

REPORT TO THE COMMUNITY

2017

cochrane
HOW THE WEST IS NOW





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

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

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

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

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

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

Mayor Ivan Brooker

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





TOWN PROFILE

The Town of Cochrane is a municipality in southern Alberta, midway between Calgary and Banff National Park. Cochrane's 2017 population is over 26,000 people (over 9,000 households) and is growing steadily every year. Cochrane has roots steeped in world-famous ranch country, with an authentic western feel, reflected in the architecture and friendly people.

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

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

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

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

GOVERNMENT STRUCTURE

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

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

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



VISION, MISSION AND VALUES

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

VISION

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

MISSION

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

VALUES

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

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

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

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

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

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

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

Open Communication: We communicate openly, respectfully and promptly.

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



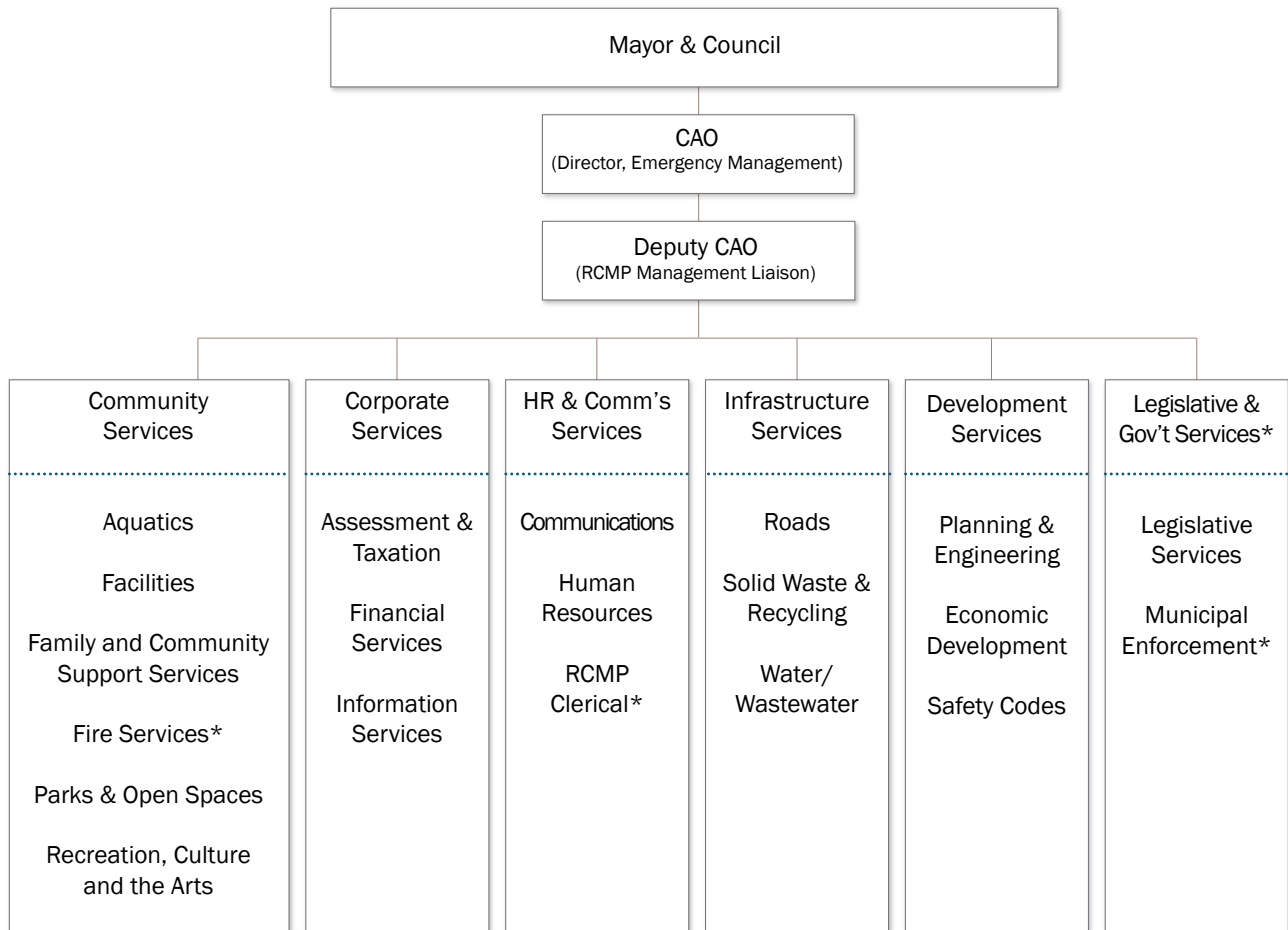
ADMINISTRATION

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

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

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

2017 ORGANIZATIONAL CHART



*The Town of Cochrane underwent a reorganization in early 2017. A new division, Legislative & Government Services was created and several sections were moved. Please see division highlights for more detail.

COUNCIL'S STRATEGIC



PRIORITY
1

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

Deliverables

- Aquatic Centre & Curling/Multi-sport Centre opened in July 2017 and operations transferred to SLSFSC



PRIORITY
2

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

Deliverables

- Highway 22 & 1A intersection approved with construction planned for 2019
- North arterial construction and Bow River bridge design begin this year
- GreenTrip funding application approved for local transit
- Working with Calgary Region Plan on East/West regional transit pilot opportunity
- Signalization for Griffin Road & River Avenue intersection to be added

PRIORITIES



PRIORITY

3

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

Deliverables

- Site and key stakeholders have been identified



PRIORITY

4

Focus attention and resources on implementing the Economic Development Strategy.

Deliverables

- Old Town Hall site sold with a draft concept plan
- Acquired Burnswest and Esso Bulk sites; exploring pedestrian crossing opportunities
- Historic Downtown revitalization with entrance features and additional landscaping
- Visitor Information Centre opened
- Endorsed Fibre Strategy to support technology-based businesses
- Police Station site purchased plans initiated with RCMP

10-YEAR FINANCIAL STRATEGY

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

The Town requires capital funding support from a variety of sources to meet the capital costs of these projects. The 10-year strategy assumes 4 percent growth, and that a portion of capital funding comes from other sources such as government grants, developer fees, community donations, sale of surplus Town lands and new debt.

The Town may get to 69 percent of its Council debt limit to complete these projects, but future debt levels could be reduced through increased capital revenues, lower costs or deferral of capital projects.

