

TOWN OF ROCKY MOUNTAIN HOUSE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management of the Town of Rocky Mountain House (Town) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

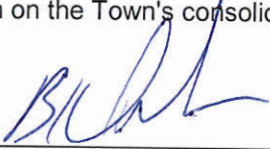
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for the preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly WCR LLP, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.




Dean Krause
Chief Administrative Officer

on behalf of



Date



Betty Quinlan
Director of Corporate Services



Date



BAKER TILLY WCR LLP

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the Town of Rocky Mountain House (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Town as at December 31, 2024, and the results of its consolidated operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to report that fact to the Mayor and Council.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of management and Council for the Consolidated 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 preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Council is responsible for overseeing the Town's financial reporting process.

Auditors' responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

We communicate with Council 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.

Baker Tilly WCA LLP

Rocky Mountain House, Alberta
April 28, 2025

Chartered Professional Accountants

TOWN OF ROCKY MOUNTAIN HOUSE

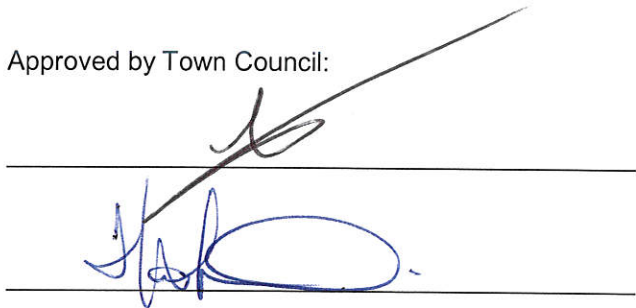
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 30,361,979	\$ 38,973,202
Receivables		
Taxes receivable (Note 3)	373,648	371,387
Trade and other receivables (Note 4)	5,951,945	4,252,227
GST receivable	234,392	192,245
Land for resale inventory	944,522	944,522
Investments (Note 5)	5,000,000	-
Long-term receivable (Note 6)	<u>2,329,815</u>	<u>2,164,245</u>
	<u>45,196,301</u>	<u>46,897,828</u>
LIABILITIES		
Bank demand loan (Note 7)	\$ 2,224,036	\$ 2,046,651
Accounts payable and accrued liabilities	4,824,177	2,433,280
Accounts payable - tangible capital assets	-	1,301,561
Employee benefit obligations (Note 8)	523,648	498,597
Payroll remittances payable	99,167	76,083
Security deposits (Note 9)	212,989	163,515
Deferred revenue (Note 10)	5,180,380	9,590,940
Long term debt (Note 11)	7,927,082	8,733,925
Asset retirement obligation (Note 12)	<u>1,285,415</u>	<u>1,469,572</u>
	<u>22,276,894</u>	<u>26,314,124</u>
NET FINANCIAL ASSETS	<u>22,919,407</u>	<u>20,583,704</u>
NON - FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	117,245,632	103,952,845
Inventory for consumption	88,383	88,383
Prepaid expenses and deposits	<u>73,197</u>	<u>87,658</u>
	<u>117,407,212</u>	<u>104,128,886</u>
ACCUMULATED SURPLUS (Schedule 1, Note 15)	<u>\$ 140,326,619</u>	<u>\$ 124,712,590</u>

Contractual Rights, Contractual Obligations and Contingencies - See Note 17

Approved by Town Council:



See accompanying schedules and notes to the financial statements.

TOWN OF ROCKY MOUNTAIN HOUSE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
Net municipal taxes (Schedule 3)	\$ 9,754,516	\$ 9,749,116	\$ 9,318,017
Local improvements	8,767	13,308	22,075
User fees and sale of goods	6,015,804	6,053,689	5,515,522
Government transfers for operating (Schedule 4)	3,530,588	3,624,086	3,437,000
Investment income	1,540,900	1,465,103	1,667,099
Penalties and costs of taxes	269,300	267,379	232,805
Franchise and concessions	1,592,904	1,617,735	1,512,561
Licenses and permits	145,000	269,938	298,986
Advertising and sponsorships	63,000	75,200	61,209
Rentals	770,290	801,685	745,337
Other revenues	700	1,188,300	12,717
Total Revenue	<u>23,691,769</u>	<u>25,125,539</u>	<u>22,823,328</u>
EXPENSES			
Legislative	385,044	355,161	348,401
Administration	2,315,120	2,269,398	2,101,142
Protective services	4,766,262	4,498,966	3,491,106
Roads, streets, walks, lighting	3,636,244	3,415,232	3,817,259
Water supply and distribution	2,692,293	2,481,434	2,402,869
Wastewater treatment and disposal	1,652,489	1,452,794	1,365,381
Waste management	1,093,128	1,008,272	1,564,421
Family and community support	716,453	731,241	705,548
Planning and development	959,505	940,152	917,143
Parks and recreation	4,790,812	4,781,806	4,403,232
Culture	638,893	617,841	610,312
Public health	126,166	129,202	140,456
Total Expenses	<u>23,772,409</u>	<u>22,681,499</u>	<u>21,867,270</u>
EXCESS OF REVENUES OVER EXPENSES - BEFORE CAPITAL REVENUE	(80,640)	2,444,040	956,058
CAPITAL REVENUE			
Contributed assets	-	374,000	-
Gain (loss) on disposal of tangible capital assets	-	(851)	151,088
Government transfers for capital (Schedule 4)	22,270,803	12,796,840	6,996,044
TOTAL CAPITAL REVENUE	<u>22,270,803</u>	<u>13,169,989</u>	<u>7,147,132</u>
EXCESS OF REVENUES OVER EXPENSES	22,190,163	15,614,029	8,103,190
ACCUMULATED SURPLUS, BEGINNING OF YEAR	124,712,590	124,712,590	116,609,400
ACCUMULATED SURPLUS, END OF YEAR	<u>\$146,902,753</u>	<u>\$140,326,619</u>	<u>\$124,712,590</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, 2024

