

TOWN OF COCHRANE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

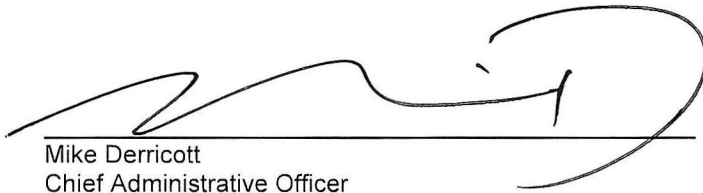
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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. The 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 responsibility 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 the consolidated financial statements.

The elected Mayor and Council of the Town of Cochrane are composed entirely of individuals who are neither management nor employees of the Municipality. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Municipality's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Mike Derricott
Chief Administrative Officer



Alvin Allim, CPA, CGA
Director, Financial and Information Technology Services

July 25, 2023
Cochrane, Alberta

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Cochrane

Qualified Opinion

We were engaged to audit the consolidated financial statements of the Town of Cochrane (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Town's accumulated surplus – reserves include \$8,317,193 collected from offsite levies. The uses of offsite levies and interest earned on the collected funds are restricted under the *Municipal Government Act* to the purpose for which they were collected. Accordingly, offsite levies represent a liability to the Town. As at December 31, 2022, liabilities are understated by \$8,317,193 with accumulated surplus overstated by the corresponding amount. In addition, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded offsite levies, and the elements making up the consolidated statement of operations and accumulated surplus, changes in net financial assets, and consolidated statement of cash flows.

Significant turnover in key finance and accounting positions had resulted in loss of knowledge of the Town's operations including receivables, tangible capital assets, deferred revenue, development levies and government transfers for capital. The Town's tangible capital assets – construction in progress ("CIP"), is carried at \$119,868,436 on the consolidated statement of financial position, which represents 22% of the Town's tangible capital assets as at December 31, 2022. We have been unable to obtain a listing of assets that comprise CIP and have been unable to assess the existence and valuation of CIP recorded. The Town's additions to tangible capital assets, including contributed assets, total \$57,188,899 on the consolidated statement of financial position. We were unable to obtain a detailed listing of assets that comprise these additions and have thus been unable to assess the existence and valuation of additions to tangible capital assets. This is further compounded as we have been unable to obtain supporting documentation over deferred revenue related to government transfers with significant deviations identified. As at December 31, 2022, deferred revenue related to government transfers totaled \$14,638,241, the Town's deferred revenue is carried at \$24,959,273 on the consolidated statement of financial position. Due to discrepancies in deferred revenue, we have been unable to confirm or verify government transfers receivable recorded in the consolidated statement of financial position or government transfers – capital in the consolidated statement of operations. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded tangible capital assets, deferred revenue, and accounts receivable, and the elements making up the consolidated statement of operations and accumulated surplus, changes in net financial assets, and consolidated statement of cash flows.

(continues)

Independent Auditors' Report to the Mayor and Council of the Town of Cochrane (*continued*)

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(*continues*)

Independent Auditors' Report to the Mayor and Council of the Town of Cochrane (*continued*)

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.

Chartered Professional Accountants

Edmonton, Alberta

July 25, 2023

TOWN OF COCHRANE
Consolidated Statement of Financial Position
As at December 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 43,333,854	\$ 85,402,344
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	1,568,191	1,031,569
Trade and other receivables (Note 4)	18,465,901	11,618,638
Land held for resale	320,000	-
Investments (Note 5)	<u>68,517,581</u>	<u>155,798</u>
	<u>132,205,527</u>	<u>98,208,349</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	15,492,313	9,834,850
Deposit liabilities	1,680,341	1,486,982
Employee benefit obligations (Note 7)	1,471,972	1,360,940
Deferred revenue (Note 8)	24,959,273	10,991,729
Long-term debt (Note 9)	38,420,451	15,152,584
Capital leases (Note 10)	<u>6,288,671</u>	<u>6,482,467</u>
	<u>88,313,021</u>	<u>45,309,552</u>
NET FINANCIAL ASSETS	<u>43,892,506</u>	<u>52,898,797</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	536,537,145	491,392,980
Inventory for consumption	2,768	2,625
Prepaid expenses	<u>214,704</u>	<u>2,774</u>
	<u>536,754,617</u>	<u>491,398,379</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 12)	<u>\$580,647,123</u>	<u>\$544,297,176</u>