To sustain existing service levels, the 10-year strategy assumes an annual 3 percent property tax increase. The actual tax increase is set by Council in May each year; over the last four years, it has averaged 1.23 percent.

Project	Est. Town Cash Outflow 2016-2025	Timeline	Major Source(s) of Funding
Connecting Cochrane			
Bow River Bridge crossing; arterial road connections	\$53,500,000	2017-2020, 2024-2026	Offsite levies/Federal grants/Debt (James Walker Tr. alignment 24-26)
Grade separated crossing at Centre Avenue	\$28,000,000	2023 - 2026	Offsite levies/MSI Capital grants
Other Connecting Cochrane projects	\$13,000,000	continuous	Town reserves and Gas Tax grants
Centre Avenue widening	\$3,700,000	2018-2023	Community Revitalization Levy
Local Transit Service	\$9,000,000	2018-2019	GreenTRIP grant 2/3, Town 1/3
Horse Creek Crossing project	\$1,660,000	2018-2021	Offsite levies
Downtown railway pedestrian crossing; improvements within CRL boundary	\$7,700,000	2017-2021	Community Revitalization Levy
Existing road network improvements	\$18,900,000	continuous	Provincial grants
Total Connecting Cochrane	\$135,460,000		
Aquatic and Curling /Multi-sport Centre	\$48,000,000	2014-2017	Town/Fundraising/Prov. grants (Fundraising continues to 2020)
Police station	\$17,400,000	2017-2020	Long-term debt
Flood erosion projects	\$3,000,000	2015-2017	Provincial grants
Open Space Master Plan implementation	\$4,625,000	2016-2025	Parks enhancement fee/Reserves
Fleet, equipment, facility lifecycling	\$27,400,000	continuous	Town reserves
Utility infrastructure lifecycling	\$22,900,000	continuous	Town reserves
Wastewater capacity upgrade	\$31,700,000	2017-2025	Offsite levies/Debt
Other offsite levy projects	\$4,415,000	continuous	Offsite levies
Community cultural hub	-	Scope TBD	Funding TBD
Total capital spending to 2025	\$294,900,000		



YOUR TAX DOLLARS AT WORK

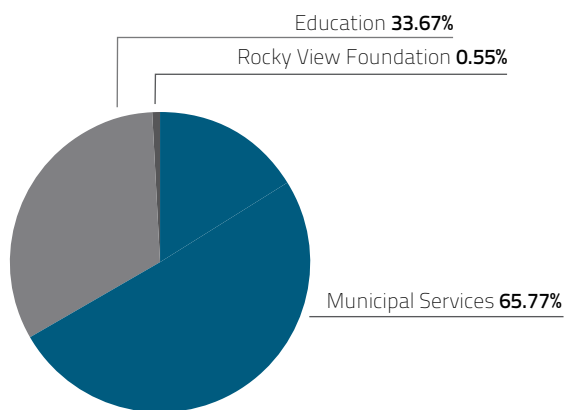
As the Town's major source of revenue comes directly from our taxpayers, the Town of Cochrane strives to provide good value for resident's tax dollars.

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

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

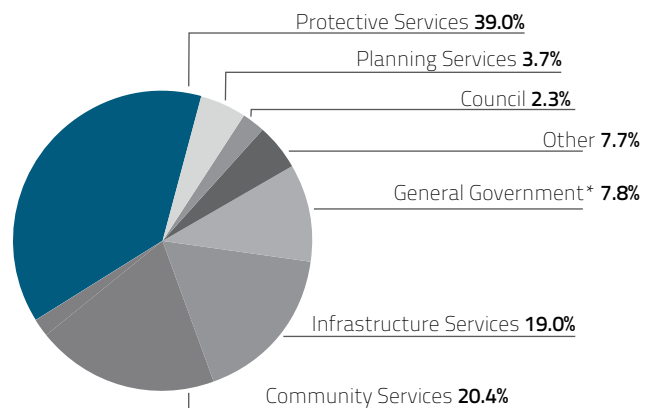
Just over 66 cents of every tax dollar received by the Town goes to fund municipal services. Taxes collected also go towards external requisitions such as provincial education and seniors' housing.

TAX DOLLAR DISTRIBUTION



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

BREAKDOWN OF MUNICIPAL SERVICES



COMMUNITY REVITALIZATION



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



LEVY

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

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

In the first 30 months since the adoption of the CRL Plan, approximately 85% of the commercial floor area has been developed, allowing the CRL revenue goals to be met. Revenue was spent on Centre Avenue beautification and sidewalks around the CRL boundary.

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

The projects, and their associated cost estimates are:

Project Name	Commencement Priority	Estimated Expenditure
Public Space Improvements (Urban Design and Roadway)	In progress	\$6,000,000
CPR Pedestrian Crossing	As CRL cash flow permits	\$4,000,000
Shared Parking Facility	As CRL cash flow permits	\$3,000,000



COMMUNITY



SERVICES

Community Services provides opportunities for positive social engagement, advocates for public lands, maintains parks and facilities, engages the community through healthy lifestyles and physical activity.

2016 ACCOMPLISHMENTS

Aquatics (Aquatics transferred to SLSFSC in July 2017)

- Built staffing capacity for the new Aquatic and Curling Multisport Centre through training of new lifeguards and swimming instructors.
- Created policies, procedures and operational plan for the new Aquatic Facility.
- Continued fundraising for the new Aquatic and Curling Multisport Centre.

Parks and Open Spaces

- Continued to naturalize suitable park spaces and enhance targeted park areas.
- Developed a Cemeteries Master Plan.

Family and Community Support Services (FCSS)

- Increased resources to support community development projects.
- Renewed a successful partnership with Cochrane Society for Housing Options to support the development of housing choices in Cochrane.
- Developed a coordinated response to elder abuse.
- Supported the Town of Cochrane's internal Equity and Inclusion Committee priorities.
- The Resource Centre took over the Safe Coach Program to support youth at risk of homelessness.
- The Parent Link Centre expanded prenatal and infant supports available for families, including a post-partum depression group.

Facilities

- Continued developing and implementing plans for preventative maintenance and life cycling/growth for all Town of Cochrane owned and operated facilities.
- Continued focus on marketing and sales strategies to encourage growth in bookings at the RancheHouse.
- Demolition and re-construction of Outdoor Rink Building
- Completed renovation to Clubhouse Activity Centre
- Completed renovation to Mitford Park and Historic Ranch washrooms

Recreation, Culture & the Arts

- Explored opportunities to increase visibility of Recreation & Culture.
- Offered free Canada Day event.
- Streamlined event permitting process and build partnerships to enhance community events.



