

TOWN OF COCHRANE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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Management's Responsibility

To the Members of Council of the Town of Cochrane:

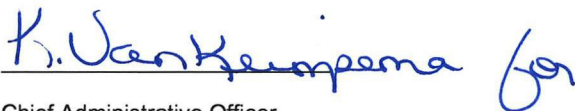
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

MNP LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 25, 2022

Handwritten signature in blue ink, appearing to read "K. VanKeempema" followed by a flourish.

Chief Administrative Officer

Independent Auditor's Report

To the Members of Council of the Town of Cochrane:

Opinion

We have audited the consolidated financial statements of the Town of Cochrane (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net financial assets, cash flows, and schedules 1 through 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the results of its operations, changes in net financial assets and its 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 Auditor's 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.

Responsibilities of Management and Those Charged With Governance 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 the 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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's 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 auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements
Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 9.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 13.

Calgary, Alberta

April 25, 2022

MNP **LLP**

Chartered Professional Accountants

MNP

Town of Cochrane
Consolidated Statement of Financial Position

As at December 31, 2021

	2021 \$	2020 \$
Financial assets		
Cash and temporary investments (Note 2)	85,402,344	72,121,528
Receivables		
Taxes and grants in place of taxes (Note 3)	1,031,569	1,313,900
Trade and other receivables	11,577,454	9,554,752
Trade and other inventory	2,625	4,155
Investments (Note 4)	155,798	2,017,688
	98,169,790	85,012,023
Liabilities		
Accounts payable and accrued liabilities	9,759,141	6,356,351
Deposit liabilities	1,486,982	1,822,309
Deferred revenue (Note 5)	10,991,729	11,145,229
Employee benefit obligations (Note 6)	1,395,465	1,325,877
Long term debt (Note 7)	15,152,584	7,733,118
Capital lease (Note 8)	6,482,467	6,369,125
	45,268,368	34,752,009
Net financial assets	52,901,422	50,260,014
Non-financial assets		
Tangible capital assets (Schedule 2)	491,392,980	472,767,302
Prepaid expenses	2,774	64,553
	491,395,754	472,831,855
Accumulated surplus (Schedule 1, Note 11)	544,297,176	523,091,869
Contingencies and Commitments (Note 15)		

Approved by Council:

Mayor

CAO

Town of Cochrane
Consolidated Statement of Operations

For the year ended December 31, 2021

	Budget (Note 16) \$	2021 \$	2020 \$
Revenue			
Net municipal property taxes (Schedule 3)	29,238,778	29,272,705	28,700,768
Community revitalization levy	1,377,413	1,297,675	1,329,157
Local improvement taxes	31,615	31,615	31,615
Government transfers for operating (Schedule 4)	2,649,208	4,062,055	3,429,790
User fees and sales of goods	16,791,727	18,457,219	16,511,298
Licenses and permits	1,456,981	1,849,122	1,157,999
Fines and penalties	913,300	1,064,054	713,277
Rentals, donations and other	888,787	1,316,145	1,005,743
Franchise fees	4,095,601	4,033,273	3,777,322
Investment income	1,605,264	855,967	1,102,102
	<u>59,048,674</u>	<u>62,239,830</u>	<u>57,759,071</u>
Expenses			
Council	602,736	530,183	453,132
General Government	7,752,643	7,861,981	7,102,124
Police and municipal enforcement	5,483,167	5,103,362	4,874,119
Fire	6,167,332	6,200,516	6,709,172
Roads, streets and transit	5,405,800	8,094,618	7,898,178
Water, wastewater and storm sewer	7,453,965	11,237,475	10,832,557
Waste and recycling	3,549,901	3,420,404	2,937,080
Subdivision and land development	3,195,122	3,087,495	2,617,014
Parks and recreation	2,085,254	2,809,166	2,697,847
Culture and facilities	5,843,273	8,502,981	9,196,829
Family and community services	2,086,512	1,832,492	2,057,946
Economic development	421,890	369,887	414,375
Total expenses (Schedule 5)	<u>50,047,595</u>	<u>59,050,560</u>	<u>57,790,373</u>
Excess (deficiency) of revenue over expenses before other items	<u>9,001,079</u>	<u>3,189,270</u>	<u>(31,302)</u>
Other Revenue (Expense)			
Development levies	-	5,143,281	1,571,598
Contributed assets	-	5,423,908	11,797,162
Loss on disposal of tangible capital assets	-	(351,938)	(3,710)
Government transfers for capital (Schedule 4)	10,108,531	7,800,786	4,511,603
Total other items	<u>10,108,531</u>	<u>18,016,037</u>	<u>17,876,653</u>
Excess of revenue over expenses	<u>19,109,610</u>	<u>21,205,307</u>	<u>17,845,351</u>
Accumulated surplus, beginning of year	<u>523,091,869</u>	<u>523,091,869</u>	<u>505,246,518</u>
Accumulated surplus, end of year	<u><u>542,201,479</u></u>	<u><u>544,297,176</u></u>	<u><u>523,091,869</u></u>

