

**TOWN OF ROCKY MOUNTAIN HOUSE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**



## WADE NOBLE & PARTNERS LLP

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### INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the  
Town of Rocky Mountain House

#### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Town of Rocky Mountain House, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects the financial position of the Town of Rocky Mountain House as at December 31, 2016, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Wade Noble & Partners LLP*

Chartered Accountants

Rocky Mountain House, Alberta  
April 18, 2017

## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 7,640,222	\$ 12,624,317
Receivables		
Taxes receivable (Note 3)	295,112	174,414
Trade and other receivables (Note 4)	4,087,077	3,416,395
GST receivable	110,300	393,748
Land for resale inventory	<u>1,976,578</u>	<u>1,976,578</u>
	<u>14,109,289</u>	<u>18,585,452</u>
<b>LIABILITIES</b>		
Bank demand loan (Note 5)	\$ 952,702	\$ 3,000,000
Accounts payable and accrued liabilities (Note 6)	1,968,353	2,987,797
Accounts payable - tangible capital assets	438,769	3,092,834
Payroll remittances payable	27,116	69,315
Security deposits (Note 7)	102,310	169,430
Deferred revenue (Note 8)	1,304,087	1,074,611
Long term debt (Note 9)	<u>7,637,526</u>	<u>8,570,832</u>
	<u>12,430,863</u>	<u>18,964,819</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>1,678,426</u>	<u>(379,367)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	93,352,153	90,511,620
Inventory for consumption	221,541	245,523
Prepaid expenses	<u>4,773</u>	<u>-</u>
	<u>93,578,467</u>	<u>90,757,143</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 12)</b>	<u>\$ 95,256,893</u>	<u>\$ 90,377,776</u>

*Commitments and Contingencies - See Notes 13, 15, 16, and 17*

See accompanying schedules and notes to the financial statements.

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2016**

	Budget (Unaudited)	2016	2015
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 8,083,607	\$ 8,105,389	\$ 7,702,790
User fees and sale of goods	5,648,498	5,220,263	5,120,964
Government transfers for operating (Schedule 4)	3,352,186	3,360,265	3,056,385
Investment income	129,000	106,176	195,113
Franchise and concessions	1,162,752	1,073,299	1,056,546
Sponsorships and advertising	-	185,180	46,548
<b>Total Revenue</b>	<u>18,376,043</u>	<u>18,050,572</u>	<u>17,178,346</u>
<b>EXPENDITURES</b>			
Legislative	280,451	233,689	217,114
Administration	1,713,274	1,467,342	1,314,224
Police	2,120,997	1,965,591	1,770,391
Fire and by-law enforcement	1,224,844	1,060,799	1,061,185
Common services	833,529	746,127	685,873
Roads	2,127,473	2,291,257	2,018,331
Airport	257,921	200,826	208,292
Water and wastewater	2,521,661	2,324,687	2,372,314
Waste management	1,185,198	1,178,925	940,677
Economic development	388,544	484,102	502,405
Subdivision land development	415,481	341,340	499,171
Recreation and parks	4,159,787	3,911,671	2,840,306
Library	305,327	286,299	295,310
Community hall	217,133	205,530	240,632
Public Health	779,084	797,318	725,489
Other	78,704	43,252	43,826
Gain on disposal of tangible capital assets	-	(46,280)	(30,519)
<b>Total Expenditures</b>	<u>18,609,408</u>	<u>17,492,475</u>	<u>15,705,021</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES - BEFORE OTHER</b>	(233,365)	558,097	1,473,325
<b>OTHER</b>			
Contributed assets (Schedule 2)	-	-	846,726
Government transfers for capital (Schedule 4)	<u>4,166,557</u>	<u>4,321,020</u>	<u>6,675,651</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	3,933,192	4,879,117	8,995,702
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>90,377,776</u>	<u>90,377,776</u>	<u>81,382,074</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 94,310,968</u>	<u>\$ 95,256,893</u>	<u>\$ 90,377,776</u>

