

TOWN OF ROCKY MOUNTAIN HOUSE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023



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, 2023 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.

Redacted under Section 17 of the FOIP Act.

Dean Krause
Chief Administrative Officer

04/24/24
Date

Redacted under Section 17 of the FOIP Act.

Betty Quinlan
Director of Corporate Services

AP 04/24
Date



BAKER TILLY WCR LLP

Suite #201, 5133 - 49 Street
P.O. Box 100
Rocky Mountain House, AB
Canada, T4T 1A1

O: 1 (403) 845-3226
F: 1 (403) 845-5666

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, 2023, 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, 2023, 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 Wey LLP

Rocky Mountain House, Alberta
April 24, 2024

Chartered Professional Accountants

TOWN OF ROCKY MOUNTAIN HOUSE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 38,973,202	\$ 21,400,538
Receivables		
Taxes receivable (Note 3)	371,387	292,981
Trade and other receivables (Note 4)	4,252,227	4,113,589
GST receivable	192,245	89,006
Land for resale inventory	944,522	1,848,140
Investments (Note 5)	-	15,000,000
Long-term receivable (Note 6)	<u>2,164,245</u>	<u>2,006,271</u>
	<u>46,897,828</u>	<u>44,750,525</u>
LIABILITIES		
Bank demand loan (Note 7)	\$ 2,046,651	\$ 2,032,365
Accounts payable and accrued liabilities	2,433,280	2,740,722
Accounts payable - tangible capital assets	1,301,561	1,032,821
Employee benefit obligations (Note 8)	498,597	450,858
Payroll remittances payable	76,083	75,286
Security deposits (Note 9)	163,515	162,837
Deferred revenue (Note 10)	9,590,940	8,366,818
Long term debt (Note 11)	8,733,925	9,526,119
Asset retirement obligation (Note 12)	<u>1,469,572</u>	<u>847,487</u>
	<u>26,314,124</u>	<u>25,235,313</u>
NET FINANCIAL ASSETS	<u>20,583,704</u>	<u>19,515,212</u>
NON - FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	103,952,845	96,879,165
Inventory for consumption	88,383	126,798
Prepaid expenses and deposits	<u>87,658</u>	<u>88,225</u>
	<u>104,128,886</u>	<u>97,094,188</u>
ACCUMULATED SURPLUS (Schedule 1, Note 15)	<u>\$ 124,712,590</u>	<u>\$ 116,609,400</u>

Contractual Rights, Contractual Obligations and Contingencies - See Note 17

Approved by Town Council:

[Redacted signature block]

[Redacted signature block]

See accompanying schedules and notes to the financial statements.

TOWN OF ROCKY MOUNTAIN HOUSE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
Net municipal taxes (Schedule 3)	\$ 9,329,963	\$ 9,318,017	\$ 9,127,290
Local improvements	8,767	22,075	22,075
User fees and sale of goods	5,242,644	5,515,522	5,238,456
Government transfers for operating (Schedule 4)	2,900,099	3,437,000	3,484,343
Investment income	650,900	1,667,099	551,761
Penalties and costs of taxes	282,800	232,805	252,848
Franchise and concessions	1,591,069	1,512,561	1,413,459
Licenses and permits	143,500	298,986	260,498
Advertising and sponsorships	73,760	61,209	102,636
Rentals	749,690	745,337	719,810
Other revenues	700	12,717	304,474
Total Revenue	<u>20,973,892</u>	<u>22,823,328</u>	<u>21,477,650</u>
EXPENSES			
Legislative	381,458	348,401	313,048
Administration	2,062,864	2,101,142	1,808,634
Protective services	3,908,314	3,491,106	4,082,037
Roads, streets, walks, lighting	3,537,835	3,817,259	3,360,212
Water supply and distribution	2,465,912	2,402,869	2,312,829
Wastewater treatment and disposal	1,355,566	1,365,381	1,186,237
Waste management	1,082,381	1,564,421	1,303,133
Family and community support	683,360	705,548	851,907
Planning and development	924,484	917,143	1,043,028
Parks and recreation	4,359,122	4,403,232	4,302,098
Culture	604,120	610,312	574,065
Public health	117,534	140,456	121,124
Total Expenses	<u>21,482,950</u>	<u>21,867,270</u>	<u>21,258,352</u>
EXCESS OF REVENUES OVER EXPENSES - BEFORE CAPITAL REVENUE	(509,058)	956,058	219,298
CAPITAL REVENUE			
Contributed assets	-	-	1,875,246
Gain on disposal of tangible capital assets	-	151,088	58,307
Government transfers for capital (Schedule 4)	15,538,316	6,996,044	1,976,490
TOTAL CAPITAL REVENUE	<u>15,538,316</u>	<u>7,147,132</u>	<u>3,910,043</u>
EXCESS OF REVENUES OVER EXPENSES	15,029,258	8,103,190	4,129,341
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>116,609,400</u>	<u>116,609,400</u>	<u>112,480,059</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$131,638,658</u>	<u>\$124,712,590</u>	<u>\$116,609,400</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, 2023