Town of Cochrane
Consolidated Statement of Changes in Net Financial Assets
For the year ended December 31, 2021

	Budget (Note 16) \$	2021 \$	2020 \$
Excess of revenue over expenses	19,109,610	21,205,307	17,845,351
Acquisition of tangible capital assets	(27,254,500)	(25,169,713)	(17,484,053)
Contributed assets	-	(5,423,908)	(11,797,162)
Proceeds on disposal of tangible capital assets	-	42,377	-
Amortization of tangible capital assets	-	11,573,628	11,326,135
Changes in prepaid expenses	-	61,779	8,049
Loss on disposal of tangible capital assets	-	351,938	3,710
	(27,254,500)	(18,563,899)	(17,943,321)
Increase (decrease) in net financial assets	(8,144,890)	2,641,408	(97,970)
Net financial assets, beginning of year	50,260,014	50,260,014	50,357,984
Net financial assets, end of year	42,115,124	52,901,422	50,260,014

Town of Cochrane
Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	2021 \$	2020 \$
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	21,205,307	17,845,351
Non-cash items		
Amortization of tangible capital assets	11,573,628	11,326,135
Loss on disposal of tangible capital assets	351,938	3,710
Contributed Assets	(5,423,908)	(11,797,162)
Net change in non-cash operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	282,331	(428,511)
Decrease (increase) in trade and other receivables	(2,022,702)	1,249,370
Decrease (increase) in inventory	1,530	-
Decrease (increase) in prepaid expenses	61,779	8,049
Increase (decrease) in accounts payable and accrued liabilities (Schedule 2)	1,577,285	(4,909,222)
Increase (decrease) in deposit liabilities	(335,327)	(119,134)
Increase (decrease) in deferred revenue	(153,500)	6,605,639
Increase (decrease) in employee benefit obligations	69,588	35,500
Cash provided by (applied) to operating transactions	27,187,949	19,819,725
Capital		
Acquisition of tangible capital assets (Schedule 2)	(23,061,387)	(16,300,543)
Proceeds on disposal of tangible capital assets	42,377	-
Applied to capital transactions	(23,019,010)	(16,300,543)
Investing		
Decrease in investments	1,861,890	4,940,446
Financing		
Long-term debt issued	9,000,000	-
Long-term debt repaid	(1,750,013)	(1,532,125)
Cash provided by (applied) to financing transactions	7,249,987	(1,532,125)
Change in cash and cash equivalents during the year	13,280,816	6,927,503
Cash resources, beginning of year	72,121,528	65,194,025
Cash resources, end of year	85,402,344	72,121,528

Town of Cochrane
Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2021

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021 \$	2020 \$
BALANCE, BEGINNING OF YEAR	18,882,187	45,544,623	458,665,059	523,091,869	505,246,518
Excess of revenues over expenses	21,205,307	-	-	21,205,307	17,845,351
Unrestricted funds designated for future use	(14,715,577)	14,715,577	-	-	-
Restricted funds used for tangible capital assets	-	(12,225,646)	12,225,646	-	-
Current year funds used for tangible capital assets	(12,944,067)	-	12,944,067	-	-
Contributed tangible capital assets	(5,423,908)	-	5,423,908	-	-
Disposal of tangible capital assets	351,938	-	(351,938)	-	-
Cash proceeds on disposal of capital assets	42,377	-	(42,377)	-	-
Annual amortization expense	11,573,628	-	(11,573,628)	-	-
Long term debt and capital leases issued	9,282,821	-	(9,282,821)	-	-
Long term debt and capital leases repaid	(1,750,013)	-	1,750,013	-	-
Change in accumulated surplus	7,622,506	2,489,931	11,092,870	21,205,307	17,845,351
BALANCE, END OF YEAR	26,504,693	48,034,554	469,757,929	544,297,176	523,091,869

