

**TOWN OF ROCKY MOUNTAIN HOUSE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

Having the proper authority and ability to do so, the undersigned acknowledge that they have reviewed these financial statements and accompanying schedules and notes. Excepting any minor changes noted herein, the undersigned hereby acknowledge their responsibility for the preparation and fair presentation of these financial statements.

By signing below, I assert that to the best of my knowledge, these financial statements, schedules and notes properly reflect the financial position of the Town as at December 31, 2015 and the activities during the year then ended.

Lynn Webster

(Printed Name)

Director, Corporate Services

(Position / Title)

Lynn Webster

(Signature)

July 15 / 16

(Date)

Todd Bedler

(Printed Name)

CAO

(Position / Title)

Todd Bedler

(Signature)

July 20, 2016

(Date)



## WADE NOBLE & PARTNERS LLP

\*R. G. NOBLE, B. COMM., CA  
\*J. R. WADE, B. COMM., CGA, CA  
\*B. D. MAYER, B. MGMT., CA

P.O. BOX 100  
ROCKY MOUNTAIN HOUSE  
ALBERTA, T4T 1A1  
(403) 945-3225  
FAX (403) 945-5555

### 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, 2015, 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, 2015, 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  
July 19, 2016

## TOWN OF ROCKY MOUNTAIN HOUSE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 12,624,317	\$ 13,930,965
Receivables		
Taxes receivable (Note 3)	174,414	168,395
Trade and other receivables	3,416,395	2,340,772
GST receivable	393,748	312,186
Land for resale inventory	<u>1,976,578</u>	<u>1,906,741</u>
	<u>18,585,452</u>	<u>18,659,059</u>
<b>LIABILITIES</b>		
Bank demand loan (Note 4)	\$ 3,000,000	\$ -
Accounts payable and accrued liabilities (Note 5)	2,987,796	1,912,324
Accounts payable - tangible capital assets	3,092,834	733,613
Payroll remittances payable	69,315	55,491
Security deposits (Note 6)	169,430	349,583
Deferred revenue (Note 7)	1,074,611	1,134,951
Long term debt (Note 8)	<u>8,570,832</u>	<u>9,487,113</u>
	<u>18,964,818</u>	<u>13,673,075</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(379,366)</u>	<u>4,985,984</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	90,511,620	76,155,867
Inventory for consumption	<u>245,523</u>	<u>240,225</u>
	<u>90,757,143</u>	<u>76,396,092</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<u>\$ 90,377,777</u>	<u>\$ 81,382,076</u>

*Commitments and Contingencies - See Notes 12, 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, 2015**

	Budget (Unaudited)	2015	2014
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 7,616,038	\$ 7,702,789	\$ 7,230,340
User fees and sale of goods	5,293,235	5,120,964	5,403,744
Government transfers for operating (Schedule 4)	3,390,787	3,056,385	2,406,402
Investment income	129,000	195,113	191,605
Franchise and concessions	990,632	1,056,546	730,743
Sponsorships and advertising	<u>1,250,000</u>	<u>46,548</u>	<u>250,000</u>
<b>Total Revenue</b>	<u>18,669,692</u>	<u>17,178,345</u>	<u>16,212,834</u>
<b>EXPENSES</b>			
Legislative	272,725	217,114	234,335
Administration	1,477,099	1,314,224	1,238,107
Police	2,111,903	1,770,391	1,951,543
Fire and by-law enforcement	1,047,843	1,061,185	1,011,199
Common services	889,203	685,873	789,400
Roads	1,008,219	2,018,331	2,093,888
Airport	322,273	208,292	220,221
Water and wastewater	2,084,493	2,372,314	2,214,498
Waste management	1,017,713	940,677	799,493
Economic development	478,511	502,405	439,315
Subdivision land development	443,567	499,171	425,166
Recreation and parks	2,908,683	2,840,306	2,964,721
Library	298,081	295,310	282,170
Community hall	248,977	240,632	250,909
Public Health	784,475	725,489	683,301
Other	34,267	43,826	40,549
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(30,519)</u>	<u>11,430</u>
<b>Total Expenses</b>	<u>15,428,032</u>	<u>15,705,021</u>	<u>15,650,245</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES - BEFORE OTHER</b>	3,241,660	1,473,324	562,589
<b>OTHER</b>			
Contributed assets (Schedule 2)	-	846,726	-
Government transfers for capital (Schedule 4)	<u>8,131,287</u>	<u>6,675,651</u>	<u>7,184,513</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	11,372,947	8,995,701	7,747,102
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>81,382,076</u>	<u>81,382,076</u>	<u>73,634,974</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 92,755,023</u>	<u>\$ 90,377,777</u>	<u>\$ 81,382,076</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, 2015**

