

REPORT TO THE COMMUNITY

2018

cochrane
HOW THE WEST IS NOW





Welcome to 2018 Report to the Community.

This document provides details of Town operations and reports on our progress in 2017. Basically, it shows you what the Town is doing with your tax dollars. But it does more than that. This document is meant to tell Cochrane's story: by showing

you how we're spending your money, we're telling you what's important to our community.

Every year, Town Council and Senior Administration review the Town'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 Cochrane's sustainability and long-term success.

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.

With an 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, we're showing you that Council and Administration care about the things that are important to you, and that we have a comprehensive plan for today and for the future.

A handwritten signature in white ink, appearing to read 'Jeff Genung', written over a dark blue background.

Mayor Jeff Genung



TOWN PROFILE

The Town of Cochrane is a municipality in southern Alberta, midway between Calgary and Banff National Park. Cochrane's 2018 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 organization 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.



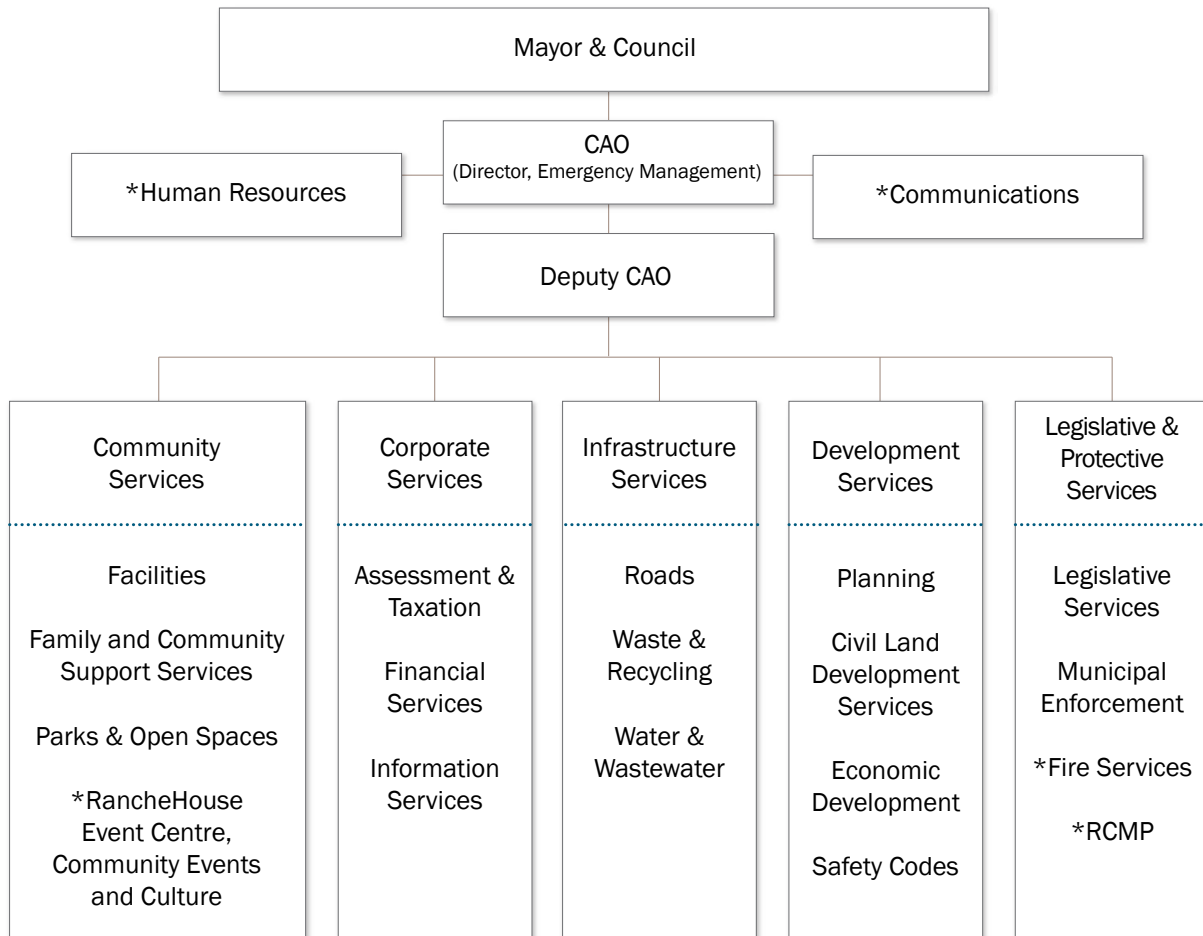
ADMINISTRATION

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

The CAO and Deputy CAO form the Executive Leadership Team while the five 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.

2018 ORGANIZATIONAL CHART



*The Town of Cochrane underwent a reorganization in early 2018. Please see division highlights for more detail.

COUNCIL'S STRATEGIC



PRIORITY

1

Focus on multi-modal transportation solutions that achieve positive traffic and pedestrian flows throughout the community

Deliverables

- Improve existing traffic flows throughout Cochrane by focusing on existing corridors.
- Continue to work with Alberta Transportation on design and construction of the 1A/22 Interchange.
- Advocate for highway improvements within the Town boundaries including intersections at Centre Ave. and 5th Ave.
- Design Centre Avenue intersection and approaches to railway tracks to accommodate four lanes and ultimately a grade-separated crossing.
- Design and construct Bow River Bridge and connecting road network to ensure safe pedestrian and cycling connectivity.
- Investigate transit strategies for consideration in 2018.
- Improve, plan and advocate for local and regional pathway networks that connect all communities.



PRIORITY

2

Focus on improved development and land use plans that align with the Social Policy Framework and Growth Management Strategy in order to promote a complete community.

Deliverables

- Implement a water strategy; upgrade wastewater and water infrastructure to accommodate future growth.
- Review and update Municipal Development Plan implementing a system for an annual review and an update every five years.
- Review and update Land Use Bylaw implementing a system for an annual review and an update every five years.
- Prioritize commercial and industrial development while broadening residential housing options.
- Focus on development of Growth Management Regional Plan and Servicing Plan.

PRIORITIES



PRIORITY
3

Focus on improved community engagement opportunities.

Deliverables

- Update Public Engagement Policy to ensure a clear approach and meaningful and useful outcomes.
- Establish engagement strategies for key community issues and projects (e.g. Smart Cities, Transit).
- Establish engagement opportunities with youth, seniors, neighbouring communities and First Nations.



PRIORITY
4

Focus on services and spaces that achieve a safe and improved sense of community.