Town of Cochrane
Schedule of Tangible Capital Assets

For the year ended December 31, 2021
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2021 \$	2020 \$
Cost:									
Balance, beginning of the year	68,115,543	20,716,542	96,766,072	339,339,318	8,940,180	9,304,457	59,966,755	603,148,867	574,258,625
Acquisition of tangible capital assets	-	10,002	-	5,413,908	285,055	-	24,884,656	30,593,621	29,281,215
Disposal of tangible capital assets	-	-	-	764,692	68,877	75,983	-	909,552	390,973
Transfers	-	243,619	938,976	310,501	1,639,447	334,247	(3,466,790)	-	-
Balance, end of the year	68,115,543	20,970,163	97,705,048	344,299,035	10,795,805	9,562,721	81,384,621	632,832,936	603,148,867
Accumulated amortization:									
Balance, beginning of the year	-	8,592,064	25,744,320	86,463,569	5,346,721	4,234,891	-	130,381,565	119,442,693
Annual amortization	-	838,626	2,926,930	6,339,361	822,804	645,907	-	11,573,628	11,326,135
Disposals of tangible capital assets	-	-	-	371,547	67,707	75,983	-	515,237	387,263
Balance, end of the year	-	9,430,690	28,671,250	92,431,383	6,101,818	4,804,815	-	141,439,956	130,381,565
Net book value of tangible capital assets	68,115,543	11,539,473	69,033,798	251,867,652	4,693,987	4,757,906	81,384,621	491,392,980	472,767,302
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	68,115,543	12,124,478	71,021,752	252,875,749	3,593,459	5,069,566	59,966,755	472,767,302	

During the year, tangible capital assets were acquired at an aggregate cost of \$30,593,621 (2020 - \$29,281,215), less contributed assets of \$5,423,908 (2020 - \$11,797,162) and assets acquired through capital lease of \$282,821 (2020 - \$nil). Of the \$24,886,892 acquired (2020 - \$11,797,162), \$3,707,847 (2020 - \$1,882,342) remains in accounts payable, therefore, total cash paid for capital assets during the year includes the assets acquired during the year, adjusted for the amounts in accounts payable and amounts acquired from capital lease from the current and prior year-ends which is a total of \$23,344,208 (2020 - \$16,300,543).

During the year, assets having a net book value of \$394,315 (2020 - \$3,710) were disposed of for proceeds of \$42,377 (2020 - \$nil), resulting in a loss on disposal of capital assets of \$351,938 (2020 - \$3,710).

The net change in accounts payable as stated on the statement of cash flows has been adjusted for the amount remaining in accounts payable related to tangible capital assets.

Included in the buildings category is a capital lease for the Protective Services Facility having a net book value of \$3,984,274 (2020 - \$4,241,324). Amortization of \$257,050 (2020 - \$257,050) has been recorded for the lease during the year. The terms of the capital lease are disclosed in Note 8.

Included in the machinery and equipment category is a capital lease for fire equipment having a net book value of \$268,680 (2020 - \$nil). Amortization of \$14,411 (2020 - \$nil) has been recorded for the lease during the year. The terms of the capital lease are disclosed in Note 8.

Tangible capital assets include the cost of the expansion of the Aquatic and Curling Multisport Facility. However, the ultimate ownership has yet to be determined on this jointly owned facility and it is uncertain what impact, if any, the final determination will have on tangible capital assets.

