost

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, with impairment losses recorded in the statement of operations and accumulated surplus. Write-downs are not reversed if the asset's value later increases.

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.

(Continues)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) *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 debt 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

Inventory is comprised of both inventory held for consumption and inventory held for resale, and is measured at the lower of cost and net realizable value, as applicable.

Inventory held for consumption consists of materials and supplies that will be consumed in the provision of municipal services and are not intended for resale. Inventory held for consumption is recorded at the lower of cost and replacement cost, with cost determined using the average cost method.

Inventory held for resale represents assets held for sale in the ordinary course of operations. Inventory held for resale is recorded at the lower of cost and net realizable value, 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.

(Continues)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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) Financial Statement Presentations

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.

ii) The Conceptual Framework for Financial Reporting

The PSAB's framework replaces the conceptual aspects of PS 1000 – Financial Statement Concepts, and PS 1100 – Financial Statement Objectives. This standard is applicable to fiscal years beginning on or after April 1, 2026.

iii) Employee Benefits

PS 3251, Employee Benefits, replaces the existing PS 3250, Retirement Benefits, and PS 3255, Post-employment Benefits, Compensated Absences. This standard is applicable to fiscal years beginning on or after April 1, 2029.

iv) Amendments to Tangible Capital Assets

This standard change amends the existing PS 3150, Tangible Capital Assets, to increase comparability and transparency between public sector entities. This standard is applicable to fiscal years beginning on or after April 1, 2030.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2025</u>	<u>2024</u>
Current taxes	\$ 458,107	\$ 418,381
Arrears taxes	<u>144,205</u>	<u>302,521</u>
	<u>\$ 602,312</u>	<u>\$ 720,902</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Receivable from developers	\$ 3,328,229	\$ 3,232,609
Trade and other	2,292,541	2,600,424
Holdback receivable (Note 20)	1,850,000	1,850,000
Receivable from other governments	1,070,285	1,896,569
Goods and Services Tax recoverable	<u>133,068</u>	<u>225,984</u>
	8,674,123	9,805,586
Less: Allowance for doubtful accounts	<u>(834,680)</u>	<u>(140,452)</u>
	<u>\$ 7,839,443</u>	<u>\$ 9,665,134</u>

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

5. INVESTMENTS

	<u>2025</u>	<u>2024</u>
Guaranteed investment certificates	\$ <u>300,000</u>	\$ <u>300,000</u>

The guaranteed investment certificate bears interest at 3.25% (2024 - 2.40% to 5.11%) maturing in February 2025 (2024 - January 2024 to February 2024).

6. CREDIT FACILITIES

The Town has a revolving operating credit facility with Alberta Treasury Branch, which includes an authorized overdraft that can be drawn upon to a maximum of \$500,000; which bear interest at prime plus 1% per annum. As at December 31, 2025, no amount has been drawn on this facility (2024 - \$NIL).

The Town has a credit card with a credit limit of \$200,000. The credit facility bears interest at 1.5% per month (19.56% per annum). There was \$31,164 (2024 - \$56,886) drawn under this facility as at December 31, 2025 and is included in accounts payable and accrued liabilities in Note 7. This facility is unsecured.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2025</u>	<u>2024</u>
Trade payable	\$ 2,201,380	\$ 2,489,255
Accrued interest payable	126,653	173,468
Holdbacks payable	<u>2,320</u>	<u>265,148</u>
	<u>\$ 2,330,353</u>	<u>\$ 2,927,871</u>

8. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2025</u>	<u>2024</u>
Vacation payable	\$ 359,818	\$ 314,689
Overtime payable	<u>19,545</u>	<u>19,853</u>
	<u>\$ 379,363</u>	<u>\$ 334,542</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 directly provide post-employment benefits other than participation in LAPP.