Deliverables

- Advocate with Alberta Health Services for improved emergency, physical and mental health services.
- Design and build a new integrated Police detachment.
- Complete designs for:
 - Fifth Avenue site (including Lions Rodeo Grounds),
 - 1 acre site east of the library and
 - Former Esso Bulk Station site.
- Develop an effective asset management system.
- Focus on achieving organizational efficiencies.

10-YEAR FINANCIAL STRATEGY

Council has strategized to complete \$292 million in major capital projects over the next 10 years. Core infrastructure projects include funding for a bridge across the Bow River and twinning of the wastewater pipeline. New facility projects include a new police station and aquatic and curling/multisport facility (completed 2017).

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 significant 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 71 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.

Project (updated April 23, 2018)	Est. Town Cash Outflow to 2027	Timeline	Major Source(s) of Funding
Transportation Projects			
Bow River Bridge crossing and connections	\$53,500,000	2017- 2020, 2023	Developer growth charges (Offsite levies)/MSI grants/long term debt
Local transit service	\$9,000,000	2018-2020	GreenTRIP grant 2/3, Town 1/3
Railway pedestrian crossing to join historic downtown to new downtown, improvements within CRL boundary	\$8,000,000	2017-2022	Community Revitalization Levy
Centre Ave north widening to Railway	\$3,903,500	2021	Provincial grants/Debt/Offsite levies
Intersection improvements Centre Ave and Hwy 1A	\$3,000,000	2021	Provincial grants/Debt/Offsite levies
Horse Creek Crossing project	\$3,515,000	2018 and 2024	Offsite levies
Grade separated crossing at Centre Ave	\$32,480,000	2027	Offsite levies/MSI Capital grants
Existing road network improvements	\$23,270,500	Continuous	Provincial grants
Total Transportation Projects	\$136,669,000		
New Aquatic and Curling/Multisport Facility	\$49,100,000	2014-2017	Government grants, sponsorship, fundraising, developer community enhancement contributions, short term debt
Police Station	\$17,400,000	2017-2018	Long term debt
Flood erosion projects	\$2,600,000	2015-2018	Provincial grants
Parks projects	\$4,440,000	2016-2025	Parks Enhancement Fee/ Town reserves
Fleet, equipment, and facility lifecycling	\$21,300,000	Continuous	Town reserves
Utility infrastructure lifecycling	\$20,300,000	Continuous	Town reserves
Wastewater capacity upgrade	\$32,540,000	2017 - 2019, 2025	Offsite levies/ long term debt
Water capacity upgrades	\$7,500,000	2027	Offsite levies
Tri site development	To be determined	TBD	TBD
Smart City project	To be determined	TBD	TBD
Total capital spending to 2027	\$291,849,000		

*Project estimates are subject to a number of assumptions, risks, and uncertainties including grants available, scope changes, and market conditions.



YOUR TAX DOLLARS AT WORK

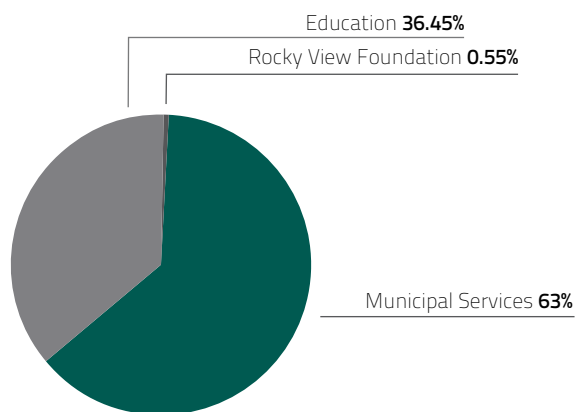
As the Town's major source of revenue comes directly from our taxpayers, the Town of Cochrane strives to provide good value for resident's tax dollars.

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

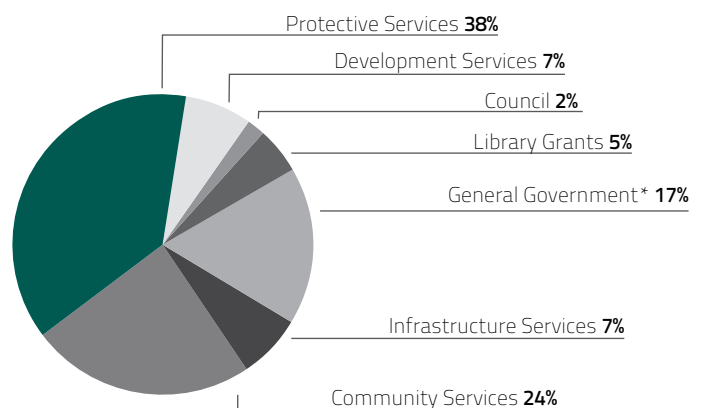
services such as emergency services, road maintenance, parks and recreation, and community development strategies.

63 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



BREAKDOWN OF MUNICIPAL SERVICES



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

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.