Schedule of Property and Other Taxes

For the year ended December 31, 2021

Schedule 3

	Budget (Note 16) \$	2021 \$	2020 \$
	<u> </u>	<u> </u>	<u> </u>
Taxation			
Real property taxes	44,431,735	44,457,439	43,558,281
Linear property taxes	521,129	521,129	472,967
Government grants in place of property taxes	98,937	98,937	97,869
	<u>45,051,801</u>	<u>45,077,505</u>	<u>44,129,117</u>
Expenses			
Alberta School Foundation Fund	13,837,267	13,770,569	13,513,433
Calgary Catholic School Board	1,673,530	1,729,635	1,711,006
Rockyview Foundation	302,226	304,596	203,910
	<u>15,813,023</u>	<u>15,804,800</u>	<u>15,428,349</u>
Net municipal taxes	<u>29,238,778</u>	<u>29,272,705</u>	<u>28,700,768</u>

Town of Cochrane
Schedule of Government Transfers

For the year ended December 31, 2021

Schedule 4

	Budget (Note 16) \$	2021 \$	2020 \$
	<u> </u>	<u> </u>	<u> </u>
Transfers (repayments) for operating			
Provincial Government	2,285,392	3,687,502	2,964,537
Federal Government	-	(18,420)	22,730
Other Local Governments	363,816	392,973	442,523
	<u>2,649,208</u>	<u>4,062,055</u>	<u>3,429,790</u>
Transfers for capital			
Provincial Government	10,108,531	7,800,786	4,035,144
Federal Government	-	-	476,459
Other Local Governments	-	-	-
	<u>10,108,531</u>	<u>7,800,786</u>	<u>4,511,603</u>
Total Government Transfers	<u>12,757,739</u>	<u>11,862,841</u>	<u>7,941,393</u>

Town of Cochrane
Schedule of Consolidated Expenses by Object

For the year ended December 31, 2021

Schedule 5

	Budget (Note 16) \$	2021 \$	2020 \$
	<u> </u>	<u> </u>	<u> </u>
Salaries, wages and benefits	22,746,958	22,813,060	23,280,892
Contracted and general services	11,821,694	10,494,773	9,236,328
Purchases from other governments	6,822,638	6,594,360	6,104,715
Materials, goods and utilities	4,345,729	4,149,677	3,855,078
Transfers to local boards and agencies	3,190,330	2,397,867	3,049,302
Bank charges and short term interest	71,000	130,567	96,054
Interest on long term debt and capital leases	1,049,246	896,628	841,869
Amortization of tangible capital assets	-	11,573,628	11,326,135
Total expenses	<u><u>50,047,595</u></u>	<u><u>59,050,560</u></u>	<u><u>57,790,373</u></u>

Town of Cochrane
Schedule of Segmented Disclosures

For the year ended December 31, 2021

Schedule 6

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2021
REVENUE								
Net municipal taxes	603,435	12,645,229	719,226	5,033,153	3,891,813	-	6,379,849	29,272,705
Community revitalization levy	-	-	-	-	-	-	1,297,675	1,297,675
Local improvement taxes	-	-	31,615	-	-	-	-	31,615
Government transfers for operating	-	609,878	112,822	57,630	2,594,114	39,253	648,358	4,062,055
User fees and sales of goods	-	155,242	80,615	1,123,571	573,901	16,412,330	111,560	18,457,219
Licenses and permits	-	230,153	-	1,554,424	2,100	-	62,445	1,849,122
Fine and penalties	-	401,401	-	-	11,576	-	651,077	1,064,054
Rental, donations and other	-	10,790	153,383	-	652,837	34,107	465,028	1,316,145
Franchise fees	-	-	4,033,273	-	-	-	-	4,033,273
Investment income	-	-	-	-	809	-	855,158	855,967
Development levies	-	-	4,845,519	-	21,078	276,684	-	5,143,281
Contributed assets	-	-	2,581,258	-	-	2,842,650	-	5,423,908
Government transfers for capital	-	-	6,658,336	-	474,253	1,784	666,413	7,800,786
	603,435	14,052,693	19,216,047	7,768,778	8,222,481	19,606,808	11,137,563	80,607,805
EXPENSES								
Salaries, wages and benefits	377,216	6,010,369	1,714,994	2,750,986	4,867,894	2,283,340	4,808,261	22,813,060
Contracted and general services	135,916	704,560	1,319,127	586,640	1,379,475	4,119,496	2,249,559	10,494,773
Purchases from other governments	-	3,633,429	-	-	131,747	2,827,382	1,802	6,594,360
Materials, goods, utilities and other	17,051	206,567	1,632,006	15,046	749,589	1,248,362	281,056	4,149,677
Transfers to local boards and agencies	-	-	232,196	86,800	2,078,871	-	-	2,397,867
Bank charges and short term interest	-	160	-	-	5,836	-	124,571	130,567
Interest on long term debt and capital leases	-	527,286	268,885	-	61,388	39,069	-	896,628
(Gain) loss on disposal of tangible capital assets	-	-	-	-	-	-	351,938	351,938
	530,183	11,082,371	5,167,208	3,439,472	9,274,800	10,517,649	7,817,187	47,828,870
NET REVENUE, BEFORE AMORTIZATION	73,252	2,970,322	14,048,839	4,329,306	(1,052,319)	9,089,159	3,320,376	32,778,935
Amortization expense	-	221,507	2,927,410	17,910	3,869,839	4,140,230	396,732	11,573,628
EXCESS OF REVENUE OVER EXPENSES	73,252	2,748,815	11,121,429	4,311,396	(4,922,158)	4,948,929	2,923,644	21,205,307