9. DEPOSIT LIABILITIES

	<u>2025</u>	<u>2024</u>
Development deposits	\$ 610,263	\$ 540,650
Utility deposits	227,000	151,000
Water deposits	<u>7,505</u>	<u>7,705</u>
	<u>\$ 844,768</u>	<u>\$ 699,355</u>

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

10. 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.

	2024 (Restated) (Note 28)	Amounts Received and Receivable	Amounts Recognized	2025
Developer levies	\$ 2,544,778	\$ 368,702	\$ (57,976)	\$ 2,855,504
Other	185,980	286,217	(207,333)	264,864
Local Government Funding Framework	605,241	1,416,500	(1,805,746)	215,995
Alberta Community Partnership	-	150,000	(2,496)	147,504
Green and Inclusive Community Buildings Program	72,588	340,562	(287,082)	126,068
New Police Officers Grant	25,000	-	-	25,000
Canada Community Building Fund	29,257	609,323	(615,746)	22,834
Association of Alberta Municipalities	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
	<u>\$ 3,512,844</u>	<u>\$ 3,171,304</u>	<u>\$(3,026,379)</u>	<u>\$ 3,657,769</u>

11. 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 occurs.

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 128,582	\$ 124,390
Net Change for the Year		
Accretion expense	<u>4,333</u>	<u>4,192</u>
Balance, End of Year	<u>\$ 132,915</u>	<u>\$ 128,582</u>

(Continues)

TOWN OF OLDS

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

11. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

Asset retirement obligations of \$132,915 (2024 - \$128,582) measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$259,085 (2024 - \$259,085), and a discount rate of 3.37% (2024 - 3.37%), 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 to the asset retirement obligations recognized for buildings, the Town has identified other tangible capital assets that may give rise to asset retirement obligations, including certain land assets and sewage lagoon facilities, for which retirement activities may be required pursuant to environmental legislation and regulations. These obligations arise from statutory or regulatory requirements relating to site remediation, reclamation, and environmental restoration.

At December 31, 2025, the Town is unable to reasonably estimate the timing or the amount of future asset retirement costs associated with these assets due to significant uncertainties, including the expected useful lives of the assets, the timing of potential retirement activities, and the nature and extent of remediation that may ultimately be required. As a result, no liability has been recognized in the consolidated statement of financial position in respect of these potential asset retirement obligations.

Management will continue to monitor changes in legislation, operational plans, and asset conditions, and will recognize a liability for these asset retirement obligations in future periods when a reasonable estimate of the obligation can be made. The recognition of these obligations may result in a material impact on the Town's consolidated financial position and results of operations in future periods.

12. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Tax supported debentures	\$ 11,483,054	\$ 12,023,839
Loan repayment debenture - OFL	5,148,351	8,952,792
Utility supported debentures	<u>5,611,646</u>	<u>5,910,774</u>
	<u>\$ 22,243,051</u>	<u>\$ 26,887,405</u>

The current portion of the long-term debt amounts to \$1,213,433 (2024 - \$1,195,749).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,213,433	\$ 687,700	\$ 1,901,133
2026	1,254,819	646,315	1,901,134
2027	1,171,434	603,416	1,774,850
2028	1,208,269	566,581	1,774,850
2029	1,246,279	528,570	1,774,849
Thereafter	<u>16,148,817</u>	<u>5,889,146</u>	<u>22,037,963</u>
	<u>\$ 22,243,051</u>	<u>\$ 8,921,728</u>	<u>\$ 31,164,779</u>

(Continues)

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

12. LONG-TERM DEBT (CONTINUED)

Debenture debt is repayable to the Province of Alberta bearing interest at rates ranging from 2.61% - 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 \$741,165 (2024 - \$846,219). The Town's total cash payments for interest is \$796,091 (2024 - \$855,102).