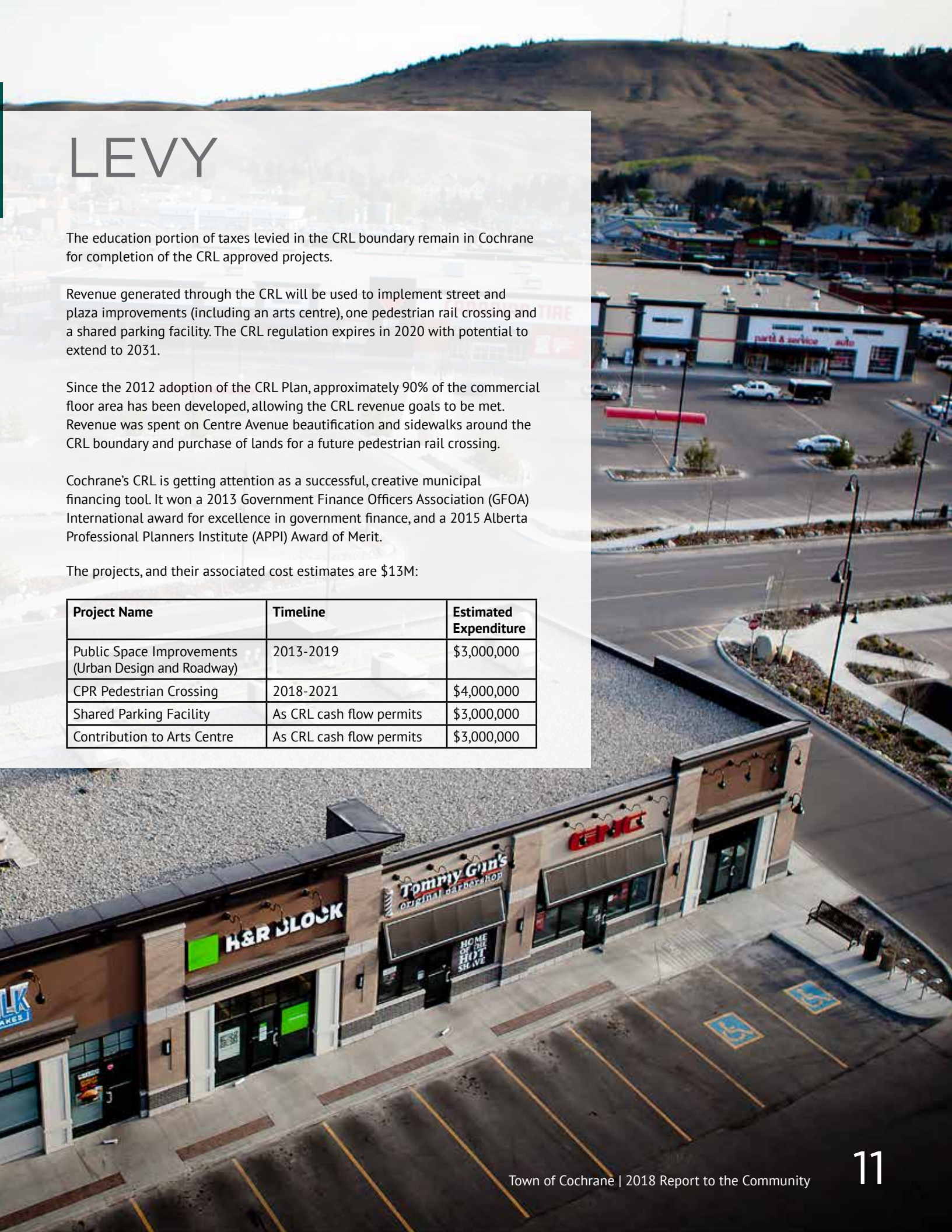
Revenue generated through the CRL will be used to implement street and plaza improvements (including an arts centre), one pedestrian rail crossing and a shared parking facility. The CRL regulation expires in 2020 with potential to extend to 2031.

Since the 2012 adoption of the CRL Plan, approximately 90% 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 and purchase of lands for a future pedestrian rail crossing.

Cochrane's CRL is getting attention as a successful, creative municipal financing tool. It won a 2013 Government Finance Officers Association (GFOA) International 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 \$13M:

Project Name	Timeline	Estimated Expenditure
Public Space Improvements (Urban Design and Roadway)	2013-2019	\$3,000,000
CPR Pedestrian Crossing	2018-2021	\$4,000,000
Shared Parking Facility	As CRL cash flow permits	\$3,000,000
Contribution to Arts Centre	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.

2017 ACCOMPLISHMENTS

Aquatics (Aquatics transferred to SLSFSC in July 2017)

- Complete the transition to the new Aquatic Centre.

Parks and Open Spaces

- Complete Phase 1 of the Historic Downtown Enhancement Project.
- Began construction on a dedicated dog park along the Highway 22 corridor.
- Completed construction on dog park in Riverfront Park, west of Highway 22.
- Expanded infield on Gleneagles ball diamond and installed fence to allow for wider age group usage.
- Connected Cochrane's pathway system to the TransCanada Trail.

Family and Community Support Services (FCSS)

- Completed the Cochrane Cares: Regional Well-Being Review and is working with community partners to meet the identified needs.
- Enhanced partnership between FCSS and Propellus resulted in increased locally delivered learning opportunities to support Cochrane's voluntary sector.
- Parent Link enhanced resources by increasing post-partum depression support and implementing new programs for newcomers and LGBTQ+ families.
- Parent Link expanded outreach services and access to developmental screening to rural communities.
- The Western Rocky View Resource Centre obtained a Civil Forfeitures Grant to support a part-time position supporting residents impacted by elder abuse.
- As part of the ongoing work of the Town of Cochrane Equity and Inclusion Committee, members of Council, Senior Administration and staff toured Cochrane using mobility devices in a rolling audit. The rolling audit inspired projects across different town sections for 2018.

Facilities

(New for 2018: RancheHouse Event Centre, Community Events and Culture; Recreation under FCSS)

- Develop an operational plan for the new ClubHouse for year round programming and rentals.
- Increase revenue opportunities through expanded service and rental options.
- Program additional RancheHouse hosted events.
- Further develop facilities asset management program for improved life cycling.

Recreation, Culture & the Arts

(New for 2018: RancheHouse Event Centre, Community Events and Culture; Recreation under FCSS)

- Offered free Canada Day event.



13

BUILDINGS OPERATED
& MAINTAINED



356

ACRES OF PARKLAND



35

PLAYGROUNDS



60

KILOMETRES OF
PATHWAYS



DEVELOPMENT SERVICES

Planning, Civil Land Development Services and Safety Codes ensure 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.

2017 ACCOMPLISHMENTS

Planning, Civil Land Development Services and Safety Codes

- Completed a process mapping exercise to establish process improvements.
- Successfully launched the comprehensive review of the Land Use Bylaw.
- Gained Council approval for significant land uses in south Cochrane to enable the creation of complete communities.
- Undertook a comprehensive exercise on the current state of development in the town.
- Transitioned from a paper based permit process to a digital permit process.
- Maintained a maximum 10 business day turn around time for building permits.

Economic Development

- Historic downtown revitalization
- Worked with Communications to promote local pride and increase marketing activities for events, general tourism marketing, local business support and new business attraction efforts as part of the Economic Development strategy.
- Created Tourism Strategy.
- Provided a Visitor Centre that is open year round.



588

NEW RESIDENTIAL
HOUSING PERMITS



1,091

DEVELOPMENT
APPLICATIONS
(CONSTRUCTION OR
CHANGE OF LAND USE)



34

COMMERCIAL STARTS



9,305

VISITORS TO THE VISITOR
INFORMATION CENTRE



1,807

BUSINESS LICENSES



LEGISLATIVE & PROTECTIVE



1,072

CALLS RESPONDED TO BY
FIRE SERVICES



2,280

TOTAL CALLS FOR SERVICE
RESPONDED TO BY
MUNICIPAL ENFORCEMENT



5,545

CURRENT PET LICENSES



51%

RESIDENTS
COMPLETED THE
CENSUS ONLINE
IN 2017



96%

OF HOUSEHOLDS
WERE INCLUDED IN
CENSUS TOTALS.

Fire Services through the Operations Branch provides fire suppression, vehicle rescue, aquatic rescue, technical rescue and hazardous materials response. The Fire Prevention Branch provides fire prevention inspection, fire safety education and fire investigation. The Municipal Emergency Management Plan is developed and maintained within Fire Services. Liaison with Alberta Health Services EMS is maintained through the Office of the Fire Chief.