Town of Cochrane
Schedule of Segmented Disclosures

For the year ended December 31, 2020

Schedule 6

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2020
REVENUE								
Net municipal taxes	546,069	12,430,517	629,826	1,976,706	7,238,337	-	5,879,313	28,700,768
Community revitalization levy	-	-	-	-	-	-	1,329,157	1,329,157
Local improvement taxes	-	-	31,615	-	-	-	-	31,615
Government transfers for operating	-	483,124	120,862	45,881	2,583,190	98,008	98,725	3,429,790
User fees and sales of goods	-	212,547	39,311	532,387	388,799	15,275,195	63,059	16,511,298
Licenses and permits	-	152,009	-	970,875	2,200	-	32,915	1,157,999
Fine and penalties	-	343,315	-	-	6,607	-	363,355	713,277
Rental, donations and other	-	12,250	94,848	300	312,721	138,043	447,581	1,005,743
Franchise fees	-	-	3,777,322	-	-	-	-	3,777,322
Investment income	-	-	-	-	426	-	1,101,676	1,102,102
Development levies	-	-	1,147,221	-	288,384	135,993	-	1,571,598
Contributed assets	-	-	3,554,294	-	-	8,242,868	-	11,797,162
Government transfers for capital	-	-	4,068,488	-	315,186	127,929	-	4,511,603
	546,069	13,633,762	13,463,787	3,526,149	11,135,850	24,018,036	9,315,781	75,639,434
EXPENSES								
Salaries, wages and benefits	359,633	6,497,734	1,926,355	2,511,747	5,049,670	2,143,767	4,791,986	23,280,892
Contracted and general services	91,077	792,964	1,103,512	418,980	1,399,649	3,648,324	1,781,822	9,236,328
Purchases from other governments	-	3,402,589	-	-	131,746	2,569,064	1,316	6,104,715
Materials, goods, utilities and other	2,422	273,386	1,492,780	9,069	697,702	1,215,838	163,881	3,855,078
Transfers to local boards and agencies	-	22,500	232,752	77,000	2,717,050	-	-	3,049,302
Bank charges and short term interest	-	-	-	-	5,860	-	90,194	96,054
Interest on long term debt and capital leases	-	527,097	179,612	-	74,344	60,816	-	841,869
(Gain) loss on disposal of tangible capital assets	-	-	-	-	3,710	-	-	3,710
	453,132	11,516,270	4,935,011	3,016,796	10,079,731	9,637,809	6,829,199	46,467,948
NET REVENUE, BEFORE AMORTIZATION	92,937	2,117,492	8,528,776	509,353	1,056,119	14,380,227	2,486,582	29,171,486
Amortization expense	-	67,021	2,963,167	14,593	3,876,601	4,131,828	272,925	11,326,135
EXCESS OF REVENUE OVER EXPENSES	92,937	2,050,471	5,565,609	494,760	(2,820,482)	10,248,399	2,213,657	17,845,351

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Cochrane (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses and changes 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 Town of Cochrane Library Board. The schedule of taxes levied also includes requisitions for education and social organizations that are not part of the municipal reporting entity. The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

c) Revenue recognition

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 revenue 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.