	Budget (Unaudited)	2023	2022
EXCESS OF REVENUES OVER EXPENSES	\$ <u>15,029,258</u>	\$ <u>8,103,190</u>	\$ <u>4,129,341</u>
Acquisition of tangible capital assets	(21,740,338)	(1,714,669)	(6,937,265)
Acquisition of construction-in-progress	-	(9,224,886)	3,227,818
Contributed tangible capital assets	-	-	(1,875,246)
Proceeds on disposal of tangible capital assets	-	225,555	477,113
Amortization of tangible capital assets	3,321,414	3,791,398	3,497,051
(Gain) on disposal of tangible capital assets	-	(151,088)	(58,307)
	<u>(18,418,924)</u>	<u>(7,073,690)</u>	<u>(1,668,836)</u>
Net use of supplies inventories	-	38,425	(65,373)
Net acquisition of prepaid assets	-	567	(14,850)
	<u>-</u>	<u>38,992</u>	<u>(80,223)</u>
DECREASE (INCREASE) IN NET DEBT	(3,389,666)	1,068,492	2,380,282
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>19,515,212</u>	<u>19,515,212</u>	<u>17,134,930</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>16,125,546</u>	\$ <u>20,583,704</u>	\$ <u>19,515,212</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, 2023

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess Of Revenues Over Expenses	\$ 8,103,190	\$ 4,129,341
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	3,791,398	3,497,051
Tangible capital assets received as contributions	-	(1,875,246)
(Gain) loss on sale of investments	(151,088)	(58,307)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes receivable	(78,406)	46,096
Decrease (increase) in trade and other receivables	(241,877)	3,715,990
Decrease (increase) in inventory of land for resale	903,618	(224,706)
Decrease (increase) in inventory for consumption	38,425	(65,373)
Decrease (increase) in prepaid expenses	567	(14,850)
Decrease (increase) in long term receivables	(157,974)	(278,304)
Increase (decrease) in accounts payable and accrued liabilities	9,834	629,083
Increase (decrease) in deferred revenue	1,224,122	(281,059)
Increase (decrease) in security deposits	678	2,448
Increase (decrease) in asset retirement obligation	<u>622,085</u>	<u>(268,696)</u>
Cash provided by operating transactions	<u>14,064,572</u>	<u>8,953,468</u>
CAPITAL		
Purchase of tangible capital assets	(1,714,669)	(6,937,265)
Acquisition of construction-in-progress	(9,224,886)	3,227,818
Proceeds on sale of tangible capital assets	225,555	477,113
Cash applied to capital transactions	<u>(10,714,000)</u>	<u>(3,232,334)</u>
INVESTING		
Purchase of investments	-	(15,000,000)
Proceeds on disposal of investments	<u>15,000,000</u>	<u>-</u>
Cash provided by (applied to) investing transactions	<u>15,000,000</u>	<u>(15,000,000)</u>
FINANCING		
Long-term debt issued	194,100	4,994,100
Long-term debt repaid	(986,294)	(856,976)
Proceeds from demand loans	159,131	518,647
Repayment of demand loans	<u>(144,845)</u>	<u>(82,793)</u>
Cash provided by financing transactions	<u>(777,908)</u>	<u>4,572,978</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	17,572,664	(4,705,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>21,400,538</u>	<u>26,106,426</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>38,973,202</u>	\$ <u>21,400,538</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, 2023
SCHEDULE 1