See accompanying schedules and notes to the financial statements

## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED DECEMBER 31, 2016**

	Budget (Unaudited)	2016	2015
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ <u>3,933,192</u>	\$ <u>4,879,117</u>	\$ <u>8,995,702</u>
Acquisition of tangible capital assets	(7,111,262)	(6,161,846)	(16,472,713)
Contributed tangible capital assets	-	-	(846,726)
Proceeds on disposal of tangible capital assets	-	49,780	167,667
Amortization of tangible capital assets	2,774,941	3,317,813	2,826,539
Gain on disposal of tangible capital assets	-	(46,280)	(30,519)
	<u>(4,336,321)</u>	<u>(2,840,533)</u>	<u>(14,355,752)</u>
Net use (acquisition) of supplies inventories	-	23,982	(5,298)
Net acquisition of prepaid assets	-	(4,773)	-
<b>(INCREASE) DECREASE IN NET DEBT</b>	(403,129)	2,057,793	(5,365,348)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(379,367)</u>	<u>(379,367)</u>	<u>4,985,981</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ (782,496)</u>	<u>\$ 1,678,426</u>	<u>\$ (379,367)</u>

See accompanying schedules and notes to the financial statements

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess Of Revenues Over Expenditures	\$ 4,879,117	\$ 8,995,702
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	3,317,813	2,826,539
Gain on disposal of tangible capital assets	(46,280)	(30,519)
Tangible capital assets received as contributions	-	(846,726)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	(120,698)	(6,019)
Decrease (increase) in trade and other receivables	(387,234)	(1,157,185)
Decrease (increase) in inventory of land for resale	-	(9,000)
Decrease (increase) in inventory for consumption	23,982	(5,298)
Decrease (increase) in prepaid expenses	(4,773)	-
Increase (decrease) in accounts payable and accrued liabilities	(1,061,644)	1,089,292
Increase in deferred operating revenues	6,368	144,647
Increase (decrease) in security deposits	<u>(67,120)</u>	<u>(180,153)</u>
Cash provided by operating transactions	<u>6,539,531</u>	<u>10,821,280</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,507,262)	(9,927,122)
Grants and other contributions used for capital functions	(4,315,016)	(4,331,016)
Increase in deferred revenue used for tangible capital assets	229,476	(60,340)
Proceeds on sale of tangible capital assets	<u>49,780</u>	<u>106,830</u>
Cash applied to capital transactions	<u>(8,543,022)</u>	<u>(14,211,648)</u>
<b>FINANCING</b>		
Long-term debt repaid	(933,306)	(916,280)
Proceeds from demand loans	-	3,000,000
Repayment of demand loans	<u>(2,047,298)</u>	<u>-</u>
Cash provided by financing transactions	<u>(2,980,604)</u>	<u>2,083,720</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(4,984,095)</b>	<b>(1,306,648)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>12,624,317</u></b>	<b><u>13,930,965</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 7,640,222</u></b>	<b><u>\$ 12,624,317</u></b>

For distribution of cash and cash equivalents, see Note 2.

See accompanying schedules and notes to the financial statements.

## TOWN OF ROCKY MOUNTAIN HOUSE

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 TOTAL	2015 TOTAL
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 5,468,049	\$ 5,246,136	\$ 79,663,591	\$ 90,377,776	\$ 81,382,074
Excess Of Revenues Over Expenditures	4,879,117	-	-	4,879,117	8,995,702
Restricted funds used for operations	78,401	(78,401)	-	-	-
Unrestricted funds designated for future use	(2,931,186)	2,931,186	-	-	-
Capital funding received (repaid)	(2,047,298)	-	2,047,298	-	-
Funds used for tangible capital assets	(2,857,058)	(3,304,788)	6,161,846	-	-
Disposal of tangible capital assets	3,500	-	(3,500)	-	-
Annual amortization expense	3,317,813	-	(3,317,813)	-	-
Capital long-term debt repaid	(896,420)	-	896,420	-	-
Change in accumulated surplus	(453,131)	(452,003)	5,784,251	4,879,117	8,995,702
<b>BALANCE, END OF YEAR</b>	<u>\$ 5,014,918</u>	<u>\$ 4,794,133</u>	<u>\$ 85,447,842</u>	<u>\$ 95,256,893</u>	<u>\$ 90,377,776</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 2**