13. FRANCHISE FEES AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2025</u>	<u>2024</u>
Fortis Alberta	\$ 1,650,869	\$ 1,460,570
ATCO Gas Ltd.	<u>859,022</u>	<u>872,200</u>
	<u>\$ 2,509,891</u>	<u>\$ 2,332,770</u>

14. ACCUMULATED SURPLUS

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

	<u>2025</u>	<u>2024</u> (Restated) (Note 28)
Unrestricted deficit	\$ (2,892,036)	\$ (2,607,105)
Reserves (Note 15)	5,447,627	4,888,158
Equity in tangible capital assets (Note 16)	<u>83,855,713</u>	<u>82,915,639</u>
	<u>\$ 86,411,304</u>	<u>\$ 85,196,692</u>

15. 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>2025</u>	<u>2024</u>
Operating		
General	\$ 1,652,667	\$ 1,421,786
Utilities	362,830	63,491
Tax stabilization fund	342,435	331,992
Mountain view power	282,467	208,513
Fire reserve	61,674	59,793
Olds fashioned Christmas	24,517	23,769
Cemetery	17,212	9,400
Legacy and memorial	<u>409</u>	<u>200</u>
	<u>2,744,211</u>	<u>2,118,944</u>

(Continues)

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

15. RESERVES (CONTINUED)

Capital		
Building reserve	1,884,661	1,824,818
Utility reserve	431,530	481,242
Municipal reserve	359,490	348,526
General	15,368	14,899
Restricted reserves for specific purposes	12,367	79,576
Fire - small equipment	<u>-</u>	<u>20,153</u>
	<u>2,703,416</u>	<u>2,769,214</u>
	<u>\$ 5,447,627</u>	<u>\$ 4,888,158</u>

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets (<i>Schedule 1</i>)	\$186,588,739	\$183,011,830
Accumulated amortization (<i>Schedule 1</i>)	(85,505,411)	(82,032,996)
Asset retirement obligation (<i>Note 11</i>)	(132,915)	(128,582)
Long-term debt (<i>Note 12</i>)	<u>(17,094,700)</u>	<u>(17,934,613)</u>
	<u>\$ 83,855,713</u>	<u>\$ 82,915,639</u>

17. CONTRACTUAL RIGHTS

Contractual rights are the rights of the Town to economic resources from contracts or agreements that will result in both assets and revenues in the future when the terms of these contracts or agreements are met.

The Town's ongoing leases and contracts that will be received or receivable for each of the next four years are as follows:

2026	\$ 209,085
2027	211,569
2028	214,104
2029	<u>96,109</u>
Total	<u>\$ 730,867</u>

18. CONTRACTUAL OBLIGATIONS

The Town has an agreement with South Red Deer Regional Wastewater Commission for the provision of wastewater services. As of January 2025 the agreement is fixed at a rate of \$2.78 (2024 - \$2.66) per cubic meter of wastewater. The 2025 contract cost the Town \$3,178,811 (2024 - \$3,267,310).

The Town has an agreement with Mountain View Regional Water Services Commission for the provision of water services. As of January 2025 the agreement is fixed at a rate of \$2.20 per cubic meter of wastewater. The 2025 contract cost the Town \$2,195,769 (2024 - \$2,212,366).

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

19. CONTINGENCIES

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.

From time to time, the Town may become involved in various legal disputes. It is not possible to estimate the outcome of these disputes; however, management believes that there will be no significant adverse effects on the financial position of the Town related to ongoing matters.

20. INVESTMENT IN OLDS FIBRE LTD.

On November 5, 2024, the Town finalized the sale of its interest in Olds Fibre Limited (OFL) to Telus Communications (Telus).

Proceeds of \$368,967 in deferred payments and \$1,850,000 in holdbacks receivable, are receivable from Telus and are included in balances described in Note 4. Payment of the remaining balances are contingent on the settlement of remaining obligations within OFL and is expected at the earlier of the settlement of outstanding liabilities and November 5, 2026.

Any changes in the receivable amounts are considered as transaction costs and are accounted for in the year revised.