	Unrestricted Surplus	Restricted Reserves	Equity in Tangible Capital Assets	2023 TOTAL	2022 TOTAL
BALANCE, BEGINNING OF YEAR	\$ <u>8,235,292</u>	\$ <u>20,398,358</u>	\$ <u>87,975,750</u>	\$ <u>116,609,400</u>	\$ <u>112,480,059</u>
Excess Of Revenues Over Expenses	8,103,190	-	-	8,103,190	4,129,341
Restricted funds used for operations	575,173	(575,173)	-	-	-
Unrestricted funds designated for future use	(10,559,575)	10,559,575	-	-	-
Restricted funds used for tangible capital assets	-	(1,946,495)	1,946,495	-	-
Funds used for tangible capital assets	(8,993,059)	-	8,993,059	-	-
Disposal of tangible capital assets	74,467	-	(74,467)	-	-
Annual amortization expense	3,791,398	-	(3,791,398)	-	-
Asset retirement obligation	1,469,572	-	(1,469,572)	-	-
Capital long-term debt repaid	<u>(936,693)</u>	<u>-</u>	<u>936,693</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(6,475,527)</u>	<u>8,037,907</u>	<u>6,540,810</u>	<u>8,103,190</u>	<u>4,129,341</u>
BALANCE, END OF YEAR	\$ <u><u>1,759,765</u></u>	\$ <u><u>28,436,265</u></u>	\$ <u><u>94,516,560</u></u>	\$ <u><u>124,712,590</u></u>	\$ <u><u>116,609,400</u></u>

**TOWN OF ROCKY MOUNTAIN HOUSE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
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>2023 TOTAL</u>	<u>2022 TOTAL</u>
COST								
BALANCE, BEGINNING OF YEAR	\$ 5,750,873	\$ 9,568,774	\$ 27,863,122	\$ 110,541,407	\$ 8,497,118	\$ 3,072,964	\$ 165,294,258	\$ 160,308,901
Acquisition of tangible capital assets	-	488,189	302,001	81,570	540,164	302,745	1,714,669	8,812,513
Acquisition of construction-in-progress	-	-	-	9,561,872	-	-	9,561,872	(3,227,818)
Disposal of tangible capital assets	-	-	(27,956)	(336,987)	(214,205)	(415,620)	(994,768)	(599,338)
BALANCE, END OF YEAR	<u>\$ 5,750,873</u>	<u>\$ 10,056,963</u>	<u>\$ 28,137,167</u>	<u>\$ 119,847,862</u>	<u>\$ 8,823,077</u>	<u>\$ 2,960,089</u>	<u>\$ 175,576,031</u>	<u>\$ 165,294,258</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 6,167,064	\$ 8,519,792	\$ 46,706,595	\$ 4,723,239	\$ 2,298,403	\$ 68,415,093	\$ 65,098,574
Add: amortization	-	271,727	721,852	2,315,192	378,328	104,299	3,791,398	3,497,051
Less: amortization on disposals	-	-	(13,805)	-	(193,160)	(376,340)	(583,305)	(180,532)
BALANCE, END OF YEAR	<u>-</u>	<u>6,438,791</u>	<u>9,227,839</u>	<u>49,021,787</u>	<u>4,908,407</u>	<u>2,026,362</u>	<u>71,623,186</u>	<u>68,415,093</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 5,750,873</u>	<u>\$ 3,618,172</u>	<u>\$ 18,909,328</u>	<u>\$ 70,826,075</u>	<u>\$ 3,914,670</u>	<u>\$ 933,727</u>	<u>\$ 103,952,845</u>	<u>\$ 96,879,165</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,750,873	\$ 3,401,710	\$ 19,343,330	\$ 63,834,812	\$ 3,773,879	\$ 774,561	\$ 96,879,165	