13

BUILDINGS OPERATED
& MAINTAINED



356

ACRES OF PARKLAND



35

PLAYGROUNDS



60

KILOMETRES OF
PATHWAYS



4,000

PEOPLE TOOK LESSONS
AT THE BIG HILL
LEISURE POOL

PLANNING, DEVELOPMENT &

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

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

2016 ACCOMPLISHMENTS

Planning, Development and Engineering

- Adopted amendments to the Land Use Bylaw to better align with existing policies of the Municipal Development Plan and Sustainability Plan.
- Updated the Quality Management Plan.
- Reviewed Safety Codes permitting process. New technology purchased; changes to process for better auditing and quicker permit processing.

Economic Development

- Continued investigating the use of Town fibre for development opportunities.
- Began work on Tourism Strategy for the Town
- Developed a Historic Downtown Strategy with long-term revitalization details



490

NEW RESIDENTIAL
HOUSING PERMITS



1,091

DEVELOPMENT
APPLICATIONS
(CONSTRUCTION OR
CHANGE OF LAND USE)



34

COMMERCIAL STARTS



6,202

VISITORS TO THE VISITOR
INFORMATION CENTRE



1,726

BUSINESS LICENSES

ENGINEERING SERVICES



PROTECTIVE SERVICES



928

CALLS RESPONDED TO
BY FIRE SERVICES



6,030

TOTAL INCIDENTS
RESPONDED TO BY
MUNICIPAL ENFORCEMENT



5,492

CURRENT PET LICENSES

Protective Services oversees operations of Fire Services and their fire suppression, rescue, hazardous materials response, prevention, inspection, education and investigation activities.

Protective Services also includes Municipal Enforcement and Community Peace Officers enforcement and public education activities and manages the Municipal Emergency Plan (MEP), liaises with Cochrane RCMP, liaises with Alberta Health Services EMS. and supports Cochrane Citizens on Patrol (COP).

The Sections previously reporting into Protective Services were moved in 2017 as part of the organizational restructure. Please see details below.

2016 ACCOMPLISHMENTS

Fire Services (Section moved to Community Services in 2017)

- Developed and update radio communication capacity and created a redundant back up system..
- Implemented a community Emergency Incident Pre Planning Program.
- Initiated a Community Fire Smart Risk Assessment and review.
- Enhanced the development of competency based assessments and Job Performance Requirements for Fire Services staff.
- Enhanced Incident Reporting and Statistical gathering programs

Municipal Enforcement (Section moved to Legislative & Gov't Services in 2017)

- Completed the review of bylaws for consolidation of appropriate bylaws; develop a guide for Community Standards.
- Gemini safety technology implemented in Municipal Enforcement.

RCMP Clerical (Section moved to HR & Comm's Services in 2017)

- RCMP implemented a watch clerk schedule which attaches one administrative support person to each shift in order to increase RCMP presence in the community.

Emergency Management (Section moved to CAO)

- Conducted an incident command learning symposium and table top exercise for Senior and Executive Leadership.
- Developed training plans and courses for numerous staff, Senior and Executive Leadership.
- Engaged in a inter municipal Mutual Aid Committee development team.
- Updated Municipal Emergency Plan for 2017.
- Updated Technology in the Emergency Operations Centre



INFRASTRUCTURE SERVICES

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

2016 ACCOMPLISHMENTS

Roads

- Recycled asphalt milling placed on Riverfront Park parking lot.
- Created an implementation strategy for the Connecting Cochrane Master Transportation Plan through prioritizing projects for budget submission and approvals.
- Developed strategy to meet infrastructure needs in the Historic Downtown.
- Upgraded aging infrastructure, specifically surface improvements on arterial roadways.
- Installed an oil /grit separator within existing stormwater infrastructure ; to improve the water quality entering our local waterways.

Water and Wastewater

- Determined options regarding wastewater and future water capacity solutions for a 50-year horizon.
- Enhanced existing water conservation programs.

Waste and Recycling

- Enhancement of Christmas Tree collection program in order to meet residents needs.
- Began implementation of Multifamily Waste Diversion Strategy.
- Public engagement to finalize Residential Organics Diversion Strategy
- Finalized contracts for organics processing and green carts purchases allowing for the implementation of organics program with no increase in costs to residents.
- Publication of Cochrane's first "Waste and Recycling Collection Calendar".





209

KILOMETRES OF
GRAVEL AND PAVED ROADS



102

KILOMETRES
OF SIDEWALK



2,433

MEGALITRES OF DRINKING
WATER PRODUCED



3,400

TONNES OF RESIDENTIAL
WASTE DIVERTED FROM
LANDFILL



1,600

TONNES OF RECYCLABLES
RECEIVED AT THE
ECO CENTRE

CORPORATE SERVICES

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

2016 ACCOMPLISHMENTS

Assessment & Taxation

- Automated assessment updates for sales information.

Financial Services

- Implemented a technology solution for bank reconciliations.
- Implemented direct deposit capabilities for payment to vendors.

Information Services/GIS

- Successful transition of contract IT services to in-house.
- Implemented a technology solution for uploading land titles.
- Begin three year transition of the desktop environment to a virtualized environment.
- Implement fibre strategy to increase bandwidth and further economic development goals.



13,182

ASSESSMENT AND
TAXATION ACCOUNTS



9,700

UTILITY ACCOUNTS

LEGISLATIVE SERVICES



45%

RESIDENTS
COMPLETED THE
CENSUS ONLINE
IN 2016



97%

OF HOUSEHOLDS
WERE INCLUDED IN
CENSUS TOTALS.

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

(Section moved to Legislative & Gov't Services division in 2017)

2016 ACCOMPLISHMENTS

- Conduct a census that determines current, accurate population data.
- Update management of Archive and Legal records to improve protection and access.

