

REPORT TO THE COMMUNITY

2016

cochrane
HOW THE WEST IS NOW





Welcome to this year's Report to the Community. This document gives a good overview of Council's priorities, an outline of our tax base and current financial position, a list of capital projects and an explanation of our debt limit. It's a great place to start to

get the big picture of where Cochrane is today and what our plans are for the future.

Every year, Town Council and Senior Administration review the Town of Cochrane's progress on community service and financial goals. Then we update the Ten-year Financial Strategy so we can share this information with the community and stakeholders.

We also take this opportunity to reflect on our progress towards the community's long-term needs. When we do both things well, we're contributing to the sustainability and long-term success of our community.

The Town's goals remain lofty, but within reach: we plan ahead to make the best use of current tax dollars and other funding, we develop goals for major projects so we can best serve the community for the long term, and we manage debt levels so we don't place an undue burden on future residents.

We know that financial sustainability is a key component in serving the needs of our growing community, now and into the future. I'm proud to be part of the team managing our growth and development so we can all enjoy life to the fullest here.

Mayor Ivan Brooker

A handwritten signature in black ink, appearing to be 'Ivan Brooker', written in a cursive style.



TOWN PROFILE

The Town of Cochrane is a municipality in southern Alberta, midway between Calgary and Banff National Park. Cochrane's 2015 population is over 23,000 people (over 9,000 households) and is growing steadily every year. Cochrane has roots steeped in world-famous ranch country, with an authentic western feel, reflected in the architecture and friendly people.

Cochrane was named after Senator Matthew Henry Cochrane, the man who established the Cochrane Rancho in 1881. The Canadian Pacific Railway granted the town site in 1885 and named it in honour of Senator Cochrane. The little hamlet of Cochrane became a village in 1903 and in 1906 had a population of 158.

Cochrane experienced waves of significant growth over the last 35 years, with peaks in the 1970s and 1990s: between 1996 and 2001, Cochrane was the fastest growing small urban centre in Canada, with 59 percent growth. In 2004, the need for developable land led Cochrane to annex approximately 1,225 additional hectares from neighbouring Rocky View County.

Today, Cochrane is still noted for its western heritage, unique buildings and popular Main Street, as well as its small-town hospitality. With the completion of the downtown revitalization and celebration of the Town's centennial in 2003, Cochrane is also a popular tourist destination.

The Town is at a critical juncture in terms of its future size, urban form and character. Cochrane's population could more than triple over the next 50 years. While demographics and economics will largely drive growth, Cochrane's high quality of life and strong sense of place enhances its potential to attract an even larger share of the region's projected growth.

GOVERNMENT STRUCTURE

The Town of Cochrane municipal mandate is to provide protective services, public utilities, various social and recreational programs and other local services to the community. The organization consists of two branches: a legislative branch (Town Council), and an administrative branch (led by the Chief Administrative Officer).

Town Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a four-year term and governs in accordance with powers granted under the *Municipal Government Act*.

Town Council provides strategic direction to Administration through a variety of plans, bylaws, policies and other governance processes.



VISION, MISSION AND VALUES

The Town's vision, mission and values provide the foundation for Council decisions and the direction given to Administration. The vision describes the type of town that Council wants Cochrane to become; the mission describes the Town's purpose; the values define how the Town as an organization carries out its work.

VISION

Proud of Cochrane's heritage, embracing our future, we are a dynamic organization creating municipal excellence.

MISSION

To protect and promote Cochrane as a unique community through our dedication to public service.

VALUES

This is how we will act while accomplishing our vision and mission; it's the way we do our business and the principles that guide our daily behaviour.

Accountability: We conduct ourselves with integrity in a responsible manner to build trust and confidence.

Continuous Learning and Development: We acquire ongoing success and personal growth through continual learning and development.

Customer Service: We serve the public interest with a positive attitude.

Fun: We believe that the use of respectful humour, laughter and plain old fun are important and that it contributes to our individual and organizational well-being.

Healthy and Safe Work Environment: We enhance the quality of life by minimizing risk and creating an environment where people are valued as individuals.

Innovation: We are a creative leading-edge organization embracing new ideas and new technologies.

Open Communication: We communicate openly, respectfully and promptly.

Participation: We achieve productivity and success through involvement, teamwork and recognition.