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2023
SCHEDULE 3**

	Budget (Unaudited)	2023	2022
NET MUNICIPAL TAXES (AFTER REQUISITIONS)			
Real property tax	\$ 12,001,491	\$ 11,949,810	\$ 11,690,241
Linear Property	157,442	166,859	157,442
Grants in place of property taxes	67,500	102,333	71,879
Special assessments and local improvement taxes	<u>3,146</u>	<u>8,082</u>	<u>8,299</u>
TOTAL NET MUNICIPAL TAXES (AFTER REQUISITIONS)	<u>12,229,579</u>	<u>12,227,084</u>	<u>11,927,861</u>
REQUISITIONS			
Alberta School Foundation Fund	2,812,909	2,785,390	2,655,212
Westview Lodge	<u>86,707</u>	<u>123,677</u>	<u>145,359</u>
	<u>2,899,616</u>	<u>2,909,067</u>	<u>2,800,571</u>
	<u>\$ 9,329,963</u>	<u>\$ 9,318,017</u>	<u>\$ 9,127,290</u>

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023
SCHEDULE 4**

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Other Local Governments	\$ 1,928,981	\$ 2,318,295	\$ 2,139,769
Provincial Government	955,118	1,113,643	1,315,174
Federal Government	16,000	5,062	29,400
	<u>2,900,099</u>	<u>3,437,000</u>	<u>3,484,343</u>
TRANSFERS FOR CAPITAL			
Other Local Governments	1,083,087	979,698	136,615
Provincial Government	4,000,849	4,358,331	1,261,976
Federal Government	10,454,380	1,658,015	577,899
	<u>15,538,316</u>	<u>6,996,044</u>	<u>1,976,490</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 18,438,415</u>	<u>\$ 10,433,044</u>	<u>\$ 5,460,833</u>

TOWN OF ROCKY MOUNTAIN HOUSE

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023
SCHEDULE 5**

CONSOLIDATED EXPENSES BY OBJECT	Budget (Unaudited)	2023	2022
Salaries, wages and benefits	\$ 8,157,507	\$ 7,982,142	\$ 7,370,962
Contracted and general services	6,030,330	5,641,042	5,779,419
Materials, goods and utilities	2,225,450	2,468,358	2,272,128
Bank charges and short term interest	13,700	20,006	30,729
Interest on long-term debt	144,165	143,495	167,291
Provision for Allowances	-	-	27,523
Transfers to local boards and organizations	1,590,384	1,448,745	1,967,447
Write down of land held for resale	-	-	145,802
Amortization of tangible capital assets	3,321,414	3,791,398	3,497,051
Accretion of Asset retirement obligations	-	372,084	-
	<u>\$ 21,482,950</u>	<u>\$ 21,867,270</u>	<u>\$ 21,258,352</u>

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

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation</u>	<u>Planning & Development</u>	<u>Public Health & Welfare</u>	<u>Recreation & Culture</u>	<u>Environmental Use & Protection</u>	<u>TOTAL</u>
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>1,512,560</u>	<u>140,018</u>	<u>107,290</u>	<u>511,387</u>	<u>77,405</u>	<u>494,473</u>	<u>42,557</u>	<u>2,885,690</u>
	<u>\$ 13,075,684</u>	<u>\$ 993,610</u>	<u>\$ 234,087</u>	<u>\$ 733,000</u>	<u>\$ 841,828</u>	<u>\$ 2,067,532</u>	<u>\$ 4,877,587</u>	<u>\$ 22,823,328</u>
EXPENSES								
Contracted & general services	\$ 349,103	\$ 2,259,697	\$ 532,239	\$ 228,571	\$ 68,897	\$ 416,874	\$ 1,785,661	\$ 5,641,042
Salaries & wages	1,746,505	690,430	932,180	615,190	266,164	2,459,911	1,271,762	7,982,142
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	78,865	163,501
Other expenses	-	-	-	-	-	-	372,084	372,084
	<u>2,282,817</u>	<u>3,431,195</u>	<u>2,303,117</u>	<u>954,876</u>	<u>773,276</u>	<u>4,028,432</u>	<u>4,302,159</u>	<u>18,075,872</u>
NET REVENUE, BEFORE AMORTIZATION & OTHER CAPITAL	10,792,867	(2,437,585)	(2,069,030)	(221,876)	68,552	(1,960,900)	575,428	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>\$ 10,777,229</u>	<u>\$ (2,497,497)</u>	<u>\$ (2,333,646)</u>	<u>\$ (253,374)</u>	<u>\$ 65,056</u>	<u>\$ (2,013,848)</u>	<u>\$ 4,359,270</u>	<u>\$ 8,103,190</u>