	Budget (Unaudited)	2015	2014
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 11,372,947</b>	<b>\$ 8,995,701</b>	<b>\$ 7,747,102</b>
Acquisition of tangible capital assets	(18,896,923)	(16,472,714)	(10,074,093)
Contributed tangible capital assets	-	(846,726)	-
Proceeds on disposal of tangible capital assets	-	167,667	24,162
Amortization of tangible capital assets	2,723,134	2,826,539	2,749,906
(Gain) loss on disposal of tangible capital assets	-	(30,519)	11,430
	<u>(16,173,789)</u>	<u>(14,355,753)</u>	<u>(7,288,595)</u>
Acquisition of supplies inventories	-	(5,298)	(15,370)
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(4,800,842)</b>	<b>(5,365,350)</b>	<b>443,137</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b><u>4,985,984</u></b>	<b><u>4,985,984</u></b>	<b><u>4,542,847</u></b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b><u>\$ 185,142</u></b>	<b><u>\$ (379,366)</u></b>	<b><u>\$ 4,985,984</u></b>

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, 2015**

	2015	2014
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess Of Revenues Over Expenditures	\$ 8,995,701	\$ 7,747,102
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,826,539	2,749,906
(Gain) loss on disposal of tangible capital assets	(30,519)	11,430
Tangible capital assets received as contributions	(846,726)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(6,019)	35,280
Decrease (increase) in trade and other receivables	(1,157,185)	(442,382)
Decrease (increase) in inventory of land for resale	(9,000)	(635,845)
Decrease (increase) in inventory for consumption	(5,298)	(15,370)
Increase (decrease) in accounts payable and accrued liabilities	1,089,294	172,858
Increase (decrease) in deferred operating revenues	144,647	(57,652)
Increase (decrease) in security deposits	(180,153)	(204,331)
Cash provided by operating transactions	<u>10,821,281</u>	<u>9,360,996</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(14,318,479)	(13,318,371)
Proceeds on sale of tangible capital assets	106,830	24,162
Cash applied to capital transactions	<u>(14,211,649)</u>	<u>(13,294,209)</u>
<b>FINANCING</b>		
Long-term debt issued	-	3,750,000
Long-term debt repaid	(916,280)	(715,923)
Proceeds from demand loans	3,000,000	-
Cash provided by financing transactions	<u>2,083,720</u>	<u>3,034,077</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(1,306,648)	(899,136)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>13,930,965</u>	<u>14,830,101</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 12,624,317</u>	<u>\$ 13,930,965</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 SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015 TOTAL	2014 TOTAL
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 10,285,394	\$ 3,669,766	\$ 67,426,916	\$ 81,382,076	\$ 73,634,974
Excess Of Revenues Over Expenditures	8,995,701	-	-	8,995,701	7,747,102
Restricted funds used for operations	337,008	(337,008)	-	-	-
Unrestricted funds designated for future use	(8,786,646)	8,786,646	-	-	-
Contribution to capital functions	3,000,000	-	(3,000,000)	-	-
Funds used for tangible capital assets	(9,599,446)	(6,873,268)	16,472,714	-	-
Contributed tangible capital assets	(846,726)	-	846,726	-	-
Disposal of tangible capital assets	137,148	-	(137,148)	-	-
Annual amortization expense	2,826,539	-	(2,826,539)	-	-
Capital long-term debt repaid	(880,922)	-	880,922	-	-
Change in accumulated surplus	(4,817,344)	1,576,370	12,236,675	8,995,701	7,747,102
<b>BALANCE, END OF YEAR</b>	\$ 5,468,050	\$ 5,246,136	\$ 79,663,591	\$ 90,377,777	\$ 81,382,076