	Budget (Unaudited)	2024	2023
EXCESS OF REVENUES OVER EXPENSES	\$ <u>22,190,163</u>	\$ <u>15,614,029</u>	\$ <u>8,103,190</u>
Acquisition of tangible capital assets	(21,740,338)	(7,589,655)	(1,714,669)
Acquisition of construction-in-progress	-	(8,914,432)	(9,224,886)
Contributed tangible capital assets	-	(374,000)	-
Proceeds on disposal of tangible capital assets	-	99,930	225,555
Amortization of tangible capital assets	3,787,600	3,484,519	3,791,398
(Gain) on disposal of tangible capital assets	-	851	(151,088)
	<u>(17,952,738)</u>	<u>(13,292,787)</u>	<u>(7,073,690)</u>
Net use of supplies inventories	-	-	38,425
Net acquisition of prepaid assets	-	14,461	567
	<u>-</u>	<u>14,461</u>	<u>38,992</u>
DECREASE (INCREASE) IN NET DEBT	4,237,425	2,335,703	1,068,492
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>20,583,704</u>	<u>20,583,704</u>	<u>19,515,212</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 24,821,129</u>	<u>\$ 22,919,407</u>	<u>\$ 20,583,704</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, 2024

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess Of Revenues Over Expenses	\$ 15,614,029	\$ 8,103,190
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	3,484,519	3,791,398
Tangible capital assets received as contributions	(374,000)	-
(Gain) loss on sale of investments	851	(151,088)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	(2,261)	(78,406)
Decrease (increase) in trade and other receivables	(1,741,865)	(241,877)
Decrease (increase) in inventory of land for resale	-	903,618
Decrease (increase) in inventory for consumption	-	38,425
Decrease (increase) in prepaid expenses	14,461	567
Decrease (increase) in long term receivables	(165,570)	(157,974)
Increase (decrease) in accounts payable and accrued liabilities	1,137,470	9,834
Increase (decrease) in deferred revenue	(4,410,560)	1,224,122
Increase (decrease) in security deposits	49,474	678
Increase (decrease) in asset retirement obligation	(184,157)	622,085
Cash provided by operating transactions	<u>13,422,391</u>	<u>14,064,572</u>
CAPITAL		
Purchase of tangible capital assets	(7,589,654)	(1,714,669)
Acquisition of construction-in-progress	(8,914,432)	(9,224,886)
Proceeds on sale of tangible capital assets	99,930	225,555
Cash applied to capital transactions	<u>(16,404,156)</u>	<u>(10,714,000)</u>
INVESTING		
Purchase of investments	(5,000,000)	-
Proceeds on disposal of investments	-	15,000,000
Cash provided by (applied to) investing transactions	<u>(5,000,000)</u>	<u>15,000,000</u>
FINANCING		
Long-term debt issued	-	194,100
Long-term debt repaid	(806,843)	(986,294)
Proceeds from demand loans	-	159,131
Repayment of demand loans	177,385	(144,845)
Cash provided by financing transactions	<u>(629,458)</u>	<u>(777,908)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(8,611,223)	17,572,664
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>38,973,202</u>	<u>21,400,538</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 30,361,979</u>	<u>\$ 38,973,202</u>

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

See accompanying schedules and notes to the financial statements.

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF CHANGES IN ACCUMULATED OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 1**

	Unrestricted Surplus	Restricted Reserves	Equity in Tangible Capital Assets	2024 TOTAL	2023 TOTAL
BALANCE, BEGINNING OF YEAR	<u>\$ 1,759,764</u>	<u>\$ 28,436,265</u>	<u>\$ 94,516,561</u>	<u>\$ 124,712,590</u>	<u>\$ 116,609,400</u>
Excess Of Revenues Over Expenses	15,614,029	-	-	15,614,029	8,103,190
Restricted funds used for operations	734,455	(734,455)	-	-	-
Unrestricted funds designated for future use	(4,433,861)	4,433,861	-	-	-
Restricted funds used for tangible capital assets	-	(2,750,676)	2,750,676	-	-
Current year funds used for tangible capital assets	(13,753,413)	-	13,753,413	-	-
Contributed tangible capital assets	(374,000)	-	374,000	-	-
Disposal of tangible capital assets	100,781	-	(100,781)	-	-
Annual amortization expense	3,484,519	-	(3,484,519)	-	-
Asset retirement obligation accretion expense	(184,157)	-	184,157	-	-
Capital long-term debt repaid	<u>(755,099)</u>	<u>-</u>	<u>755,099</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>433,254</u>	<u>948,730</u>	<u>14,232,045</u>	<u>15,614,029</u>	<u>8,103,190</u>
BALANCE, END OF YEAR	<u>\$ 2,193,018</u>	<u>\$ 29,384,995</u>	<u>\$ 108,748,606</u>	<u>\$ 140,326,619</u>	<u>\$ 124,712,590</u>