TOWN OF ROCKY MOUNTAIN HOUSE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE PREVIOUS YEAR ENDED DECEMBER 31, 2022
SCHEDULE 6

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Planning & Development</u>	<u>Public Health & Welfare</u>	<u>Recreation & Culture</u>	<u>Environmental Use & Protection</u>	<u>TOTAL</u>
REVENUE								
Net municipal taxes	\$ 9,127,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,127,290
Operating government transfers	582,494	777,243	-	25,824	1,001,004	1,055,066	42,712	3,484,343
User fees and sales of goods	21,407	-	8,071	26,551	36,715	418,606	4,727,106	5,238,456
Investment interest income	551,359	-	-	-	-	-	402	551,761
Other revenues	<u>1,413,459</u>	<u>160,979</u>	<u>63,446</u>	<u>470,409</u>	<u>820,311</u>	<u>38,317</u>	<u>108,879</u>	<u>3,075,800</u>
	<u>\$ 11,696,009</u>	<u>\$ 938,222</u>	<u>\$ 71,517</u>	<u>\$ 522,784</u>	<u>\$ 1,858,030</u>	<u>\$ 1,511,989</u>	<u>\$ 4,879,099</u>	<u>\$ 21,477,650</u>
EXPENSES								
Contracted & general services	\$ 324,390	\$ 2,361,070	\$ 425,992	\$ 238,102	\$ 72,547	\$ 454,447	\$ 1,902,871	\$ 5,779,419
Salaries & wages	1,609,599	682,394	777,348	578,265	272,485	2,343,416	1,107,455	7,370,962
Materials, goods & utilities	(6,869)	30,916	683,710	52,756	48,753	734,431	728,431	2,272,128
Transfers to local boards	97,738	939,762	-	64,258	439,429	424,158	2,102	1,967,447
Interest expense & bank charges	41,961	-	34,159	6,621	-	30,777	84,502	198,020
Other expenses	27,523	-	-	145,802	-	-	-	173,325
	<u>2,094,342</u>	<u>4,014,142</u>	<u>1,921,209</u>	<u>1,085,804</u>	<u>833,214</u>	<u>3,987,229</u>	<u>3,825,361</u>	<u>17,761,301</u>
NET REVENUE, BEFORE AMORTIZATION AND OTHER CAPITAL	9,601,667	(3,075,920)	(1,849,692)	(563,020)	1,024,816	(2,475,240)	1,053,738	3,716,349
Contributed assets	-	-	625,082	-	-	1,250,164	-	1,875,246
Gain on disposal of tangible capital assets	-	-	-	58,307	-	-	-	58,307
Capital government transfers	-	-	780,440	-	15,150	106,665	1,074,235	1,976,490
Amortization Expense	<u>(28,957)</u>	<u>(66,277)</u>	<u>(1,283,581)</u>	<u>(31,498)</u>	<u>(952,498)</u>	<u>(1,132,260)</u>	<u>(1,980)</u>	<u>(3,497,051)</u>
NET REVENUE	<u>\$ 9,572,710</u>	<u>\$ (3,142,197)</u>	<u>\$ (1,727,751)</u>	<u>\$ (536,211)</u>	<u>\$ 87,468</u>	<u>\$ (2,250,671)</u>	<u>\$ 2,125,993</u>	<u>\$ 4,129,341</u>

TOWN OF ROCKY MOUNTAIN HOUSE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 performed.