## TOWN OF ROCKY MOUNTAIN HOUSE

SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
SCHEDULE 2

	Land	Land Improvement	Buildings	Engineering structures	Machinery and equipment	Vehicles	2015 TOTAL	2014 TOTAL
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 5,993,023	\$ 6,875,449	\$ 15,627,664	\$ 84,008,160	\$ 4,805,715	\$ 2,865,152	\$ 120,175,163	\$ 110,235,341
Acquisition of tangible capital assets	61,450	22,971	10,399,592	6,644,844	134,252	56,331	17,319,440	10,074,093
Disposal of tangible capital assets	(60,837)	-	-	-	(287,805)	(80,466)	(429,108)	(134,271)
BALANCE, END OF YEAR	\$ 5,993,636	\$ 6,898,420	\$ 26,027,256	\$ 90,653,004	\$ 4,652,162	\$ 2,841,017	\$ 137,065,495	\$ 120,175,163
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 4,401,216	\$ 4,566,868	\$ 31,043,025	\$ 2,554,464	\$ 1,453,723	\$ 44,019,296	\$ 41,368,069
Annual Amortization	-	188,507	259,731	1,819,413	375,538	183,350	2,826,539	2,749,906
Accumulated amortization on disposals	-	-	-	-	(216,994)	(74,966)	(291,960)	(98,679)
BALANCE, END OF YEAR	-	4,589,723	4,826,599	32,862,438	2,713,008	1,562,107	46,553,875	44,019,296
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 5,993,636</b>	<b>\$ 2,308,697</b>	<b>\$ 21,200,657</b>	<b>\$ 57,790,566</b>	<b>\$ 1,939,154</b>	<b>\$ 1,278,910</b>	<b>\$ 90,511,620</b>	<b>\$ 76,155,867</b>

Included in Buildings is an asset under construction with carrying value totaling \$13,167,209 that is not being amortized, as it is not yet put into productive use.

During the year, the Town recognized acquisition of engineering structures totaling \$846,726 (2014 - \$nil), representing roads, sewers, watermain, 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**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**SCHEDULE 3**

	Budget (Unaudited)	2015	2014
<b>TAXATION</b>			
Real property taxes	\$ 9,850,326	\$ 9,964,464	\$ 9,505,803
Linear Property	121,538	121,276	121,538
Government grants in place of property taxes	167,311	144,009	167,311
Special assessments and local improvement taxes	<u>1,545</u>	<u>2,989</u>	<u>1,545</u>
	<u>10,140,720</u>	<u>10,232,738</u>	<u>9,796,197</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,439,222	2,434,662	2,439,222
Westview Lodge	<u>85,460</u>	<u>95,287</u>	<u>126,635</u>
	<u>2,524,682</u>	<u>2,529,949</u>	<u>2,565,857</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 7,616,038</u>	<u>\$ 7,702,789</u>	<u>\$ 7,230,340</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
SCHEDULE 4**

	Budget (Unaudited)	2015	2014
<b>TRANSFERS FOR OPERATING</b>			
Other Local Governments	\$ 2,353,721	\$ 2,019,626	\$ 1,405,446
Provincial Government	1,037,066	1,031,889	1,000,956
Federal Government	-	4,870	-
	<u>3,390,787</u>	<u>3,056,385</u>	<u>2,406,402</u>
<b>TRANSFERS FOR CAPITAL</b>			
Other Local Governments	5,931,592	4,035,994	5,242,544
Provincial Government	2,199,695	2,256,970	396,722
Federal Government	-	382,687	1,545,247
	<u>8,131,287</u>	<u>6,675,651</u>	<u>7,184,513</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 11,522,074</u>	<u>\$ 9,732,036</u>	<u>\$ 9,590,915</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
SCHEDULE 5**

	Budget (Unaudited)	2015	2014
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 5,477,213	\$ 4,920,731	\$ 4,928,751
Contracted and general services	5,092,326	4,165,329	4,185,427
Materials, goods and utilities	2,032,111	1,467,987	1,641,772
Bank charges and short term interest	42,000	46,051	48,173
Interest on long term debt	328,690	328,690	314,378
Transfers to local boards and organizations	2,086,731	1,980,213	1,770,408
Amortization of Tangible Capital Assets	368,961	2,826,539	2,749,906
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(30,519)</u>	<u>11,430</u>
	<u>\$ 15,428,032</u>	<u>\$ 15,705,021</u>	<u>\$ 15,650,245</u>