**TOWN OF ROCKY MOUNTAIN HOUSE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
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>2024 TOTAL</u>	<u>2023 TOTAL</u>
COST								
BALANCE, BEGINNING OF YEAR	\$ 5,750,873	\$ 10,056,963	\$ 28,137,167	\$ 119,847,862	\$ 8,823,077	\$ 2,960,089	\$ 175,576,031	\$ 165,294,258
Acquisition of tangible capital assets	-	834,284	1,791,670	3,580,851	1,552,171	248,107	8,007,083	1,714,669
Acquisition of construction-in-progress	-	-	-	8,914,432	-	-	8,914,432	9,561,872
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,369,859)</u>	<u>(167,658)</u>	<u>(1,537,517)</u>	<u>(994,768)</u>
BALANCE, END OF YEAR	<u>\$ 5,750,873</u>	<u>\$ 10,891,247</u>	<u>\$ 29,928,837</u>	<u>\$ 132,343,145</u>	<u>\$ 9,005,389</u>	<u>\$ 3,040,538</u>	<u>\$ 190,960,029</u>	<u>\$ 175,576,031</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 6,438,790	\$ 9,227,839	\$ 49,021,788	\$ 4,908,407	\$ 2,026,362	\$ 71,623,186	\$ 68,415,093
Add: amortization	-	290,891	580,324	2,063,444	420,816	129,044	3,484,519	3,791,398
Less: amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,239,150)</u>	<u>(154,158)</u>	<u>(1,393,308)</u>	<u>(583,305)</u>
BALANCE, END OF YEAR	<u>-</u>	<u>6,729,681</u>	<u>9,808,163</u>	<u>51,085,232</u>	<u>4,090,073</u>	<u>2,001,248</u>	<u>73,714,397</u>	<u>71,623,186</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,750,873</u>	<u>\$ 4,161,566</u>	<u>\$ 20,120,674</u>	<u>\$ 81,257,913</u>	<u>\$ 4,915,316</u>	<u>\$ 1,039,290</u>	<u>\$ 117,245,632</u>	<u>\$ 103,952,845</u>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,750,873	\$ 3,618,173	\$ 18,909,328	\$ 70,826,074	\$ 3,914,670	\$ 933,727	\$ 103,952,845	

During the year, the Town recognized the acquisition of land with a value of \$374,000.

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 3**

	Budget (Unaudited)	2024	2023
TOTAL MUNICIPAL TAXES			
Real property tax	\$ 12,480,247	\$ 12,494,510	\$ 11,949,810
Linear Property	172,421	182,974	166,859
Grants in place of property taxes	91,755	92,716	102,333
Special assessments and local improvement taxes	<u>3,257</u>	<u>8,506</u>	<u>8,082</u>
	<u>12,747,680</u>	<u>12,778,706</u>	<u>12,227,084</u>
REQUISITIONS			
Alberta School Foundation Fund	2,869,390	2,873,875	2,785,390
Westview Lodge	<u>123,774</u>	<u>155,715</u>	<u>123,677</u>
	<u>2,993,164</u>	<u>3,029,590</u>	<u>2,909,067</u>
TOTAL NET MUNICIPAL TAXES (AFTER REQUISITIONS)	<u>\$ 9,754,516</u>	<u>\$ 9,749,116</u>	<u>\$ 9,318,017</u>

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 4**

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Other Local Governments	\$ 2,471,573	\$ 2,486,072	\$ 2,318,295
Provincial Government	1,036,615	1,110,612	1,113,643
Federal Government	<u>22,400</u>	<u>27,402</u>	<u>5,062</u>
	<u>3,530,588</u>	<u>3,624,086</u>	<u>3,437,000</u>
TRANSFERS FOR CAPITAL			
Other Local Governments	3,885,785	2,698,899	979,698
Provincial Government	9,915,353	5,553,122	4,358,331
Federal Government	<u>8,469,665</u>	<u>4,544,819</u>	<u>1,658,015</u>
	<u>22,270,803</u>	<u>12,796,840</u>	<u>6,996,044</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 25,801,391</u>	<u>\$ 16,420,926</u>	<u>\$ 10,433,044</u>

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 5**

CONSOLIDATED EXPENSES BY OBJECT	Budget (Unaudited)	2024	2023
Salaries, wages and benefits	\$ 8,384,740	\$ 8,405,926	\$ 7,885,530
Contracted and general services	6,497,496	5,801,818	5,737,654
Materials, goods and utilities	2,531,330	2,440,641	2,468,358
Bank charges and short term interest	14,400	25,284	20,006
Interest on long-term debt	115,130	106,101	143,495
Transfers to local boards and organizations	2,441,713	2,417,210	1,448,745
Amortization of tangible capital assets	3,787,600	3,484,519	3,791,398
Accretion of asset retirement obligations	-	-	372,084
	<u>\$ 23,772,409</u>	<u>\$ 22,681,499</u>	<u>\$ 21,867,270</u>