	<u>Land</u>	<u>Land Improvement</u>	<u>Buildings</u>	<u>Engineering structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>2016 TOTAL</u>	<u>2015 TOTAL</u>
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 5,993,636	\$ 6,898,420	\$ 26,027,256	\$ 90,653,003	\$ 4,652,162	\$ 2,841,017	\$ 137,065,494	\$ 120,175,163
Acquisition of tangible capital assets	-	40,007	4,774,094	482,105	554,300	311,340	6,161,846	17,319,439
Disposal of tangible capital assets	-	-	-	-	(31,319)	-	(31,319)	(429,108)
BALANCE, END OF YEAR	<u>\$ 5,993,636</u>	<u>\$ 6,938,427</u>	<u>\$ 30,801,350</u>	<u>\$ 91,135,108</u>	<u>\$ 5,175,143</u>	<u>\$ 3,152,357</u>	<u>\$ 143,196,021</u>	<u>\$ 137,065,494</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 4,589,723	\$ 4,826,599	\$ 32,862,438	\$ 2,713,008	\$ 1,562,106	\$ 46,553,874	\$ 44,019,295
Annual Amortization	-	188,938	555,629	2,016,192	376,386	180,667	3,317,813	2,826,539
Accumulated amortization on disposals	-	-	-	-	(27,819)	-	(27,819)	(291,960)
BALANCE, END OF YEAR	<u>-</u>	<u>4,778,661</u>	<u>5,382,228</u>	<u>34,878,630</u>	<u>3,061,575</u>	<u>1,742,773</u>	<u>49,843,868</u>	<u>46,553,874</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 5,993,636</u>	<u>\$ 2,159,766</u>	<u>\$ 25,419,122</u>	<u>\$ 56,256,478</u>	<u>\$ 2,113,568</u>	<u>\$ 1,409,584</u>	<u>\$ 93,352,153</u>	<u>\$ 90,511,620</u>

During the year, the Town recognized acquisition of engineering structures totaling \$nil (2015 - \$846,726), representing roads, sewers, watermains, concrete work, service connections, sidewalks and gutters constructed by a subdivision developer for which responsibility was transferred to the Town during the year.



## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 3**

	Budget (Unaudited)	2016	2015
<b>TAXATION</b>			
Real property taxes	\$ 10,351,303	\$ 10,655,035	\$ 9,967,454
Linear Property	121,276	120,921	121,276
Government grants in place of property taxes	<u>144,009</u>	<u>20,842</u>	<u>144,009</u>
	<u>10,616,588</u>	<u>10,796,798</u>	<u>10,232,739</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,439,222	2,593,647	2,434,662
Westview Lodge	<u>93,759</u>	<u>97,762</u>	<u>95,287</u>
	<u>2,532,981</u>	<u>2,691,409</u>	<u>2,529,949</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 8,083,607</u>	<u>\$ 8,105,389</u>	<u>\$ 7,702,790</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 4**

	Budget (Unaudited)	2016	2015
<b>TRANSFERS FOR OPERATING</b>			
Other Local Governments	\$ 2,494,217	\$ 2,265,735	\$ 2,019,626
Provincial Government	857,969	1,094,530	1,031,889
Federal Government	<u>-</u>	<u>-</u>	<u>4,870</u>
	<u>3,352,186</u>	<u>3,360,265</u>	<u>3,056,385</u>
<b>TRANSFERS FOR CAPITAL</b>			
Other Local Governments	2,012,818	2,273,722	2,256,970
Provincial Government	1,771,052	1,658,046	382,687
Federal Government	<u>382,687</u>	<u>389,252</u>	<u>4,035,994</u>
	<u>4,166,557</u>	<u>4,321,020</u>	<u>6,675,651</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 7,518,743</u>	<u>\$ 7,681,285</u>	<u>\$ 9,732,036</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 5**

