

# **TOWN OF OLDS**

## **Consolidated Financial Statements**

**For the year ended December 31, 2022**

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**TOWN OF OLDS**  
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**For the year ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the consolidated financial statements of the Town of Olds which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Olds as at December 31, 2022, the results of its operations, change in its 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 Auditor's Responsibilities for the Audit of the 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 these 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

### *Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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:

## INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the 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 used 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

### *Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 23.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 19.

Lethbridge, Alberta

June 12, 2023



Chartered Professional Accountants

## MANAGEMENT REPORT

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

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

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

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

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

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



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Municipal Manager

**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2022**

	2022	2021
<b>Financial assets</b>		
Cash	\$ 1,359,140	\$ 8,411,280
Taxes and grants in place of taxes receivable (note 2)	1,193,022	766,912
Trade and other receivables (note 3)	7,902,478	8,960,051
Loans receivable (note 4)	14,486,166	15,000,000
Investments (note 5)	6,080,000	81,748
Investment in Olds Fibre Ltd. (note 6)	1	1
Inventory held for resale	9,061	14,888
	31,029,868	33,234,880
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,303,328	2,244,672
Employee benefit obligations (note 8)	274,897	354,956
Deposits	816,775	932,425
Deferred revenue (note 9)	2,668,628	4,062,616
Long-term debt (note 10)	29,344,927	30,723,798
	36,408,555	38,318,467
<b>Net financial debt</b>	(5,378,687)	(5,083,587)
<b>Non-financial assets</b>		
Prepaid expenses	37,601	43,998
Tangible capital assets (schedule 2)	101,420,490	101,143,007
	101,458,091	101,187,005
<b>Accumulated surplus</b> (note 12 and schedule 1)	\$ 96,079,404	\$ 96,103,418

*Commitments and contingencies* (note 21)

Approved on behalf of Council:

Mayor Judy Sahle

Councillor D.H. Walsh

**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>Revenue</b>			
Net municipal taxes (note 15)	\$ 10,089,811	\$ 10,083,053	\$ 9,657,970
User fees and sales of goods	9,738,701	10,172,223	9,077,278
Government transfers for operating (note 16)	1,301,202	1,355,878	1,622,385
Investment income	213,000	341,327	353,157
Penalties and costs of taxes	197,000	289,683	198,358
Development levies	-	98,999	146,578
Licenses and permits	341,000	274,970	250,246
Franchise and concession contracts	2,516,149	2,543,462	2,266,320
Rentals and other	215,913	215,320	208,814
Other utilities	-	63,162	-
Sales to other governments	259,543	206,467	252,251
	24,872,319	25,644,544	24,033,357
<b>Expenses (note 17)</b>			
General government			
Legislative	462,865	409,205	440,249
Administration	2,221,453	2,574,433	2,296,895
Protective services			
Police	1,939,751	2,261,113	1,589,210
Fire	1,254,134	1,581,165	1,493,873
Emergency measures and disaster services	67,668	85,535	204,386
Other protective services	416,007	384,917	378,603
Transportation services			
Common and equipment pool	301,469	341,905	292,340
Transportation services	2,130,363	3,831,371	3,271,701
Environmental use and protection	39,050	143,098	118,595
Other transportation	61,329	59,671	48,058
Environmental use and protection			
Water and waste water	2,829,648	3,547,677	3,192,491
Wastewater treatment and disposal	3,766,152	4,820,696	3,770,738
Waste management	1,098,711	1,153,899	1,105,486
Public health and welfare			
Family and community support services	335,766	347,911	324,842
Cemeteries and crematoriums	151,004	172,678	146,512
Other public health and welfare	155,754	158,074	147,964
Planning and development			
Economic and agricultural development	454,093	219,925	264,033
Other planning and development	656,394	558,465	670,926
Recreation and culture			
Parks and recreation	4,386,751	5,185,584	4,862,431
Culture - libraries, museums, halls	695,750	715,074	751,335
Other utilities			
Mountain View Power	-	7,749	-
	23,424,112	28,560,145	25,370,668
<b>Excess (deficiency) of revenue over expenses before other</b>	1,448,207	(2,915,601)	(1,337,311)