TOWN OF ROCKY MOUNTAIN HOUSE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 6

	General Government	Protective Services	Transportation	Planning & Development	Public Health & Welfare	Recreation & Culture	Environmental Use & Protection	TOTAL
REVENUE								
Net municipal taxes	\$ 9,749,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,749,116
Operating government transfers	524,107	859,639	124,234	-	712,073	1,336,076	67,957	3,624,086
User fees and sales of goods	36,134	9,960	19,282	28,923	61,772	598,764	5,298,854	6,053,689
Investment interest income	1,459,452	-	-	-	-	-	5,651	1,465,103
Other revenues	<u>1,714,252</u>	<u>146,062</u>	<u>107,936</u>	<u>474,855</u>	<u>2,486</u>	<u>747,779</u>	<u>1,040,175</u>	<u>4,233,545</u>
	<u>\$ 13,483,061</u>	<u>\$ 1,015,661</u>	<u>\$ 251,452</u>	<u>\$ 503,778</u>	<u>\$ 776,331</u>	<u>\$ 2,682,619</u>	<u>\$ 6,412,637</u>	<u>\$ 25,125,539</u>
EXPENSES								
Contracted & general services	\$ 470,730	\$ 2,344,574	\$ 522,418	\$ 213,930	\$ 62,307	\$ 517,791	\$ 1,670,068	\$ 5,801,818
Salaries & wages	1,783,206	826,950	959,764	647,386	260,412	2,651,582	1,276,626	8,405,926
Materials, goods & utilities	75,918	27,957	524,903	36,381	49,578	786,087	939,817	2,440,641
Transfers to local boards	230,762	1,237,689	-	74,103	420,276	454,380	-	2,417,210
Interest expense & bank charges	<u>24,652</u>	<u>-</u>	<u>29,020</u>	<u>2,503</u>	<u>-</u>	<u>12,861</u>	<u>62,349</u>	<u>131,385</u>
	<u>2,585,268</u>	<u>4,437,170</u>	<u>2,036,105</u>	<u>974,303</u>	<u>792,573</u>	<u>4,422,701</u>	<u>3,948,860</u>	<u>19,196,980</u>
NET REVENUE, BEFORE AMORTIZATION & OTHER CAPITAL	10,897,793	(3,421,509)	(1,784,653)	(470,525)	(16,242)	(1,740,082)	2,463,777	5,928,559
Contributed assets	-	-	-	-	-	374,000	-	374,000
Gain (loss) on disposal of tangible capital assets	(851)	-	-	-	-	-	-	(851)
Capital government transfers	-	-	663,027	-	60,947	149,296	11,923,570	12,796,840
Amortization expense	<u>(39,291)</u>	<u>(61,796)</u>	<u>(1,233,459)</u>	<u>(30,223)</u>	<u>(3,496)</u>	<u>(976,945)</u>	<u>(1,139,309)</u>	<u>(3,484,519)</u>
NET REVENUE	<u>\$ 10,857,651</u>	<u>\$ (3,483,305)</u>	<u>\$ (2,355,085)</u>	<u>\$ (500,748)</u>	<u>\$ 41,209</u>	<u>\$ (2,193,731)</u>	<u>\$ 13,248,038</u>	<u>\$ 15,614,029</u>