Tax and Community Revitalization revenue is 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.

Licenses and permits are recognized as revenue over the period of use.

Franchise fees are recognized over the terms of service of a franchisee agreement.

Fines and penalties are recognized as charged.

Revenue on investments and rentals are recognized on a time proportioned basis as earned.

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 Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

d) Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The area which requires management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i) Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives. Management reviews useful lives and residual values of the depreciable assets at each reporting date, based on the expected utilization of the assets by the company. Significant judgement is involved in the determination of useful life and residual values will not differ significantly from current assumptions.

ii) Allowance for doubtful accounts

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

e) Off-site developers levies

Off-site developers' levies are recorded as deferred revenue when received. Revenue is recognized upon the capital expenditure being incurred. Monies received are transferred to reserves for future capital expenditures in accordance with the terms of each agreement.

f) Requisition over-levy and under-levy

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.

g) 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.

h) Restricted surplus - equity in tangible capital assets

Equity in tangible capital assets represents the Town's net investment in its tangible 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.

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

i) Contaminated sites liability

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31.

At each reporting date, the Town reviews that carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Town continues to recognize the liability until it is settled or otherwise distinguished. Disbursements made to settle the liability are deducted from the reported liability when made.

It is management's assessment that no contaminated sites exist for the Town.

j) 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:

	<u>Years</u>
Buildings	40
Engineered structures	30 - 75
Land Improvements	20
Machinery and equipment	5 - 10
Vehicles	10 - 25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

k) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

l) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the 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.

m) Inventory

Inventory held for sale is recorded at the lower of cost and net realizable value using the first-in-first-out (FIFO) method.

n) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in 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 revenue over expenses, provides the Change in Net Financial Assets for the year.

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

o) Investments

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

p) Pensions

The Town participates in a multi-employer pension plan. The plan is accounted for as a defined contribution plan. Contributions for current services are recorded as expenditures in the year in which they become due.

q) 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. The functions that have been disclosed in the segmented information, along with the services provided are as follows:

i. Council

Council consists of Town council.

ii. Protective Services

Protective Services includes police, municipal enforcement and fire.

iii. Transportation Services

Transportation services include roads and transit.

iv. Planning and Development

Planning and Development includes subdivision land development and economic development.

v. Community Services

Community Services includes parks and recreation, culture and facilities and family and community services (FCSS).

vi. Utility Services

Utility services includes water, wastewater and storm sewer, waste and recycling.

vii. General Government

General government consists of general administrative which includes executive leadership, corporate services, legislative services and human resources and communications.

For each reported segment, revenue 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. For additional information see the Schedule of Segmented Disclosure (Schedule 6).

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

2. CASH AND TEMPORARY INVESTMENTS

	2021	2020
Cash	85,402,344	72,121,528

Cash is held in various accounts earning interest at rates between 0.63% and 1.36% per annum.

Cash and temporary investments includes restricted amounts to be used exclusively for approved projects as disclosed in deferred revenue (note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	738,006	1,038,486
Arrears	293,563	275,414
	1,031,569	1,313,900

4. INVESTMENTS

	2021	2020
Investments	155,798	2,017,688

Long term investments primarily represent term deposits and GICs issued by financial institutions, bearing interest at rates from .2% to 2.40% (2020 - 2.10% to 2.40%) for maturities over one year. Market value at December 31, 2021 was \$153,798 (2020 - \$2,017,688).