**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>Other</b>			
Government transfers for capital (note 16)	4,199,087	2,863,987	5,170,948
Contributed assets	-	-	1,100
Capital donations	560,497	27,600	142,080
Equity income (loss) - Olds Fibre Ltd.	-	-	(3,124)
	4,759,584	2,891,587	5,311,004
<b>Excess (deficiency) of revenue over expenses</b>	6,207,791	(24,014)	3,973,693
<b>Accumulated surplus, beginning of year</b>	96,103,418	96,103,418	92,129,725
<b>Accumulated surplus, end of year</b>	\$ 102,311,209	\$ 96,079,404	\$ 96,103,418



**TOWN OF OLDS**

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**For the year ended December 31, 2022**

	Budget (Unaudited)	2022	2021
<b>Excess (deficiency) of revenue over expenses</b>	\$ 6,207,791	\$ (24,014)	\$ 3,973,693
Acquisition of tangible capital assets	(7,093,024)	(4,612,937)	(9,920,553)
Amortization of tangible capital assets	463,100	4,300,089	4,067,839
Contributed assets	-	-	(1,100)
Loss (gain) on disposal of tangible capital assets	-	26,214	(9,522)
Proceeds on disposal of tangible capital assets	-	9,151	17,925
	(6,629,924)	(277,483)	(5,845,411)
Net change in prepaid expense	-	6,397	(24,026)
<b>Increase in net financial debt</b>	(422,133)	(295,100)	(1,895,744)
<b>Net financial debt, beginning of year</b>	(5,083,587)	(5,083,587)	(3,187,843)
<b>Net financial debt, end of year</b>	\$ (5,505,720)	\$ (5,378,687)	\$ (5,083,587)

**TOWN OF OLDS**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2022

	2022	2021
<b>Operating transactions</b>		
Excess (deficiency) of revenue over expenses	\$ (24,014)	\$ 3,973,693
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	26,214	(9,522)
Amortization of tangible capital assets	4,300,089	4,067,839
Contributed assets	-	(1,100)
Investment in Olds Fibre Ltd. - equity adjustment	-	(13,125)
	4,302,289	8,017,785
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(426,110)	(122,201)
Trade and other receivables	1,057,572	(4,101,143)
Loans receivable	513,834	(904,374)
Investment in Olds Fibre Ltd.	-	(1)
Inventory held for resale	5,827	2,937
Prepaid expenses	6,397	(24,026)
Accounts payable and accrued liabilities	1,058,656	(1,563,004)
Employee benefit obligations	(80,059)	31,464
Deposits	(115,650)	145,800
Deferred revenue	(1,393,988)	2,436,545
Cash provided by operating transactions	4,928,768	3,919,782
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	9,151	17,925
Acquisition of tangible capital assets	(4,612,937)	(9,920,553)
Cash applied to capital transactions	(4,603,786)	(9,902,628)
<b>Investing transactions</b>		
Change in investments	(5,998,252)	13,137
<b>Financing transactions</b>		
Repayment of long-term debt	(1,378,870)	(1,213,006)
<b>Decrease in cash and temporary investments</b>	(7,052,140)	(7,182,715)
<b>Cash, beginning of year</b>	8,411,280	15,593,995
<b>Cash, end of year</b>	\$ 1,359,140	\$ 8,411,280

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**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

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**1. Significant accounting policies**

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

(a) Reporting entity

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

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

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

(b) Basis of accounting

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

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

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

(c) Inventories for resale

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

(d) Investments

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

**1. Significant accounting policies, continued**

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

- (f) Requisition over-levy and under-levy  
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

- (g) Use of estimates  
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

- (h) Tax revenue  
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

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

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

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**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

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**1. Significant accounting policies, continued**

(j) Government transfers

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

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

(k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

Assets under construction are not amortized until put into use.

(ii) Contributions of tangible capital assets

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

(iii) Leases

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

(iv) Inventories

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

(v) Cultural and historical tangible capital assets

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

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

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

	2022	2021
Taxes and grants in place of taxes receivable	\$ 716,161	\$ 462,468
Arrears taxes receivable	473,357	303,255
	1,189,518	765,723
Under-levies	3,504	1,189
	\$ 1,193,022	\$ 766,912

**3. Trade and other receivables**

	2022	2021
Utility accounts receivable	\$ 1,219,024	\$ 1,131,565
Goods and services tax	191,860	297,496
Trade and other receivables	4,304,426	3,652,162
Grants	2,187,168	3,878,828
	\$ 7,902,478	\$ 8,960,051

**4. Loans receivable**

	2022	2021
Olds Fibre Ltd.	\$ 14,486,166	\$ 15,000,000

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

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 shares 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 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**

Investments consist of guaranteed investment certificates that bear interest between 2.4% and 3.84% per annum and mature between February 2023 and January 2024.