Municipal Enforcement's Community Peace Officers conduct enforcement of Municipal Bylaws and appointed Provincial Statutes. Officers work towards ensuring a high standard of public health and safety, working closely with other enforcement agencies like the RCMP, Provincial Sheriffs, Fire Services and Fish and Wildlife.

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; managing the insurance portfolio and conducting elections and census.

2017 ACCOMPLISHMENTS

Legislative Services

- Conducted a census that determines current, accurate population data.
- Successfully completed a municipal election.

Fire Services

(Section moved to Legislative & Protective Services in 2018)

- Worked toward a service delivery model that enables 2 truck deployment.
- Established a Critical Incident Stress Management support program for Emergency Responders and their families.
- Expanded present Fire Services Statistical Management Program and integrate with regional predictive modeling programs.
- Continued to prepare for the implementation of the Alberta First Responder Radio System.

Municipal Enforcement

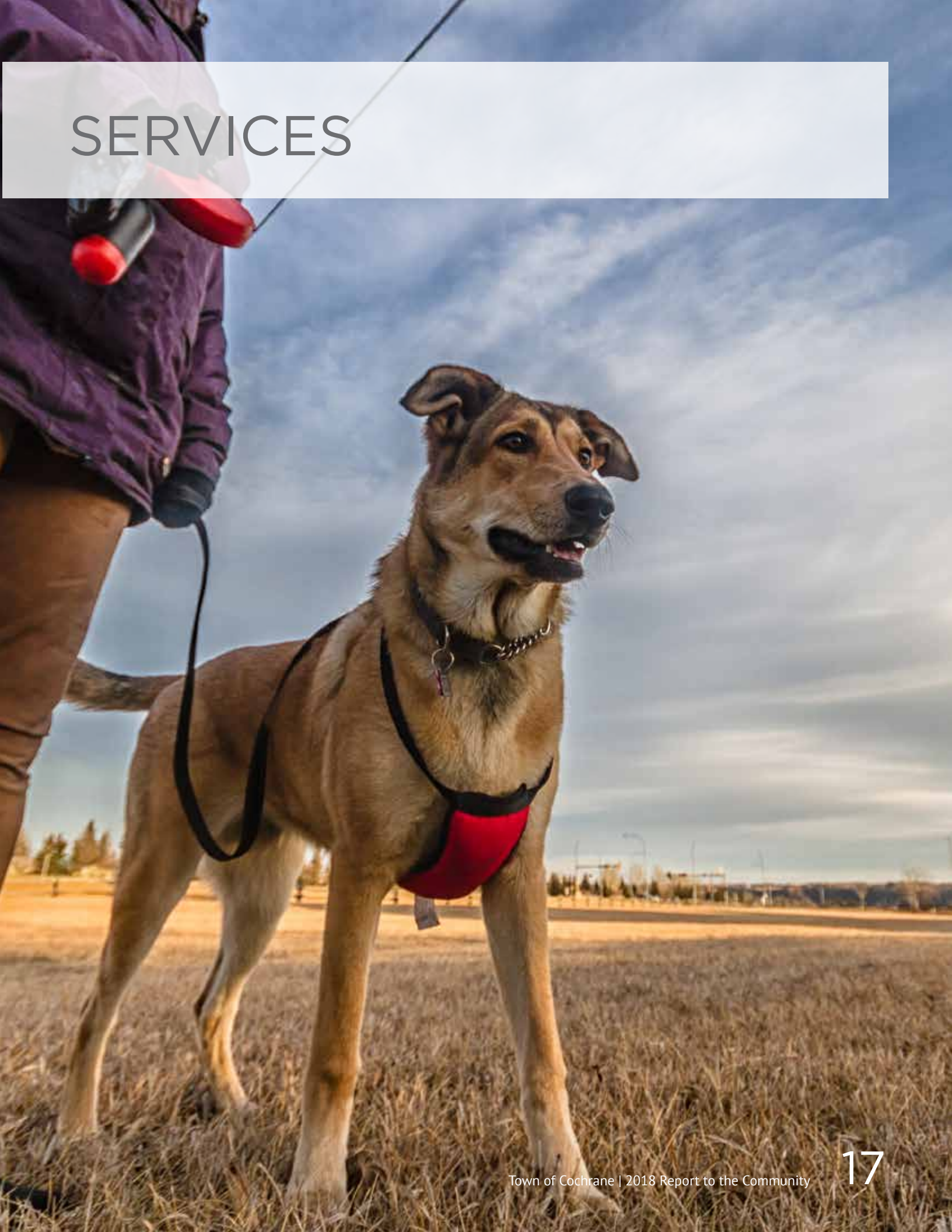
- Initiated a school program for grades K-4 focusing on dog bite prevention and responsible pet ownership.
- Increased joint traffic initiatives with RCMP in areas of distracted driving, intersection safety, speed enforcement and seat belts.
- Implemented animal awareness training for Town of Cochrane staff.

RCMP Clerical

(Section moved to Legislative & Protective Services in 2018)

- Improved service delivery in record check processes to ensure efficiency for public volunteers.

SERVICES



INFRASTRUCTURE SERVICES

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

2017 ACCOMPLISHMENTS

Roads

- Upgraded aging infrastructure, specifically surface improvements on Westside Drive, Westrock Road, West Arsby Road, Quigley Drive and RancheHouse Road.
- Installed new traffic signals on Griffin Road and River Avenue intersection.
- Realigned Griffin Road from Griffin Industrial Point to Spray Lake Sawmills Family Sports Centre.

Water and Wastewater

- Developed and initiated a backflow prevention program for the Town distribution systems.

- Upgraded flow capacity of water treatment plant clarifier.
- Renewed water treatment plan operating license.
- Began construction of second wastewater wet well for the pumping station to Calgary.
- Replaced 500 water meters and installed 500 new meters.

Waste and Recycling

- Implemented residential organic waste curbside collection.
- Engaged and consulted with the multifamily sector for the transition to on-site storage and collection of organic materials by 2018.
- Investigated options for increasing efficiency at Eco Centre.

Fleet

- Developed protocols for determining options for fleet purchase and life cycling.





177

KILOMETRES OF
GRAVEL AND PAVED ROADS



91

KILOMETRES
OF SIDEWALK



2,728

MEGALITRES OF DRINKING
WATER PRODUCED



5,300

TONNES OF RESIDENTIAL
WASTE DIVERTED FROM
LANDFILL



1,500

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, capital projects financing and tracking, utilities, and animal licensing. Technology services include network, user support and geographic information systems (GIS).