HUMAN RESOURCES &



9,874

FACEBOOK FOLLOWERS



3,846

TWITTER FOLLOWERS



306

DIGITAL SIGN REQUESTS



320

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

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

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

2016 ACCOMPLISHMENTS

Human Resources

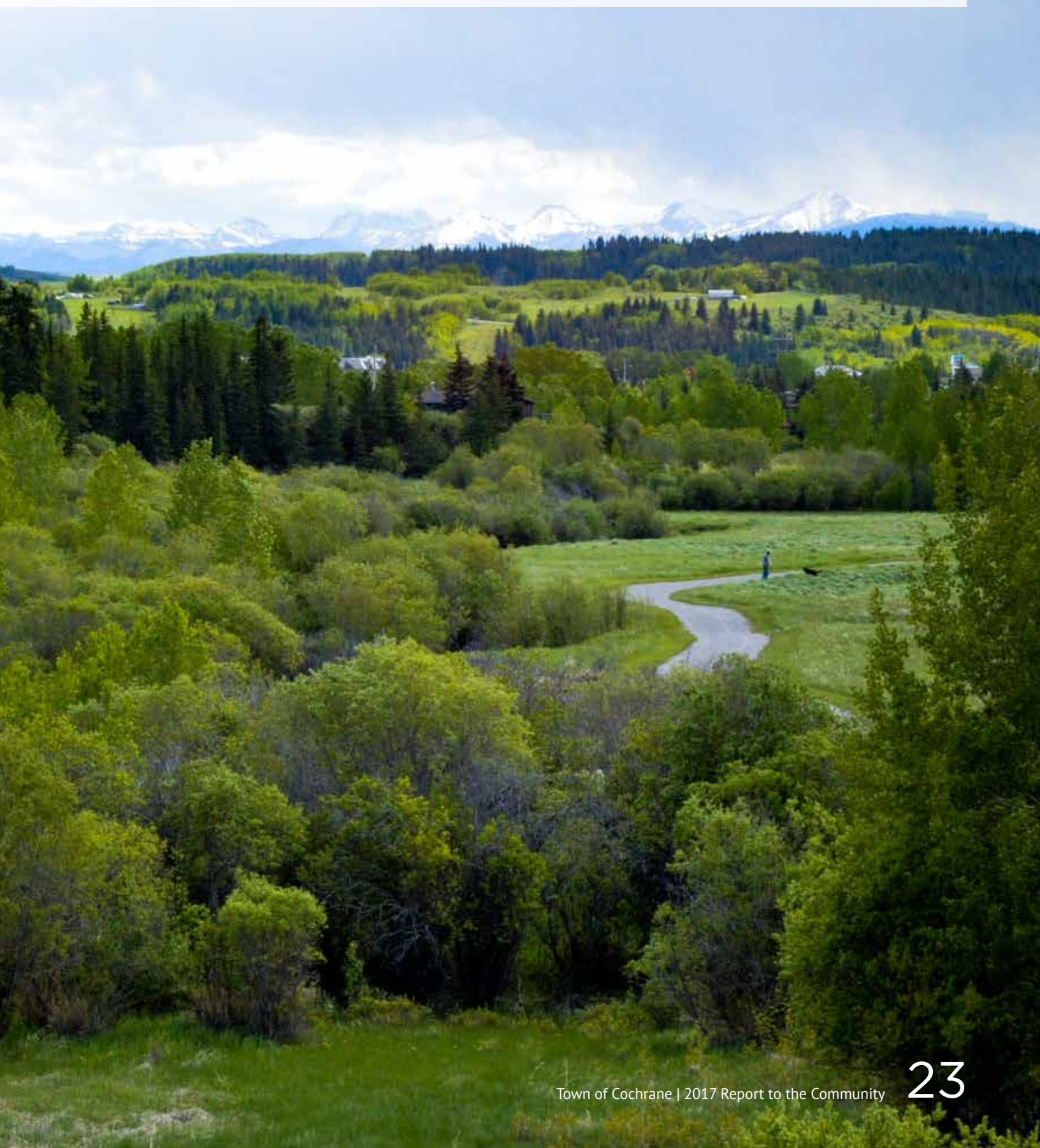
- Manage organizational changes and support our clients through continued adjustments.
- Assess value for services for our employee group benefits program and client service model.
- Implementation of e-learning opportunities on site.

Communications

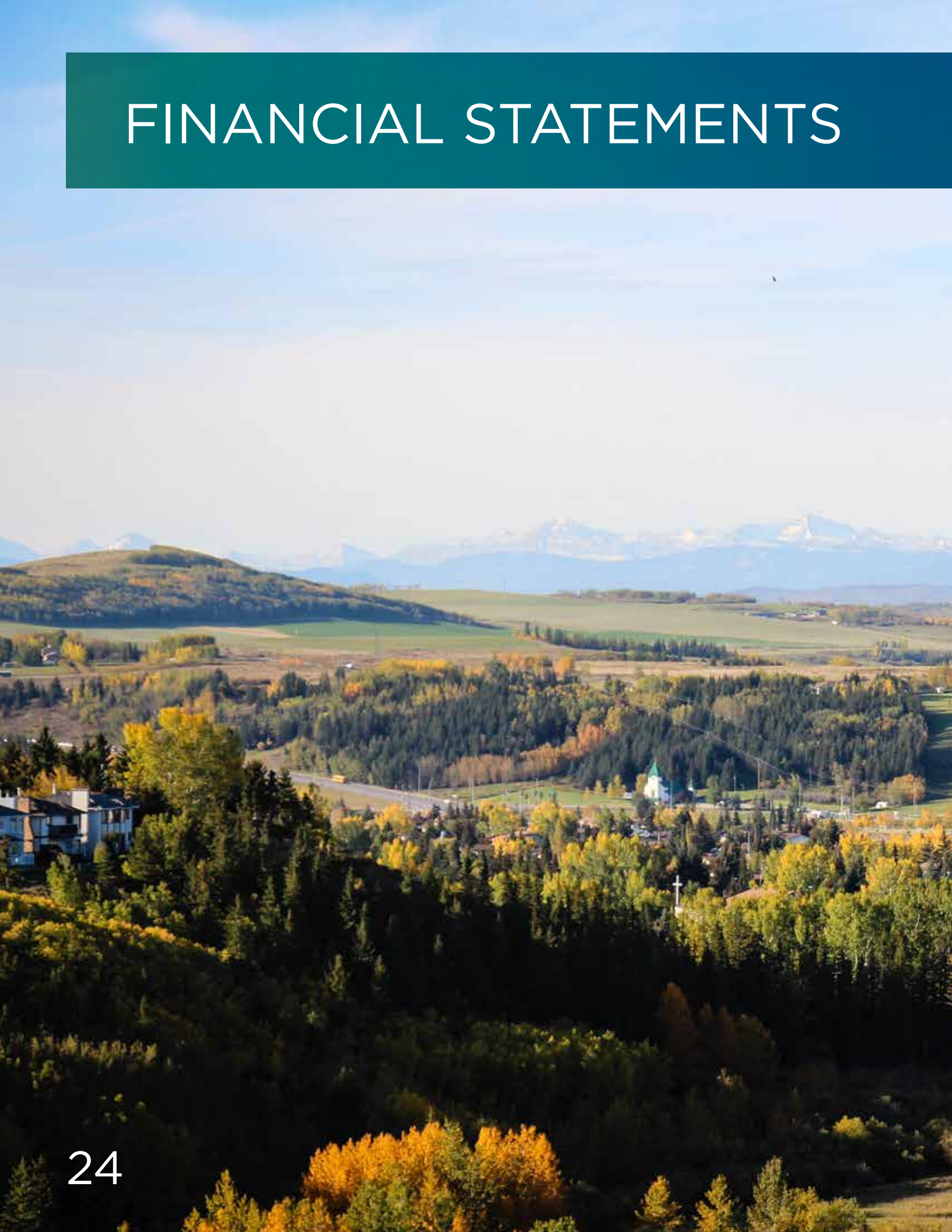
- Enhance communications and marketing channels that support the organization in serving the needs of the community.