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**6. 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.

Investment in Olds Fibre Ltd. consists of:

	2022	2021
Balance, beginning of year	\$ 1	\$ -
Investment, net of share redemption	-	1,777,142
Fair value increment	-	(1,774,017)
Equity in earnings of OFL *		
(* Cumulative losses of \$442,141 have not been recorded to avoid a negative investment balance)	-	(3,124)
	\$ 1	\$ 1

Summary Balance Sheet of OFL as at December 31:

	2022	2021
<b>Assets</b>		
Current assets	\$ 917,471	1,418,485
Long-term assets	8,264,505	9,559,465
<b>Total assets</b>	9,181,976	10,977,950
<b>Liabilities</b>		
Current liabilities	3,621,458	4,107,776
Long-term liabilities	14,096,453	14,639,235
<b>Total liabilities</b>	17,717,911	18,747,011
<b>Equity</b>		
Share capital	1,722,476	1,722,476
Deficit	(10,258,411)	(9,791,537)
<b>Total equity</b>	(8,535,935)	(8,069,061)
<b>Total liabilities and equity</b>	\$ 9,181,976	10,677,950

Summary Statement of Operations of OFL for the period ended December 31:

	2022	2021 (3 months)
Revenue	\$ 4,303,143	1,125,928
Expenses	4,742,317	1,132,019
<b>Net loss</b>	\$ (439,174)	(6,091)

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**7. Line of credit**

The Town has established an operating loan with a Canadian chartered bank to a maximum of \$500,000 which bears interest at prime minus 1.0% per annum. At December 31, 2022 the balance outstanding was nil.

**8. Employee benefit obligations**

	2022	2021
Vacation payable	\$ 235,558	\$ 340,838
Overtime payable	39,339	14,118
	<b>\$ 274,897</b>	<b>\$ 354,956</b>

**Vacation and overtime**

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

**9. Deferred revenue**

Deferred revenue consists of funding received from the federal and provincial governments and other funders for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

	2022	2021
Municipal Sustainability Initiative - capital	\$ 2,032,888	\$ 2,625,493
Canada Community Building Fund - capital	422,507	834,022
Other	126,226	107,663
Community and Regional Economic Support (CARES)	62,007	302,822
New Police Officers Grant	25,000	25,000
Pinty's Grand Slam	-	153,394
Alberta Community Partnership	-	14,222
	<b>\$ 2,668,628</b>	<b>\$ 4,062,616</b>



**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

**10. Long-term debt**

	2022	2021
Debentures supported by general tax levies	\$ 13,174,037	\$ 11,791,287
Debentures supported by utility rates	6,541,051	8,980,707
Debentures supported by loan repayment agreement	9,629,839	9,951,804
	<u>\$ 29,344,927</u>	<u>\$ 30,723,798</u>
Current portion	<u>\$ 1,301,127</u>	<u>\$ 1,378,870</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 1,301,127	\$ 903,348	\$ 2,204,475
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	1,152,526	732,689	1,885,215
Thereafter	23,302,600	6,585,640	29,888,240
	<u>\$ 29,344,927</u>	<u>\$ 10,667,500</u>	<u>\$ 40,012,427</u>

Debenture debt is repayable to the Treasury Board and Finance and bears interest at rates ranging from 2.60% to 6.25% per annum, before provincial subsidy, and matures in periods 2023 through 2050.

Debenture debt is issued on the credit and security of the Town at large. Interest on long-term debt amounted to \$610,369 (2021 - \$652,372). The Town's total cash payments for interest were \$642,445 (2021 - \$668,969).