TOWN OF ROCKY MOUNTAIN HOUSE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE PREVIOUS YEAR ENDED DECEMBER 31, 2023
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Public Health & Welfare	Recreation & Culture	Environmental Use & Protection	TOTAL
REVENUE								
Net municipal taxes	\$ 9,318,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,318,017
Operating government transfers	547,479	853,592	112,830	21,701	715,218	1,115,321	70,859	3,437,000
User fees and sales of goods	31,797	-	13,967	199,912	49,205	457,738	4,762,903	5,515,522
Investment interest income	1,665,831	-	-	-	-	-	1,268	1,667,099
Other revenues	<u>1,587,680</u>	<u>140,018</u>	<u>107,290</u>	<u>511,387</u>	<u>494,473</u>	<u>42,557</u>	<u>2,286</u>	<u>2,885,691</u>
	<u>\$ 13,150,804</u>	<u>\$ 993,610</u>	<u>\$ 234,087</u>	<u>\$ 733,000</u>	<u>\$ 1,258,896</u>	<u>\$ 1,615,616</u>	<u>\$ 4,837,316</u>	<u>\$ 22,823,329</u>
EXPENSES								
Contracted & general services	\$ 396,114	\$ 2,268,244	\$ 538,494	\$ 230,020	\$ 76,406	\$ 433,491	\$ 1,794,885	\$ 5,737,654
Salaries & wages	1,699,494	681,883	925,925	610,914	262,194	2,442,583	1,262,537	7,885,530
Materials, goods & utilities	(2,937)	38,212	806,932	46,210	43,189	745,088	791,664	2,468,358
Transfers to local boards	163,450	442,856	-	60,173	395,026	385,117	2,123	1,448,745
Interest expense & bank charges	26,696	-	31,766	4,732	-	21,442	78,866	163,502
Other expenses	-	-	-	-	-	-	372,084	372,084
	<u>2,282,817</u>	<u>3,431,195</u>	<u>2,303,117</u>	<u>952,049</u>	<u>776,815</u>	<u>4,027,721</u>	<u>4,302,159</u>	<u>18,075,873</u>
NET REVENUE, BEFORE AMORTIZATION AND OTHER CAPITAL	10,867,987	(2,437,585)	(2,069,030)	(219,049)	482,081	(2,412,105)	535,157	4,747,456
Contributed assets	-	-	-	-	-	-	-	-
Gain on disposal of tangible capital assets	151,088	-	-	-	-	-	-	151,088
Capital government transfers	-	-	1,104,251	-	-	932,164	4,959,629	6,996,044
Amortization expense	<u>(166,726)</u>	<u>(59,912)</u>	<u>(1,368,867)</u>	<u>(31,498)</u>	<u>(3,496)</u>	<u>(985,112)</u>	<u>(1,175,787)</u>	<u>(3,791,398)</u>
NET REVENUE	<u>\$ 10,852,349</u>	<u>\$ (2,497,497)</u>	<u>\$ (2,333,646)</u>	<u>\$ (250,547)</u>	<u>\$ 478,585</u>	<u>\$ (2,465,053)</u>	<u>\$ 4,318,999</u>	<u>\$ 8,103,190</u>

TOWN OF ROCKY MOUNTAIN HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The Town of Rocky Mountain House (the Town) is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended (MGA).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, 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 are fifty percent of the Rocky Mountain House Municipal Airport assets, liabilities, revenues and expenses.

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 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 provided.

Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Use of Estimates**

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists, the 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, non-vesting employee benefit liabilities, asset retirement obligation, contingent liabilities and commitments and accruals are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(d) Valuation of Financial Assets and Liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash and cash equivalents	cost and amortized cost
Trade and other receivables	lower of cost or net recoverable value
Long term receivable	lower of cost or net recoverable value
Investments	amortized cost
Accounts payable and accrued liabilities	cost
Security deposits	cost
Demand loan	amortized cost
Long term debt	amortized cost

(e) Cash and Cash Equivalents

Cash includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(f) Investments

Investments consist of amounts held in term deposit accounts with a maturity date exceeding 90 days and less than one year from the balance sheet date.

(g) 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.

(h) Long-term Receivables

Long-term receivables are initially measured at cost with valuation allowances subsequently used to reflect loans receivable at the lower of cost and net recoverable value. Changes in valuation allowances are recognized as expenses in the statement of operations. Interest revenue is recognized when earned, to the extent the collectibility of the loan and interest is reasonably assured.

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Long-term Debt**

Long term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

(j) 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.

(k) 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.

(l) 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.

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Asset Retirement**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(n) Revenue

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

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

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) 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 collectible 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.

(p) Employment Benefits Liabilities

The Town recognizes liabilities for post-employment benefits and compensated absences that vest or accumulate during the period in which the employment services are rendered, assuming payment of benefits is probable and the amounts can be reasonably estimated. Accumulating, vesting benefits liabilities are measured at cost. Accumulating, non-vesting benefits liabilities are recognized at cost to the extent they are expected to be used by employees.

(q) Deferred Revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(r) Pension

The Town participates in a multiemployer defined benefit pension plan. Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. See Note 19 for details of the pension plan.

(s) 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.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Non-Financial Assets**

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

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to 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

No amortization is charged in the year of acquisition and a full year of amortization is taken 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, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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 the town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(v) Cash Flow Reporting

The Town follows the indirect method in reporting its cash flows from operating activities.

2. CASH AND CASH EQUIVALENTS

	2024	2023
Cash	\$ <u>30,361,979</u>	\$ <u>38,973,202</u>

Cash includes amounts held in a chequing bank account earning interest at graduated rates ranging from the bank's prime rate less 1.55% - 1.90% (2023 - 1.45% to 1.90%) per annum. The effective rate at year end is 3.75% - 5.26% (2023 - 4.30% - 5.75%) per annum. Cash also includes amounts held in a savings account earning interest at 3.10% (2023 - 3.10%) per annum.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

3. TAXES RECEIVABLE

	2024	2023
Current taxes	\$ 86,739	\$ 261,688
Arrears taxes	<u>286,909</u>	<u>109,699</u>
	<u>\$ 373,648</u>	<u>\$ 371,387</u>

4. TRADE AND OTHER RECEIVABLES

	2024	2023
Other trade receivables	\$ 480,891	\$ 574,901
School under-levy	(1,340)	(558)
Utilities receivable	661,721	584,330
Government grants for operating costs	1,255,591	597,344
CEIP loan receivable	251,670	183,428
Government grants receivable	2,970,198	1,940,225
Other receivable for capital costs (Note 17)	433,400	472,800
Allowance for doubtful accounts	<u>(100,187)</u>	<u>(100,187)</u>
	<u>\$ 5,951,945</u>	<u>\$ 4,252,227</u>

At December 31, 2024 included in government grants receivable:

	2024	2023
Strategic Transportation Infrastructure Program (STIP) Grant - Provincial	\$ 66,354	\$ -
Investing in Canada Infrastructure Program (ICIP) - Federal	2,165,342	960,527
Clearwater County	<u>738,502</u>	<u>979,698</u>
	<u>\$ 2,970,198</u>	<u>\$ 1,940,225</u>

These allocations are receivable as the Town has submitted eligible capital projects that were sufficient for the release of the capital funding.

