

REPORT TO THE COMMUNITY

2019

cochrane
HOW THE WEST IS NOW





On behalf of Town Council, I am pleased to present the Town of Cochrane Report to the Community. This report demonstrates our 2018 accomplishments, and the services and projects that are important to our community.

Each year, Town Council and Administration review the Town's services and financial goals, update the 10-year Financial Strategy and reflect on the community's long-term needs.

We plan ahead to make the best use of our tax dollars and funding, we develop goals for major projects, and we manage debt to ensure we don't place an undue burden on future residents.

With a list of Council's priorities, an outline for our tax base and current financial position, and a list of capital projects, 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 white, handwritten signature of Mayor Jeff Genung on a dark blue background. The signature is stylized and cursive.

Mayor Jeff Genung



TOWN PROFILE

The Town of Cochrane is a municipality in southern Alberta, located between Calgary and Banff National Park. With roots steeped in world-famous ranch country, Cochrane has an authentic western feel, reflected in the architecture and friendly community.

Cochrane has experienced significant growth over the last 35 years. Between 1996 and 2001, Cochrane was the fastest growing small urban centre in Canada with 59 percent growth. Over the last seven years, the population grew by more than 10,000 people as nearly 30,000 residents now call Cochrane home. Cochrane remains one of the fastest growing municipalities in Canada.

Today, Cochrane is still noted for its western heritage, unique buildings and historic downtown.

GOVERNMENT STRUCTURE

The Town of Cochrane's municipal mandate is to provide transportation services, protective services, public utilities, various social and cultural programs and a variety of other 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.

COUNCIL'S STRATEGIC



Community Connectivity

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

ACTION ITEMS	STATUS
<p>1</p> <ul style="list-style-type: none"> Continue to work with Alberta Transportation on design and construction of the Highway 1A/22 interchange. 	<ul style="list-style-type: none"> In cooperation with Alberta Transportation design is 90% complete. Historical Resource Investigation is in progress on site. Continuing to advocate to the Province to provide a funding commitment.
<ul style="list-style-type: none"> Advocate for highway 1A improvements within the Town boundaries, including Centre Avenue and 5th Avenue intersections. 	<ul style="list-style-type: none"> Administration is working with Alberta Transportation on potential designs for intersection improvements. Continuing to advocate to the Province to provide a funding commitment.
<ul style="list-style-type: none"> Finalize agreements for ultimate second access to Sunset Ridge, and facilitate construction as required by traffic analysis. 	<ul style="list-style-type: none"> Sunset Ridge Stage 3 approved by Council. Ultimate access to be constructed between 150 and 200 dwelling units in Phase 3. Developer is currently working in Phase 2. Target construction in 2022, dependent on sales of new homes.
<ul style="list-style-type: none"> Design and construct an expansion to the Centre Avenue intersection and approaches to railway tracks to accommodate four lanes, and ultimately a grade-separated crossing. 	<ul style="list-style-type: none"> Intersection design in progress in 2019. Construction planned for 2022 in budget.
<p>2</p> <ul style="list-style-type: none"> Complete the Jack Tennant Memorial bridge and connecting road network. 	<ul style="list-style-type: none"> Bridge construction anticipated to be complete in the fall of 2019. Connecting road network anticipated to be complete in the fall of 2020.



PRIORITIES 2019-2022

ACTION ITEMS	STATUS
<p>3</p> <ul style="list-style-type: none"> Implement local on-demand transit: <ul style="list-style-type: none"> Complete design and construct transit hub and building(s) Finalize contract with Southland Transportation Ltd. Acquire bus fleet Install transit stops Test on-demand transit systems for fall implementation 	<ul style="list-style-type: none"> Pilot service launch fall 2019. <ul style="list-style-type: none"> Architect hired to design Transit Hub and Innovation Centre Contract for transit system complete Buses ordered, anticipated arrival fall 2019 Transit stops ordered, anticipated installation fall 2019 Test service kick off October 2019
<ul style="list-style-type: none"> Advocate for a regional heavy rail/bus mass transit system. 	<ul style="list-style-type: none"> Working with City of Calgary, Town of Banff, Town of Canmore and ID9 on joint project vision.
<ul style="list-style-type: none"> Improve, plan and advocate for local and regional pathway networks that connect all communities: <ul style="list-style-type: none"> Complete design and construction of Horse Creek pedestrian crossing Complete design and construction of Sunset Ridge pathway connection Construct Spray Lake Sawmills Family Sports Centre to Jim Uffelmann Memorial Park pathway connection Upgrade asphalt pathway in Crawford Ranch Construct asphalt pathway between River Avenue and regional pathway near Bow River Complete construction of the asphalt pathway surrounding the east side of Jumping Pound Ridge Upgrade asphalt pathway from Mitford Park west through West Terrace Park 	<ul style="list-style-type: none"> Design complete. CP to construct crossing summer 2019. Design complete. Construction to be complete summer 2019. Design complete. Construction to be complete summer 2019. Construction planned for 2020. Construction planned for 2020. Construction is part of George Fox Upgrade (2019). Construction planned for 2021.