5. DEFERRED REVENUE

	2021	2020
Police Officer Grant	155,996	154,452
Flood Recovery Erosion Control Program	3,529,482	3,777,959
Green Transit Incentives Program	1,203,531	2,480,408
Municipal Sustainability Initiative	16,726	15,223
Federal Gas Tax Fund	1,209,459	1,225,054
Other grants revenue	324,799	2,514,156
Deferred facility revenue	49,367	47,871
Deferred developer revenue	4,076,274	629,859
Prepaid meters, licenses and fees	426,095	300,247
	10,991,729	11,145,229

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

6. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consist of vacation, overtime and uniform points liability for unionized personnel. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

	2021	2020
Employee benefit obligation	1,395,465	1,325,877

7. LONG TERM DEBT

	2021	2020
Long term debt	15,152,584	7,733,118

The current portion of the long term debt amounts to \$1,819,056 (2020 - \$1,406,634).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	1,819,056	419,425	2,238,481
2023	1,454,497	349,553	1,804,050
2024	1,253,710	304,483	1,558,193
2025	1,287,450	270,743	1,558,193
2026	1,322,153	236,040	1,558,193
Thereafter	8,015,718	1,440,417	9,456,135
	15,152,584	3,020,661	18,173,245

Debenture debt is repayable to the Government of Alberta and bears interest at rates ranging from 2.53% to 6.75% per annum (2020 - 2.53% to 6.75%) and matures between 2022 and 2041. The weighted average interest rate is 2.82% (2020 - 3.36%). Debenture debt is issued on the credit and security of the Town of Cochrane at large.

Interest on long term debt and capital leases amounted to \$896,628 (2020 - \$841,869).

During the current year, the Town secured a \$9 million debenture from the Government of Alberta bearing interest at 2.549% per annum. The debenture matures March 15, 2041.

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

8. 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 Road. 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 \$3,727,224 (2020 - \$3,470,174), and the resulting net book value included in tangible capital assets is \$3,984,274 (2020 - \$4,241,324).

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.

The Protective Services Facility lease bears interest at 8.20% (2020 - 8.20%) and matures in 2037. The lease is collateralized by underlying assets.

On August 12, 2021, the Town entered in a lease agreement with Canadian Western Bank National Leasing ("CWB") for 36 Motorola APX 6000 Radios for a 5 year period. The cost of assets under capital lease are \$282,821, the accumulated amortization is \$14,141 and the resulting net book value included in capital assets is \$268,860.

At the end of the lease, the Town has an option to purchase the radios for \$1.

The CWB lease bears interest at 3.3% and matures in 2025. The leases are collateralized by the underlying assets.

	2021	2020
Protective Services Facility lease	6,252,599	6,369,125
Canadian Western Bank National Leasing	229,868	-
Total	6,482,467	6,369,125

The current portion of the capital lease is \$116,527 (2020 - \$107,383). Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	193,796	521,636	715,432
2023	234,153	518,613	752,766
2024	251,720	501,046	752,766
2025	270,736	482,030	752,766
2026	229,041	461,439	690,480
Thereafter	5,303,021	2,902,438	8,205,459
	6,482,467	5,387,202	11,869,669

9. DEBT LIMITS

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

	2021	2020
Total debt limit	101,074,663	88,996,003
Total debt (Notes 7 and 8)	21,635,051	14,102,243
Amount debt limit remaining	79,439,612	74,893,760
Debt servicing limit	16,845,777	14,832,667
Debt servicing	2,953,913	2,373,994
Service on debt limit remaining	13,891,864	12,458,673

Town of Cochrane
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

9. DEBT LIMITS *(continued from previous page)*

The debt limit is calculated at 1.5 times revenue of the Town (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 which could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 2)	491,392,980	472,767,302
Long term debt (including capital leases) (Note 7 and 8)	(21,635,051)	(14,102,243)
	469,757,929	458,665,059

11. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	26,504,693	18,882,187
Restricted surplus (Note 12)		
Operating reserves	13,443,469	13,033,801
Capital reserves	34,591,085	32,510,822
Equity in tangible capital assets (Note 10)	469,757,929	458,665,059
	544,297,176	523,091,869

12. RESTRICTED SURPLUS - RESERVES FUNDS

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	2021	2020
Restricted Operating Surplus		
Reserves for commitments	2,440,811	2,440,811
Reserves for contingencies	11,002,658	10,592,990
Operating Reserves	13,443,469	13,033,801
Restricted Capital Surplus		
Offsite and voluntary levies	5,562,506	10,680,175
Asset replacement and other capital reserves	29,028,579	21,830,647
Capital Reserves	34,591,085	32,510,822
	48,034,554	45,544,623