5. INVESTMENTS

Investments are non-redeemable guaranteed investment certificates (GIC's) on deposit with the Alberta Treasury Branch.

	Matures	Interest Rate	2024	2023
Non-Redeemable GIC	May 27, 2025	5.26%	\$ 5,000,000	\$ -
			<u>\$ 5,000,000</u>	<u>\$ -</u>

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****6. LONG TERM RECEIVABLE**

Long term receivables consist of amounts owed to the Town for the developer's portion of costs relating to a long-term construction project. The amount is receivable with interest. Effective interest at December 31, 2024 is 7.35% (2023 - 8.20%). The amount is due September 27, 2025.

7. BANK DEMAND LOAN

To fund the 54 street construction project, The Town has a revolving demand loan available to a maximum of \$2,390,000, bearing interest at prime plus 1.00% per annum, secured by a general security agreement covering all assets of the Town. The effective interest rate at year end is 6.45% (2023 - 8.20%). At December 31, 2024 \$2,164,245 (2023 - \$1,986,861) 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.

This loan is associated with the long term receivable described in note 6.

The total cash payments for interest on the bank demand loan paid in 2024 was \$165,570 (2023 - \$157,974).

At December 31, 2024 the Town has a revolving demand loan available in the amount of \$3,200,000 this is usable in order to fund the Clean Energy Improvement Tax Program. This is due on demand with interest at the bank's prime lending rate plus 1.00%. The effective interest rate at year end is 6.45% (2023 - 8.20%). As of December 31, 2024 the Town has a \$59,790 credit balance (2023 - \$59,790).

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Bank time	\$ 4,660	\$ 3,110
Vacation and incentive time	279,508	292,118
Personal time	<u>239,480</u>	<u>203,369</u>
	<u>\$ 523,648</u>	<u>\$ 498,597</u>

Vacation and incentive 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.

Personal time

The personal time liability is management's estimate of the cost of sick time that has accrued to employees and will be taken in future years as paid time off. Employees can accrue and carryover up to 320 hours (2023 - 320 hours) of sick time but are not entitled to pay-in-lieu of unused sick time upon termination of their employment. Based on historical information management expects that 37% (2023 - 34%) of the accrued sick hours will be used.

9. SECURITY DEPOSITS

Security deposits consist of financial deposits for private development, rental deposits and deposits on utility accounts.

Private development deposits 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.

Rental deposits are held by the Town to ensure that rental spaces and properties are left clean and in good repair after the rental period.

Utility account deposits are for rental properties where utility bills are in the tenant's name. Utility deposits are for unpaid utilities.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

10. DEFERRED REVENUE

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

	Balance 2023	Received	Recognized	Balance 2024
Prepaid local improvements	\$ 17,535	\$ -	\$ -	\$ 17,535
Deferred projects	222,741	129,021	-	351,762
Deferred operating revenue	255,017	195,639	(342,506)	108,150
Deferred capital grants	<u>9,095,647</u>	<u>6,724,841</u>	<u>(11,117,555)</u>	<u>4,702,933</u>
	<u>\$ 9,590,940</u>	<u>\$ 7,049,501</u>	<u>\$ (11,460,061)</u>	<u>\$ 5,180,380</u>

Prepaid local improvement charges are being amortized to revenue over the useful life of the corresponding debentures with a term of 5 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 2023	Received	Recognized	Balance 2024
Municipal Sustainability Initiative Grant	\$ 323,444	\$ 8,269	\$ (331,713)	\$ -
Local Government Fiscal Framework (LGFF) Grant	-	971,354	(600,681)	370,673
Canada Community Building Fund (Formerly Federal Gas Tax Fund)	85,181	449,350	(408,114)	126,417
Strategic Transportation Infrastructure Program (STIP) Grant	-	466,354	(466,354)	-
Alberta Community Partnership Grant	1,297	-	(1,297)	-
Gruber Street Light Reserve	13,188	-	-	13,188
Investing in Canada Infrastructure Program	7,476,967	285,993	(3,765,874)	3,997,086
Investing in Canada Infrastructure Program - Federal	-	4,524,027	(4,524,027)	-
Shell Canada donation	1,000,000	-	(1,000,000)	-
Other deferred capital revenues	<u>195,570</u>	<u>19,494</u>	<u>(19,495)</u>	<u>195,569</u>
	<u>\$ 9,095,647</u>	<u>\$ 6,724,841</u>	<u>\$ (11,117,555)</u>	<u>\$ 4,702,933</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

11. LONG TERM DEBT

	2024	2023
Green Municipal Fund Loan	\$ 388,200	\$ 388,200
Tax-supported debentures	1,370,321	2,143,829
Self-supported debentures	<u>6,168,561</u>	<u>6,201,896</u>
	<u>\$ 7,927,082</u>	<u>\$ 8,733,925</u>

The current portion of the long-term debt amounts are \$579,902 (2023 - \$806,843).