COMMUNICATION SERVICES



FINANCIAL STATEMENTS



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

BUDGET PROCESS

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

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

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

ACCOUNTING PROCESS

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

AUDIT PROCESS

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

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

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



April 24, 2017

Independent Auditor's Report

To the Mayor and Council of the Town of Cochrane

We have audited the accompanying consolidated financial statements of Town of Cochrane, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of operations, cash flows and change in net financial assets for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Cochrane and its subsidiaries as at December 31, 2016 and the results of its operations, changes in its cash flow and net financial assets for the year then ended in accordance with Canadian public sector accounting standards

PricewaterhouseCoopers LLP

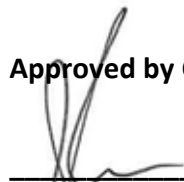
Chartered Accountants

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016**


	Note	2016	2015
FINANCIAL ASSETS			
Cash and temporary investments	(Note 2)	\$ 67,610,965	\$ 73,646,696
Receivables			
Taxes and grants in place of taxes	(Note 3)	674,963	560,581
Trade and other receivables		3,330,030	5,394,619
Inventory		4,337	7,313
Investments	(Note 4)	16,193,332	13,815,635
		87,813,627	93,424,844
LIABILITIES			
Accounts payable and accrued liabilities		9,416,314	7,827,604
Deposit and other liabilities		2,069,562	2,946,571
Deferred revenue	(Note 5)	10,721,440	13,197,503
Employee benefit obligations	(Note 6)	945,199	770,946
Long term debt	(Note 7)	30,136,153	30,803,567
		53,288,668	55,546,191
NET FINANCIAL ASSETS		34,524,959	37,878,653
NON-FINANCIAL ASSETS			
Tangible Capital Assets (Schedule 2)		383,849,768	344,674,133
Prepaid expenses		21,743	21,625
		383,871,511	344,695,758
ACCUMULATED SURPLUS		\$ 418,396,470	\$ 382,574,411

Commitments and Contingencies (Note 13)

Approved by Council:



Ivan Brooker, Mayor



Lori Craig, Deputy CAO

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

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31,2016**

	Budget	2016	2015
REVENUE			
Net municipal taxes (Schedule 3)	\$ 23,080,893	\$ 23,080,552	\$ 21,498,460
Community Revitalization Levy	-	853,978	462,369
Local Improvement Taxes	30,535	31,615	256,153
Government transfers for operating (Schedule 4)	3,104,277	2,863,577	3,014,479
User fees and sales of goods	13,969,039	15,206,528	14,557,010
Licenses and permits	835,250	1,755,637	1,836,833
Fines and penalties	1,120,000	834,596	1,128,711
Rentals, insurance and other	1,501,626	808,506	1,043,540
Franchise fees	2,728,955	2,750,704	2,542,065
Investment Income	85,000	1,105,206	1,465,673
Total Revenue	46,455,575	49,290,899	47,805,293
EXPENSES			
Council	447,189	401,544	383,251
General government	5,734,848	5,698,874	5,488,941
Police and municipal enforcement	4,555,857	4,347,464	3,838,461
Fire	4,902,524	5,598,295	5,170,298
Roads and streets	3,329,043	5,489,074	5,264,061
Water, wastewater and storm sewer	6,263,963	10,758,328	8,615,778
Waste and recycling	2,252,949	2,196,570	2,345,973
Subdivision and land development	2,679,007	2,738,762	2,924,542
Parks and recreation	2,599,414	3,414,132	3,178,079
Culture and facilities	5,418,707	5,439,239	5,630,672
Family and community services	2,239,349	2,236,595	1,956,651
Economic development	415,911	453,570	332,915
Total expenses	40,838,761	48,772,447	45,129,622
Excess of revenues over expenses before capital revenue	5,616,814	518,452	2,675,671
CAPITAL REVENUE			
Development levies	-	6,540,377	9,457,029
Capital donations	-	1,041,755	866,310
Contributed assets	-	20,863,596	32,450,906
(Loss) Gain on disposal of Tangible Capital Assets	-	(1,174,159)	320,382
Government transfers for capital (Schedule 4)	8,032,038	8,032,038	13,240,212
Total capital revenue	8,032,038	35,303,607	56,334,839
Excess of revenues over expenses	13,648,852	35,822,059	59,010,510
Accumulated Surplus, Beginning of year	382,574,411	382,574,411	323,563,901
ACCUMULATED SURPLUS, END OF YEAR	\$396,223,263	\$418,396,470	\$382,574,411

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget	2016	2015
Excess of revenues over expenses	\$ 13,648,852	\$ 35,822,059	\$ 59,010,510
Acquisition of tangible capital assets	-	(29,583,275)	(27,251,424)
Contributed assets	-	(20,863,596)	(32,450,906)
Proceeds on disposal of tangible capital assets	-	76,088	437,482
Amortization of tangible capital assets	-	10,020,989	7,432,581
Change in prepaid expenses	-	(118)	(2,113)
Loss (Gain) on disposal of Tangible Capital Assets	-	1,174,159	(320,382)
	13,648,852	(39,175,753)	(52,154,762)
INCREASE IN NET FINANCIAL ASSETS	13,648,852	(3,353,694)	6,855,748
NET FINANCIAL ASSETS, BEGINNING OF YEAR	37,878,653	37,878,653	31,022,905
NET FINANCIAL ASSETS, END OF YEAR	\$ 51,527,505	\$ 34,524,959	\$ 37,878,653