2017 ACCOMPLISHMENTS

Assessment & Taxation

- Implemented Pictometry Imagery.
- Implemented a new Enterprise Resource Planning (ERP) system to replace the current Taxation System.

Financial Services

- Implemented a new ERP system to replace the financial system.

Information Services/GIS

- Converted one third of staff desktop computers into Virtual Desktops
- Commenced pilot project for activating Town unused fibre optic lines to support Town and local business needs.
- Implemented technology upgrades needed to support the new ERP.
- Prepared density maps by neighbourhood.



13,883

ASSESSMENT AND
TAXATION ACCOUNTS



9,700

UTILITY ACCOUNTS



COMMUNICATIONS



9,874

FACEBOOK FOLLOWERS



4,077



306

DIGITAL SIGN REQUESTS

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.

2017 ACCOMPLISHMENTS

Communications (Section moved to CAO in 2018)

- Enhanced opportunities for public input and engagement by developing mobile tools and utilizing new locations for engagement events.
- Worked with Economic Development to increase marketing activities as part of the Economic Development strategy.





HUMAN RESOURCES



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.

2017 ACCOMPLISHMENTS

Human Resources (Section moved to CAO in 2018)

- Supported Council and our workforce through pending organizational transitions:
 - executive retirements
 - municipal election
- Conducted the biennial staff compensation review and supported the Council remuneration review process.
- Implemented of a new information system (HRIS) as a component of ERP replacement.

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 49 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 Canadian public sector accounting standards 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 MNP LLP.



Independent Auditors' Report

To the Mayor and Town Council of the Town of Cochrane:

We have audited the accompanying consolidated financial statements of the Town of Cochrane, which comprise the consolidated statement of financial position at December 31, 2017, and the consolidated statement of operations, changes in net financial assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 an 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 auditors' 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 controls 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 controls. An audit also includes evaluating the appropriateness of the 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 the audit evidence 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, 2017 and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of the Town as at and for the year ended December 31, 2016 were audited by another firm of chartered professional accountants who expressed an unmodified audit opinion dated April 24, 2017.

Calgary, Alberta

April 23, 2018

MNP LLP

Chartered Professional Accountants



ACCOUNTING > CONSULTING > TAX

1500, 640 - 5TH AVENUE SW, CALGARY AB, T2P 3G4

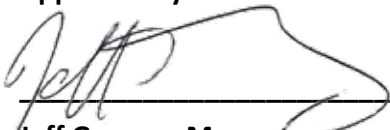
1.877.500.0792 P: 403.263.3385 F: 403.269.8450 MNP.ca

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017**


	Note	2017	2016
FINANCIAL ASSETS			
Cash and temporary investments	(Note 2)	\$ 56,279,405	\$ 61,420,950
Receivables			
Taxes and grants in place of taxes	(Note 3)	851,232	674,963
Trade and other receivables		5,336,567	3,330,030
Trade and other inventory		4,337	4,337
Investments	(Note 4)	24,414,810	22,383,347
		86,886,351	87,813,627
LIABILITIES			
Accounts payable and accrued liabilities		6,555,209	9,416,314
Deposit and other liabilities		2,036,780	2,069,562
Deferred revenue	(Note 5)	9,541,262	10,721,440
Employee benefit obligations	(Note 6)	1,042,987	945,199
Long term debt	(Note 7)	24,612,910	23,404,302
Capital lease	(Note 8)	6,666,655	6,731,851
		50,455,803	53,288,668
NET FINANCIAL ASSETS		36,430,548	34,524,959
NON-FINANCIAL ASSETS			
Tangible Capital Assets (Schedule 2)		417,856,061	383,849,768
Prepaid expenses		38,498	21,743
		417,894,559	383,871,511
ACCUMULATED SURPLUS (Schedule 1)	(Note 11)	\$ 454,325,107	\$ 418,396,470

Commitments and Contingencies (Note 15)

Approved by Council:



Jeff Genung, Mayor



Dave Devana, CAO

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (Note 17)	2017	2016
REVENUE			
Net municipal taxes (Schedule 3)	\$ 24,118,598	\$ 24,118,598	\$ 23,080,552
Community revitalization levy	950,000	982,794	853,978
Local improvement taxes	30,535	31,615	31,615
Government transfers for operating (Schedule 4)	3,089,530	3,061,447	2,863,577
User fees and sales of goods	14,645,421	15,511,124	15,206,992
Licenses and permits	902,600	1,674,361	1,755,173
Fines and penalties	1,125,000	880,260	834,596
Rentals, donations and other	340,490	1,113,060	808,506
Franchise fees	2,805,795	3,067,737	2,750,704
Investment Income	85,000	1,318,218	1,105,206
Total revenue	48,092,969	51,759,214	49,290,899
EXPENSES			
Council	481,630	410,104	401,544
General government	6,009,358	5,944,912	5,698,874
Police and municipal enforcement	4,575,125	4,296,344	4,347,464
Fire	5,252,925	5,647,908	5,598,295
Roads, streets and transit	3,816,074	6,118,380	5,489,074
Water, wastewater and storm sewer	6,114,419	9,189,706	10,758,328
Waste and recycling	2,598,752	2,707,768	2,196,570
Subdivision and land development	2,477,084	2,433,672	2,738,762
Parks and recreation	2,573,685	3,473,662	3,329,222
Culture and facilities	5,051,515	6,889,644	5,529,625
Family and community services	2,340,119	2,386,383	2,231,119
Economic development	461,422	490,253	453,570
Total expenses	41,752,108	49,988,736	48,772,447
Excess of revenue over expenses before other revenue	6,340,861	1,770,478	518,452
OTHER REVENUE			
Development levies	-	5,483,843	6,540,377
Capital donations	2,063,683	609,442	1,041,755
Contributed assets	-	15,808,606	20,863,596
Gain (loss) on disposal of tangible capital assets	-	81,709	(1,174,159)
Government transfers for capital (Schedule 4)	4,135,000	12,174,559	8,032,038
Total other revenue	6,198,683	34,158,159	35,303,607
Excess of revenue over expenses	12,539,544	35,928,637	35,822,059
Accumulated surplus, beginning of year	418,396,470	418,396,470	382,574,411
ACCUMULATED SURPLUS, END OF YEAR	\$430,936,014	\$454,325,107	\$418,396,470