	Budget (Unaudited)	2016	2015
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 6,156,766	\$ 5,457,174	\$ 4,920,731
Contracted and general services	5,042,929	4,356,309	4,165,328
Materials, goods and utilities	1,950,452	1,755,139	1,467,988
Bank charges and short term interest	46,000	60,593	46,051
Interest on long term debt	302,287	357,339	328,690
Transfers to local boards and organizations	2,336,033	2,234,388	1,980,213
Amortization of Tangible Capital Assets	2,774,941	3,317,813	2,826,539
Gain on disposal of tangible capital assets	<u>-</u>	<u>(46,280)</u>	<u>(30,519)</u>
	<u>\$ 18,609,408</u>	<u>\$ 17,492,475</u>	<u>\$ 15,705,021</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2016  
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	TOTAL
<b>REVENUE</b>								
Net municipal taxes	\$ 8,105,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,105,389
Government transfers	761,049	627,613	2,151,473	29,923	3,227,024	65,000	819,203	7,681,285
User fees and sales of goods	139,827	192,213	123,905	170,199	795,080	3,583,390	215,649	5,220,263
Investment Income	106,176	-	-	-	-	-	-	106,176
Other	1,073,299	-	-	-	185,180	-	-	1,258,479
	<u>\$ 10,185,740</u>	<u>\$ 819,826</u>	<u>\$ 2,275,378</u>	<u>\$ 200,122</u>	<u>\$ 4,207,284</u>	<u>\$ 3,648,390</u>	<u>\$ 1,034,852</u>	<u>\$ 22,371,592</u>
<b>EXPENSES</b>								
Contracted & general services	\$ 512,861	\$ 1,837,153	\$ 562,073	\$ 318,067	\$ 539,431	\$ 530,102	\$ 56,622	\$ 4,356,309
Salaries & wages	965,126	518,482	717,275	418,012	2,043,162	636,132	158,985	5,457,174
Goods & supplies	52,265	30,408	486,852	19,553	669,453	407,687	88,921	1,755,139
Transfers to local boards	12,000	525,225	-	62,750	255,201	875,452	503,760	2,234,388
Interest expense & bank charges	77,622	-	72,133	-	96,780	171,397	-	417,932
Other expenses	(46,280)	-	-	-	-	-	-	(46,280)
	<u>1,573,594</u>	<u>2,911,268</u>	<u>1,838,333</u>	<u>818,382</u>	<u>3,604,027</u>	<u>2,620,770</u>	<u>808,288</u>	<u>14,174,662</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	8,612,146	(2,091,442)	437,045	(618,260)	603,257	1,027,620	226,564	8,196,930
Amortization Expense	(81,157)	(115,123)	(1,399,877)	(7,059)	(799,474)	(885,294)	(29,829)	(3,317,813)
<b>NET REVENUE</b>	<u>\$ 8,530,989</u>	<u>\$ (2,206,565)</u>	<u>\$ (962,832)</u>	<u>\$ (625,319)</u>	<u>\$ (196,217)</u>	<u>\$ 142,326</u>	<u>\$ 196,735</u>	<u>\$ 4,879,117</u>

**TOWN OF ROCKY MOUNTAIN HOUSE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Rocky Mountain House are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Rocky Mountain House are as follows:

**(a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of municipal operations plus all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

Included in these financial statements is fifty percent of the Rocky Mountain House Municipal Airport assets, liabilities, revenues and expenditures.

The schedule of taxes levied also includes operating requisitions for education, health, 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 consolidated 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) Use of Estimates**

The preparation of the consolidated financial statements in conformity with Canadian Public Sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from estimates. The amounts recorded for valuation of tangible capital assets, and contingent liabilities and commitments are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(d) Investments**

Investments are recorded at amortized cost. Investment premiums are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**(e) Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for 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) Land for Resale Inventory**

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 the respective function.

**(h) Tax Revenue**

Property tax revenue is based on market value 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.

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

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**(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 consolidated 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 estimated of the amounts can be determined.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(k) Non-Financial Assets**

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

**(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:

Land Improvements	-	15-20	years
Buildings	-	25-50	
Engineered structures			
Water System	-	35-75	
Wastewater System	-	35-75	
Other engineered structures	-	15-40	
Machinery and equipment	-	5-20	
Vehicles	-	10-25	

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) Inventories**

Inventories held for consumption are recorded at the lower of cost determined on a specific identification basis and net realizable value.



## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash	\$ 7,531,341	\$ 12,509,853
Credit Union shares	972	36,973
Airport investment	<u>107,909</u>	<u>77,491</u>
	<u>\$ 7,640,222</u>	<u>\$ 12,624,317</u>

Cash includes amounts held in a chequing bank account earning interest at graduated rates ranging from the bank's prime rate less 1.90% to 1.55% per annum. Effective rate at year end is 0.8% to 1.15% per annum. Cash also includes amounts held in a savings account earning interest at 0.5% per annum.

The Town also has available a \$460,000 revolving term loan bearing interest at the bank's prime rate of 2.7% per annum, maturing and renewed each year on December 31, of which \$nil (2015 - \$nil) is drawn at year end.

Effective January 4, 2017, this credit facility is amended as follows: the Town has available a \$1,500,000 revolving operating demand loan available by way of prime-based loans bearing interest at the bank's prime rate less 0.25% per annum payable on the last day of each month, or by Alberta Business MasterCard to an aggregate maximum of \$40,000. Under the terms of this agreement, the Town may not operate accounts with or otherwise conduct any banking business with any financial institutions other than the lender; throughout the year the Town has conducted banking business with 2 financial institutions.

## 3. TAXES RECEIVABLE

	2016	2015
Current taxes	\$ 197,475	\$ 116,740
Arrears taxes	<u>97,637</u>	<u>57,674</u>
	<u>\$ 295,112</u>	<u>\$ 174,414</u>

## 4. TRADE AND OTHER RECEIVABLES

	2016	2015
Other trade receivables	\$ 422,659	\$ 409,166
Utilities receivable	397,866	377,451
Receivable from Clearwater County for operating costs	1,004,388	1,397,200
Receivable from Clearwater County for capital costs	<u>2,262,164</u>	<u>1,232,578</u>
	<u>\$ 4,087,077</u>	<u>\$ 3,416,395</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 20165. **BANK DEMAND LOAN**

The Town has available a revolving demand loan in the amount of \$3,000,000 payable on demand, bearing interest at 2.29% per annum, with a 36 month amortization term, to be used for water and sewer replacement, secured by a General Security Agreement covering all assets of the Town. At December 31, 2016 \$952,702 (2015 - \$3,000,000) was borrowed against this loan. Annual interest payments are required to be made twelve months after the first advance, with periodic principal payments to be made from receipt of grant funds earmarked for this project. Municipal Sustainability Initiative Provincial Grant funding is earmarked for the Main Street upgrade project that these funds were used to complete.

The total cash payments for interest on the bank demand loan paid in 2016 was \$65,106 (2015 - \$nil).

6. **EMPLOYEE BENEFIT OBLIGATIONS**

Included in accounts payable and accrued liabilities are employee benefits totalling:

	2016	2015
Bank time	\$ 34,574	\$ 31,560
Vacation	<u>207,699</u>	<u>201,728</u>
	<u>\$ 242,273</u>	<u>\$ 233,288</u>

**Vacation and bank time**

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

7. **SECURITY DEPOSITS**

Security deposits are financial deposits for private development that are held by the Town to ensure that the development has been completed to the required specifications. Deposits are for items such as landscaping, fencing, paving and service connections.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 8. DEFERRED REVENUE

Inflows and outflows of restricted resources during the year were as follows:

	Balance 2015	Increases	Decreases	Balance 2016
Prepaid local improvements	\$ 64,537	\$ 45,143	\$ (16,520)	\$ 93,160
Overpayment of taxes	52,889	26,743	(52,889)	26,743
Deferred projects	109,728	17,547	(19,414)	107,861
Damage deposits	15,293	1,981	-	17,274
Deferred operating revenue	436,676	289,807	(299,867)	426,616
Deferred recreational sponsorship revenue	92,730	144,016	(130,180)	106,566
Deferred Museum lands enhancement project revenue	-	150,000	-	150,000
Deferred capital grants	302,758	4,315,016	(4,331,016)	286,758
Offsite Levies	-	89,109	-	89,109
	<u>\$ 1,074,611</u>	<u>\$ 5,079,362</u>	<u>\$ (4,849,886)</u>	<u>\$ 1,304,087</u>

Prepaid local improvement charges are being amortized to revenue over the life of the corresponding debentures with terms ranging from 1 to 18 years.