Community Development and Planning

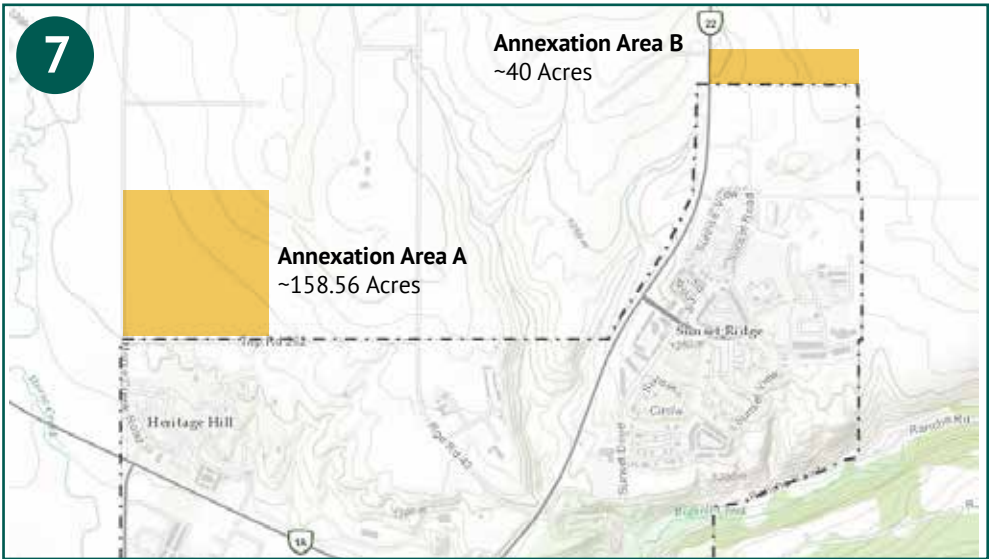
Focus on improved development and land use plans that align with the Social Policy Framework and Growth Management Strategy to promote a complete community while preserving Cochrane's unique identity.

ACTION ITEMS	STATUS
<ul style="list-style-type: none"> Develop and implement a water strategy; upgrade wastewater and water infrastructure to accommodate future growth. 	<ul style="list-style-type: none"> Council approved \$110,000 in funding to complete strategy.
4 <ul style="list-style-type: none"> Complete the Land Use Bylaw review and update, implementing an annual review and update every five years. Review and update the Municipal Development Plan, implementing an annual review and update every five years. 	<ul style="list-style-type: none"> Phases 1, 2 and 3 complete. Currently drafting LUB in Phase 4. Draft LUB bylaw to be presented to Council in 2020. Planned for 2021.
5 <ul style="list-style-type: none"> Prioritize commercial and industrial development, while broadening residential housing options. Focus on development of the Growth Management Regional Plan and Servicing Plan. Complete a long-term community visioning plan and update the Cochrane Sustainability Plan (CSP). 	<ul style="list-style-type: none"> Greystone anticipated to submit LUB application in fall 2019 for a mixed commercial and residential development. Council and staff continue to participate on the Calgary Metropolitan Region Board (CMRB) and sub-committees. Draft Cochrane Community Vision created and presented to community and CMRB communities for feedback. Present to CMRB in fall 2019.
6 <ul style="list-style-type: none"> Complete annexation of Heritage Hills ¼ section: <ul style="list-style-type: none"> Acquire 130-acre parcel from Rocky View School District (RVSD). Complete the Master Site Plan and seek approval from RVSD. Complete the servicing plan for the ¼ section. - 	<ul style="list-style-type: none"> Annexation approved. <ul style="list-style-type: none"> 130-acre parcel to be acquired upon completion of subdivision and servicing of ¼ section. Master site plan approved by Council and RVS District. Servicing plan to be completed in Q3 2019. Subdivision and servicing to be completed in 2020.
7 <ul style="list-style-type: none"> Complete annexation of 40-acre site north of Sunset Ridge. Develop a 10-year Economic Development Strategy. 	<ul style="list-style-type: none"> Annexation completed July 1, 2019. Strategy to be complete in Q4 2020.