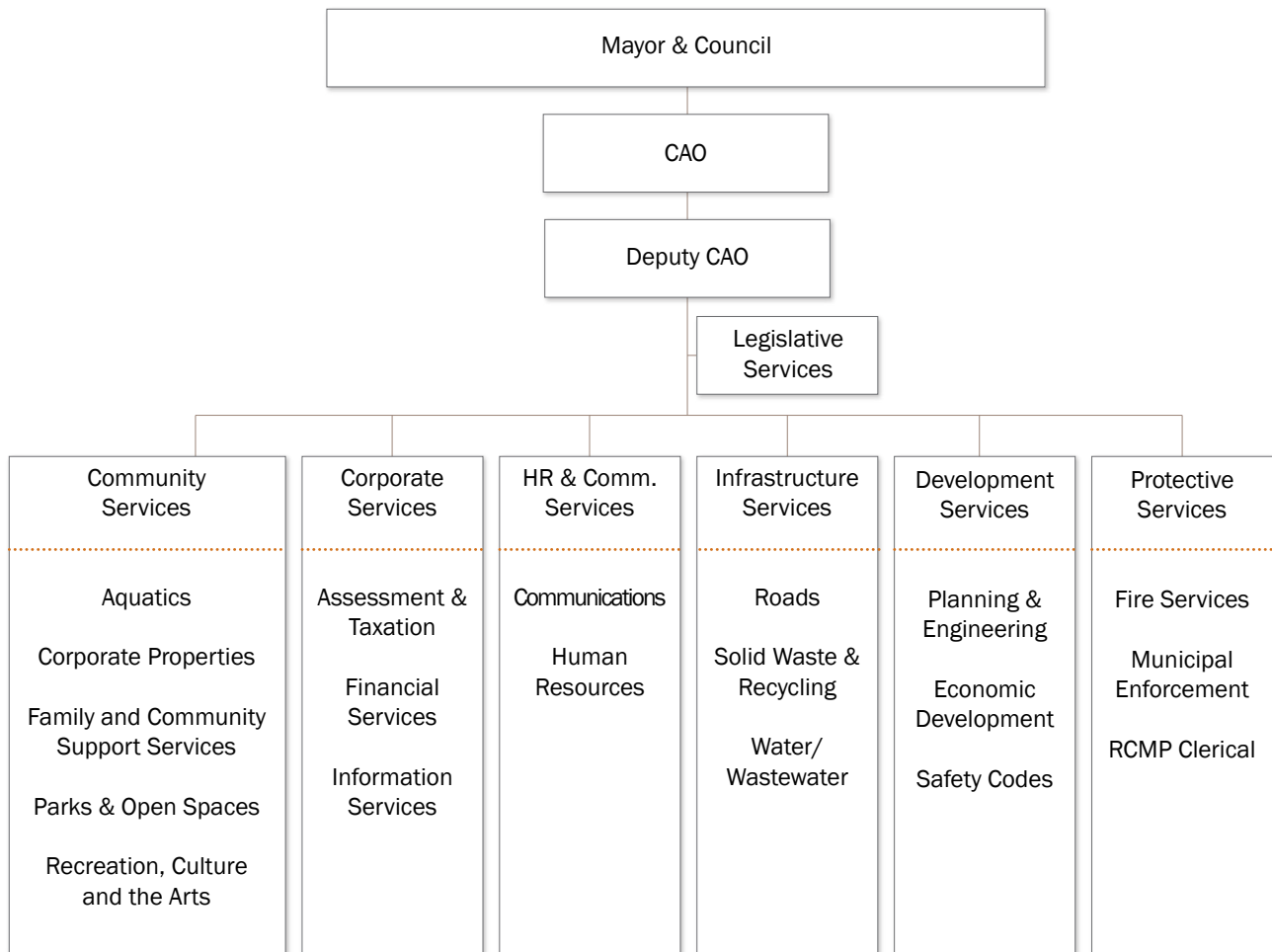
ADMINISTRATION

Town Administration, with an appointed Chief Administrative Officer, consists of six divisions and 20 separate sections.

The CAO and Deputy CAO form the Executive Leadership Team while the six Senior Managers comprise the Town's Senior Leadership Team.

A broader Leadership Forum, consisting of section Managers from across the organization, also provide support and direction to Administration.

2016 ORGANIZATIONAL CHART



COUNCIL'S STRATEGIC



PRIORITY
1

Focus attention and resources towards the completion of Aquatic Centre & Curling/Multi-sport Centre - Phase 4 Recreational Facility with Life Cycle Planning.

2016 Deliverables

- Finalize governance framework and finalize operating agreement
- Evaluate funding options after provincial 2016/17 budget announced
- Communicate funding strategy to the public
- Complete operational transition plan



PRIORITY
2

Focus attention and resources on Connecting Cochrane: improving roads and pathways.

2016 Deliverables

- Complete Connecting Cochrane
 - Approved by Council
 - Highway 22 & 1A intersection: continue advocacy with Alberta Transportation
 - Determine next steps for Highway 22 & 1A intersection following 2016/17 provincial budget
 - Evaluate existing road network to seek efficiencies for improved traffic flow
- Preparation for Bow River bridge
 - Finalize south alignment
 - Front-end funding agreements in place with developers
 - Commence north arterial construction plans
 - Bridge pre-design work
- Explore local and regional transit opportunities
 - Determine next steps for local transit service
 - Work with CRP on regional transit opportunities

PRIORITIES



PRIORITY
3

Focus attention and resources on planning for a community cultural hub.

2016 Deliverables

- Identify site
- Stakeholder consultation
- Finalize site



PRIORITY
4

Focus attention and resources on implementing the Economic Development Strategy.

2016 Deliverables

- Review land assets
 - Old Town Hall site sold with a draft design prepared that achieves Council's vision
 - Burnswest 1 acre site acquired and site design drafted
 - Prepare Fifth Ave site redevelopment options
 - Finalize site and begin design phase of Police Station
- Further implement Integrated Downtown Action Plan
 - Historic Downtown strategy approved by Council
 - Downtown washroom solution approved by Council
 - Tourism strategy approved by Council
 - Initiate north-south pedestrian connection
- Work with local businesses on opportunities for business diversification
- Identify infrastructure required to support technology-based business
 - Council strategic session on options for activating Town's dark fibre
 - Prepare broadband (fibre optics) options to support businesses

10-YEAR FINANCIAL STRATEGY

Council has strategized to complete \$249 million in major capital projects over the next 10 years. Core infrastructure projects include funding for a bridge across the Bow River, grade separation at Centre Avenue and twinning of the wastewater pipeline. New facility projects include a new police station, aquatic and curling/multisport facility, and arts centre.

The Town requires capital funding support from a variety of sources to meet the capital costs of these projects. The 10-year strategy assumes 5 percent growth, and that a portion of capital funding comes from other sources such as government grants, developer fees, community donations, sale of surplus Town lands and new debt.

The Town may get to its debt limit to complete these projects, but by the end of the 10 years, the debt limit would return to normal levels.

To sustain existing service levels, the 10-year strategy assumes an annual 3 percent property tax increase. The actual tax increase is set by Council in May each year; over the last three years, it has averaged less than 1 percent.

Project	Est. Town Cash Outflow 2016-2025	Timeline	Major Source(s) of Funding
Connecting Cochrane			
Bow River Bridge crossing; arterial road connections	\$45,300,000	2015 - 2019	Offsite levies/Federal grants/Debt
Connecting Cochrane implementation	\$11,000,000	continuous	Town reserves and Gas Tax grants
Local Transit Service	\$9,000,000	2019	GreenTRIP grant 2/3, Town 1/3
Horse Creek Crossing project	\$1,635,000	2021	Offsite levies
Centre Avenue road grade-separated crossing	\$28,000,000	2025	Prov. grants/Debt/Offsite levies
Downtown railway pedestrian crossing; improvements within CRL boundary	\$7,700,000	2018-2019	Community Revitalization Levy
Existing road network improvements	\$21,178,000	continuous	Provincial grants
Total Connecting Cochrane	\$123,813,000		
Aquatic and Curling /Multi-sport Centre	\$45,000,000	2014-2017	Town/Fundraising/Prov. grants
Police station	\$10,800,000	2017-2018	Long-term debt
Flood erosion projects	\$3,000,000	2015-2017	Provincial grants
Open Space Master Plan implementation	\$4,975,000	2016-2025	Parks enhancement fee/Town reserves
Fleet, equipment, facility lifecycling	\$20,372,000	continuous	Town reserves
Utility infrastructure lifecycling	\$18,550,000	continuous	Town reserves
Wastewater capacity upgrade	\$16,000,000	2017-2019	Offsite levies/Debt
Other offsite levy projects	\$6,490,000	continuous	Offsite levies
Community cultural hub	-	Scope TBD	2017 MSI operating grant toward feasibility study, schematic design
Total capital spending to 2025	\$249,000,000		

Developers will contribute \$63 million of above costs toward growth infrastructure detailed in Offsite Levy Bylaw 08/2015. In addition, developers support the Town's recreation, parks and culture facility needs with voluntary levies. Ten percent of community enhancement fees collected are transferred to an arts endowment fund. Six million in voluntary levies will go toward the Aquatic and Curling/Multi-sport Centre.