**11. Contaminated sites liability**

The Town adopted PS3260 Liability for Contaminated sites. The Town did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**12. Accumulated surplus**

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

	2022	2021
Unrestricted surplus	\$ 5,102,574	\$ 5,576,230
Internally restricted surplus (reserves) (note 13)	8,801,797	9,686,544
Equity in tangible capital assets (note 14)	82,175,033	80,840,644
	<u>\$ 96,079,404</u>	<u>\$ 96,103,418</u>

**13. Reserves**

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

	2022	2021
<b>Operating</b>		
General	\$ 1,556,965	\$ 1,871,383
Tax stabilization fund	300,459	295,107
Utilities	195,691	736,315
Fire reserve	54,114	53,150
NU2U	38,949	39,446
Olds Fashioned Christmas	21,512	18,137
Mountain View Power	55,915	-
	<u>2,223,605</u>	<u>3,013,538</u>
<b>Capital</b>		
Building reserve	2,126,238	2,293,772
Utility reserve	1,605,869	1,887,572
Offsite levies - transportation	963,771	908,550
Offsite levies - water	581,426	548,753
Offsite levies - wastewater	432,295	402,279
Offsite levies - storm sewer	349,982	328,317
Municipal reserve	315,423	144,661
Restricted reserves for specific purposes	72,018	70,735
General	112,931	70,453
Fire - small equipment	18,239	17,914
	<u>6,578,192</u>	<u>6,673,006</u>
	<u>\$ 8,801,797</u>	<u>\$ 9,686,544</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**14. Equity in tangible capital assets**

	2022	2021
Tangible capital assets (schedule 2)	\$ 175,939,452	\$ 171,694,347
Accumulated amortization (schedule 2)	(74,518,962)	(70,551,340)
Long-term debt (note 10)	(29,344,927)	(30,723,798)
Unused capital debt	469,631	469,631
Non-capital long-term debt (note 10)	9,629,839	9,951,804
	<u>\$ 82,175,033</u>	<u>\$ 80,840,644</u>

**15. Net municipal property taxes**

	Budget (Unaudited)	2022	2021
<b>Taxation</b>			
Real property taxes	\$ 15,009,170	\$ 14,885,976	\$ 14,252,255
Linear property taxes	-	115,247	170,172
	<u>15,009,170</u>	<u>15,001,223</u>	<u>14,422,427</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	4,364,276	4,362,435	4,193,968
Mountain View Senior Housing	553,873	554,525	569,318
Other	1,210	1,210	1,171
	<u>4,919,359</u>	<u>4,918,170</u>	<u>4,764,457</u>
	<u>\$ 10,089,811</u>	<u>\$ 10,083,053</u>	<u>\$ 9,657,970</u>

**16. Government transfers**

	Budget (Unaudited)	2022	2021
<b>Transfers for operating:</b>			
Provincial conditional grants	\$ 707,032	\$ 745,095	\$ 930,964
Other local governments	589,170	605,783	589,171
Federal conditional grants	5,000	5,000	102,250
	<u>1,301,202</u>	<u>1,355,878</u>	<u>1,622,385</u>
<b>Transfers for capital:</b>			
Provincial grants	2,825,065	1,608,824	4,832,622
Federal grants	1,374,022	1,255,163	338,326
	<u>4,199,087</u>	<u>2,863,987</u>	<u>5,170,948</u>
	<u>\$ 5,500,289</u>	<u>\$ 4,219,865</u>	<u>\$ 6,793,333</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**17. Expenses by object**

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 8,534,543	\$ 8,132,060	\$ 8,068,457
Contracted and general services	4,337,075	4,447,273	3,882,397
Materials, goods, supplies and utilities	1,778,900	2,080,592	1,768,312
Bank charges and short term interest	20,000	32,076	20,014
Interest on long term debt	625,371	610,369	652,372
Other expenditures	24,000	56,534	142,252
Transfers to organizations and others	1,118,323	1,010,786	999,882
Purchases from other governments	6,522,800	7,864,152	5,778,667
Amortization of tangible capital assets	463,100	4,300,089	4,067,839
(Gain) Loss on disposal of tangible capital assets	-	26,214	(9,524)
	\$ 23,424,112	\$ 28,560,145	\$ 25,370,668

**18. Local authorities pension plan**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 281,764 people and 435 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$433,361 (2021 - \$484,107). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$386,825 (2021 - \$437,016).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion.

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**19. Salary and benefits disclosure**

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

	(1)	(2)		
	Salary	Benefits & allowances	2022	2021
<b>Council</b>				
Mayor Dahl	\$ 60,696	\$ 5,545	\$ 66,241	\$ 13,594
Councillor Blatz	38,805	7,457	46,262	48,164
Councillor Cummings	42,016	7,640	49,656	11,405
Councillor Daley	37,719	4,439	42,158	10,167
Councillor Ryan	36,750	7,340	44,090	47,500
Councillor Walsh	35,819	2,205	38,024	8,848
Councillor Wilson	41,150	7,591	48,741	10,408
Mayor Muzychka	-	-	-	57,531
Councillor Bennett	-	-	-	36,483
Councillor Harper	-	-	-	34,472
Councillor Overwater	-	-	-	41,597
Councillor Thomson	-	-	-	32,793
<b>Chief Administrative Officer</b>				
- Williams	116,536	37,279	153,815	-
<b>Chief Administrative Officer</b>				
- Merritt	\$ 94,153	\$ 15,979	\$ 110,132	\$ 245,842

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees 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.