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

13. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits & allowances	2021	2020
Mayor:				
Genung	99,600	11,729	111,329	110,215
Councillors:				
Fedeyko	35,795	9,841	45,636	43,364
Flowers	37,795	5,372	43,167	39,366
McFadden	35,795	9,841	45,636	43,364
Nagel	35,795	5,372	41,167	39,366
Reed	35,795	9,841	45,636	43,364
Wilson	35,795	9,841	45,636	43,364
Administrators				
Chief Administrative Officers (1, 3 in 2020)	203,285	43,639	246,924	648,002
Designated Officers (1)	113,533	28,757	142,290	140,693

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, of which there was 1 during 2021, (3 during 2020), and Designated Officers salary include regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Amounts for 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.

14. LOCAL AUTHORITIES PENSION PLAN

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is required to make current service contributions to the Local Authorities Pension Plan (the "Plan") of 9.39% (2020 - 9.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% (2020 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2020 - 12.84%) on pensionable salary above this amount.

Total current and prior period service contributions by the Town to the Plan in 2021 were \$1,599,589 (2020 - \$1,587,898). Total current and prior year service contributions by the employees of the Town to the Plan in 2020 were \$1,442,545 (2020 - \$1,439,486). At December 31, 2020, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$4.96 billion (2019 - surplus of \$7.9 billion).

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

15. COMMITMENTS AND CONTINGENCIES

i. Lawsuits and Claims

There are pending claims by and against the Town. Litigation is subject to uncertainties, and the outcome of the individual matters is not predictable with assurance. Management believes the Town has minimal exposure to these actions at December 31, 2021.

ii. Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta (the "Province") 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 payments 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 development and anticipated revenue from associated development levies within the affected area, and the anticipated grant repayment schedule. Offsite levies collected and remitted to the Province in 2021 were \$7,967 (2020 - \$44,695). As of December 31, 2021, the remaining amount to be paid is \$909,552 (2020 - \$917,519).

iii. Spray Lake Sawmills Recreation Park Society

Effective June 20, 2017, the Town entered into a reimbursement agreement with the Spray Lake Sawmills Recreation Park Society (the "Society") wherein the Town has agreed to reimburse the Society for operating losses incurred for 7.5 years from the date of the agreement, with an automatic renewal for an additional 7.5 years, unless the agreement is terminated in writing by one or both of the parties not less than twelve months prior to its expiry. During the year, the Town provided \$1,700,000 (2020 - \$2,336,895) to support the Society. The amount is included in transfers to local boards and agencies as disclosed in the Community Services segment on schedule 6.

16. BUDGET INFORMATION

The disclosed budget information has been approved by Council. The following is a reconciliation between the budget approved and that showing in the consolidated financial statements.

i. Budgeted Revenue

Approved budget revenue	70,528,902
Draws from reserves	(1,371,697)
	69,157,205

i. Budgeted Expenses

Approved budget expenses	87,674,871
Transfers to reserves	(8,622,763)
Principal debt repayments	(1,750,013)
Acquisition of capital assets	(27,254,500)
	50,047,595
	19,109,610

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest rate or currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Towns manages risk exposure on these items similar to other receivables and payables.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from 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 customer minimizes the credit risk. Current credit concentration in trade receivable is that there are 3 customers (2020 - 2 customers) making up 36% (2020 - 30%) of receivables. The Town is exposed to market price risk from investments in equity instruments whose value fluctuates with changes in quoted market prices.

20. COVID-19

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The Town continues to monitor its operations and assess the impacts COVID-19 will have on its business activities.

The impact of COVID-19 on the Town has been limited during 2021. There was decreased user fee revenue from concession sales, rentals, etc. The Town also increased its transfer payments to the Spray Lake Sawmills Recreation Park Society. The Town also received stimulus funding from the provincial government to offset incremental costs and reduce revenue associated with COVID-19. The ongoing extent of the effect of the COVID-19 pandemic on the Town is uncertain.