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (Note 17)	2017	2016
Excess of revenue over expenses	\$ 12,539,544	\$ 35,928,637	\$ 35,822,059
Acquisition of tangible capital assets	(22,302,233)	(27,702,395)	(29,583,275)
Contributed assets	-	(15,808,606)	(20,863,596)
Proceeds on disposal of tangible capital assets	-	83,825	76,088
Amortization of tangible capital assets	-	9,502,592	10,020,989
Changes in prepaid expenses	-	(16,755)	(118)
(Gain) loss on disposal of tangible capital assets	-	(81,709)	1,174,159
	(22,302,233)	(34,023,048)	(39,175,753)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(9,762,689)	1,905,589	(3,353,694)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	34,520,622	34,524,959	37,878,653
NET FINANCIAL ASSETS, END OF YEAR	\$ 24,757,933	\$ 36,430,548	\$ 34,524,959

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 35,928,637	\$ 35,822,059
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	9,502,592	10,020,989
(Gain)/Loss on disposal of tangible capital assets	(81,709)	1,174,159
Contributed assets	(15,808,606)	(20,863,596)
Net change in non-cash operations		
Increase in taxes and grants in place of taxes	(176,269)	(114,382)
(Increase)/decrease in trade, other receivables and prepaid expenses	(2,023,292)	2,064,471
Decrease (increase) in inventory	-	2,976
(Decrease) increase in accounts payable and accrued liabilities	(3,362,214)	1,588,710
Decrease in deposits and other liabilities	(32,782)	(877,009)
Decrease in deferred revenue	(1,180,178)	(2,476,063)
Increase in employee benefit obligations	97,788	66,174
Cash provided by operating transactions	22,863,967	26,408,488
CAPITAL		
Acquisition of tangible capital assets	(27,201,286)	(29,583,275)
Proceeds on disposal of tangible capital assets	83,825	76,088
Cash applied to capital transactions	(27,117,461)	(29,507,187)
INVESTING		
Decrease (increase) in investments	(2,031,463)	(8,459,633)
FINANCING		
New long term debt issued	8,000,000	-
Long term debt repaid	(6,856,588)	(667,414)
Cash applied to financing transactions	1,143,412	(667,414)
Change in cash and temporary investments during the year	(5,141,545)	(12,225,746)
Cash and temporary investments, beginning of the year	61,420,950	73,646,696
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 56,279,405	\$ 61,420,950

SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (Note 10)	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 75,005	\$ 64,607,850	\$ 353,713,615	\$418,396,470	\$382,574,411
Excess of revenue over expenses	35,928,637	-	-	35,928,637	35,822,059
Unrestricted funds designated for future use	(16,106,516)	16,106,516	-	-	-
Restricted funds used for operations	205,900	(205,900)	-	-	-
Restricted funds used for tangible capital assets	-	(12,989,664)	12,989,664	-	-
Current year funds used for tangible capital assets	(14,712,732)	-	14,712,732	-	-
Contributed tangible capital assets	(15,808,606)	-	15,808,606	-	-
Disposal of tangible capital assets	2,117	-	(2,117)	-	-
Annual amortization expense	9,502,592	-	(9,502,592)	-	-
New long term debt issued	8,000,000	-	(8,000,000)	-	-
Long term debt repaid	(6,856,588)	-	6,856,588	-	-
Change in accumulated surplus	154,804	2,910,952	32,862,881	35,928,637	35,822,059
BALANCE, YEAR END (Note 11)	\$ 229,809	\$ 67,518,802	\$ 386,576,496	\$454,325,107	\$418,396,470

SCHEDULE 2: CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	Cost					Accumulated Amortization					2017	2016
	Opening Balance	Additions	In Progress	Disposals	Ending Balance	Opening Balance	Additions	Disposals	Ending Balance			
Land	\$ 60,466,258	\$ 5,088,194	\$ (388,300)	\$ -	\$ 65,166,152	\$ -	\$ -	\$ -	\$ -	\$ 65,166,152	\$ 60,466,258	
Land improvements	17,698,083	1,434,497	(347,106)	-	18,785,474	5,604,736	690,686	-	6,295,422	12,490,052	12,093,347	
Buildings	86,301,516	49,553,869	(40,294,028)	-	95,561,357	15,447,817	2,151,654	-	17,599,471	77,961,886	70,853,699	
Engineered structures	296,198,182	17,842,303	8,683,139	-	322,723,624	62,201,951	5,645,402	-	67,847,353	254,876,271	233,996,231	
Machines and equipment	5,986,256	1,248,379	362,180	(92,483)	7,504,332	3,676,084	539,220	(92,071)	4,123,233	3,381,099	2,310,172	
Vehicles	6,800,179	88,735	239,140	(328,348)	6,799,706	2,670,118	475,630	(326,643)	2,819,105	3,980,601	4,130,061	
	\$473,450,474	\$75,255,977	\$ (31,744,975)	\$ (420,831)	\$516,540,645	\$ 89,600,706	\$ 9,502,592	\$ (418,714)	\$98,684,584	\$417,856,061	\$383,849,768	

During the year, tangible capital assets were acquired at an aggregate cost of \$75,255,977 (2016- \$32,236,699), less the net change in construction in progress of \$31,744,975 (2016 increase \$18,210,171), less contributed assets of \$15,808,606 (2016-\$20,863,596). Of the \$27,702,395 acquired (2016- \$29,583,275), \$501,109 (2016-\$NIL) remains in accounts payable, therefore, \$27,201,286 (2016- \$29,583,275) was acquired with cash.

Included in the buildings category is a capital lease for the Protective Services Facility having a net book value of \$5,042,204 (2016- \$5,269,524). Amortization of \$257,554 (2016-\$257,050) has been recorded for the lease during the year. The terms of the capital lease are disclosed in Note 8.

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

**SCHEDULE 3: CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (Note 17)	2017	2016
TAXATION			
Real property taxes	\$37,805,614	\$37,805,614	\$35,003,882
Linear property taxes	439,582	439,582	397,390
Government grants in place of property taxes	109,841	109,841	99,350
	38,355,037	38,355,037	35,500,622
REQUISITIONS			
Alberta School Foundation Fund	12,410,338	12,410,338	10,828,979
Calgary Catholic School Board	1,627,829	1,627,829	1,405,364
Rockyview Foundation	198,272	198,272	185,727
	14,236,439	14,236,439	12,420,070
	\$24,118,598	\$24,118,598	\$23,080,552

**SCHEDULE 4: CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (Note 17)	2017	2016
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,440,547	\$ 2,329,141	\$ 2,334,157
Federal government	8,000	17,126	10,447
Other local governments	640,983	715,180	518,973
	3,089,530	3,061,447	2,863,577
TRANSFERS FOR CAPITAL			
Provincial government	4,135,000	10,215,734	6,172,269
Federal government	-	1,358,825	1,259,769
Other local governments	-	600,000	600,000
	4,135,000	12,174,559	8,032,038
TOTAL GOVERNMENT TRANSFERS	\$ 7,224,530	\$15,236,006	\$10,895,615