YOUR TAX DOLLARS AT WORK

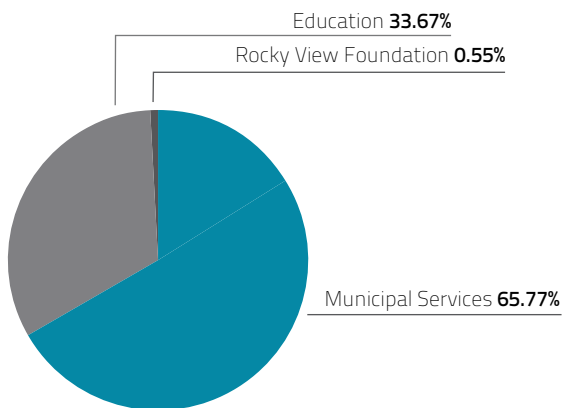
As the Town's major source of revenue comes directly from our taxpayers, the Town of Cochrane strives to provide good value for resident's tax dollars.

Each May, Council finalizes the amount of money required to support the Town's mandate to provide quality service to residents and businesses, and uses that figure to calculate the tax rate. Property taxes help pay for Town initiatives and

services such as emergency services, road maintenance, parks and recreation, and community development strategies.

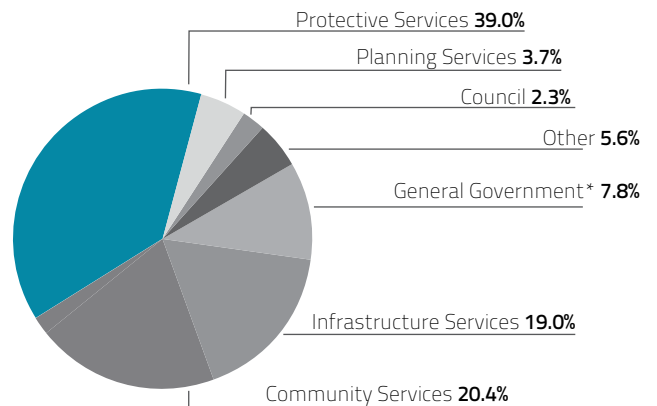
Just over 66 cents of every tax dollar received by the Town goes to fund municipal services. Taxes collected also go towards external requisitions such as provincial education and seniors' housing.

TAX DOLLAR DISTRIBUTION



*Includes Communications, Corporate Services, HR, Legislative Services.

BREAKDOWN OF MUNICIPAL SERVICES



COMMUNITY REVITALIZATION



A Community Revitalization Levy (CRL) is a unique funding opportunity provided by the province to accelerate the redevelopment of a specific area. This levy is adopted by municipal council and the province, and is applied to increases in assessed value to the properties within the CRL boundary. Cochrane's CRL was approved by the province in December 2012.



LEVY

The education portion of taxes levied in the CRL boundary remain in Cochrane for completion of the CRL approved projects.

Over the next 20 years, revenue generated through the CRL will be used to implement street and plaza improvements, one rail crossing and a shared parking facility.

In the first 30 months since the adoption of the CRL Plan, approximately 75% of the commercial floor area has been developed, allowing the CRL revenue goals to be met. Revenue was spent on Centre Avenue beautification and sidewalks around the CRL boundary.

Cochrane's CRL is getting attention as a successful, creative municipal financing tool. It won a 2013 Government Finance Officers Association (GFOA) award for excellence in government finance, and a 2015 Alberta Professional Planners Institute (APPI) Award of Merit.

The projects, and their associated cost estimates are:

Project Name	Commencement Priority	Estimated Expenditure
Public Space Improvements (Urban Design and Roadway)	2013-2016	\$3,000,000
CPR Pedestrian Crossing	As CRL cash flow permits	\$4,000,000
Contribution to the Arts Centre	Allocation under review; funds to be reallocated to other 3 CRL projects.	\$3,000,000
Shared Parking Facility	As CRL cash flow permits	\$3,000,000



COMMUNITY



SERVICES

Community Services provides opportunities for positive social engagement, advocates for public lands, maintains parks and facilities, engages the community through healthy lifestyles and physical activity, and works to ensure residents have access to public libraries.

2015 ACCOMPLISHMENTS

Aquatics

- Fundraising committees are actively seeking donations and sponsorships for the new aquatic centre and curling/multisport facility.
- Rock the Waves campaign is at \$4.6 million.
- A community event was held May 8, 2015 to celebrate the start of building construction.
- Full enclosure of curling was completed and steel was erected over the pool portion December 31, 2015.

Parks and Open Spaces

- Phase 1 construction of Riverfront park completed.
- Majority of Phase 2 construction completed December 31, 2015.
- Grand opening held August 29, 2015.

Family and Community Support Services (FCSS)

- Partnered with Alberta Health Services to offer a men's treatment program and a Community Helpers Program.
- Received a grant for coordination of response to elder abuse.

Corporate Properties

- Designed and implemented a new lifecycle contribution plan for facilities.
- Enhanced community parks in a number of areas.

Recreation, Culture & the Arts

- Successful season for summer camps, revenue exceeded budget by 8%.
- Peak year for event permits: 40% increase from 2013.



13

BUILDINGS OPERATED
& MAINTAINED



356

ACRES OF PARKLAND



35

PLAYGROUNDS



60

KILOMETRES OF
PATHWAYS



4,000

PEOPLE TOOK LESSONS
AT THE BIG HILL
LEISURE POOL

PLANNING, DEVELOPMENT &

Planning, Development and Engineering ensures development in Town meets Council's vision for a sustainable community. This department processes planning documents and amendments, development permit applications and subdivision applications, as well as technical documents related to those applications. They support and advise the Cochrane Planning Commission (CPC) and Subdivision and Development Appeal Board (SDAB).

Economic Development supports, enhances and helps expand the economic viability in the Cochrane business community through business attraction, retention and expansion, and marketing and promotions.

2015 ACCOMPLISHMENTS

Planning, Development and Engineering

- A number of development permits have been issued in the Quarry for new stores that will open in 2016.
- Quarry development has commenced in the southwest corner.
- Completed recommendations for the Old Town Hall site and Request For Proposal issued in October.
- Continuing to explore and pursue land acquisitions for priorities identified in the Integrated Downtown Action Plan.
- Temporary washroom installed at the Fourth Ave Rd closure during the summer.

Economic Development

- Worked with the Historic Downtown Business Group to identify projects that will help energize the area.
- Worked to attract new businesses to the SouthBow employment lands when ready for development.
- Launched *Proudly Cochrane* and *Made In Cochrane* shop local campaigns.