**20. Segmented disclosure**

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

Refer to the schedule of segmented disclosure (schedule 3).

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**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

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**21. Commitments and contingencies**

a) The Town is a member of the Alberta Municipal Insurance Exchange. Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) The Town has agreed to guarantee a line of credit for \$4,000,000 received by the Olds Institute for Community and Regional Development from a local financial institution. As at December 31, 2022, the principal balance of the loan was \$2,883,260 (2021 - \$3,395,871).

c) The Town has provided a guarantee for a \$80,000 letter of credit of Olds Fibre Ltd.

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

Payments over the next three years are as follows:

2023	\$ 119,698
2024	61,472
2025	33,627
	<u>\$ 214,797</u>

**22. Budget amounts**

The 2022 budget for the Town was approved by Council on December 26, 2021 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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

Budgeted surplus per financial statements	\$ 6,207,791
Less: Capital expenditures	(7,093,024)
Long-term debt repayments	(1,056,904)
Transfers to reserves	(332,682)
Add: Transfers from reserves	2,274,819
Equals: Balanced budget	<u>\$ -</u>

**TOWN OF OLDS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**23. Debt limits**

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

	2022	2021
Total debt limit	\$ 38,466,816	\$ 36,050,034
Total debt	32,228,187	34,119,669
	\$ 6,238,629	\$ 1,930,365
Debt servicing limit	\$ 6,411,136	\$ 6,008,339
Debt servicing	2,204,475	2,336,138
	\$ 4,206,661	\$ 3,672,201

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

The total debt of \$32,228,187 includes the principal balance of the loan guarantee (\$2,883,260) for the Olds Institute for Community and Regional Development, as disclosed in note 21.

**24. Financial instruments**

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

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

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

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**26. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**TOWN OF OLDS**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**Schedule of changes in accumulated surplus**

**Schedule 1**

	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 5,576,230	\$ 9,686,544	\$ 80,840,644	\$ 96,103,418	\$ 92,129,725
(Deficiency) excess of revenue over expenses	(24,014)	-	-	(24,014)	3,973,693
Unrestricted funds designated for future use	(1,182,703)	1,182,703	-	-	-
Restricted funds used for operations	1,030,601	(1,030,601)	-	-	-
Restricted funds used for tangible capital assets	-	(1,036,849)	1,036,849	-	-
Current year funds used for tangible capital assets	(3,576,088)	-	3,576,088	-	-
Disposal of tangible capital assets	35,365	-	(35,365)	-	-
Amortization of tangible capital assets	4,300,089	-	(4,300,089)	-	-
Capital long-term debt repaid	(1,056,906)	-	1,056,906	-	-
Change in accumulated surplus	(473,656)	(884,747)	1,334,389	(24,014)	3,973,693
<b>Balance, end of year</b>	<b>\$ 5,102,574</b>	<b>\$ 8,801,797</b>	<b>\$ 82,175,033</b>	<b>\$ 96,079,404</b>	<b>\$ 96,103,418</b>