**SCHEDULE 5: CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget (Note 17)	2017	2016
Salaries, wages and benefits	\$21,135,075	\$ 20,648,804	\$20,443,941
Contracted and general services	9,392,909	8,807,901	8,091,042
Purchases from other governments	5,257,639	4,948,011	4,981,658
Materials, goods, utilities and other	3,768,123	3,662,689	3,534,744
Transfers to local boards and agencies	1,035,763	1,256,993	451,192
Bank charges and short term interest	68,000	67,147	75,567
Interest on long term debt and capital leases	1,094,599	1,094,599	1,173,314
Amortization of tangible capital assets	-	9,502,592	10,020,989
Total Expenses	\$41,752,108	\$ 49,988,736	\$48,772,447

**SCHEDULE 6: CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2017	2016
REVENUE									
Net municipal taxes	\$ 474,622	\$ 9,299,270	\$ 1,489,235	\$ 1,785,994	\$ 6,749,504	\$ -	\$ 4,319,973	\$ 24,118,598	\$ 23,080,552
Community revitalization levy	-	-	-	-	-	-	982,794	982,794	853,978
Local improvement taxes	-	-	31,615	-	-	-	-	31,615	31,615
Government transfers for operating	-	621,708	166,000	16,534	2,095,132	162,073	-	3,061,447	2,863,577
Government transfers for capital	-	1,202,901	3,025,201	-	7,946,457	-	-	12,174,559	8,032,038
User fees and sales of goods	-	192,757	2,603	983,226	1,044,378	13,234,335	53,825	15,511,124	15,206,992
Licenses and permits	-	249,852	-	1,363,311	4,035	-	57,163	1,674,361	1,755,173
Fines and penalties	-	533,436	-	-	25,081	-	321,743	880,260	834,596
Rentals, donations and other	-	39,193	4,857	12,251	764,109	22,592	270,058	1,113,060	808,506
Franchise fees	-	-	3,067,737	-	-	-	-	3,067,737	2,750,704
Investment Income	-	-	-	-	187	-	1,318,031	1,318,218	1,105,206
Contributed assets	-	-	4,651,927	1,673,600	-	9,483,079	-	15,808,606	20,863,596
Development levies	-	-	3,030,801	-	814,899	1,638,143	-	5,483,843	6,540,377
Capital donations	-	-	-	-	609,442	-	-	609,442	1,041,755
	474,622	12,139,117	15,469,976	5,834,916	20,053,224	24,540,222	7,323,587	85,835,664	85,768,665
EXPENSES									
Salaries, wages and benefits	290,872	5,302,267	1,460,331	2,069,389	5,633,310	1,806,001	4,086,634	20,648,804	20,443,941
Contracted and general services	117,630	661,440	520,511	828,506	1,762,806	3,409,806	1,507,202	8,807,901	8,091,042
Purchases from other governments	-	2,796,081	-	-	113,049	2,033,727	5,154	4,948,011	4,981,658
Materials, goods, utilities and other	1,602	205,137	1,344,089	20,655	1,115,420	838,842	136,944	3,662,689	3,534,744
Transfers to local boards and agencies	-	22,500	168,317	-	1,066,176	-	-	1,256,993	451,192
Bank charges and short term interest	-	-	-	-	5,717	-	61,430	67,147	75,567
Interest on long term debt and capital leases	-	531,951	35,219	-	409,183	118,246	-	1,094,599	1,173,314
(Gain) loss on disposal of tangible capital assets	-	-	-	-	(81,709)	-	-	(81,709)	1,174,159
	410,104	9,519,376	3,528,467	2,918,550	10,023,952	8,206,622	5,797,364	40,404,435	39,925,617
NET REVENUE, BEFORE AMORTIZATION									
Amortization of tangible capital assets	64,518	2,619,741	11,941,509	2,916,366	10,029,272	16,333,600	1,526,223	45,431,229	45,843,048
	-	424,876	2,589,913	5,375	2,644,028	3,690,852	147,548	9,502,592	10,020,989
EXCESS OF REVENUE OVER EXPENSES									
	\$ 64,518	\$ 2,194,865	\$ 9,351,596	\$ 2,910,991	\$ 7,385,244	\$ 12,642,748	\$ 1,378,675	\$ 35,928,637	\$ 35,822,059

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

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 established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality is the Town of Cochrane Library Board. The schedule of taxes levied also includes requisitions for education and social organizations that are not part of the municipal reporting entity. The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

b. Basis of accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

Tax revenue is recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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 expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

a) Amortization

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

b) Allowance for doubtful accounts

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

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

h. Liability for Contaminated Sites

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

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

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

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

One-half of the annual amortization is charged in the year of acquisition. No amortization is taken in the year of disposal. Assets in progress are not amortized until the asset is available for productive use.

j. Contributions of tangible capital assets

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

k. Leases

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

l. Inventory

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

m. Non-financial assets

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

n. Investments

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

o. Segmented Information

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

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

- i. Council:** Council consists of Town council.
- ii. Protective Services:** Protective Services includes police, municipal enforcement and fire.
- iii. Transportation Services:** Transportation services include roads and transit.
- iv. Planning and Development:** Planning and Development includes subdivision land development and economic development.
- v. Community Services:** Community Services includes parks and recreation, culture and facilities and family and community services (FCSS).
- vi. Utility Services:** Utility services includes water, wastewater and storm sewer, waste and recycling.
- vii. General Government:** General government consists of general administrative which includes executive leadership, corporate services, legislative services and human resources and communications.

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

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$17,803,500	\$15,683,461
Temporary Investments	38,475,905	45,737,489
Total	\$56,279,405	\$61,420,950

Temporary investments are short term deposits with maturities within three months from the date of purchase bearing interest at rate from 1.65% to 2.15% (2016 - 1.50% to 2.08%).

3. TAXES AND GRANTS IN PLACE OF TAXES

	2017	2016
Current taxes and grants in place of taxes	\$677,519	\$487,366
Arrears taxes	173,713	187,597
Total	\$851,232	\$674,963

4. INVESTMENTS

	2017	2016
Temporary investments	\$38,475,905	\$45,737,489
Investments	24,414,810	22,383,347
Total	\$62,890,715	\$68,120,836
Reclassify to cash and temporary investments (Note 2)	(38,475,905)	(45,737,489)
Total Investments	\$24,414,810	\$22,383,347

Temporary and long term investments primarily represent term deposits issued by financial institutions, bearing interest at rates from 1.65% to 2.15% (2016 - 1.50% to 2.08%) maturing between 30 days and 1 year and from 1.99% to 2.38% (2016 - 1.65% to 2.38%) for maturities over one year. Market value at December 31, 2017 was \$62,890,715 (2016 - \$68,120,836).