847

NEW RESIDENTIAL
HOUSING PERMITS



1,590

DEVELOPMENT
APPLICATIONS
(CONSTRUCTION OR
CHANGE OF LAND USE)



49

COMMERCIAL STARTS



2,082

VISITORS TO THE
VISITOR INFORMATION
CENTRE



28

OPEN HOUSES AND PUBLIC
HEARINGS

ENGINEERING SERVICES



PROTECTIVE SERVICES



601

CALLS RESPONDED TO
BY FIRE SERVICES



3,992

TOTAL INCIDENTS
RESPONDED TO BY
MUNICIPAL ENFORCEMENT



4,792

CURRENT PET LICENSES

Protective Services oversees operations of Fire Services and their fire suppression, rescue, fire prevention, education and investigation activities, as well as Municipal Enforcement and Community Peace Officers enforcement and public education activities.

Protective Services also manages the Municipal Emergency Plan (MEP), liaises with Cochrane RCMP and supports Cochrane Citizens on Patrol (COP).

2015 ACCOMPLISHMENTS

Fire Services

- Developed Fire Master Plan.

Municipal Enforcement

- Held public engagement sessions on proposed new Animal Bylaw.

Police Services

- Police Station location secured pending the signing of a purchase agreement in Q4.

Emergency Management

- Annual review and update of Municipal Emergency Plan.



INFRASTRUCTURE SERVICES

Infrastructure Services maintains and provides services related to roads, water, wastewater, and waste and recycling services.

2015 ACCOMPLISHMENTS

Roads

- Surface upgrades to Fifth Ave, Glenbow Dr and Railway St completed.
- New curbs and sidewalks throughout Town.
- New asphalt and road markings throughout Town.
- New bike lanes on Glenbow Dr and Railway St.
- Final top lift of asphalt on Benchlands Dr and Powel St.
- New right-in right-out access completed at Hwy 22 and Ranchehouse Rd.
- Digital Information signs: Installation complete.
- Stormwater upgrades: Oil/grit separator on River Ave completed.

Water and Wastewater

- Completed PLC programming and communications project to all lift and booster stations.
- Pump additions at Sunset and River Heights booster stations.
- Audit of commercial and multi-family meter accounts.
- Completed cost of service study.

Waste and Recycling

- Implementation of the Zero Waste Framework: Residential organics strategy was presented to Council and adopted in May 2015.
- Implemented multi-unit recycling strategy with 100% compliance.
- Signed new five-year collection contract with a new hauler at a lower rate with increased service levels.





209

KILOMETRES OF
PAVED ROADS



102

KILOMETRES
OF SIDEWALK



2,433

MEGALITRES OF DRINKING
WATER PRODUCED



3,800

TONNES OF RESIDENTIAL
CURBSIDE WASTE
COLLECTED



3,300

TONNES OF RECYCLABLES
AND COMPOSTABLES
DIVERTED FROM LANDFILL

CORPORATE SERVICES

Corporate Services provides overall management for the Town's financial and information technology services, including financial reporting, assessment, property taxes, accounts payable, accounts receivable, payroll, capital projects financing and tracking, utilities, business licensing and animal licensing.

2015 ACCOMPLISHMENTS

Assessment & Taxation

- Increased non-residential property tax revenue through improved inspection process.

Financial Services

- Implemented safety codes permit software solution.
- Participated in two benchmarking initiatives with 14 fellow Albertan municipalities.
- Implemented new software for year-end audit process.

Information Services/GIS

- Updated orthophoto using LIDAR technology.
- Improved virus protection procedures.
- Successful transition of contract IT services to in-house.



12,850

ASSESSMENT AND
TAXATION ACCOUNTS



9,100

UTILITY ACCOUNTS



1,800

BUSINESS LICENSES



LEGISLATIVE SERVICES



45%

RESIDENTS
COMPLETED THE
CENSUS ONLINE
IN 2015.



95%

OF HOUSEHOLDS
WERE INCLUDED IN
CENSUS TOTALS.

Legislative Services supports Council and committees as well as the Executive Leadership Team by coordinating Council and Committee business; managing corporate records, Freedom of Information and Protection of Privacy Act (FOIP) compliance and legal issues; and conducting elections and census.

2015 ACCOMPLISHMENTS

- Council Highlights document developed to provide public summary of Council meetings.
- Successful completion of 2015 Census.

HUMAN RESOURCES &



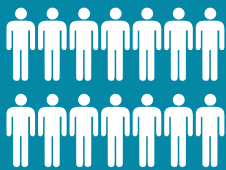
8,267

FACEBOOK FOLLOWERS



3,619

TWITTER FOLLOWERS



300

FULL-TIME, PART-TIME
AND CASUAL
EMPLOYEES (APPROX.).

Human Resources supports approximately 300 employees with employee and labour relations, total compensation/benefits programs, organizational learning, training and development, and health, safety and wellness programs.

Communications promotes Town programs, services, events, opportunities, engagement and governance through a wide range of tools, processes and best practices that include online and print publications, advertising, marketing, public and media relations and more. Communications also advises Town Council and the Senior and Executive Leadership Teams on communications strategy.

2015 ACCOMPLISHMENTS

Human Resources

- Ongoing support to labour/management program with collective bargaining currently underway.
- Bi-annual compensation review completed with a collaborative inter-municipal approach.
- Workforce planning framework advancing.
- New training and development programs launched.

Communications

- Second annual Doors Open event completed with over 400 participants and new business participation.
- Successful Rock The Waves community celebration with residents and officials.
- Design and tender processes for two digital messaging signs; installation fall 2015: Glenbow Dr and Fifth Ave and Griffin Rd near Grande Blvd.



COMMUNICATION SERVICES



FINANCIAL STATEMENTS





The Town of Cochrane is committed to providing quality financial information to residents. This Report to the Community has been completed in an effort to provide information in a concise manner.

BUDGET PROCESS

The Town is mandated under the Municipal Government Act (MGA) to adopt an operating and capital budget for each year. Revenues must equal or exceed expenditures. If a deficit occurs, it must be recovered in future years.

The Town's operating budget pays for operating costs of the Town including salaries, contracted services, maintenance, supplies and debt servicing. Property taxes cover 48 percent of operating costs; the rest is covered by user fees, grants and other income.

The Town's capital budget funds the building of new infrastructure and facilities. The capital budget balances needs such as infrastructure rehabilitation, growth and environmental protection with available financial resources. Funding consists of grants, Town savings in capital reserves, developer contributions, debt and contributed assets.

ACCOUNTING PROCESS

The Town's Financial Services section must follow practices and conventions set out by the accounting profession and provincial government legislation.