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 35,822,059	\$ 59,010,510
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	10,020,989	7,432,581
Loss (Gain) on disposal of Tangible Capital Assets	1,174,159	(320,382)
Contributed Assets	(20,863,596)	(32,450,906)
Net change in non-cash operations		
(Increase)/Decrease in taxes and grants in place of taxes	(114,382)	27,359
Decrease in trade, other receivables and prepaid expenses	2,064,471	4,936,361
Decrease (Increase) in inventory	2,976	(7,313)
Increase in accounts payable and accrued liabilities	1,588,710	2,572,397
Decrease in deposits and other liabilities	(877,009)	(105,722)
Decrease in deferred revenue	(2,476,063)	(6,969,813)
Increase in employee benefit obligations	174,253	36,959
Cash provided by operating transactions	26,516,567	34,162,031
CAPITAL		
Acquisition of tangible capital assets	(29,583,275)	(27,251,424)
Proceeds on disposal of tangible capital assets	76,088	437,482
Cash applied to capital transactions	(29,507,187)	(26,813,942)
INVESTING		
Increase in investments	(2,377,697)	(868,335)
FINANCING		
Long-term debt repaid	(667,414)	(920,517)
Cash applied to financing transactions	(667,414)	(920,517)
Change in Cash and Temporary Investments during the year	(6,035,731)	5,559,237
Cash and Temporary Investments, Beginning of the year	73,646,696	68,087,459
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 67,610,965	\$ 73,646,696

**SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
BALANCE, BEGINNING OF YEAR	\$ 217,644	\$ 68,486,201	\$313,870,566	\$382,574,411	\$323,563,901
Excess of revenues over expenses	35,822,059	-	-	35,822,059	59,010,510
Unrestricted funds designated for future use	(15,032,347)	15,032,347	-	-	-
Restricted funds used for operations	405,653	(405,653)	-	-	-
Restricted funds used for tangible capital assets	-	(18,505,045)	18,505,045	-	-
Current year funds used for tangible capital assets	(11,078,230)	-	11,078,230	-	-
Contributed tangible capital assets	(20,863,596)	-	20,863,596	-	-
Disposal of tangible capital assets	1,250,247	-	(1,250,247)	-	-
Annual amortization expense	10,020,989	-	(10,020,989)	-	-
Long term debt repaid	(667,414)	-	667,414	-	-
Change in accumulated surplus	(142,639)	(3,878,351)	39,843,049	35,822,059	59,010,510
BALANCE, YEAR END	\$ 75,005	\$ 64,607,850	\$353,713,615	\$418,396,470	\$382,574,411

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

	Cost					Accumulated Amortization				2016	2015
	Opening Balance	Additions	In Progress	Disposals	Ending Balance	Opening Balance	Additions	Disposals	Ending Balance		
Land	\$ 58,505,958	\$ 2,178,328	\$ 338,300	\$ (556,328)	\$ 60,466,258	\$ -	\$ -	\$ -	\$ -	\$ 60,466,258	\$ 58,505,958
Land improvements	14,955,333	4,373,931	(1,631,181)	-	17,698,083	5,044,901	559,466	-	5,604,367	12,093,716	9,910,432
Buildings	67,782,840	1,101,692	18,352,318	(868,951)	86,367,899	14,318,686	1,345,867	(217,538)	15,447,015	70,920,884	53,464,154
Engineered structures	272,070,419	22,977,423	1,150,734	-	296,198,576	54,987,928	7,212,425	-	62,200,353	233,998,223	217,082,491
Machines and equipment	5,848,702	382,642	-	(245,085)	5,986,259	3,430,726	479,082	(234,685)	3,675,123	2,311,136	2,417,976
Vehicles	5,765,560	1,222,683	-	(254,445)	6,733,798	2,472,438	424,149	(222,340)	2,674,247	4,059,551	3,293,122
	\$424,928,812	\$32,236,699	\$ 18,210,171	\$(1,924,809)	\$473,450,873	\$ 80,254,679	\$10,020,989	\$(674,563)	\$39,601,105	\$383,849,768	\$344,674,133

**SCHEDULE 3: CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget	2016	2015
TAXATION			
Real property taxes	\$35,003,882	\$35,003,882	\$31,833,287
Linear property taxes	397,390	397,390	401,823
Government grants in place of property taxes	99,691	99,350	135,179
	35,500,963	35,500,622	32,370,289
REQUISITIONS			
Alberta School Foundation Fund	10,828,979	10,828,979	9,434,274
Calgary Catholic School Board	1,405,364	1,405,364	1,265,113
Rockyview Foundation	185,727	185,727	172,442
	12,420,070	12,420,070	10,871,829
	\$23,080,893	\$23,080,552	\$21,498,460

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

	Budget	2016	2015
TRANSFERS FOR OPERATING			
Provincial	\$ 2,658,964	\$ 2,334,157	\$ 2,019,041
Federal government	6,000	10,447	32,494
Other local governments	439,313	518,973	962,944
	3,104,277	2,863,577	3,014,479
TRANSFERS FOR CAPITAL			
Provincial grants	6,172,269	6,172,269	11,076,062
Federal grants	1,259,769	1,259,769	1,664,150
Local government grant-capital	600,000	600,000	500,000
	8,032,038	8,032,038	13,240,212
TOTAL GOVERNMENT TRANSFERS	\$11,136,315	\$10,895,615	\$16,254,691

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

	Budget	2016	2015
Salaries, wages and benefits	\$20,113,497	\$ 20,443,941	\$18,021,623
Contracted and general services	8,882,285	8,071,692	9,343,217
Purchases from other governments	5,265,242	4,981,658	4,631,336
Materials, goods, utilities and other	4,327,209	3,554,094	3,337,314
Transfers to local boards and agencies	987,517	451,192	1,070,796
Bank charges and short-term interest	62,000	75,567	72,311
Interest on long-term debt and capital leases	1,201,011	1,173,314	1,220,444
Amortization of tangible capital assets	-	10,020,989	7,432,581
(Gain) loss on disposal of tangible capital assets	-	1,174,159	(320,382)
Total Expenses	\$40,838,761	\$ 49,946,606	\$44,809,240