5. DEFERRED REVENUE

	2017	2015
Deferred grant revenue	\$6,377,937	\$8,975,492
Deferred facility bookings revenue	29,598	35,441
Deferred developer revenue	2,616,404	1,210,134
Prepaid meters, licenses, fees	517,323	500,373
Total	\$9,541,262	\$10,721,440

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.

	2017	2016
Employee benefit obligations	\$1,042,987	\$945,199
Total	\$1,042,987	\$945,199

7. LONG-TERM DEBT

	2017	2016
Long-term debt	\$24,612,910	\$23,404,302
Total	\$24,612,910	\$23,404,302

The current portion of long term debt is \$7,645,607 (2016 - \$6,856,588). Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	\$7,645,607	\$619,009	\$8,264,616
2019	7,809,443	455,173	8,264,616
2020	1,424,742	314,772	1,739,514
2021	1,406,634	254,637	1,661,271
2022	1,464,579	196,692	1,661,271
Subsequent	4,861,905	367,811	5,229,715
Total	\$24,612,910	\$2,208,095	\$26,821,003

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.718% to 9.625% per annum (2016 - 1.718% to 9.625%) and matures between 2019 and 2029. The average interest rate is 2.57% (2016 - 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 \$1,094,599 (2016 - \$1,173,314).

The Town's total cash payments for interest in 2017 were \$1,094,599 (2016 - \$1,201,012).

8. CAPITAL LEASE

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin 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 \$7,741,732, the accumulated amortization is \$2,699,528, and the resulting net book value included in tangible capital assets is \$5,042,204.

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 bore interest at a rate of 7.80% until September when it bears interest at 8.2% (2016 - 7.55%) and matures in 2037. The lease is collateralized by underlying assets.

	2017	2016
Leases	\$6,666,655	\$6,731,851
Total	\$6,666,655	\$6,731,851

The current portion of the capital lease is \$91,191 (2016-\$65,196). Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	\$91,191	\$543,289	\$634,480
2019	98,956	535,524	634,480
2020	107,383	527,097	634,480
2021	116,527	518,506	634,480
2022	139,096	514,051	653,147
Subsequent	6,113,502	4,853,880	10,967,382
Total	\$6,666,655	\$7,492,347	\$14,158,449

9. 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:

	2017	2016
Total debt limit	\$86,901,314	\$83,746,914
Total debt	31,279,565	30,136,153
Amount of total debt limit available	\$55,621,749	\$53,610,761
Debt servicing limit	14,483,552	13,957,819
Debt servicing	8,899,096	7,951,187
Amount of debt servicing limit available	\$5,584,456	\$6,006,632

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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible Capital assets (Schedule 2)	\$516,540,645	\$473,450,477
Accumulated amortization (Schedule 2)	(98,684,584)	(89,600,708)
Long-term debt (including capital leases) (Note 7 and 8)	(31,279,565)	(30,136,153)
Total	\$386,576,496	\$353,713,616

11. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus	\$229,809	\$75,005
Restricted surplus		
Operating reserves	10,817,632	9,471,286
Capital reserves	56,701,170	55,136,564
Equity in tangible capital assets	386,576,496	353,713,615
Total	\$454,325,107	\$418,396,470

12. RESTRICTED SURPLUS - RESERVE FUNDS

	2017	2016
Restricted operating surplus		
Reserves for commitments	\$3,137,995	\$3,188,136
Reserves for contingencies	7,679,637	6,283,150
Operating reserves	10,817,632	9,471,286
Restricted capital surplus		
Offsite levies	23,335,315	23,088,434
Voluntary levies	858,982	874,485
Asset replacements and other capital reserves	32,506,873	31,173,645
Capital Reserves	56,701,170	55,136,564
Total	\$67,518,802	\$64,607,850

13. 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:

	2017		2016	
	Salary	Benefits	Total	Total
Mayor (Brooker)	69,918	8,089	78,007	96,017
Clr. (Eckmeier)	23,534	4,315	27,850	33,952
Clr. (Levisky)	23,534	4,315	27,850	35,128
Clr. (Toews)	23,534	5,708	29,242	36,114
Clr. (Watson)	23,534	4,415	27,950	34,122
Mayor (Genung)	14,753	1,882	16,635	-

Councillor (Fedeyko)	5,090	1,266	6,356	-
Councillor (Flowers)	5,090	552	5,642	-
Councillor (McFadden)	28,633	6,474	35,107	35,644-
Councillor (Nagel)	28,633	2,637	31,270	31,739
Councillor (Reed)	5,090	1,266	6,356	-
Councillor (Wilson)	5,090	552	5,642	-
CAO (deCocq)	149,165	9,389	158,555	265,610
CAO (Devana)	36,167	11,616	47,783	-
DCAO (Craig)	210,373	11,973	222,346	218,239
DCAO (Gaida)	81,301	17,376	98,677	-
Designated Officers (1)	104,551	25,412	129,963	130,764

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 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.

14. 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 253,862 people and 417 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 2017 were \$1,607,253 (2016- \$1,521,108. Total

current and prior year service contributions by the employees of the Town to the Plan in 2017 were \$1,480,671 (2016 - \$1,398,314). At December 31, 2016, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficit of \$637,357,000 (2015- \$923,416,000).

15. COMMITMENTS AND CONTINGENCIES

- 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, 2017.
- 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 off-site levies collected. The Province is now receiving payments on the \$5 million conditional grant which is only repayable if there is sufficient off-site 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. Off-site levies collected and remitted to the Province in 2017 were \$68,606 (2016- \$102,980). As of December 31, 2017, the remaining amount to be paid is \$1,108,132 (2016 - \$1,176,738).

16. COMPARATIVE FIGURES

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

17. BUDGET

The disclosed budget information has been approved by Council. The following is reconciliation between the approved budget and the amounts on the consolidated financial statements.

a. Budgeted Revenue	
Approved budgeted operating revenue	\$56,977,473
Reserve transfers	(664,941)
Interdepartmental revenue	(2,020,880)
Presented as other revenue	(6,198,683)
Total	\$48,092,969
b. Budgeted Expenses	
Approved budgeted operating expenses	\$56,977,473
Community revitalization levy	(950,000)
Reserve transfers	(5,455,658)
Interdepartmental expenses	(2,020,880)
Principal debt repayments	(6,856,588)
Library (net consolidated difference)	57,761
Total	\$41,752,108

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cochrane
HOW THE WEST IS NOW