21. 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>2025</u>	<u>2024</u> (Restated) (Note 28)
Total debt limit	\$ 43,266,885	\$ 41,437,077
Total debt	<u>22,243,051</u>	<u>26,887,405</u>
Amount of total debt limit unused	<u>\$ 21,023,834</u>	<u>\$ 14,549,672</u>
Debt servicing limit	\$ 7,211,148	\$ 6,906,180
Debt servicing	<u>1,901,133</u>	<u>2,011,502</u>
Amount of debt servicing limit unused	<u>\$ 5,310,015</u>	<u>\$ 4,894,678</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.

Total debt of 22,243,051 (2024 - \$26,887,405) includes the principal balance of loans held by Olds Institute for Community and Regional Development guaranteed by the Town. The guarantee provided by the Town terminated upon the sale of Olds Fibre Limited.

TOWN OF OLDS

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

22. 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% (2024 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2024 - 11.65%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2024 - 10.65%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2025 were \$529,635 (2024 - \$486,947). Total current and past service contributions made by the employees of the Town to the LAPP in 2025 were \$472,067 (2024 - \$434,145).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion (2023 - \$15.06 billion).

23. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on December 9, 2024. 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>2025</u> (Budget)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 28)
Annual surplus (deficit)	6,057,517	1,214,612	(6,730,276)
Add back (deduct):			
Amortization expense	\$ 486,280	\$ 4,726,233	\$ 4,631,656
Net transfers (to) from reserves	3,954,506	559,469	(565,064)
Acquisition of tangible capital assets	(8,279,103)	(5,941,033)	(4,683,433)
Gain on disposal of tangible capital assets	(2,045,000)	(1,379,222)	(227,229)
Proceeds on tangible capital assets	-	2,489,528	280,170
Contributed assets	<u>(174,200)</u>	<u>-</u>	<u>(1,412,795)</u>
Operating surplus (deficit)	<u>\$ -</u>	<u>\$ 1,669,587</u>	<u>\$ (8,706,971)</u>

TOWN OF OLDS

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

24. FINANCIAL RISK MANAGEMENT

The Town's financial instruments consist of cash, receivables from developers, trade receivables, receivables from other governments, holdbacks receivable, and goods and services tax recoverable, investments, 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, 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.

25. 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 2. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) *Council and Administration*

This service includes council, administrative, and other general services which provide support to all other service areas and cannot be directly attributed to a specific segment.

b) *Protective Services*

Protective services is comprised of police, bylaw, firefighting, disaster, and emergency measures. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

c) *Economic development and other planning*

Planning and development provides a number of services including Town planning, enforcement of building and construction codes, and review of all property development plans through its application.

d) *Public Health Services*

This service area provides and administers community support programs and general community services. This includes Family and Community Support Services and other community services.

e) *Transportation Services*

Transportation services is responsible for delivery of municipal public works services related to planning, development, and maintenance of roadways, parks and open spaces, and street lighting.

f) *Utility Services*

Utility services provides drinking water, wastewater treatment, and solid waste disposal services to the Town's citizens.

g) *Recreation and Culture*

Recreation and culture manages parks, arenas, aquatic centres, community centres, libraries, and delivers related programs at these sites.