Contingencies (Note 16)

Contractual obligations (Note 17)

ON BEHALF OF COUNCIL:


 _____ Mayor

 _____ Councillor


The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 21)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 34,414,013	\$ 34,322,195	\$ 30,601,995
User fees and sales of goods (Schedule 5)	18,434,301	19,480,536	17,804,341
Franchise fees and concession contracts (Note 15)	4,513,313	4,662,908	4,033,273
Government transfers for operating (Schedule 4)	2,183,338	3,245,926	4,062,055
Investment income	1,662,264	2,852,576	855,967
Licenses and permits	2,014,500	2,684,147	2,411,413
Other	400,789	940,049	598,208
Penalties on taxes	450,000	536,011	651,078
Fines	493,300	313,675	412,977
Rentals	230,800	272,289	231,125
	<u>64,796,618</u>	<u>69,310,312</u>	<u>61,662,432</u>
EXPENSES			
Utility services	12,288,925	15,596,460	14,395,505
Protective services	13,347,507	14,485,789	11,283,878
Community services	10,287,505	13,979,246	13,141,862
General government services	9,107,754	9,458,263	8,283,520
Transportation services	5,013,829	7,790,742	8,094,618
Planning and development services	4,206,080	4,533,587	3,273,779
	<u>54,251,600</u>	<u>65,844,087</u>	<u>58,473,162</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	<u>10,545,018</u>	<u>3,466,225</u>	<u>3,189,270</u>
OTHER REVENUE (EXPENSES)			
Offsite levies	-	12,918,319	5,143,281
Government transfers for capital (Schedule 4)	-	10,805,522	7,800,786
Contributed assets (Schedule 1)	-	9,234,124	5,423,908
Gain (loss) on disposal of tangible capital assets	-	(74,243)	(351,938)
	<u>-</u>	<u>32,883,722</u>	<u>18,016,037</u>
ANNUAL SURPLUS	10,545,018	36,349,947	21,205,307
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>544,297,176</u>	<u>544,297,176</u>	<u>523,091,869</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 12)	<u>\$554,842,194</u>	<u>\$580,647,123</u>	<u>\$544,297,176</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 21)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
ANNUAL SURPLUS	\$ <u>10,545,018</u>	\$ <u>36,349,947</u>	\$ <u>21,205,307</u>
Acquisition of tangible capital assets	(41,654,113)	(47,954,775)	(25,169,713)
Contributed tangible capital assets	-	(9,234,124)	(5,423,908)
Proceeds on disposal of tangible capital assets	-	10,229	42,377
Amortization of tangible capital assets	(98,762)	11,960,262	11,573,628
Loss on disposal of tangible capital assets	<u>-</u>	<u>74,243</u>	<u>351,938</u>
	<u>(41,752,875)</u>	<u>(45,144,165)</u>	<u>(18,625,678)</u>
Net change in prepaid expenses	-	(211,930)	61,779
Net change in inventory for consumption	<u>-</u>	<u>(143)</u>	<u>(1,530)</u>
	<u>-</u>	<u>(212,073)</u>	<u>60,249</u>
CHANGE IN NET FINANCIAL ASSETS	(31,207,857)	(9,006,291)	2,639,878
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>52,898,797</u>	<u>52,898,797</u>	<u>50,258,919</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 21,690,940</u>	<u>\$ 43,892,506</u>	<u>\$ 52,898,797</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 36,349,947	\$ 21,205,307
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	11,960,262	11,573,628
Acquisition of contributed capital assets	(9,234,124)	(5,423,908)
Loss (gain) on disposal of tangible capital assets	<u>74,243</u>	<u>351,938</u>
	<u>39,150,328</u>	<u>27,706,965</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(536,622)	282,331
Trade and other receivables	(6,847,263)	(2,022,702)
Land held for resale	(320,000)	-
Inventory for consumption	(143)	1,530
Prepaid expenses	(211,930)	61,779
Accounts payable and accrued liabilities	5,657,465	1,577,285
Employee benefit obligations	111,032	69,588
Deposit liabilities	193,359	(335,327)
Deferred revenue	<u>13,967,544</u>	<u>(153,500)</u>
	<u>12,013,442</u>	<u>(519,016)</u>
	<u>51,163,770</u>	<u>27,187,949</u>
FINANCING ACTIVITIES		
Issued long-term debt	25,473,869	9,000,000
Repayment of long-term debt	(2,206,002)	(1,610,917)
Repayment of capital lease	<u>(193,796)</u>	<u>(139,096)</u>
	<u>23,074,071</u>	<u>7,249,987</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(47,954,775)	(23,061,387)
Proceeds on disposal of tangible capital assets	<u>10,229</u>	<u>42,377</u>
	<u>(47,944,546)</u>	<u>(23,019,010)</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	-	1,861,890
Purchase of investments	<u>(68,361,785)</u>	<u>-</u>
	<u>(68,361,785)</u>	<u>1,861,890</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	(42,068,490)	13,280,816
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>85,402,344</u>	<u>72,121,528</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	<u>\$ 43,333,854</u>	<u>\$ 85,402,344</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
Consolidated Schedule of Tangible Capital Assets
For The Year Ended December 31, 2022