**TOWN OF OLDS**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2022	2021
<b>Cost:</b>									
Balance, beginning of year	\$ 4,149,861	\$ 12,897,315	\$ 24,309,899	\$ 102,850,270	\$ 6,549,865	\$ 5,126,660	\$ 15,810,476	\$ 171,694,347	\$ 161,893,297
Acquisitions	-	243,219	109,805	2,796,271	233,514	110,682	1,119,446	4,612,937	9,921,653
Transfers	-	3,112	9,344,547	5,874,430	-	-	(15,222,089)	-	-
Disposals	-	-	-	(350,248)	-	(17,584)	-	(367,832)	(120,603)
Balance, end of year	4,149,861	13,143,646	33,764,251	111,170,723	6,783,379	5,219,758	1,707,833	175,939,452	171,694,347
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	3,501,504	11,069,618	50,565,596	3,336,673	2,077,950	-	70,551,340	66,595,704
Annual amortization	-	646,152	593,612	2,385,399	387,696	287,230	-	4,300,089	4,067,840
Disposals	-	-	-	(314,884)	-	(17,583)	-	(332,467)	(112,204)
Balance, end of year	-	4,147,656	11,663,230	52,636,111	3,724,369	2,347,597	-	74,518,962	70,551,340
<b>Net book value</b>	<b>\$ 4,149,861</b>	<b>\$ 8,995,990</b>	<b>\$ 22,101,021</b>	<b>\$ 58,534,612</b>	<b>\$ 3,059,010</b>	<b>\$ 2,872,161</b>	<b>\$ 1,707,833</b>	<b>\$ 101,420,490</b>	<b>\$ 101,143,007</b>
<b>2021 net book value</b>	<b>\$ 4,149,861</b>	<b>\$ 9,395,811</b>	<b>\$ 13,240,281</b>	<b>\$ 52,284,674</b>	<b>\$ 3,213,192</b>	<b>\$ 3,048,711</b>	<b>\$ 15,810,476</b>	<b>\$ 101,143,007</b>	

Machinery and equipment of \$- (2021 - \$1,100) were acquired as contributed tangible capital assets.

**TOWN OF OLDS**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**Schedule of segmented disclosure**

**Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Other utilities	Total
<b>Revenue</b>									
Net municipal taxes	\$ 10,083,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,083,053
User fees and sales of goods	207,922	115,741	3,210	8,810,196	194,523	12,017	828,614	-	10,172,223
Government transfers for operating	22,833	381,597	-	-	293,349	-	658,099	-	1,355,878
Investment income	341,327	-	-	-	-	-	-	-	341,327
Penalties and costs of taxes	200,046	71,028	-	18,609	-	-	-	-	289,683
Development levies	-	-	53,966	45,033	-	-	-	-	98,999
Licenses and permits	-	23,270	821	-	-	250,879	-	-	274,970
Franchise and concession contracts	2,543,462	-	-	-	-	-	-	-	2,543,462
Rentals and other	-	210,320	-	-	-	-	5,000	-	215,320
Other utilities	-	-	-	-	-	-	-	63,162	63,162
Sales to other governments	-	198,467	8,000	-	-	-	-	-	206,467
	13,398,643	1,000,423	65,997	8,873,838	487,872	262,896	1,491,713	63,162	25,644,544
<b>Expenses</b>									
Salaries, wages and benefits	1,702,012	1,326,781	674,980	962,741	320,914	451,399	2,693,233	-	8,132,060
Contracted and general services	993,782	447,476	820,746	1,138,357	90,894	232,740	722,117	1,161	4,447,273
Materials, goods, supplies and utilities	148,532	236,966	755,528	177,106	34,352	6,667	721,441	-	2,080,592
Bank charges and short term interest	21,578	-	-	-	-	-	3,910	6,588	32,076
Interest on long term debt	-	94,341	212,661	202,629	-	-	100,738	-	610,369
Other expenditures	3,081	29,167	-	286	-	24,000	-	-	56,534
Transfers to organizations and others	-	280	-	226,802	205,527	9,342	568,835	-	1,010,786
Purchases from other governments	-	1,856,754	-	5,954,760	-	52,638	-	-	7,864,152
Amortization of tangible capital assets	114,650	320,967	1,910,888	834,620	26,976	1,604	1,090,384	-	4,300,089
Loss on disposal of tangible capital assets	-	-	1,243	24,971	-	-	-	-	26,214
	2,983,635	4,312,732	4,376,046	9,522,272	678,663	778,390	5,900,658	7,749	28,560,145
<b>Excess (deficiency) of revenue over expenses before other</b>	10,415,008	(3,312,309)	(4,310,049)	(648,434)	(190,791)	(515,494)	(4,408,945)	55,413	(2,915,601)
<b>Other</b>									
Government transfers for capital	85,202	-	2,145,724	134,823	-	-	498,238	-	2,863,987
Capital donations	-	-	-	-	-	-	27,600	-	27,600
	85,202	-	2,145,724	134,823	-	-	525,838	-	2,891,587
<b>Excess (deficiency) of revenue over expenses</b>	\$ 10,500,210	\$ (3,312,309)	\$ (2,164,325)	\$ (513,611)	\$ (190,791)	\$ (515,494)	\$ (3,883,107)	\$ 55,413	\$ (24,014)