4



6





Community Engagement

Focus on improved community engagement opportunities.

ACTION ITEMS	STATUS
8 • Establish engagement strategies for key community issues and projects.	• Ongoing
• Establish engagement opportunities with youth, seniors, neighbouring communities and First Nations.	• Ongoing
• Focus on improved communication to residents about community safety programs and services, achieving solutions through education and awareness.	• Ongoing
• Complete a customer satisfaction survey.	• Survey complete in June 2019. Results presented to Council in Fall 2019.

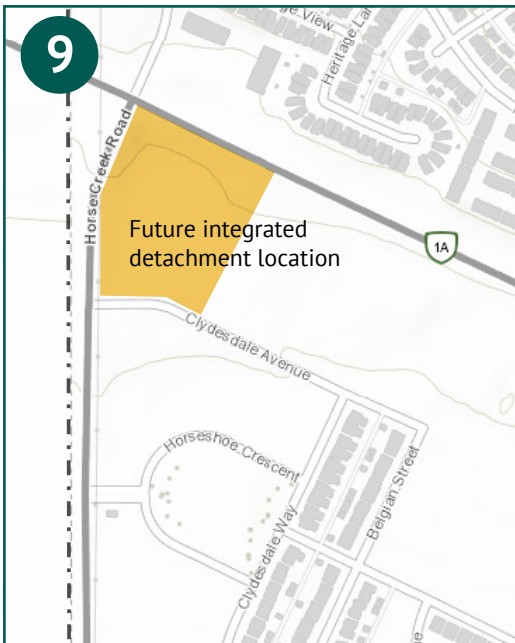




Community Facilities and Services

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

ACTION ITEMS	STATUS
<ul style="list-style-type: none"> Advocate for improved emergency, physical and mental health services. 	<ul style="list-style-type: none"> Ongoing
<p>9</p> <ul style="list-style-type: none"> Design and build a new integrated RCMP and Municipal Enforcement detachment. 	<ul style="list-style-type: none"> Design complete early 2020. Construction planned for 2021.
<p>10</p> <ul style="list-style-type: none"> Complete the Tri-Site implementation strategy: <ul style="list-style-type: none"> Design and construction of the former Esso Bulk Station site in 2019: <ul style="list-style-type: none"> Transit hub and Municipal Services building At-grade pedestrian crossing to connect Historic Downtown and Quarry commercial area Consult with user groups and finalize concepts for future development of the Library/Innovation Centre/Arts and Culture site and 5th Avenue site. Complete design for old Town Hall site. 	<ul style="list-style-type: none"> Strategy in progress: <ul style="list-style-type: none"> Design architect engaged to complete transit hub and innovation center building design. Continuing to advocate to the Province to construct the pathway in the Cochrane Provincial building parking lot. Consulting user groups on specific needs in order to develop a business plan for each project. Council will be considering options for the site in 2020.
<ul style="list-style-type: none"> Develop an effective asset management system. 	<ul style="list-style-type: none"> Working to establish an interdepartmental project committee. Estimated completion Q2/3 2020.
<ul style="list-style-type: none"> Focus on achieving organizational efficiencies. 	<ul style="list-style-type: none"> Ongoing



10-YEAR FINANCIAL STRATEGY

The 10-Year Financial Strategy is funded by reserves (built through property taxes or utilities), grants, community revitalization levies, off-site levies and long-term debt.

The primary focus of the Strategy is to respond to the Town's significant growth over the past 10 years. Based on Council's first Strategic Priority – multi-modal transportation initiatives –

the 10-year plan includes investments of \$130 million in transportation-related projects.

To sustain existing service levels, the 10-year strategy assumes an annual three percent property tax increase. The actual tax rate is set by Council in May each year.