Schedule 1

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2022</u>	<u>2021</u>
COST:								
Balance, Beginning of Year	\$ 89,085,706	\$ 97,705,048	\$ 344,299,035	\$ 10,795,805	\$ 9,562,721	\$ 81,384,621	\$ 632,832,936	\$ 603,148,867
Additions	1,316,645	39,572	-	216,048	165,255	46,217,255	47,954,775	25,169,713
Contributed assets	315,582	-	8,918,542	-	-	-	9,234,124	5,423,908
Disposals	-	-	(126,100)	-	(62,265)	-	(188,365)	(909,552)
Transfers	<u>883,425</u>	<u>177,619</u>	<u>5,823,702</u>	<u>848,695</u>	<u>-</u>	<u>(7,733,441)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>91,601,358</u>	<u>97,922,239</u>	<u>358,915,179</u>	<u>11,860,548</u>	<u>9,665,711</u>	<u>119,868,435</u>	689,833,470	632,832,936
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	9,430,690	28,671,250	92,431,383	6,101,818	4,804,815	-	141,439,956	130,381,565
Amortization expense	855,503	2,901,381	6,484,298	1,063,505	655,575	-	11,960,262	11,573,628
Disposals	<u>-</u>	<u>-</u>	<u>(41,628)</u>	<u>-</u>	<u>(62,265)</u>	<u>-</u>	(103,893)	<u>(515,237)</u>
Balance, End of Year	<u>10,286,193</u>	<u>31,572,631</u>	<u>98,874,053</u>	<u>7,165,323</u>	<u>5,398,125</u>	<u>-</u>	153,296,325	141,439,956
NET BOOK VALUE, END OF YEAR	\$ <u>81,315,165</u>	\$ <u>66,349,608</u>	\$ <u>260,041,126</u>	\$ <u>4,695,225</u>	\$ <u>4,267,586</u>	\$ <u>119,868,435</u>	\$ <u>536,537,145</u>	\$ <u>491,392,980</u>
NET BOOK VALUE, BEGINNING OF YEAR	\$ <u>79,655,016</u>	\$ <u>69,033,798</u>	\$ <u>251,867,652</u>	\$ <u>4,693,987</u>	\$ <u>4,757,906</u>	\$ <u>81,384,621</u>	\$ <u>491,392,980</u>	\$ <u>-</u>
*Construction in progress is comprised of	<u>\$ 3,262,398</u>	<u>\$ 24,065,283</u>	<u>\$ 91,484,085</u>	<u>\$ 585,172</u>	<u>\$ 471,497</u>	<u>\$ -</u>	\$ <u>119,868,435</u>	\$ <u>81,384,621</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE

Consolidated Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2022

	<u>Unrestricted</u>	<u>Restricted</u>	Equity in Tangible Capital Assets	<u>2022</u>	<u>2021</u>
BALANCE, BEGINNING OF YEAR	\$ 26,504,693	\$ 48,034,554	\$469,757,929	\$544,297,176	\$523,091,869
Annual surplus	36,349,947	-	-	36,349,947	21,205,307
Unrestricted funds designated for future use	(61,979,745)	61,979,745	-	-	-
Restricted funds used for tangible capital assets	-	(47,954,775)	47,954,775	-	-
Contributed tangible capital assets	(9,234,124)	-	9,234,124	-	-
Annual amortization expense	11,960,262	-	(11,960,262)	-	-
Disposal of tangible capital assets	84,472	-	(84,472)	-	-
Long term debt and capital leases issued	25,473,869	-	(25,473,869)	-	-
Long term debt and capital leases repaid	<u>(2,399,798)</u>	<u>-</u>	<u>2,399,798</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 26,759,576</u>	<u>\$ 62,059,524</u>	<u>\$491,828,023</u>	<u>\$580,647,123</u>	<u>\$544,297,176</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
 Consolidated Schedule of Property and Other Taxes
 For The Year Ended December 31, 2022