AUDIT PROCESS

Town Administration is responsible for the integrity, relevance and comparability of the data in the accompanying consolidated financial statements. The Town practices the highest standard of ethics and has formal policies and procedures for internal controls. Administration is committed to maintaining an extensive system of internal controls, providing reasonable assurance that:

- all transactions are appropriately authorized
- assets are properly accounted for and safeguarded
- all transactions are appropriately recorded
- financial records are reliable for the preparation of financial statements

As set out in the Municipal Government Act, the Town must appoint an auditor on an annual basis. The municipal auditor must review the financial statements and issue an opinion as to whether the statements have been prepared according to generally accepted accounting principles, and whether the statements fairly represent the financial position of the municipality. The Town of Cochrane's consolidated financial statements have been audited by the independent firm PWC (PricewaterhouseCoopers) LLP.





April 25, 2016

Independent Auditor's Report

To the Mayor and Council of the Town of Cochrane

We have audited the accompanying consolidated financial statements of the Town of Cochrane and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and the related notes, which comprise 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 generally accepted 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 the 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Cochrane and its subsidiary as at December 31, 2015, and the results of their operations, changes in their net financial assets and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Without modifying our opinion, we draw attention to the budget information displayed in the financial statements and the related disclosures. We were not engaged to report on the budget information, and as such, it is marked as unaudited.

PricewaterhouseCoopers LLP

Chartered Accountants

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

	Note	2015	2014 Restated Note (18)
FINANCIAL ASSETS			
Cash and temporary investments	(Note 2)	\$ 73,646,696	\$ 68,087,459
Receivables			
Taxes and grants in place of taxes	(Note 3)	560,581	587,940
Trade and other receivables		5,394,619	10,333,093
Inventory		7,313	-
Investments	(Note 4)	13,815,635	12,947,300
		93,424,844	91,955,792
LIABILITIES			
Accounts payable and accrued liabilities		7,827,604	5,255,207
Deposit and other liabilities		2,946,571	3,052,293
Deferred revenue	(Note 5)	13,197,503	20,167,316
Employee benefit obligations	(Note 6)	770,946	733,987
Long term debt	(Note 7)	30,803,567	31,724,084
		55,546,191	60,932,887
NET FINANCIAL ASSETS		37,878,653	31,022,905
NON-FINANCIAL ASSETS			
Tangible Capital Assets (TCA)		344,674,133	292,521,484
Prepaid expenses		21,625	19,512
		344,695,758	292,540,996
ACCUMULATED SURPLUS		\$ 382,574,411	\$ 323,563,901

Commitments and Contingencies (Note 13)

Approved by Council:



Ivan Brooker, Mayor



Lori Craig, Deputy CAO

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014 Restated (Note 18)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 21,498,460	\$ 21,498,460	\$ 18,931,509
Community Revitalization Levy	-	462,369	290,202
Local Improvement Taxes	265,004	256,153	256,153
Government transfers for operating (Schedule 4)	3,256,421	3,014,479	3,292,681
User fees and sales of goods	13,389,455	14,557,010	14,139,766
Licenses and permits	1,741,648	1,836,833	1,801,123
Fines and penalties	1,063,000	1,128,711	931,541
Rentals, insurance and other	691,493	1,043,540	1,283,182
Franchise fees	2,166,000	2,542,065	2,058,362
Investment Income	98,000	1,465,673	787,542
Development levies	-	9,457,029	7,460,204
Capital donations	-	866,310	252,774
Total Revenue	44,169,481	58,128,632	51,485,039
EXPENSES			
Council	440,027	383,251	392,109
General government	5,498,366	5,488,941	5,335,768
Police and municipal enforcement	4,098,789	3,838,461	3,377,526
Fire	4,974,020	5,170,298	4,742,197
Roads and streets	2,962,550	5,264,061	5,051,904
Water, wastewater and storm sewer	5,627,293	8,615,778	8,340,705
Waste and recycling	2,340,710	2,345,973	2,246,099
Subdivision and land development	2,666,830	2,924,542	3,073,664
Parks and recreation	2,244,296	3,178,079	2,777,217
Culture and facilities	5,644,293	5,630,672	5,667,526
Family and community services	1,709,939	1,956,651	1,925,023
Economic development	343,189	332,915	322,411
Total expenses	38,550,302	45,129,622	43,252,149
Excess of revenues over expenses before capital revenue	5,619,179	12,999,010	8,232,890
CAPITAL REVENUE			
Contributed assets	-	32,450,906	22,439,559
Gain (loss) on disposal of TCA	-	320,382	(9,231)
Government transfers for capital (Schedule 4)	7,278,023	13,240,212	8,034,879
Total capital revenue	7,278,023	46,011,500	30,465,207
Excess of revenues over expenses	12,897,202	59,010,510	38,698,097
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	320,565,970	320,565,970	282,340,573
RESTATEMENT (NOTE 18)	-	2,997,931	2,525,231
ACCUMULATED SURPLUS, BEGINNING OF YEAR, RESTATED	320,565,970	323,563,901	284,865,804
ACCUMULATED SURPLUS, END OF YEAR	\$333,463,172	\$382,574,411	\$323,563,901

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014 Restated (Note 18)
Excess of revenues over expenses	\$ 12,897,202	\$ 59,010,510	\$ 38,698,097
Acquisition of tangible capital assets	(67,990,639)	(27,251,424)	(11,636,923)
Contributed assets	-	(32,450,906)	(22,439,559)
Proceeds on disposal of tangible capital assets	-	437,482	10,112
Amortization of tangible capital assets	-	7,432,581	6,753,797
Change in prepaid expenses	-	(2,113)	2,963
Loss on disposal of tangible capital assets	-	(320,382)	9,231
	(67,990,639)	(52,154,762)	(27,300,379)
INCREASE IN NET FINANCIAL ASSETS	(55,093,437)	6,855,748	11,397,718
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	31,022,905	19,625,187
NET FINANCIAL ASSETS, END OF YEAR	\$ (55,093,437)	\$ 37,878,653	\$ 31,022,905

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014 Restated (Note 18)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 59,010,510	\$ 38,698,097
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	7,432,581	6,753,797
(Gain) Loss on disposal of tangible capital assets	(320,382)	9,231
Tangible capital assets received as contributions	(32,450,906)	(22,439,559)
Net change in non-cash operations		
Decrease/(increase) in taxes and grants in place of taxes	27,359	88,884
Decrease/(increase) in trade, other receivables and prepaid expenses	4,936,361	(760,461)
Increase in inventory	(7,313)	-
Increase/(decrease) in accounts payable and accrued liabilities	2,572,397	(215,415)
Increase/(decrease) in deposits and other liabilities	(105,722)	2,039,270
(Decrease)/increase in deferred revenue	(6,969,813)	4,259,412
Increase/(decrease) in employee benefit obligations	36,959	(64,323)
Cash provided by operating transactions	34,162,031	28,368,933
CAPITAL		
Acquisition of tangible capital assets	(27,251,424)	(11,636,923)
Proceeds on disposal of tangible capital assets	437,482	10,112
Cash applied to capital transactions	(26,813,942)	(11,626,811)
INVESTING		
Decrease/(increase) in investments	(868,335)	(11,362,647)
FINANCING		
Long-term debt issued	-	19,000,000
Long-term debt repaid	(920,517)	(908,626)
Cash applied to financing transactions	(920,517)	18,091,374
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	5,559,237	23,470,849
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	68,087,459	44,616,610
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 73,646,696	\$ 68,087,459

SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014 Restated (Note 18)
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	\$ 255,246	\$ 62,511,255	\$257,799,469	\$320,565,970	\$282,340,573
RESTATEMENT ADJUSTMENT (NOTE 18)	-	-	2,997,931	2,997,931	2,525,231
BALANCE, BEGINNING OF THE YEAR, RESTATED	255,246	62,511,255	260,797,400	323,563,901	284,865,804
Excess of revenues over expenses	59,010,510	-	-	59,010,510	38,698,097
Unrestricted funds designated for future use	(16,958,800)	16,958,800	-	-	-
Restricted funds used for operations	269,280	(269,280)	-	-	-
Restricted funds used for tangible capital assets	-	(10,714,574)	10,714,574	-	-
Current year funds used for tangible capital assets	(16,536,850)	-	16,536,850	-	-
Contributed tangible capital assets	(32,450,906)	-	32,450,906	-	-
Disposal of tangible capital assets	117,100	-	(117,100)	-	-
Annual amortization expense	7,432,581	-	(7,432,581)	-	-
Long term debt repaid	(920,517)	-	920,517	-	-
Change in accumulated surplus	(37,602)	5,974,946	53,073,166	59,010,510	38,698,097
BALANCE, YEAR END	\$ 217,644	\$ 68,486,201	\$313,870,566	\$382,574,411	\$323,563,901

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

	Cost					Accumulated Amortization				2015	2014 Restated (Note 18)
	Opening Balance Restated (Note 18)	Additions	In Progress	Disposals	Ending Balance	Opening Balance Restated (Note 18)	Additions	Disposals	Ending Balance		
Land	\$ 51,847,522	\$ 6,705,936	\$ 50,000	\$ (97,500)	\$ 58,505,958	\$ -	\$ -	\$ -	\$ -	\$ 58,505,958	\$ 51,847,522
Land improvements	11,988,568	1,094,758	1,872,007	-	14,955,333	4,611,919	432,982	-	5,044,901	9,910,432	7,376,649
Buildings	48,410,148	341,317	19,063,875	(32,500)	67,782,840	12,973,497	1,369,970	(24,781)	14,318,686	53,464,154	35,436,651
Engineered structures	242,580,079	28,799,003	691,337	-	272,070,419	50,172,671	4,815,257	-	54,987,928	217,082,491	192,407,408
Machines and equipment	5,571,617	692,256	-	(415,171)	5,848,702	3,386,905	447,111	(403,290)	3,430,726	2,417,976	2,184,712
Vehicles	5,547,561	391,841	-	(173,842)	5,765,560	2,279,019	367,261	(173,842)	2,472,438	3,293,122	3,268,542
	\$365,945,495	\$38,025,111	\$ 21,677,219	\$ (719,013)	\$424,928,812	\$ 73,424,011	\$ 7,432,581	\$ (601,913)	\$80,254,679	\$344,674,133	\$292,521,484

**SCHEDULE 3: CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014
TAXATION			
Real property taxes	\$31,833,287	\$31,833,287	\$28,283,340
Linear property taxes	401,823	401,823	380,763
Government grants in place of property taxes	135,179	135,179	118,477
	32,370,289	32,370,289	28,782,580
REQUISITIONS			
Alberta School Foundation Fund	9,434,274	9,434,274	8,494,754
Calgary Catholic School Board	1,265,113	1,265,113	1,197,498
Rockyview Foundation	172,442	172,442	158,819
	10,871,829	10,871,829	9,851,071
	\$21,498,460	\$21,498,460	\$18,931,509

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

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING			
Provincial	\$ 1,773,855	\$ 2,019,041	\$ 2,026,367
Federal government	4,000	32,494	107,706
Other local governments	1,478,566	962,944	1,158,608
	3,256,421	3,014,479	3,292,681
TRANSFERS FOR CAPITAL			
Provincial grants	-	11,076,062	7,028,528
Federal grants	-	1,664,150	1,006,351
Local government grant-capital	-	500,000	-
	-	13,240,212	8,034,879
TOTAL GOVERNMENT TRANSFERS	\$ 3,256,421	\$16,254,691	\$11,327,560

**SCHEDULE 5: CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budget (Unaudited)	2015	2014 Restated (Note 18)
Salaries, wages and benefits	\$18,541,103	\$ 18,021,623	\$16,861,498
Contracted and general services	9,205,853	9,343,217	9,536,922
Purchases from other governments	5,048,031	4,631,336	4,654,195
Materials, goods, utilities and other	3,449,377	3,337,314	3,073,465
Transfers to local boards and agencies	1,007,694	1,070,796	1,399,369
Bank charges and short-term interest	39,568	72,311	55,478
Interest on long-term debt and capital leases	1,258,676	1,220,444	917,425
Amortization of tangible capital assets	-	7,432,581	6,753,797
(Gain) loss on disposal of tangible capital assets	-	(320,382)	9,231
Total Expenses	\$38,550,302	\$ 44,809,240	\$43,261,380