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting principles 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) 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.

(g) 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Long-term Debt

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

(i) 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.

(j) 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.

(k) 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Revenue

The Town follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

User fees and sales of goods are recognized in the period in which the goods are provided, or the services are rendered. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental revenue is recognized in the relevant tenancy period.

Government transfers and grants are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, and eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made. Prior to that, any amounts received are recorded as deferred revenue.

Investment income is recorded as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

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

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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. 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.

(r) Cash Flow Reporting

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

2. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	\$ <u>38,973,202</u>	\$ <u>21,400,538</u>

Cash includes amounts held in a chequing bank account earning interest at graduated rates ranging from the bank's prime rate less 1.90% - 1.45% (2022 - 1.90% to 1.55%) per annum. The effective rate at year end is 5.30% - 5.75% (2022 - 4.55% - 4.90%) per annum. Cash also includes amounts held in a savings account earning interest at 3.10% (2022 - 1.80%) per annum.

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. TAXES RECEIVABLE

	2023	2022
Current taxes	\$ 261,688	\$ 245,885
Arrears taxes	<u>109,699</u>	<u>47,096</u>
	<u>\$ 371,387</u>	<u>\$ 292,981</u>

4. TRADE AND OTHER RECEIVABLES

	2023	2022
Other trade receivables	\$ 574,845	\$ 463,034
School under-levy	(558)	2,145
Utilities receivable	584,330	577,947
Government grants for operating costs	597,344	1,047,976
CEIP loan receivable	183,428	104,700
Government grants receivable	1,940,225	1,508,897
Other receivable for capital costs (Note 17)	472,800	512,200
Allowance for doubtful accounts	<u>(100,187)</u>	<u>(103,310)</u>
	<u>\$ 4,252,227</u>	<u>\$ 4,113,589</u>

At December 31, 2023 included in government grants receivable:

	2023	2022
Municipal Sustainability Initiative (MSI)	\$ -	\$ 720,423
Investing in Canada Infrastructure Program (ICIP) - Federal	960,527	659,053
Clearwater County	<u>979,698</u>	<u>129,421</u>
	<u>\$ 1,940,225</u>	<u>\$ 1,508,897</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	2023	2022
Non-Redeemable GIC	December 19, 2023	5.06%	\$ -	\$ 5,000,000
Non-Redeemable GIC	December 19, 2023	5.06%	-	2,000,000
Non-Redeemable GIC	December 19, 2023	5.06%	-	2,000,000
Non-Redeemable GIC	December 19, 2023	5.06%	-	2,000,000
Non-Redeemable GIC	December 19, 2023	5.06%	-	2,000,000
Non-Redeemable GIC	December 19, 2023	5.06%	<u>-</u>	<u>2,000,000</u>
			<u>\$ -</u>	<u>\$ 15,000,000</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**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, 2023 is 8.20% (2022 - 7.45%). The amount is due at the later of the following dates: May 1, 2024 or four years after the issuance of a construction completion certificate. The certificate of substantial completion was issued September 27, 2021.

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 8.20% (2022 - 7.45%). At December 31, 2023 \$1,986,861 (2022 - \$2,006,271) 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 2023 was \$157,974 (2022 - \$82,793).

At December 31, 2023 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%. As of December 31, 2023 the Town has a \$59,790 credit balance (2022 - \$26,094).