## TOWN OF ROCKY MOUNTAIN HOUSE

SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2015  
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	TOTAL
<b>REVENUE</b>								
Net municipal taxes	\$ 7,702,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,702,789
Government transfers	750,000	709,314	2,680,403	15,574	4,777,413	-	799,332	9,732,036
User fees and sales of goods	104,173	210,781	141,942	177,080	709,593	3,537,955	239,440	5,120,964
Investment Income	195,113	-	-	-	-	-	-	195,113
Contributed assets	-	-	-	846,726	-	-	-	846,726
Other	1,056,546	-	-	-	46,548	-	-	1,103,094
	<u>\$ 9,808,621</u>	<u>\$ 920,095</u>	<u>\$ 2,822,345</u>	<u>\$ 1,039,380</u>	<u>\$ 5,533,554</u>	<u>\$ 3,537,955</u>	<u>\$ 1,038,772</u>	<u>\$ 24,700,722</u>
<b>EXPENSES</b>								
Contracted & general services	\$ 431,075	1,778,363	434,791	498,429	433,872	539,618	49,181	\$ 4,165,329
Salaries & wages	891,542	421,567	756,887	413,184	1,629,908	671,050	136,593	4,920,731
Goods & supplies	45,766	24,978	526,611	25,252	459,196	329,483	56,701	1,467,987
Transfers to local boards	3,296	487,631	-	57,000	250,736	691,858	489,692	1,980,213
Interest expense & bank charges	64,575	-	8,855	-	115,390	185,921	-	374,741
Other expenses	(30,519)	-	-	-	-	-	-	(30,519)
	<u>1,405,735</u>	<u>2,712,539</u>	<u>1,727,144</u>	<u>993,865</u>	<u>2,889,102</u>	<u>2,417,930</u>	<u>732,167</u>	<u>12,878,482</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	8,402,886	(1,792,444)	1,095,201	45,515	2,644,452	1,120,025	306,605	11,822,240
Amortization Expense	(95,085)	(119,036)	(1,185,353)	(7,710)	(487,145)	(901,600)	(30,610)	(2,826,539)
<b>NET REVENUE</b>	<u>\$ 8,307,801</u>	<u>\$ (1,911,480)</u>	<u>\$ (90,152)</u>	<u>\$ 37,805</u>	<u>\$ 2,157,307</u>	<u>\$ 218,425</u>	<u>\$ 275,995</u>	<u>\$ 8,995,701</u>

**TOWN OF ROCKY MOUNTAIN HOUSE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015****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 Canadian Institute of Chartered Accountants. 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 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, 2015**

**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, 2015**

**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 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, 2015**

**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, 2015**

**2. CASH AND TEMPORARY INVESTMENTS**

	2015	2014
Cash	\$ 12,509,853	\$ 7,234,248
Term deposits	-	6,500,000
Credit Union shares	36,973	35,723
Airport investment	<u>77,491</u>	<u>160,994</u>
	<u>\$ 12,624,317</u>	<u>\$ 13,930,965</u>

Cash includes amounts held in a chequing bank chequing account earning interest at graduated rates ranging from the bank's prime rate less 1.90% to the bank's prime rate less 1.55% per annum. Effective rates at year end ranges from 0.8% to 1.15% per annum. Cash also includes amounts held in a savings account earning interest at 0.6% per annum.

Term deposits are short-term deposits with original maturities of twelve months or less.

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 (2014 - \$nil) is drawn at year end.

**3. TAXES RECEIVABLE**

	2015	2014
Current taxes and grants in place of taxes	\$ 116,740	\$ 105,338
Arrears taxes	<u>57,674</u>	<u>63,057</u>
	<u>\$ 174,414</u>	<u>\$ 168,395</u>

**4. 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, 2015, \$3,000,000 (2014 - \$nil) 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.

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**5. EMPLOYEE BENEFIT OBLIGATIONS**

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

	2015	2014
Bank time	\$ 31,560	\$ 29,363
Vacation	<u>201,728</u>	<u>260,445</u>
	<u>\$ 233,288</u>	<u>\$ 289,808</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.

**6. 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, 2015

## 7. DEFERRED REVENUE

	2015	2014
Prepaid local improvements	\$ 64,537	\$ 72,683
Overpayment of taxes	52,889	14,919
Deferred projects	109,727	100,500
Damage deposits	15,293	14,643
Deferred operating revenue	529,407	424,462
Deferred capital grants	302,758	507,744
	<u>\$ 1,074,611</u>	<u>\$ 1,134,951</u>