Schedule 3

	<u>2022</u> (Budget) (Note 21)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
TAXATION			
Real property taxes	\$ 48,584,011	\$ 48,701,800	\$ 44,457,439
Community revitalization levy	1,499,922	1,425,523	1,297,675
Linear property taxes	582,644	582,644	521,129
Government grants in lieu of property taxes	99,639	90,766	98,937
Local improvement taxes	<u>31,615</u>	<u>31,063</u>	<u>31,615</u>
	<u>50,797,831</u>	<u>50,831,796</u>	<u>46,406,795</u>
REQUISITIONS			
Alberta School Foundation Fund	14,459,471	14,583,278	13,770,569
Calgary Catholic School Board	1,618,422	1,618,108	1,729,635
Rockyview Foundation	<u>305,925</u>	<u>308,215</u>	<u>304,596</u>
	<u>16,383,818</u>	<u>16,509,601</u>	<u>15,804,800</u>
NET MUNICIPAL TAXES	<u>\$ 34,414,013</u>	<u>\$ 34,322,195</u>	<u>\$ 30,601,995</u>

TOWN OF COCHRANE
 Consolidated Schedule of Government Transfers
 For The Year Ended December 31, 2022

Schedule 4

	<u>2022</u> (Budget) (Note 21)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 1,826,077	\$ 2,114,369	\$ 3,687,502
Local governments	357,261	547,691	392,973
Federal government	<u>-</u>	<u>583,866</u>	<u>(18,420)</u>
	<u>2,183,338</u>	<u>3,245,926</u>	<u>4,062,055</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>-</u>	<u>10,805,522</u>	<u>7,800,786</u>
	<u>-</u>	<u>10,805,522</u>	<u>7,800,786</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,183,338</u>	<u>\$ 14,051,448</u>	<u>\$ 11,862,841</u>

TOWN OF COCHRANE
Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2022

Schedule 5

	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	Total
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,322,195	\$ 34,322,195
User fees and sales of goods	79,085	123,952	595,840	936,372	17,573,325	171,962	19,480,536
Franchise fees and concession contracts	-	-	-	-	-	4,662,908	4,662,908
Government transfers for operating	613,405	591,500	(69)	1,612,958	202,488	225,644	3,245,926
Investment income	-	-	-	10,573	-	2,842,003	2,852,576
Licenses and permits	253,324	-	2,373,973	3,100	-	53,750	2,684,147
Other	14,741	156,032	135	177,243	143,515	448,383	940,049
Penalties on taxes	-	-	-	-	-	536,011	536,011
Fines	293,117	-	-	20,558	-	-	313,675
Rentals	119,688	-	-	152,601	-	-	272,289
	<u>1,373,360</u>	<u>871,484</u>	<u>2,969,879</u>	<u>2,913,405</u>	<u>17,919,328</u>	<u>43,262,856</u>	<u>69,310,312</u>
EXPENSES							
Salaries, wages, and benefits	6,749,130	1,235,028	3,517,892	4,752,304	2,261,153	6,171,979	24,687,486
Contracted and general services	727,470	1,240,583	762,428	1,639,684	4,776,696	2,377,080	11,523,941
Transfers to other governments	5,472,991	-	-	150,296	3,154,111	1,654	8,779,052
Materials, goods, supplies and utilities	282,951	1,705,274	25,551	870,123	1,138,733	237,548	4,260,180
Transfers to local boards and organizations	-	269,410	150,000	2,640,687	-	1,750	3,061,847
Interest on long term debt and capital leases	957,309	389,183	-	47,737	20,172	-	1,414,401
Other	24,673	-	59,806	22,927	30,672	18,840	156,918
	<u>14,214,524</u>	<u>4,839,478</u>	<u>4,515,677</u>	<u>10,123,758</u>	<u>11,381,537</u>	<u>8,808,851</u>	<u>53,883,825</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	(12,841,164)	(3,967,994)	(1,545,798)	(7,210,353)	6,537,791	34,454,005	15,426,487
Amortization of tangible capital assets	<u>271,265</u>	<u>2,951,264</u>	<u>17,910</u>	<u>3,855,488</u>	<u>4,214,923</u>	<u>649,412</u>	<u>11,960,262</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	(13,112,429)	(6,919,258)	(1,563,708)	(11,065,841)	2,322,868	33,804,593	3,466,225
Development levies	682,610	7,682,824	8,800	41,434	4,502,651	-	12,918,319
Government transfers for capital	-	-	-	-	-	10,805,522	10,805,522
Contributed assets	-	3,060,942	-	-	6,033,182	140,000	9,234,124
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	(74,243)	(74,243)
ANNUAL SURPLUS	<u>\$ (12,429,819)</u>	<u>\$ (11,541,140)</u>	<u>\$ (1,554,908)</u>	<u>\$ (11,024,407)</u>	<u>\$ 12,858,701</u>	<u>\$ 44,675,872</u>	<u>\$ 36,349,947</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE

Schedule 5

Consolidated Schedule of Segmented Information

For The Year Ended December 31, 2021

	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	Total
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,601,995	\$ 30,601,995
User fees and sales of goods	64,656	80,615	561,281	573,901	16,412,328	111,560	17,804,341
Government transfers for operating	609,878	112,822	57,630	2,594,114	39,253	648,358	4,062,055
Franchise fees and concession contracts	-	4,033,273	-	-	-	-	4,033,273
Licenses and permits	230,153	-	2,116,715	2,100	-	62,445	2,411,413
Investment income	-	-	-	809	-	855,158	855,967
Penalties on taxes	-	-	-	-	-	651,078	651,078
Other	790	153,383	-	136,893	112,815	194,327	598,208
Fines	401,401	-	-	11,576	-	-	412,977
Rentals	90,586	-	-	140,539	-	-	231,125
	<u>1,397,464</u>	<u>4,380,093</u>	<u>2,735,626</u>	<u>3,459,932</u>	<u>16,564,396</u>	<u>33,124,921</u>	<u>61,662,432</u>
EXPENSES							
Salaries, wages, and benefits	6,010,369	1,714,994	2,567,383	4,867,894	2,283,340	5,369,079	22,813,059
Contracted and general services	704,560	1,319,127	586,641	1,386,758	4,119,497	2,093,227	10,209,810
Transfers to other governments	3,633,429	-	-	131,747	2,827,382	1,803	6,594,361
Materials, goods, supplies and utilities	186,803	1,632,006	15,045	737,056	961,362	298,109	3,830,381
Transfers to local boards and organizations	-	232,196	86,800	2,078,871	-	-	2,397,867
Other (recovery)	(76)	-	-	5,836	27,098	124,570	157,428
Interest on long term debt and capital leases	527,286	268,885	-	61,388	39,069	-	896,628
	<u>11,062,371</u>	<u>5,167,208</u>	<u>3,255,869</u>	<u>9,269,550</u>	<u>10,257,748</u>	<u>7,886,788</u>	<u>46,899,534</u>
ANNUAL SUPLUS BEFORE AMORTIZATION	(9,664,907)	(787,115)	(520,243)	(5,809,618)	6,306,648	25,238,133	14,762,898
Amortization of tangible capital assets	221,507	2,927,410	17,910	3,872,312	4,137,757	396,732	11,573,628
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	<u>(9,886,414)</u>	<u>(3,714,525)</u>	<u>(538,153)</u>	<u>(9,681,930)</u>	<u>2,168,891</u>	<u>24,841,401</u>	<u>3,189,270</u>
Government transfers for capital	-	6,658,336	-	474,253	1,784	666,413	7,800,786
Contributed assets	-	2,581,258	-	-	2,842,650	-	5,423,908
Development levies	-	4,845,519	-	21,078	276,684	-	5,143,281
Gain (loss) on disposals of tangible capital assets	-	-	-	-	-	(351,938)	(351,938)
ANNUAL SURPLUS	<u>\$ (9,886,414)</u>	<u>\$ 10,370,588</u>	<u>\$ (538,153)</u>	<u>\$ (9,186,599)</u>	<u>\$ 5,290,009</u>	<u>\$ 25,155,876</u>	<u>\$ 21,205,307</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Cochrane (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. 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, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Town of Cochrane Library Board.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

The schedule of taxes levied also includes requisitions for education and seniors foundations that are not part of the municipal reporting entity.