Deferred projects are funds received in advance for specific projects and will be recognized as operating revenue or capital revenue in the year the expenditure occurs.

Deferred operating revenue relates to monies received for goods or services which have not yet been delivered, and will be recognized as revenues when provision of the goods or services is completed.

Deferred capital grants relate to government and other funding received for specific capital projects that are not yet completed, and will be recognized as revenues when the projects are completed in the case of government grants, or on the same basis as the capital asset is amortized in the case of other contributions. Deferred capital grants is comprised of:

	Balance 2015	Increases	Decreases	Balance 2016
Municipal Sustainability Initiative Grant	\$ -	\$ 1,658,046	\$ (1,658,046)	\$ -
Federal Gas Tax Fund Grant		389,252	(389,252)	-
BP Legacy Donation	25,000	-	-	25,000
Gruber Street Light Reserve	13,188	-	-	13,188
Curling Club capital contributions	264,000	14,000	(30,000)	248,000
Other local government capital contributions	-	2,253,718	(2,253,718)	-
Other deferred capital revenues	570	-	-	570
	<u>\$ 302,758</u>	<u>\$ 4,315,016</u>	<u>\$ (4,331,016)</u>	<u>\$ 286,758</u>

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**9. LONG TERM DEBT**

	2016	2015
Tax supported debentures	\$ 3,197,972	\$ 3,789,330
Self supported debentures	<u>4,439,554</u>	<u>4,781,502</u>
	<u>\$ 7,637,526</u>	<u>\$ 8,570,832</u>

The current portion of the long-term debt amounts to \$933,306 (2015 - \$895,827).

Principal and interest repayments are due as follows:

	PRINCIPAL	INTEREST	TOTAL
2017	\$ 895,827	\$ 285,165	\$ 1,180,992
2018	781,843	248,402	1,030,245
2019	812,197	218,047	1,030,244
2020	700,189	186,350	886,539
2021	723,955	162,583	886,538
Thereafter	<u>3,723,515</u>	<u>687,068</u>	<u>4,410,583</u>
	<u>\$ 7,637,526</u>	<u>\$ 1,787,615</u>	<u>\$ 9,425,141</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.51% to 6.50% per annum and mature in periods 2017 through 2028. The average annual interest rate is 4.52% (2015 - 4.69%).

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

The total cash payments for interest on debenture debts paid in 2016 were \$322,750 (2015 - \$360,735).

**10. 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 of Rocky Mountain House be disclosed as follows:

	2016	2015
Total Debt Limit	\$ 27,075,858	\$ 25,767,518
Total debt	<u>8,590,228</u>	<u>11,570,832</u>
Amount of debt limit unused	<u>\$ 18,485,630</u>	<u>\$ 14,196,686</u>
Debt servicing limit	\$ 4,512,643	\$ 4,294,586
Debt servicing	<u>2,133,964</u>	<u>4,256,056</u>
Amount of debt servicing limit unused	<u>\$ 2,378,679</u>	<u>\$ 38,530</u>

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

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Capital Assets (Schedule 2)	\$ 143,196,021	\$ 137,065,494
Accumulated amortization (Schedule 2)	(49,843,868)	(46,553,874)
Long-term debt	(8,590,228)	(11,570,832)
Long-term operating debt	<u>685,917</u>	<u>722,803</u>
	<u>\$ 85,447,842</u>	<u>\$ 79,663,591</u>

## 12. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	\$ 5,014,918	\$ 5,468,049
Restricted surplus	4,794,133	5,246,136
Equity in tangible capital assets	<u>85,447,842</u>	<u>79,663,591</u>
	<u>\$ 95,256,893</u>	<u>\$ 90,377,776</u>