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

	Balance 2014	Increases	Decreases	Balance 2015
Prepaid local improvements	\$ 72,683	\$ -	\$ (8,146)	\$ 64,537
Overpayment of taxes	14,919	52,889	(14,919)	52,889
Deferred projects	100,500	11,418	(2,191)	109,727
Damage deposits	14,643	650	-	15,293
Deferred operating revenue	424,462	1,120,503	(1,015,558)	529,407
Deferred capital grants	507,744	2,444,679	(2,649,665)	302,758
	<u>\$ 1,134,951</u>	<u>\$ 3,630,139</u>	<u>\$ (3,690,479)</u>	<u>\$ 1,074,611</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 2014	Increases	Decreases	Balance 2015
Basic Municipality Transportation Grant	\$ 12,103	\$ -	\$ (12,103)	\$ -
Municipal Sustainability Initiative Grant	460,141	1,784,734	(2,244,875)	-
Federal Gas Tax Fund Grant	-	382,687	(382,687)	-
BP Legacy Donation	25,000	-	-	25,000
Gruber Street Light Reserve	-	13,188	-	13,188
Curling Club Recreation Centre contributions	-	264,000	-	264,000
Other restricted contributions	10,500	70	(10,000)	570
	<u>\$ 507,744</u>	<u>\$ 2,444,679</u>	<u>\$ (2,649,665)</u>	<u>\$ 302,758</u>

**TOWN OF ROCKY MOUNTAIN HOUSE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**8. LONG TERM DEBT**

	2015	2014
Tax supported debentures	\$ 3,789,330	\$ 4,359,949
Self supported debentures	<u>4,781,502</u>	<u>5,127,164</u>
	<u>\$ 8,570,832</u>	<u>\$ 9,487,113</u>

The current portion of the long-term debt amounts to \$933,306 (2014 - \$916,280).

Principal and interest repayments are due as follows:

	PRINCIPAL	INTEREST	TOTAL
2016	\$ 933,306	\$ 322,750	\$ 1,256,056
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
Thereafter	<u>4,447,470</u>	<u>687,068</u>	<u>5,134,538</u>
	<u>\$ 8,570,832</u>	<u>\$ 1,947,782</u>	<u>\$ 10,518,614</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 2016 through 2028. The average annual interest rate is 4.69% (2014 - 4.69%).

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

Interest on long-term debt amounted to \$360,735 (2014 - \$347,888).

The Town's total cash payments for interest in 2015 were \$360,735 (2014- \$362,551).

**9. 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:

	2015	2014
Total Debt Limit	\$ 25,767,518	\$ 24,319,251
Total debt	<u>11,570,832</u>	<u>9,487,113</u>
Amount of debt limit unused	<u>\$ 14,196,686</u>	<u>\$ 14,832,138</u>
Debt servicing limit	\$ 4,294,586	\$ 4,053,209
Debt servicing	<u>4,256,056</u>	<u>1,063,811</u>
Amount of debt servicing limit unused	<u>\$ 38,530</u>	<u>\$ 2,989,398</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, 2015**

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2015	2014
Capital Assets (Schedule 2)	\$ 137,065,495	\$ 120,175,163
Accumulated amortization (Schedule 2)	(46,553,875)	(44,019,296)
Long-term debt	(11,570,832)	(9,487,113)
Long-term operating debt	<u>722,803</u>	<u>758,162</u>
	<u>\$ 79,663,591</u>	<u>\$ 67,426,916</u>

**11. ACCUMULATED SURPLUS**

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

	2015	2014
Unrestricted surplus	\$ 5,468,050	\$ 10,285,394
Restricted surplus	5,246,136	3,669,766
Equity in tangible capital assets	<u>79,663,591</u>	<u>67,426,916</u>
	<u>\$ 90,377,777</u>	<u>\$ 81,382,076</u>

  

	Balance (Dec. 31, 2014)	Increases	Decreases	Balance (Dec. 31, 2015)
<b>RESTRICTED SURPLUS</b>				
Operating contingency	\$ 781,250	\$ -	\$ (208,043)	\$ 573,207
Capital - general	926,620	7,533,840	(6,712,561)	1,747,899
Airport - equipment	80,497	15,797	(57,549)	38,745
Water and sewer Infrastructure	(5,218)	541,777	-	536,559
RVB Special reserve	12,431	-	-	12,431
Land development	755,501	-	(17,427)	738,074
Off-site levies	594,338	-	-	594,338
Equipment replacement	213,376	345,000	(209,240)	349,136
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	67,736	5,421	-	73,157
Building Maintenance Reserve	15,172	139,978	(5,456)	149,694
Street Light Improvement reserve	45,463	204,833	-	250,296
	<u>\$ 3,669,766</u>	<u>\$ 8,786,646</u>	<u>\$ (7,210,276)</u>	<u>\$ 5,246,136</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, 2015