The 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 recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

(c) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(d) Investments

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

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

(e) Cash and Temporary Investments

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

(CONT'D)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Tax Revenue

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

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(g) Requisition Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) 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 expenditure during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine an allowance for doubtful accounts, accrued liabilities, employment benefit obligations, inventory valuation and the useful lives of tangible capital assets.

(i) Government Transfers

Government transfers are the transfer of assets from all levels of governments that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the consolidated 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 Town, and reasonable estimates of the amounts can be made.

(j) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(k) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues.

(CONT'D)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Non-Financial Assets

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

i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings	40 years
Engineered Structures	30 - 75 years
Machinery and Equipment	5 - 10 years
Land improvements	20 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.

ii) **Contributions of Tangible Capital Assets**

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

iii) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) **Inventory for Consumption**

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the first-in-first-out (FIFO) method.

v) **Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

(n) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Town will continue to assess the impact and prepare for the adoption of these standards.

i) **Financial Statement Presentation**

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(CONT'D)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ii) Foreign Currency Translation

PS 2601, *Foreign Currency Translation*, requires that monetary assets and liabilities denominated in foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iii) Portfolio Investments

PS 3041, *Portfolio Investments*, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iv) Financial Instruments

PS 3450, *Financial Instruments*, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

v) Asset Retirement Obligations

PS 3280, *Asset Retirement Obligations*, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability* has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi) Public Private Partnerships

PS 3160, *Public Private Partnerships*, establishes standards on how to account for public private partnership agreements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

vii) Revenue

PS 3400, *Revenue*, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable for fiscal years beginning on or after April 1, 2023.

viii) Purchased Intangible Assets

PSG-8, *Purchased Intangible Assets*, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Cash	\$ 43,313,341	\$ 77,725,809
Temporary investments	<u>20,513</u>	<u>7,676,535</u>
	<u>\$ 43,333,854</u>	<u>\$ 85,402,344</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at 4.80% (2021 - 0.63% to 1.36%) maturing in 2023 (2021 - 2022).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Taxes and grants in place of taxes		
Current taxes	\$ 1,340,255	\$ 738,006
Arrears taxes	<u>227,936</u>	<u>293,563</u>
	<u>\$ 1,568,191</u>	<u>\$ 1,031,569</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Trade and other receivables	\$ 14,444,013	\$ 9,317,199
Receivable from other governments	3,434,529	1,750,897
Goods and Services Tax recoverable	<u>587,359</u>	<u>550,542</u>
	<u>\$ 18,465,901</u>	<u>\$ 11,618,638</u>

5. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Term deposits	\$ 68,515,581	\$ 153,798
Credit Union shares	<u>2,000</u>	<u>2,000</u>
	<u>\$ 68,517,581</u>	<u>\$ 155,798</u>

Term deposits have interest rates ranging from 0.85% to 5.50% (2021 - 0.85%) with maturity dates ranging from April 2023 to September 2024 (2021 - September 2024).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade and other accounts payable	\$ 15,302,855	\$ 9,800,325
Payable to other governments	<u>189,458</u>	<u>34,525</u>
	<u>\$ 15,492,313</u>	<u>\$ 9,834,850</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Employee benefit obligations	\$ <u>1,471,972</u>	\$ <u>1,360,940</u>

Employee benefit obligations consist of the vacation, overtime and uniform points liability for unionized personnel that employees are deferring. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Town does not provide post-employment benefits to their employees.

8. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2021</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2022</u>
Municipal Sustainability Initiative	\$ 16,726	\$ 15,998,594	\$ (5,421,047)	\$ 10,594,273
Deferred developer levies	4,076,274	18,759,280	(12,918,319)	9,917,235
Flood Recovery Erosion Control Program	3,529,482	-	(1,439,085)	2,090,397
Canada Community Building Fund	1,209,459	6,857,153	(6,113,041)	1,953,571
Prepaid meters, licenses and fees	426,095	-	(22,298)	403,797
Other	530,162	-	(530,162)	-
Green Transit Incentives Program	<u>1,203,531</u>	<u>-</u>	<u>(1,203,531)</u>	<u>-</u>
	<u>\$ 10,991,729</u>	<u>\$ 41,615,027</u>	<u>\$(27,647,483)</u>	<u>\$ 24,959,273</u>

9. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Tax supported debentures	\$ <u>38,420,451</u>	\$ <u>15,152,584</u>

The current portion of the long-term debt amounts to \$2,249,243 (2021 - \$1,819,056).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,249,243	\$ 1,268,833	\$ 3,518,076
2024	2,077,101	1,195,118	3,272,219
2025	2,140,526	1,131,693	3,272,219
2026	2,205,992	1,066,227	3,272,219
2027	2,273,569	998,650	3,272,219
Thereafter	<u>27,474,020</u>	<u>9,564,808</u>	<u>37,038,828</u>
	<u>\$ 38,420,451</u>	<u>\$ 15,225,329</u>	<u>\$ 53,645,780</u>

Debenture debt is repayable to the Province of Alberta and consists of two amounts, bearing interest at rates ranging from 2.53% - 5.78% per annum maturing in the year 2023 and 2047 respectively. Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$889,492 (2021 - \$369,342). The Town's total cash payments for interest is \$891,736 (2021 - \$374,755).

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

10. CAPITAL LEASES

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 \$3,984,274 (2021 - \$3,727,224), and the resulting net book value included in tangible capital assets is \$3,727,334 (2021 - \$3,984,274).

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% (2021 - 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 \$42,423 and the resulting net book value included in capital assets is \$240,398.

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.

	<u>2022</u>	<u>2021</u>
Protective Services Facility lease	\$ 6,113,503	\$ 6,252,599
Canadian Western Bank National Leasing	<u>175,168</u>	<u>229,868</u>
	<u>\$ 6,288,671</u>	<u>\$ 6,482,467</u>

The current portion of the capital lease amounts to \$218,767 (2021 - \$116,527).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 218,767	\$ 518,613	\$ 737,380
2024	234,974	501,046	736,020
2025	252,511	482,030	734,541
2026	209,205	461,349	670,554
2027	240,508	442,713	683,221
Thereafter	<u>5,132,706</u>	<u>2,459,725</u>	<u>7,592,431</u>
	<u>\$ 6,288,671</u>	<u>\$ 4,865,476</u>	<u>\$ 11,154,147</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

11. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Municipality be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 123,342,947	\$ 100,208,570
Total debt	<u>44,709,122</u>	<u>21,635,051</u>
Amount of total debt limit unused	<u>\$ 78,633,825</u>	<u>\$ 78,573,519</u>
Debt servicing limit	\$ 20,557,158	\$ 16,701,428
Debt servicing	<u>4,255,456</u>	<u>2,953,913</u>
Amount of debt servicing limit unused	<u>\$ 16,301,702</u>	<u>\$ 13,747,515</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that 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.

12. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ <u>26,759,576</u>	\$ <u>26,504,693</u>
Restricted surplus		
Operating reserves	16,605,338	13,443,469
Capital reserves	<u>45,454,186</u>	<u>34,591,085</u>
	<u>62,059,524</u>	<u>48,034,554</u>
Equity in tangible capital assets	<u>491,828,023</u>	<u>469,757,929</u>
	<u>\$ 580,647,123</u>	<u>\$ 544,297,176</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

13. RESTRICTED SURPLUS - RESERVES FUNDS

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

	<u>2022</u>	<u>2021</u>
Restricted Operating Surplus		
Reserves for commitments	\$ 2,440,811	\$ 2,440,811
Reserves for contingencies	<u>14,164,527</u>	<u>11,002,658</u>
	<u>\$ 16,605,338</u>	<u>\$ 13,443,469</u>
Restricted Capital Surplus		
Offsite and voluntary levies	8,317,193	6,150,515
Asset replacement and other capital reserves	<u>37,136,993</u>	<u>28,440,570</u>
	<u>\$ 45,454,186</u>	<u>\$ 34,591,085</u>

14. TRUST FUNDS

The Town administers a trust for tax sale surplus accounts. Details are as follows:

	<u>2022</u>	<u>2021</u>
Tax sale proceeds	\$ <u>313,276</u>	\$ _____

Trust funds administered by the Town have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

15. FRANCHISE FEES AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2022</u>	<u>2021</u>
Fortis Alberta	\$ 3,038,314	\$ 2,788,174
ATCO Gas Ltd.	<u>1,624,594</u>	<u>1,245,099</u>
	<u>\$ 4,662,908</u>	<u>\$ 4,033,273</u>

16. CONTINGENCIES

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

From time to time, the Town may become involved in various legal disputes. It is not possible to estimate the outcome of these disputes; however, management believes that there will be no significant adverse effects on the financial position of the Town related to ongoing matters.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

17. CONTRACTUAL OBLIGATIONS

(a) 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 conditional 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 2022 were \$74,560 (2021 - \$7,967). As of December 31, 2022 the remaining amount to be paid is \$834,992 (2021 - \$909,552).

(b) 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 \$2,274,060 (2021 - \$1,700,000) to support the Society. The amount is included in transfers to local boards and agencies as disclosed in the Community Services segment in the Consolidated Schedule of Segment Information.

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 8.45% (2021 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% (2021 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 11.80% (2021 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2022 were \$1,566,708 (2021 - \$1,599,589). Total current and past service contributions made by the employees of the Town to the LAPP in 2022 were \$1,405,712 (2021 - \$1,442,545).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.92 billion (2020 - \$4.96 billion).

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, long-term debt and capital leases. It is management's opinion that the Town is not exposed to significant interest, or currency risk arising from these financial instruments.

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 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 customers minimizes the Town's credit risk.

Unless otherwise noted, the carrying value of these financial instruments approximates their fair value.

20. 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. Protective Services

Protective Services includes police, municipal enforcement and fire.

ii. Transportation Services

Transportation services include roads and transit.

iii. Planning and Development

Planning and Development includes subdivision land development and economic development.

iv. Community Services

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

v. Utility Services

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

vi. General Government

General government consists of Town council and 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 5).

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

21. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on December 13, 2021. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts the annual surplus to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2022</u> (Budget)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
Annual surplus	10,545,018	36,349,947	21,205,307
Add back (deduct):			
Amortization expense	\$ -	\$ 11,960,262	\$ 11,573,628
Net transfers (to) from reserves	6,223,037	(14,024,970)	(2,489,931)
Acquisition of tangible capital assets	(41,654,113)	(47,954,775)	(25,169,713)
Loss (gain) on disposal of tangible capital assets	-	74,243	351,938
Proceeds on tangible capital assets	-	10,229	42,377
Contributed assets	-	(9,234,124)	(5,423,908)
Principal debt repayments	(1,819,055)	(2,206,002)	(1,610,917)
Long term debt and capital leases issued	<u>26,705,113</u>	<u>25,473,869</u>	<u>9,000,000</u>
Operating surplus (deficit)	\$ <u>-</u>	\$ <u>448,679</u>	\$ <u>7,478,781</u>

22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management on July 25, 2023.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's consolidated financial statement presentation.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

24. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Salary (1)</u>	<u>Benefits, Travel and Allowances (2)</u>	<u>2022 Total</u>	<u>2021 Total</u>
Elected Officials:				
Mayor Genung	\$ 99,600	\$ 11,996	\$ 111,596	\$ 111,329
Councillor Fedeyko	41,832	10,178	52,010	45,636
Councillor Flowers	41,832	6,062	47,894	43,167
Councillor McFadden	41,832	10,178	52,010	45,636
Councillor Nagel	41,832	6,062	47,894	41,167
Councillor Reed	41,832	10,178	52,010	45,636
Councillor Wilson	41,832	10,178	52,010	45,636
	<u>\$ 350,592</u>	<u>\$ 64,832</u>	<u>\$ 415,424</u>	<u>\$ 378,207</u>
Chief Administrative Officer	<u>\$ 240,941</u>	<u>\$ 45,775</u>	<u>\$ 286,716</u>	<u>\$ 246,924</u>
Designated Officer	<u>\$ 118,299</u>	<u>\$ 29,071</u>	<u>\$ 147,370</u>	<u>\$ 142,290</u>

(1) Salary includes gross honoraria, regular base pay, bonuses, overtime, lump sum payments, and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuitions. 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.