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

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2015	2014 Restated (Note 18)
REVENUES									
Net municipal taxes	\$ 440,027	\$ 7,774,576	\$ 1,582,242	\$ 1,227,660	\$ 5,753,696	\$ -	\$ 4,720,259	\$ 21,498,460	\$ 18,931,509
Community Revitalization Levy	-	-	-	-	-	-	462,369	462,369	290,202
Local Improvement Taxes	-	-	256,153	-	-	-	-	256,153	256,153
Government transfers for operating	-	555,046	7,696	163,218	2,114,479	174,040	-	3,014,479	3,292,681
Government transfers for capital	-	61,265	419,508	-	12,759,439	-	-	13,240,212	8,034,879
User fees and sales of goods	-	221,758	6,434	991,991	1,486,969	11,791,512	58,346	14,557,010	14,139,766
Licenses and permits	-	201,346	-	1,557,804	2,510	-	75,173	1,836,833	1,801,123
Fines and penalties	-	835,287	-	-	11,313	-	282,111	1,128,711	931,541
Rentals, insurance and other	-	10,805	508	8,563	462,394	11,858	549,412	1,043,540	1,283,182
Franchise fees	-	-	2,542,065	-	-	-	-	2,542,065	2,058,362
Investment Income	-	-	-	-	425	-	1,465,248	1,465,673	787,542
Contributed assets	-	-	11,197,589	6,530,600	157,856	14,564,861	-	32,450,906	22,439,559
Development levies	-	-	5,587,358	-	1,057,514	2,812,157	-	9,457,029	7,460,204
Capital donations	-	-	-	-	866,310	-	-	866,310	252,774
	440,027	9,660,083	21,599,553	10,479,836	24,672,905	29,354,428	7,612,918	103,819,750	81,959,477
EXPENSES									
Salaries, wages and benefits	284,946	4,519,033	1,318,807	1,870,998	5,018,059	1,658,937	3,350,843	18,021,623	16,861,498
Contracted and general services	87,802	621,595	522,399	1,349,992	1,469,909	3,455,523	1,835,997	9,343,217	9,536,922
Purchases from other governments	-	2,635,007	-	-	93,186	1,895,220	7,923	4,631,336	4,654,195
Materials, goods, utilities and other	10,502	228,223	1,175,379	22,152	1,096,806	718,037	86,215	3,337,314	3,073,465
Transfers to local boards and	-	-	-	-	-	-	-	-	-
NET REVENUE, BEFORE AMORTIZATION	56,777	1,074,624	18,523,790	7,228,694	15,816,841	21,480,120	2,262,245	66,443,091	45,451,894
Amortization of tangible capital assets	-	423,299	2,188,298	6,314	1,588,953	3,087,448	138,269	7,432,581	6,753,797
EXCESS OF REVENUES OVER EXPENDITURES	\$ 56,777	\$ 651,325	\$ 16,335,492	\$ 7,222,380	\$ 14,227,888	\$ 18,392,672	\$ 2,123,976	\$ 59,010,510	\$ 38,698,097

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Cochrane ("Town") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants (PSAB). Significant aspects of the accounting policies adopted by the Town 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 the municipal operations plus all of 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 with the municipality is the Nan Boothby Memorial Library. The schedule of taxes levied also includes requisitions for education and social organizations that are not part of the municipal reporting entity.

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 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

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 financial statements in conformity with PSAB requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d. Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the new present value basis over the term of the respective investments. If there is a permanent loss in value, the respective investment is written down to recognize the loss.

e. Taxes and grants in place of taxes receivable

Taxes and grants in place of taxes receivables consist of current and non-current property tax levies which remain outstanding at December 31.

f. Off-site developers' levies

Off-site developers' levies are recorded as revenue when received. Monies received are transferred to reserves for future capital expenditures in accordance with the terms of each agreement.

g. Requisition over-levies and under-levies

Over-levies and under-levies arise from the difference between the actual 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 property tax revenue is increased. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

h. Prepaid local improvement charges

Construction and borrowing costs associated with local improvements 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.

i. Restricted surplus – Reserve funds

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

j. Restricted surplus - Equity in Tangible Capital Assets

Equity in capital assets represents the Town's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

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 expenditures, provides the consolidated Change in Net Financial Assets for the year.

l. PSAB Section 3260, Liability for Contaminated Sites

Beginning with the 2015 fiscal year, municipalities will be required to account for and report liabilities associated with the remediation of contaminated sites within their municipality. Specifically, the new section:

- defines which activities would be included in a liability for remediation;
- establishes when to recognize and how to measure a liability for remediation.

m. PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2016 for governments only, with early adoption encouraged. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

n. PSAB Section 3401, Portfolio Investments

This accounting pronouncement addresses the distinction between temporary and portfolio investments. It is effective for fiscal years beginning on or after April 1, 2016. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

o. 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:

Asset type	Estimated useful life
Land	Capitalize only
Land Improvements	15 – 20 years
Buildings and leasehold improvements	40 years or over the term of the lease
Structures:	
Water System	40 – 75 years
Wastewater System	45 – 75 years
Stormwater System	75 years
Roadway System	43 years
Road Signals	30 years
Equipment	5 – 10 years
Vehicles	10 – 25 years

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.

i. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded as an asset and revenue at fair value at the date of

final acceptance certificate.

ii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

iii. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed (Schedule 2).

p. Segmented Information

The Town is a diversified municipal government that provides a wide range of services to its citizens, including police, fire, roads, water and waste management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. Certain functions that have been disclosed in the segmented information, along with the services provided are as follows:

i. Legislative: This category includes Town Council

ii. Protective Services: Protective services include Police and Fire Protection, Emergency Management, Bylaw Enforcement, and Animal Control.

iii. Transportation Services: Transportation services includes, Roads, Fleet, and Storm Water.

iv. Planning and Development: Includes planning, engineering, and economic development.

v. Community Services: Includes includes Parks, Recreation, Culture, Facilities, Family and Community Support Services (FCSS) and cemeteries.

vi. Utility Services: Utility Services include Water Supply and Distribution, Wastewater Disposal, Waste and Recycling.

vii. General Government: General government is comprised of the Executive Leadership Team, Human Resources, and Communications, Corporate Services, and Legislative Services.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segmented Disclosure (Schedule 6).

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Cash	\$10,103,824	\$26,509,482
Temporary Investments (note 4)	57,983,635	18,107,128
Total	\$68,087,459	\$44,616,610

Temporary investments are short term deposits with maturities within one year from the date of purchase bearing interest at rates from 1.28% to 2.04% (2013- 1.20% to 2.40%).

3. TAXES AND GRANTS IN PLACE OF TAXES

	2014	2013
Current taxes and grants in place of taxes	\$370,653	\$451,582
Arrears taxes	217,287	225,242
Total	\$587,940	\$676,824

4. INVESTMENTS

	2014	2013
Temporary investments	\$57,983,635	\$18,107,128
Long term investments	12,947,300	1,584,653
Total investments	\$70,930,935	\$19,691,781
Reclassify to cash and temporary investments (Note 2)	(57,983,635)	(18,107,128)
Long Term Investments	\$12,947,300	\$1,584,653

Temporary and long term investments primarily represent term deposits issued by financial institutions, bearing interest at rates from 1.28% to 2.04% (2013- 1.20% to 2.40%) maturing between 30 days and 1 year and from 1.60%- 2.38% (2013 - 1.45%- 1.95%) for maturities over one year. Market value at December 31, 2014 was \$70,930,935 (2013- \$19,691,781).