Principal and interest repayments are due as follows:

	PRINCIPAL	INTEREST	TOTAL
2025	\$ 579,902	\$ 315,321	\$ 895,223
2026	561,931	292,592	854,523
2027	584,753	269,771	854,524
2028	608,564	245,960	854,524
2029	391,782	223,832	615,614
Thereafter	<u>4,811,951</u>	<u>2,087,193</u>	<u>6,899,144</u>
	<u>\$ 7,538,883</u>	<u>\$ 3,434,669</u>	<u>\$ 10,973,552</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.03% to 4.91% per annum and mature in periods 2024 through 2047. The average annual interest rate is 3.47% (2023 - 3.78%).

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 2024 were \$342,280 (2023 - \$376,034).

An advance for the Green Municipal Fund Loan of \$Nil was received during the year (2023 - \$194,100). Payments are \$8,823 (2023 - \$3,882) semi-annually including interest at 0.00% per annum. The first payment is due September 22, 2025.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

12. ASSET RETIREMENT OBLIGATION

Landfill

Pursuant to an agreement the Town has accepted partial responsibility for a post closure liability. The Town has agreed to fund 34.5% of future closure and post closure costs of a landfill.

Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred pursuant to the agreement, has been accrued.

Undiscounted future cash flows expected are a closure cost in year 2037 of \$19,194 with annual post closure activities stating in the year 2037 of \$289,886 per year, increasing at an annual inflation rate of 2.31% for 25 years to year 2061. The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 4.91% (2023 - 5.28%) and assuming annual inflation of 2.31% (2023 - 3.50%). The Town has not designated assets for settling closure and post-closure liabilities.

The accrued liability portion is based on the cumulative capacity used at year end compared the estimated total landfill capacity. The total capacity of the site is estimated at 2.305 million cubic metres. The estimated used capacity of the landfill site is 2.305 million cubic metres. There is no estimated remaining life in years.

Post closure care is estimated to be required until 2061.

Asbestos abatement

The town owns a building which contains asbestos and, therefore, the town is legally required to perform abatement activities upon renovation or demolition of this building.

Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

Undiscounted future cash flows expected are an abatement cost in year 2030 of \$250,000. The estimated total liability of \$250,000 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.90% and assuming annual inflation of 2.00%. The town has not designated assets for settling the abatement activities.

Total asset retirement obligations

	2024	2023
Balance, beginning of year	\$ 1,469,572	\$ 847,489
Liabilities incurred	-	250,000
Liabilities settled	-	-
Change in estimated cash flows	(184,157)	317,483
Accretion expense	-	54,600
Estimated total liability	<u>\$ 1,285,415</u>	<u>\$ 1,469,572</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

13. DEBT LIMITS AND DEBT SERVICING LIMIT

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:

	2024	2023
Total debt limit	\$ 41,736,657	\$ 35,931,171
Total debt	<u>7,927,082</u>	<u>8,733,925</u>
Amount of debt limit unused	\$ <u>33,809,575</u>	\$ <u>27,197,246</u>
Debt servicing limit	\$ 6,956,110	\$ 5,988,529
Debt servicing	<u>3,119,259</u>	<u>2,361,972</u>
Amount of debt servicing limit unused	\$ <u>3,836,851</u>	\$ <u>3,626,557</u>

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the government of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) 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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payment due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible Capital Assets (Schedule 2)	\$ 190,960,029	\$ 175,576,031
Accumulated amortization (Schedule 2)	(73,714,397)	(71,623,186)
Long-term debt (Note 11)	(7,927,082)	(8,733,925)
Asset retirement obligation (Note 12)	(1,285,415)	(1,469,572)
Add back operating long term debt (Note 11)	388,200	388,200
Long-term operating debt	<u>327,271</u>	<u>379,013</u>
	\$ <u>108,748,606</u>	\$ <u>94,516,561</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

15. ACCUMULATED SURPLUS

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

	2024	2023
Unrestricted surplus	\$ 2,193,018	\$ 1,759,764
Internally restricted surplus	-	-
Capital Reserves	18,891,881	18,292,455
Utility Reserves	9,830,299	9,522,323
Offsite Levy Reserves	662,815	621,487
Equity in tangible capital assets (Note 14)	<u>108,748,606</u>	<u>94,516,561</u>
	<u>\$ 140,326,619</u>	<u>\$ 124,712,590</u>

16. TRUST FUNDS

The Town of Rocky Mountain House administers the following trust:

	2024	2023
Cemetery Perpetual Care		
Balance, beginning of year	\$ 105,813	\$ 93,816
Sale of cemetery plots	9,700	8,350
Repurchase of cemetery plots	(195)	-
Interest	<u>5,795</u>	<u>3,647</u>
Balance, end of year	<u>\$ 121,113</u>	<u>\$ 105,813</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

17. CONTRACTUAL RIGHTS, CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

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 curling rink building. In 2018 the Town also advanced the Club \$37,100 for exterior renovations. The balance receivable is measured at cost. Annual payments are due in November of each year. There are no terms regarding interest, forgiveness nor security. In 2020, the annual receipt from the curling club was deferred. In 2022 this agreement was extended to a 15 year period. The future receipts under this agreement are detailed in the table below. Pursuant to a cost sharing agreement, Clearwater County will pay 50% of any amounts defaulted by the Club.