RESTRICTED SURPLUS	Balance 2015	Increases	Decreases	Balance 2016
Operating contingency	\$ 573,207	\$ 441,533	\$ -	\$ 1,014,740
Capital - general	1,747,899	599,354	(2,347,253)	-
Operations / Recreation / Bylaw				
Equipment reserve	349,136	370,000	(432,083)	287,053
Building maintenance reserve	149,695	263,080	-	412,775
Environmental Sustainability				
reserve	250,296	180,398	-	430,694
Airport - equipment	38,745	15,209	-	53,954
Water and sewer Infrastructure	536,559	972,503	(603,853)	905,209
RVB Special reserve	12,431	-	-	12,431
Land development	738,074	-	-	738,074
Off-site levies	594,338	89,109	-	683,447
42 Avenue collector reserve	106,020	-	-	106,020
42 Avenue intersection reserve	20,756	-	-	20,756
Boundary improvement reserve	55,824	-	-	55,824
46 St. Boundary reserve	73,156	-	-	73,156
	<u>\$ 5,246,136</u>	<u>\$ 2,931,186</u>	<u>\$ (3,383,189)</u>	<u>\$ 4,794,133</u>

The reserves of the Town of Rocky Mountain House are not specifically funded other than the Airport equipment reserve.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 13. CONTRACTUAL RIGHTS

During 2015 and 2016 the Town entered into several Sponsorship Agreements with various local sponsors providing various naming rights for the local recreation centre for ten year terms. Annual payments are due in February of each year, and can be terminated at any time during the term upon sixty days written notice or immediately by the Town in event of default. No future receipts have been accrued in these financial statements. Anticipated future receipts under these agreements are:

2017	\$	165,206
2018		165,206
2019		159,206
2020		159,206
2021		159,206
Thereafter		<u>587,618</u>
	\$	<u><u>1,395,648</u></u>

In 2014 the Town entered into a financial contribution agreement with the Rocky Curling Club (the "Club") whereby the Club agreed to contribute a total of \$1,500,000 toward renovations to the local recreation centre. Annual payments are due in November of each year. No future receipts have been accrued in these financial statements. Anticipated future receipts under this agreement are:

2017	\$	139,000
2018		139,000
2019		139,000
2020		139,000
2021		139,000
Thereafter		<u>277,000</u>
	\$	<u><u>972,000</u></u>

In 2015 the Town signed a Revenue Sharing Agreement with Clearwater County, committing the County to make annual revenue sharing payments to the Town. No future receipts have been accrued in these financial statements. Anticipated future receipts under this agreement are:

2017	\$	750,000
2018		750,000
2019		<u>750,000</u>
	\$	<u><u>2,250,000</u></u>

In 2010, the Town and County as joint landlords entered into a triple net lease agreement for the lease of a municipally owned building. Estimated maximum future receipts under this agreement are:

2017	\$	9,408
2018		9,408
2019		9,408
2020		9,408
2021		9,408
Thereafter		<u>32,928</u>
	\$	<u><u>79,968</u></u>

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

## 14. SALARY &amp; BENEFITS DISCLOSURE

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

COUNCILORS	2016			2015
	HONORARIUM SALARY <sup>1</sup>	BENEFITS & ALLOWANCES <sup>2</sup>	TOTAL	TOTAL
Jason Alderson	\$ 21,652	\$ 899	\$ 22,551	\$ 10,985
Tammy Burke	24,487	1,039	25,526	25,627
Sheila Mizera	21,005	866	21,871	21,801
Fred Nash	41,390	-	41,390	44,740
Randall Sugden	19,745	804	20,549	21,897
William Symko	-	-	-	4,486
Manfred Ullman	19,633	799	20,432	19,373
Donald Verhesen	20,030	818	20,848	21,530
	<u>\$ 167,942</u>	<u>\$ 5,225</u>	<u>\$ 173,167</u>	<u>\$ 170,439</u>
Town Manager - Becker	<u>\$ 167,678</u>	<u>\$ 35,923</u>	<u>\$ 203,601</u>	<u>\$ 192,674</u>
	<u>\$ 167,678</u>	<u>\$ 35,923</u>	<u>\$ 203,601</u>	<u>\$ 192,674</u>

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

## 15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Rocky Mountain House participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Plans Act. The Plan serves about 200,000 people and about 421 employers. It is financed by the employer and employee contributions and 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 11.39% (2015 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2015 - 15.84%) on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 10.39% (2015 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2015 - 14.84%) on pensionable salary above this amount.