**SCHEDULE 6: CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2016	2015
REVENUES									
Net municipal taxes	\$ 447,190	\$ 8,027,517	\$ 1,576,363	\$ 1,586,309	\$ 6,387,565	\$ -	\$ 5,055,608	\$ 23,080,552	\$ 21,498,460
Community Revitalization Levy	-	-	-	-	-	-	853,978	853,978	462,369
Local Improvement Taxes	-	-	31,615	-	-	-	-	31,615	256,153
Government transfers for operating	-	582,901	4,183	180,878	1,941,663	153,952	-	2,863,577	3,014,479
Government transfers for capital	-	293,300	1,208,965	-	6,529,773	-	-	8,032,038	13,240,212
User fees and sales of goods	-	211,717	2,506	849,330	1,433,202	12,659,329	50,444	15,206,528	14,557,010
Licenses and permits	-	203,699	-	1,496,354	2,886	-	52,698	1,755,637	1,836,833
Fines and penalties	-	512,367	-	-	16,453	-	305,776	834,596	1,128,711
Rentals, insurance and other	-	17,032	19,818	2,897	389,139	26	379,594	808,506	1,043,540
Franchise fees	-	-	2,750,704	-	-	-	-	2,750,704	2,542,065
Investment Income	-	-	-	-	397	-	1,104,809	1,105,206	1,465,673
Contributed assets	-	-	2,311,125	1,317,673	-	17,234,798	-	20,863,596	32,450,906
Development levies	-	-	3,210,369	330,000	441,879	1,557,545	1,000,584	6,540,377	9,457,029
Capital donations	-	-	-	-	1,041,755	-	-	1,041,755	866,310
	447,190	9,848,533	11,115,648	5,763,441	18,184,712	31,605,650	8,803,491	85,768,665	103,819,750
EXPENSES									
Salaries, wages and benefits	294,216	5,298,815	1,374,298	2,008,181	5,722,326	1,750,430	3,995,675	20,443,941	18,021,623
Contracted and general services	99,541	606,780	425,185	1,142,391	1,545,124	2,888,128	1,364,543	8,071,692	9,343,217
Purchases from other governments	-	2,780,305	-	-	103,878	2,094,526	2,949	4,981,658	4,631,336
Materials, goods, utilities and other	7,787	223,026	1,230,591	35,447	1,160,808	772,188	124,247	3,554,094	3,337,314
Transfers to local boards and agencies	-	27,698	-	-	423,494	-	-	451,192	1,070,796
Bank charges and short-term interest	-	-	-	-	4,960	-	70,607	75,567	72,311
Interest on long-term debt and capital leases	-	578,480	39,577	-	424,787	130,470	-	1,173,314	1,220,444
Gain (loss) on disposal of Tangible Capital Assets	-	-	-	-	1,174,159	-	-	1,174,159	(320,382)
	401,544	9,515,104	3,069,651	3,186,019	10,559,536	7,635,742	5,558,021	39,925,617	37,376,659
NET REVENUE, BEFORE AMORTIZATION									
Amortization of tangible capital assets	45,646	333,429	8,045,997	2,577,422	7,625,176	23,969,908	3,245,470	45,843,048	66,443,091
	-	430,656	2,419,424	6,313	1,704,582	5,319,160	140,854	10,020,989	7,432,581
EXCESS OF REVENUES OVER EXPENDITURES									
	\$ 45,646	\$ (97,227)	\$ 5,626,573	\$ 2,571,109	\$ 5,920,594	\$ 18,650,748	\$ 3,104,616	\$ 35,822,059	\$ 59,010,510

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Cochrane (“Town”) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants (PSAB). Significant aspects of the accounting policies adopted by the Town are as follows:

a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town Council for the administration of their financial affairs and resources. Included with the municipality is the Nan Boothby Memorial Library. The schedule of taxes levied also includes requisitions for education and social organizations that are not part of the municipal reporting entity.

b. Basis of accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c. Use of estimates

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

d. Off-site developers’ levies

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

e. Requisition over-levies and under-levies

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and property tax revenue is increased. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

f. 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.

g. Restricted surplus - Equity in Tangible Capital Assets

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

h. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management’s estimate of the cost of post-remediation including operation, maintenance and monitoring. It is management’s assessment that no contaminated sites exist for the Town.

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:

Asset type	Estimated useful life
Land	Capitalize only
Land Improvements	15 – 20 years
Buildings and leasehold improvements	40 years or over the term of the lease
Structures:	
Water System	40 – 75 years
Wastewater System	45 – 75 years
Stormwater System	75 years

Roadway System	43 years
Road Signals	30 years
Equipment	5 – 10 years
Vehicles	10 – 25 years

j. **Segmented Information**

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

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

- i. **Council:** Council consists of Town council.
- ii. **Protective Services:** Protective Services includes police, bylaw enforcement and fire.
- iii. **Transportation Services:** Transportation services include roads and fleet.
- 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, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. For additional information see the Schedule of Segmented Disclosure. (Schedule 6)

k. **Future accounting policies**

PSAB recently announced the following accounting pronouncements; management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time:

- i. **PSAB Section 2200, Related Party Disclosures**
New Section defines a related party and establishes disclosures required for related party transactions. Effective for years beginning on/after April 1, 2017.
- ii. **PSAB Section 3210, Assets**
New Section provides guidance for applying the definition of assets set out in Section PS 1000, Financial Statement Concepts, and establishes general disclosure standards for assets. Effective for years beginning on/after April 1, 2017.
- iii. **PSAB Section 3320, Contingent Assets**
New Section defines and establishes disclosure standards on contingent assets. Effective for years beginning on/after April 1, 2017.

- iv. **PSAB Section 3380, Contractual Rights**
New Section defines and establishes disclosure standards on contractual rights. Effective for years beginning on/after April 1, 2017.
- v. **PSAB Section 3420, Inter-entity Transactions**
New section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Effective for years beginning on/after April 1, 2017.
- vi. **PSAB Section 3450, Financial Instruments**
This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019 for governments only, with early adoption encouraged. In addition, the Town will be required to assess Section 3041, Portfolio Investments; Section 3050, Loans Receivable; Section 3390, Contractual Obligations; Section 3230, Long-term Debt; Section Consolidation and Section 3070, Investments in Government Business Enterprises.

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash	\$15,737,376	\$17,397,498
Temporary Investments (note 4)	51,873,589	56,249,198
Total	\$67,610,965	\$73,646,696

Temporary investments are short term deposits with maturities within one year from the date of purchase bearing interest at rate from 1.50% to 2.08% (2015 - 1.20% to 2.08%).