2025	\$	39,400
2026		39,400
2027		39,400
2028		39,400
2029		39,400
Thereafter		<u>236,400</u>
	\$	<u><u>433,400</u></u>

On January 1, 2021 a new agreement between the Town and Clearwater County was signed for the period January 1, 2021 to December 31, 2025. The County committed to make annual payments to the Town calculated as (Town Service Property Tax - County Service Property Tax) x County percentage. In 2024 the payment is \$405,230 (2023 - \$426,300).

In 2010, the Town and County as joint landlords entered into a triple net lease agreement for the lease of a municipally owned building. The monthly payment of \$9,243 is shared 50% between the Town and County. The Town's share of the monthly lease payment is \$4,621. Estimated maximum future receipts under this agreement are:

2025	\$	<u><u>27,729</u></u>
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TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****17. CONTRACTUAL RIGHTS, CONTRACTUAL OBLIGATIONS AND CONTINGENCIES**

(Continued)

Contractual Obligations**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 2024 are \$2,656,970. (In 2023 the Town recognized \$2,528,484). The Town received Provincial grants to assist with the cost sharing in the amount of \$354,120. (In 2023 the Town recognized \$353,080).

Lawsuits

From time to time, the Town is a defendant in various lawsuits. When the outcome of a claim against the Town is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities have been recorded. When the resulting potential losses, if any, cannot be determined or the occurrence of future contingent events is unknown, accrued liabilities have not been recorded.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

18. SALARY & 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	2024			2023
	HONORARIUM SALARY ¹	BENEFITS & ALLOWANCES ²	TOTAL	TOTAL
David Auld	\$ 23,084	\$ 1,365	\$ 24,449	\$ 24,710
Debbie Baich	29,850	1,637	31,487	53,932
Shane Boniface	-	-	-	23,154
Marley Capraro	34,465	2,042	36,507	28,723
Tina Hutchinson	40,938	2,428	43,366	40,412
Ken Moesker	26,452	1,400	27,852	-
Len Phillips	48,566	2,881	51,447	44,512
Dale Shippelt	28,377	-	28,377	30,700
	<u>\$ 231,732</u>	<u>\$ 11,753</u>	<u>\$ 243,485</u>	<u>\$ 246,143</u>
CAO - Dean Krause	<u>\$ 242,823</u>	<u>\$ 29,232</u>	<u>\$ 272,055</u>	<u>\$ 242,259</u>

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, compensated absences and any other direct cash remuneration.
2. Benefits for Council include a communication benefit for cell phones, Internet and CPP deductions. Benefits for the CAO includes 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, short-term disability plans, professional memberships and tuition.

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****19. 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 304,451 people and about 444 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 and past service contributions to the LAPP of 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023 - 11.23%) on pensionable salary above this amount.

Total current and past service contributions by the Town to the Local Authorities Pension Plan in 2024 were \$492,544 (2023 - \$476,560). Total current and past service contributions by the employees of the Town to the Local Authorities Pension Plan in 2024 were \$438,476 (2023 - \$424,689).

The LAPP discloses an actuarial surplus at year end. The 2024 numbers were not available at the time of preparing these financial statements. (2023 - \$15.057 billion surplus).

For further information of the amount of LAPP deficiency/surplus information see: www.lapp.ca/page/annual-reports.

20. CONTAMINATED SITES LIABILITY

The town did not identify any financial liabilities (2023 - nil) as a result of contaminated sites.

21. 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).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**22. BUDGET RECONCILIATION**

The budget information presented in these consolidated financial statements is based on the operating and capital budgets approved by the Town of Rocky Mountain House council on January 17, 2023.

The reconciliation below reconciles the approved financial plan to the figures reported in these consolidated financial statements.

Excess of revenues over expenses	\$ 22,190,163
Amortization	3,787,600
Government transfers for capital (Schedule 4)	(22,270,803)
Repayment of long term debt	(972,221)
Landfill closure & post closure adjustments	180,000
Transfers to reserves	(2,914,739)
	<u>\$ -</u>

23. COMPARATIVE FIGURES

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

24. BUDGET AMOUNTS

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

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024****25. FINANCIAL INSTRUMENTS**

The Town of Rocky Mountain House's financial instruments include cash and cash equivalents, taxes receivable, trade and other receivables, accounts payable and accrued liabilities, accounts payable - tangible capital assets, and long term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments. Taxes receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the town manages risk exposure on these items similar to other receivables and payables.

Credit risk

The Town is exposed to some 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 fulfill their obligations.

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 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.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved by Council and management April 28, 2025.