5. DEFERRED REVENUE

	2014	2013
Deferred grant revenue	\$17,445,002	\$12,723,320
Deferred facility bookings revenue	72,447	81,582
Deferred developer revenue	2,026,201	2,700,641
Deferred fundraising revenue	-	20,695
Prepaid meters, licenses, fees	623,666	381,667
Total	\$20,167,316	\$15,907,905

6. EMPLOYEE BENEFIT OBLIGATIONS

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

	2014	2013
Vacation and overtime accrual	\$733,987	\$798,310
Total	\$733,987	\$798,310

7. LONG-TERM DEBT

	2014	2013
Debentures	\$24,921,398	\$6,768,394
Leases	6,802,686	6,864,316
Total	\$31,724,084	\$13,632,710

The current portion of long term debt is \$967,363 (2013- \$908,632). Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	967,363	1,192,224	2,159,587
2016	687,887	1,129,340	1,817,227
2017	6,887,523	1,063,669	7,951,192
2018	7,075,898	912,626	7,988,524
2019	7,232,755	755,767	7,988,522
Subsequent	8,872,658	7,070,806	15,943,464
Total	\$31,724,084	\$12,124,432	\$43,848,516

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.52% to 9.625% per annum (2013 -1.52% to 9.625%), and matures between 2015 and 2029. The average annual interest rate is 2.53% for 2014 (2013- 6.16%). Debenture debt is issued on the credit and security of the Town of Cochrane at large.

The Protective Services Centre lease bears interest at a rate of 7.55% (2013-7.55%) and matures in 2037. The lease is collateralized by the underlying assets.

Interest on long term debt and capital leases amounted to \$917,417 (2013- \$964,917).

The Town's total cash payments for interest in 2014 were \$924,524 (2013- \$982,127).

a. Protective Services Facility Capital Lease

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Rd. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term . The cost of the asset under capital lease is \$7,711,498, the accumulated amortization is \$1,927,875 and the resulting net book value included in tangible capital assets is \$5,783,623.

At the end of the lease, the Town has an option to purchase GCP's land for fair market value less a one million dollar credit.

8. DEBT LIMITS

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

	2014	2013
Total debt limit	\$78,155,205	\$67,948,052

Total debt	31,724,084	13,632,710
Amount of total debt limit available	\$46,431,121	\$54,315,342
Debt servicing limit	13,025,868	11,324,675
Debt servicing	2,159,575	1,832,676
Amount of debt servicing limit available	\$10,866,293	\$9,491,999

The debt limit is calculated at 1.5 times revenue of the municipality (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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
Tangible Capital assets (Schedule 2)	\$362,895,567	\$329,460,089
Accumulated amortization (Schedule 2)	(73,372,014)	(66,767,178)
Long-term debt (Note 7)	(31,724,084)	(13,632,710)
Total	\$257,799,469	\$249,060,201

10. ACCUMULATED SURPLUS

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

	2014	2013
Unrestricted surplus	\$255,246	\$285,703
Restricted surplus		
Operating fund (Note 14)	6,920,460	5,473,993
Reserve fund (Note 14)	55,590,795	27,520,676
Equity in tangible capital assets (Note 9)	257,799,469	249,060,201
Total	\$320,565,970	\$282,340,573

11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials and the Chief Administrative Officer as required by Alberta Regulation 313/2000 is as follows:

	2014			2013
	Salary	Benefits	Total	Total
Mayor (McBride)	-	-	-	65,831



Mayor (Brooker)	68,502	13,816	82,318	12,727
Clr. (Brooker)	-	-	-	29,377
Clr. (Churchill)	-	-	-	26,520
Clr. (Davies)	-	-	-	26,518
Clr. (Davis)	26,424	3,100	29,524	4,925
Clr. (Levisky)	26,424	5,825	32,249	4,996
Clr. (McFadden)	26,424	7,226	33,650	34,763
Clr. (Nagel)	26,424	3,835	30,259	4,515
Clr. (Toews)	26,424	9,596	36,020	35,058
Clr. (Watson)	26,424	9,117	35,541	30,764
CAO	206,981	44,375	251,356	253,268
Designated Officers (2)	277,710	59,351	337,061	320,691

Council salary includes regular base pay, gross honoraria, and any other direct cash remuneration. Council benefits include:

- Employer's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans; and
- Allowances and the employer's share of the cost of additional taxable benefits, including special leave with pay, car and travel allowances, conferences, and memberships.

CAO and Designated Officers salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration. CAO and Designated Officers benefits include:

- 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 tuitions.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan ("LAPP" or the "Plan"), which is covered by the Public Sector Pensions Plans Act. The Plan serves about 230,534 people and 418 employers. It is financed by 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 Plan of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess. Employees of the town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current and prior period service contributions by the Town to the Plan in 2014 were \$1,307,855 (2013 - \$1,246,315). Total current and prior period service contributions by the employees

of the Town to the Plan in 2014 were \$1,208,871 (2013 - \$1,139,835). At December 31, 2013, the Plan disclosed an actuarial deficiency of \$4.86 billion (2012- \$4.98 billion).

13. COMMITMENTS AND CONTINGENCIES

a. Lawsuits and Claims

No provision has been made for various lawsuits and legal claims filed against the Town as management believes the Town has minimal exposure to these actions at December 31, 2014.

b. Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta to construct utility services for Bow Valley High School. The total project cost was \$7,608,973 with \$5 million funded by the Provincial grant and \$2,608,973 advanced by the developer. The Town recovered the full \$2,608,973 of advances from offsite levies collected. The Province is now receiving repayments on the \$5 million conditional grant which is only repayable if there is sufficient offsite levies collected from future development. The Town must provide the Province with annual reports which forecast the amount, nature and timing of expected future development and anticipated revenues from associated development levies within the affected area, and the anticipated Grant repayment schedule. Offsite levies collected and remitted to the province in 2014 were \$588,944 (2013 - \$928,235). As of December 31, 2014 the remaining amount to be paid is \$3,132,626 (2013- \$3,721,570).

14. RESTRICTED SURPLUS - RESERVE FUNDS

	2014	2013
Restricted Operating Surplus		
Committed operating reserves	2,390,033	2,432,315
Reserves for contingencies	4,530,427	3,041,678
Operating reserves	\$6,920,460	\$5,473,993
Restricted Capital Surplus		
Offsite levies	11,696,250	12,313,861
Voluntary levies	4,287,369	3,329,418
Asset replacements and other capital reserves	39,607,176	11,877,397
Capital reserves	55,590,795	27,520,676
Long Term Investments	\$62,511,255	\$32,994,669

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deposit and other liabilities, 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 statements.

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

16. SUBSEQUENT EVENTS

On March 6, 2015, the Province of Alberta announced an additional \$400,000,000 of Municipal Sustainability Initiatives (MSI) capital funding. Of this amount, the Town of Cochrane was allocated \$1,901,579 which will be used to fund the new Aquatic and Curling Centre.

17. COMPARATIVE AMOUNTS

Certain prior year comparative figures have been reclassified to conform to the current year's presentation.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management approved these financial statements.

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