3. TAXES AND GRANTS IN PLACE OF TAXES

	2016	2015
Current taxes and grants in place of taxes	\$487,366	\$381,056
Arrears taxes	187,597	179,525
Total	\$674,963	\$560,581

4. INVESTMENTS

	2016	2015
Temporary investments	\$51,873,589	\$56,249,198
Investments	16,193,332	13,815,635
Total	\$68,066,921	\$70,064,833
Reclassify to cash and temporary investments (Note 2)	(51,873,589)	(56,249,198)
Total Investments	\$16,193,332	\$13,815,635

Temporary and long term investments primarily represent term deposits issued by financial institutions, bearing interest at rates

from 1.50% to 2.08% (2015 - 1.20% to 2.08%) maturing between 30 days and 1 year and from 1.65% to 2.38% (2015 - 1.10% to 2.38%) for maturities over one year. Market value at December 31, 2016 was \$68,066,921 (2015 - \$70,064,833).

5. DEFERRED REVENUE

	2016	2015
Deferred grant revenue	\$8,975,492	\$9,533,782
Deferred facility bookings revenue	35,441	52,165
Deferred developer revenue	1,210,134	3,059,141
Prepaid meters, licenses, fees	500,373	552,415
Total	\$10,721,440	\$13,197,503

6. EMPLOYEE BENEFIT OBLIGATIONS

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

	2016	2015
Employee benefit obligations	\$945,199	\$770,946
Total	\$945,199	\$770,946

7. LONG-TERM DEBT

	2016	2015
Debentures	\$23,404,302	\$24,020,510
Leases	6,731,851	6,783,057
Total	\$30,136,153	\$30,803,567

The current portion of long term debt is \$6,856,588 (2015 - \$667,415). Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	6,856,588	1,094,598	7,951,186
2016	7,024,300	964,220	7,988,520
2019	7,177,746	810,774	7,988,520
2020	782,855	680,563	1,463,418
2021	754,247	630,928	1,385,175
Subsequent	7,540,417	5,534,307	13,074,724
Total	\$30,136,153	\$9,715,390	\$39,851,543

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.718% to 9.625% per annum (2015 - 1.52% to 9.625%) and matures between 2017 and 2029. The average interest rate is 2.53% (2015 - 2.53%). 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 \$1,173,314 (2015 - \$1,220,444).

The Town's total cash payments for interest in 2016 were \$1,201,012 (2015 - \$1,239,066).

a. Protective Services Facility Capital Lease

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Rd. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term. The cost of the asset under capital lease is \$7,711,498, the accumulated amortization is \$2,441,974, and the resulting net book value included in tangible capital assets is \$5,269,524.

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 Centre lease bears interest at a rate of 7.55% (2015 - 7.55%) and matures in 2037. The lease is collateralized by underlying assets.

8. DEBT LIMITS

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

	2016	2015
Total debt limit	\$83,746,914	\$87,192,948
Total debt	30,136,153	30,803,567
Amount of total debt limit available	\$53,610,761	\$56,389,381
Debt servicing limit	13,957,819	14,532,158
Debt servicing	7,951,187	1,817,220
Amount of debt servicing limit available	\$6,006,632	\$12,714,938

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Tangible Capital assets	\$473,450,873	\$424,928,812
Accumulated amortization (Schedule 2)	(89,601,105)	(80,254,679)
Long-term debt (Note 7)	(30,136,153)	(30,803,567)
Total	\$353,713,615	\$313,870,566

10. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	\$75,005	\$217,644
Restricted surplus		
Operating fund (Note 14)	9,471,286	8,756,057
Reserve fund (Note 14)	55,136,564	59,730,144
Equity in tangible capital assets (Note 9)	353,713,615	313,870,566
Total	\$418,396,470	\$382,574,411

11. SALARY AND BENEFITS DISCLOSURE

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

	2016			2015
	Salary	Benefits	Total	Total
Mayor (Brooker)	84,166	11,851	96,017	94,397
Clr. (Eckmeier)	28,331	5,621	33,952	32,747
Clr. (Levisky)	28,331	6,797	35,128	34,924
Clr. (McFadden)	28,331	7,313	35,644	36,897
Clr. (Nagel)	28,331	3,408	31,739	32,127
Clr. (Toews)	28,331	7,783	36,114	35,695
Clr. (Watson)	28,331	5,791	34,122	36,691
CAO	245,392	20,218	265,610	296,181
Designated Officers (1)	103,927	26,837	130,764	127,887

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

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

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

- Employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension,

health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, and tuitions.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan ("LAPP" or the "Plan"), which is covered by the Public Sector Pensions Plans Act. The Plan serves about 244,621 people and 426 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the Plan of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess. Employees of the town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current and prior period service contributions by the Town to the Plan in 2016 were \$1,521,108 (2015- \$1,436,218). Total current and prior year service contributions by the employees of the Town to the Plan in 2016 were \$1,398,314 (2015- \$1,320,583). At December 31, 2015, the Plan disclosed an actuarial deficit of 923 million (2014 - \$2.45 billion).

13. COMMITMENTS AND CONTINGENCIES

a. Lawsuits and Claims

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

b. Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta to construct utility services for Bow Valley High School. The total project cost was \$7,608,973 with \$5 million funded by the Provincial grant and \$2,608,973 advanced by the developer. The Town recovered the full \$2,608,973 of advances from offsite levies collected. The Province is now receiving 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 revenues from associated development levies within the affected area, and the anticipated Grant repayment schedule. Offsite levies collected and remitted to the Province in 2016 were \$102,980 (2015- \$1,852,908). As of December 31, 2016, the remaining amount to be paid is \$1,176,738 (2015- \$1,279,718).

c. Land Purchase Commitments

The Town placed deposits on the purchase of two properties with closing dates in 2017 with a total commitment of \$3.4 million.

14. RESTRICTED SURPLUS - RESERVE FUNDS

	2016	2015
Restricted Operating Surplus		
Committed operating reserves	\$3,188,136	\$3,341,409
Reserves for contingencies	6,283,150	5,414,648
Operating reserves	\$9,471,286	\$8,756,057
Restricted Capital Surplus		
Offsite levies	4,610,694	16,677,801
Voluntary levies	874,485	836,307
Asset replacements and other capital reserves	49,651,385	42,216,036
Capital reserves	55,136,564	59,730,144
Long Term Investments	\$64,607,850	\$68,486,201

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deposit and other liabilities, and long term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial statements.

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

16. COMPARATIVE AMOUNTS

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management approved these financial statements.

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