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**8. EMPLOYEE BENEFIT OBLIGATIONS**

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

	2023	2022
Bank time	\$ 3,110	\$ 3,902
Vacation and incentive time	292,118	272,425
Personal time	<u>203,369</u>	<u>174,531</u>
	<u>\$ 498,597</u>	<u>\$ 450,858</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 (2022 - 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 34% (2022 - 31%) 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, 2023

10. DEFERRED REVENUE

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

	Balance 2022	Received	Recognized	Balance 2023
Prepaid local improvements	\$ 26,303	\$ -	\$ (8,768)	\$ 17,535
Deferred projects	191,321	166,209	(134,789)	222,741
Deferred operating revenue	360,698	322,513	(428,194)	255,017
Deferred capital grants	<u>7,788,496</u>	<u>7,323,497</u>	<u>(6,016,346)</u>	<u>9,095,647</u>
	<u>\$ 8,366,818</u>	<u>\$ 7,812,219</u>	<u>\$ (6,588,097)</u>	<u>\$ 9,590,940</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 2022	Received	Recognized	Balance 2023
Municipal Sustainability Initiative Grant	\$ 1,853,035	\$ 759,157	\$ (2,288,748)	\$ 323,444
Canada Community Building Fund (Formerly Federal Gas Tax Fund)	189,913	422,680	(527,412)	85,181
Alberta Community Partnership Grant	-	162,447	(161,150)	1,297
Gruber Street Light Reserve	13,188	-	-	13,188
Investing in Canada Infrastructure Program	4,536,790	4,321,197	(1,381,020)	7,476,967
Investing in Canada Infrastructure Program - Federal	-	1,658,016	(1,658,016)	-
Shell Canada donation	1,000,000	-	-	1,000,000
Other deferred capital revenues	<u>195,570</u>	<u>-</u>	<u>-</u>	<u>195,570</u>
	<u>\$ 7,788,496</u>	<u>\$ 7,323,497</u>	<u>\$ (6,016,346)</u>	<u>\$ 9,095,647</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

11. LONG TERM DEBT

	2023	2022
Green Municipal Fund Loan	\$ 388,200	\$ 194,100
Tax-supported debentures	2,143,829	2,197,868
Self-supported debentures	<u>6,201,896</u>	<u>7,134,151</u>
	<u>\$ 8,733,925</u>	<u>\$ 9,526,119</u>

The current portion of the long-term debt amounts are \$806,843 (2022 - \$986,293).

Principal and interest repayments are due as follows:

	PRINCIPAL	INTEREST	TOTAL
2024	\$ 806,843	\$ 342,280	\$ 1,149,123
2025	588,724	315,321	904,045
2026	570,754	292,593	863,347
2027	593,576	269,771	863,347
2028	617,387	245,960	863,347
Thereafter	<u>5,556,641</u>	<u>2,311,025</u>	<u>7,867,666</u>
	<u>\$ 8,733,925</u>	<u>\$ 3,776,950</u>	<u>\$ 12,510,875</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 3.78% (2022 - 3.96%).

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 2023 were \$376,034 (2022 - \$171,256).

An advance for the Green Municipal Fund Loan of \$194,100 was received during the year (2022 - \$194,100). Payments are \$8,823 (2022 - \$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, 2023**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 \$22,567 with annual post closure activities starting in the year 2037 of \$340,831 per year, increasing at an annual inflation rate of 3.5% 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 5.28% (2022 - 4.90%) and assuming annual inflation of 3.5% (2022 - 2%). 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

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

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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:

	2023	2022
Total debt limit	\$ 35,931,171	\$ 32,508,858
Total debt	<u>8,733,925</u>	<u>9,526,119</u>
Amount of debt limit unused	<u>\$ 27,197,246</u>	<u>\$ 22,982,739</u>
Debt servicing limit	\$ 5,988,529	\$ 5,418,143
Debt servicing	<u>3,195,774</u>	<u>2,374,645</u>
Amount of debt servicing limit unused	<u>\$ 2,792,755</u>	<u>\$ 3,043,498</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

	2023	2022
Tangible Capital Assets (Schedule 2)	\$ 175,576,031	\$ 165,294,258
Accumulated amortization (Schedule 2)	<u>(71,623,186)</u>	<u>(68,415,093)</u>
Long-term debt (Note 11)	<u>(8,733,925)</u>	<u>(9,526,119)</u>
Asset retirement obligation (Note 12)	<u>(1,469,572)</u>	-
Add back operating long term debt (Note 11)	388,200	194,100
Long-term operating debt	<u>379,012</u>	<u>428,604</u>
	<u>\$ 94,516,560</u>	<u>\$ 87,975,750</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