Total current and past service contributions by the Town of Rocky Mountain House to the Local Authorities Pension Plan in 2016 were \$422,532 (2015 - \$389,777). Total current service contributions by the employees of the Town of Rocky Mountain House to the Local Authorities Pension Plan in 2016 were \$387,876 (2015 - \$358,168).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923,416.

**TOWN OF ROCKY MOUNTAIN HOUSE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016****16. CONTINGENCIES****Regional Waste Authority**

Pursuant to an agreement entered into in 2001, the Town of Rocky Mountain House, the Clearwater County, and the Village of Caroline established a regional solid waste authority (the "Authority") to manage and operate a solid waste system.

The Rocky Mountain Regional Solid Waste Authority is governed by its own board of directors.

The Town, the Clearwater County and the Village of Caroline may be jointly responsible for the defence of any claims brought against the Authority. Management is not aware of any active claims against the Authority at December 31, 2016.

**Legal Actions**

The Town is a defendant in various lawsuits as at December 31, 2016. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

No losses have been recorded in these financial statements, as all lawsuits are being handled and related damages will be covered by the insurance company. The Town's Administration believes there will be no material adverse effect on the financial position of the Town related to outstanding lawsuits.

**Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities have occurred and the Town is continuing surface and ground water monitoring, leachate control, and visual inspection. No post-closure liability is accrued in these consolidated financial statements and any further costs are being recognized as they occur, as a reasonable estimate of the total future liability can not be made at this point, and is not expected to be significant.

**17. COMMITMENTS****RCMP contract**

On April 1, 2012 the Town entered into an agreement with the Government of Canada for the employment of the Royal Canadian Mounted Police to provide policing services during the term of the agreement which ends March 31, 2032. The policing services expenses for 2016 are \$1,965,591 (2015 - \$1,770,391). The Town received Provincial grants to assist with the cost sharing in the amount of \$357,760 (2015 - \$358,400).

**18. SEGMENTED DISCLOSURE**

The Town of Rocky Mountain House 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 6).

**19. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the current year's presentation.



**TOWN OF ROCKY MOUNTAIN HOUSE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016****20. FINANCIAL INSTRUMENTS**

The Town of Rocky Mountain House's financial instruments include cash and temporary investments, taxes receivable, trade and other receivables, bank demand loan, accounts payable and accrued liabilities, accounts payable - tangible capital assets, and long term debt. Transacting in financial instruments exposes the Town to certain financial risks and uncertainties. These risks include:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Town is exposed to some credit risk due to 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 taxpayers and customers minimizes the Town's exposure to credit risk. The Town is exposed to some possible credit risk due to the concentration of credit to the extent that 72% (2015 - 66%) of the amounts receivable is due from another local municipality.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Town manages liquidity risk by maintaining a line of credit that is available when needed and continuously monitoring cash flows. It is management's opinion that the Town is not subject to liquidity risk.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Town does not transact in foreign currencies.

**Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk to the extent that the carrying value of some cash and long-term debts are at fixed rates of interest. The Town is exposed to interest rate risk to the extent that some cash and cash equivalents, revolving operating loan and bank demand loan have floating interest rates, which if the rate changes would affect future cash flows.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Town does not have significant exposure to other price risk.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**21. RELATED PARTY TRANSACTIONS**

The Town of Rocky Mountain House is related to the Rocky Mountain Regional Solid Waste Authority by having two of six board members in common. During the year requisitions were paid to the Rocky Mountain Regional Solid Waste Authority in the amount of \$875,452 (2015 - \$691,858).

The above transactions are in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

**22. TRUST FUNDS**

The Town of Rocky Mountain House administers the following trust:

	2016	2015
Cemetery Perpetual Care		
Balance, beginning of year	\$ 57,198	\$ 53,410
Sale of cemetery plots	3,175	3,308
Repurchase of cemetery plots		(67)
Interest	<u>574</u>	<u>547</u>
Balance, end of year	<u>\$ 60,947</u>	<u>\$ 57,198</u>

**23. BUDGET AMOUNTS**

The budget amounts included in these financial statements have not been audited; accordingly no assurance is expressed thereon.

**24. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements are approved by Council and management April 18, 2017.