## 12. CONTRACTUAL RIGHTS

During the year 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:

2016	\$	359,706
2017		334,706
2018		334,706
2019		334,706
2020		84,706
Thereafter		<u>328,824</u>
	\$	<u>1,777,354</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. \$125,000 of the anticipated 2016 contribution was received and included in deferred capital grants during 2015. Anticipated future receipts under this agreement are:

2016	\$	14,000
2017		139,000
2018		139,000
2019		139,000
2020		139,000
Thereafter		<u>416,000</u>
	\$	<u>986,000</u>

During the year 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:

2016	\$	750,000
2017		750,000
2018		750,000
2019		<u>750,000</u>
	\$	<u>3,000,000</u>

## 13. 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).

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015

## 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	2015			2014
	HONORARIUM SALARY <sup>1</sup>	BENEFITS & ALLOWANCES <sup>2</sup>	TOTAL	TOTAL
Jason Alderson	\$ 10,563	\$ 422	\$ 10,985	\$ -
Tammy Burke	24,583	1,044	25,627	22,623
Sheila Mizera	20,938	863	21,801	20,202
Fred Nash	44,740	-	44,740	44,405
Randall Sugden	21,029	868	21,897	20,180
William Symko	4,486	-	4,486	19,190
Manfred Ullman	18,624	749	19,373	19,249
Donald Verhesen	20,680	850	21,530	21,097
	<u>\$ 165,643</u>	<u>\$ 4,796</u>	<u>\$ 170,439</u>	<u>\$ 166,946</u>
Town Manager - Becker	<u>\$ 158,750</u>	<u>\$ 33,924</u>	<u>\$ 192,674</u>	<u>\$ 182,151</u>
	<u>\$ 158,750</u>	<u>\$ 33,924</u>	<u>\$ 192,674</u>	<u>\$ 182,151</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% (2014 - 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2014 - 15.84%) on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 10.39% (2014 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2014 - 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 2015 were \$389,777 (2014 - \$389,891). Total current service contributions by the employees of the Town of Rocky Mountain House to the Local Authorities Pension Plan in 2015 were \$358,168 (2014 - \$358,235).

In accordance with the Public Sector Pension Plans Act, the actuarial deficiency as determined by actuarial funding valuations is being funded by special payments currently totalling 7.08% (2014 - 7.40%) of pensionable earnings shared equally between employers and employees until December 31, 2028. The special payments have been included in the rates in effect at December 31, 2015.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015

## 16. CONTINGENCIES

(a) **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, 2015.

(b) **Legal Actions**

The Town is a defendant in various lawsuits as at December 31, 2015. 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.

(c) **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

(a) **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 2015 are \$1,770,391 (2014 - \$1,951,543). The Town received Provincial grants to assist with the cost sharing in the amount of \$358,400 (2014 - \$358,400).

(b) **Construction contract**

As at December 31, 2015, the Town has incurred construction costs totalling \$12.1 million for the construction of the recreation centre. This construction contract had an original contract price of \$13.1 million, and by June 30, 2016 change orders totaling \$5.7 million have been approved for a revised total contract price of \$18.8 million. Under this construction contract, the Town is committed to spend a further \$6.7 million in 2016 towards the completion of the recreation centre construction contract. Completion of the recreation centre construction in 2016 will be funded 50% by Clearwater County and 50% from Town operating funds.

## TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**18. 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 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 69% (2014 - 54%) of the amounts receivable is due from another local government entity.

**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, its bank demand loan and long-term debt are at fixed rates of interest. The Town is exposed to interest rate risk to the extent that some cash and cash equivalents 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, 2015**19. 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 \$691,858 (2014 - \$516,152). The Town received Provincial grants to assist with the cost sharing in the amount of

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.

**20. TRUST FUNDS**

The Town of Rocky Mountain House administers the following trust:

	2015	2014
Cemetery Perpetual Care		
Balance, beginning of year	\$ 53,410	\$ 47,245
Sale of cemetery plots	3,308	5,455
Repurchase of cemetery plots	(67)	(90)
Interest	547	800
Balance, end of year	<u>\$ 57,198</u>	<u>\$ 53,410</u>

**21. BUDGET AMOUNTS**

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

**22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements are approved by Council and management July 19, 2016.