15. ACCUMULATED SURPLUS

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

	2023	2022
Unrestricted surplus	\$ 1,759,765	\$ 8,235,292
Internally restricted surplus	-	-
Capital Reserves	18,292,455	12,128,897
Utility Reserves	9,522,323	7,746,817
Offsite Levy Reserves	621,487	522,644
Equity in tangible capital assets (Note 14)	<u>94,516,560</u>	<u>87,975,750</u>
	<u>\$ 124,712,590</u>	<u>\$ 116,609,400</u>

16. TRUST FUNDS

The Town of Rocky Mountain House administers the following trust:

	2023	2022
Cemetery Perpetual Care		
Balance, beginning of year	\$ 93,816	\$ 84,597
Sale of cemetery plots	8,350	6,150
Interest	<u>3,647</u>	<u>3,069</u>
Balance, end of year	<u>\$ 105,813</u>	<u>\$ 93,816</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

2024	\$	39,400
2025		39,400
2026		39,400
2027		39,400
2028		39,400
Thereafter		<u>275,800</u>
	\$	<u>472,800</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 2023 the payment is \$426,300 (2022 - \$477,991).

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:

2024	\$	55,458
2025		55,458
2026		<u>27,729</u>
	\$	<u>138,645</u>

TOWN OF ROCKY MOUNTAIN HOUSE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023 are \$2,528,484. (In 2022 the Town recognized \$2,605,896). The Town received Provincial grants to assist with the cost sharing in the amount of \$353,080. (In 2022 the Town recognized \$353,080).

Land Development

The Town has entered in to an agreement to develop a parcel of land. The total project is estimated to cost \$4,035,640 (2022 - \$4,035,640). The Town has agreed to contribute 46% of total expenditures. As of December 31, 2023, the Town's portion of expenditures made is \$1,856,395 (2022 - \$1,856,395). The project is anticipated to be completed September 27, 2025.

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, 2023

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	2023			2022
	HONORARIUM SALARY ¹	BENEFITS & ALLOWANCES ²	TOTAL	TOTAL
David Auld	\$ 23,330	\$ 1,380	\$ 24,710	\$ 27,553
Debbie Baich	51,100	2,832	53,932	54,188
Shane Boniface	21,845	1,309	23,154	30,967
Marley Capraro	27,255	1,468	28,723	29,413
Merrin Fraser	-	-	-	17,469
Tina Hutchinson	38,150	2,262	40,412	41,146
Len Phillips	42,020	2,492	44,512	41,209
Dale Shippelt	30,700	-	30,700	2,160
	<u>\$ 234,400</u>	<u>\$ 11,743</u>	<u>\$ 246,143</u>	<u>\$ 244,105</u>
CAO - Dean Krause	<u>\$ 210,434</u>	<u>\$ 31,825</u>	<u>\$ 242,259</u>	<u>\$ 233,418</u>

- Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, compensated absences and any other direct cash remuneration.
- 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, 2023**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 291,259 people and about 437 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% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount.

Total current and past service contributions by the Town to the Local Authorities Pension Plan in 2023 were \$476,560 (2022 - \$453,456). Total current and past service contributions by the employees of the Town to the Local Authorities Pension Plan in 2023 were \$424,689 (2022 - \$403,745).

The LAPP discloses an actuarial surplus at year end. The 2023 numbers were not available at the time of preparing these financial statements. (2022 - \$12.67 billion surplus).

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

20. 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, 2023**21. 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.

Budget	\$ 15,029,258
Amortization	3,321,414
Government transfers for capital (Schedule 4)	(15,538,316)
Repayment of long term debt	(982,347)
Transfers from reserves - capital	(1,830,009)
	<u>\$ -</u>

22. COMPARATIVE FIGURES

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

23. 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.

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. The town is exposed to market price risk from investments in equity instruments whose value fluctuates with changes in quoted market prices.

24. BUDGET AMOUNTS

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

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are approved by Council and management April 24, 2024.