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

26. 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</u> ⁽¹⁾	<u>Benefits and Allowances</u> ⁽²⁾	<u>2025 Total</u>	<u>2024 Total</u>
Elected Officials:				
Councillor Wilson	\$ 38,348	\$ 9,644	\$ 47,992	\$ 44,347
Councillor Blatz	38,148	9,614	47,762	42,855
Mayor Daley ⁽⁴⁾	40,920	6,195	47,115	39,827
Councillor Overwater	5,400	2,892	8,292	-
Councillor Chrusch	5,399	2,538	7,937	-
Councillor Cook	5,399	1,677	7,076	-
Councillor Taylor	<u>5,399</u>	<u>1,677</u>	<u>7,076</u>	<u>-</u>
Former Elected Officials				
Mayor Dahl	50,354	6,304	56,658	65,869
Councillor Ryan	32,895	8,084	40,979	44,203
Councillor Cummings	32,895	6,422	39,317	46,237
Councillor Walsh	<u>32,745</u>	<u>5,713</u>	<u>38,458</u>	<u>38,096</u>
	<u>\$ 287,902</u>	<u>\$ 60,760</u>	<u>\$ 348,662</u>	<u>\$ 321,434</u>
Chief Administrative Officer				
Officer	\$ 219,387	\$ 76,568	\$ 295,955	\$ 280,696
Designated Officer ⁽³⁾	<u>\$ 90,887</u>	<u>-</u>	<u>90,887</u>	<u>88,829</u>
	<u>\$ 310,274</u>	<u>\$ 76,568</u>	<u>\$ 386,842</u>	<u>\$ 369,525</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 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, and car allowances.

(3) Designated officers include the Town's third party assessor.

(4) Salary and benefits include pay received for duties performed as a Councillor prior to being elected as the Mayor in the fiscal year.

TOWN OF OLDS
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

27. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management.

28. RESTATEMENT

(a) Section 648 of the Municipal Government Act

The Town had previously recognized revenue pertaining to offsite levies as collected. Section 648 of the Municipal Government Act ("MGA") outlines that offsite levies, and any interest earned, may only be used for specific projects in relation to the collection of the revenues from developers. Interest earned from any offsite balances must be deferred and will be deferred for future use. Unspent offsite levies collected represent a liability and not a restriction within accumulated surplus. To better account for the offsite balances, the offsite levies collected and unused are being recorded as deferred revenue rather than being included as restricted surplus in the accumulated surplus balance.

The above changes have been applied retroactively and the 2024 comparative figures have been restated as follows:

	2024 <u>Unadjusted</u>	<u>Adjustments</u>	2024 <u>Restated</u>
Statement of Operations			
Revenues	\$ 27,719,726	\$ (95,008)	\$ 27,624,718
Expenses	(31,172,714)	-	(31,172,714)
Other Income (Expenses)	<u>(3,182,280)</u>	<u>-</u>	<u>(3,182,280)</u>
Annual Deficit	<u>(6,635,268)</u>	<u>(95,008)</u>	<u>(6,730,276)</u>
Statement of Financial Position			
Financial Assets	18,598,499	-	18,598,499
Liabilities	<u>31,945,821</u>	<u>2,544,778</u>	<u>34,490,599</u>
Net Financial Debt	<u>13,347,322</u>	<u>2,544,778</u>	<u>15,892,100</u>
Accumulated Surplus, Beginning of Year	94,376,738	(2,449,770)	91,926,968
Accumulated Surplus, End of Year	<u>87,741,470</u>	<u>(2,544,778)</u>	<u>85,196,692</u>
Statement of Changes in Net Financial Debt			
Annual Deficit	(6,635,268)	(95,008)	(6,730,276)
Contributed tangible capital assets	(1,412,795)	-	(1,412,795)
Acquisition of Tangible Capital Assets	(4,683,433)	-	(4,683,433)
Proceeds on disposal of tangible capital assets	280,170	-	280,170
Amortization of tangible capital assets	4,631,656	-	4,631,656
Loss on disposal of tangible capital assets	(227,229)	-	(227,229)
Net change in prepaid expenses	<u>(62,056)</u>	<u>-</u>	<u>(62,056)</u>
Change in Net Financial Debt	<u>(8,108,955)</u>	<u>(95,008)</u>	<u>(8,203,963)</u>
Net Financial Debt, Beginning of Year	(5,238,367)	(2,449,770)	(7,688,137)
Net Financial Debt, End of Year	<u>\$ (13,347,322)</u>	<u>\$ (2,544,778)</u>	<u>\$ (15,892,100)</u>