Project (updated July 2, 2019)	Est. Town Cash Outflow to 2028	Timeline	Major Source(s) of Funding
Transportation Projects			
Bow River Bridge crossing and connections	\$53,500,000	2017-2020 Future phase: Further extension of James Walker Trail (2024)	Offsite levies/ Municipal Sustainability Initiative (MSI) grants/debt
Local on-demand transit	\$7,000,000	2019-2020	GreenTRIP grant 2/3, Town 1/3
Railway pedestrian crossing to join historic downtown to new downtown, improvements within CRL boundary	\$2,000,000	2020	Community Revitalization Levy (CRL)
Centre Ave north widening to Railway	\$3,233,200	2021	Provincial grants/ Offsite levies
Intersection improvements Centre Ave and Hwy 1A	\$4,903,000	2022	50% Provincial grants/Offsite levies
Horse Creek Crossing project	\$3,515,000	2019, 2023	Offsite levies/MSI grants
Grade separated crossing at Centre Ave	\$30,000,000	2026-2027	Offsite levies/MSI grants
Existing road network improvements	\$26,240,000	Continuous	Provincial grants/reserves
Total Transportation Projects	\$130,391,200		
Parks projects	\$4,460,000	Continuous	Park enhancement fee/ Town reserves
New RCMP Detachment	\$16,000,000	2020	Long-term debt
Fleet, equipment and facility life-cycling	\$9,338,330	Continuous	Town reserves
Utility infrastructure life-cycling	\$17,655,133	Continuous	Town reserves
Wastewater capacity upgrades	\$49,320,000	2020-2028	Offsite levies/long-term debt
Water capacity upgrades	\$4,702,000	2025, 2027	Offsite levies
Tri-site development	TBD	TBD	TBD
Arts/Culture/Innovation/Library Centre	\$3,000,000	2024	CRL
Smart City – fibre deployment	\$740,000	2019-2021	Infrastructure reserve
Total capital spending to 2028	\$235,606,663		

*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

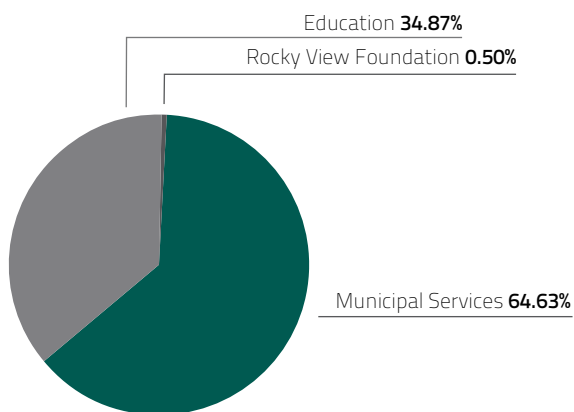
As the Town's major source of revenue comes directly from our taxpayers, the Town of Cochrane strives to provide good value for resident's tax dollars.

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 services such as

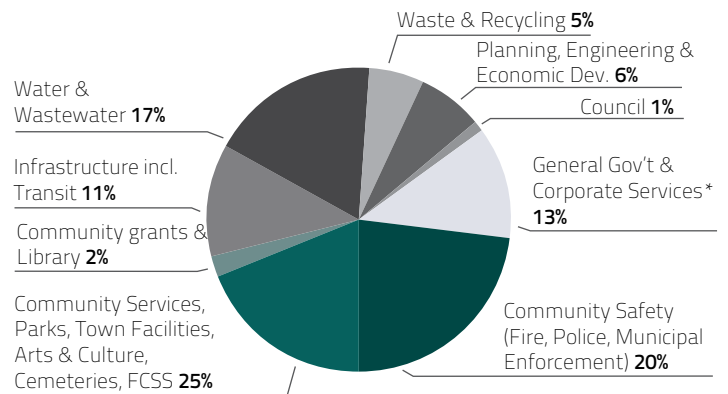
emergency services, road maintenance, parks and recreation, and community development strategies.

Sixty-three 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, and Executive Leadership 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. CRL boundaries must be defined and a CRL Bylaw and plan must be adopted by a municipal Council and approved by the Province.



LEVY

Revenue for the municipality is generated when property values in the CRL area increase: the difference to the education portion of taxes levied on properties in the CRL boundary remain in Cochrane and must be used for CRL-approved projects.

Cochrane's CRL Bylaw was approved by the Province in December 2012 and expires in 2020, with potential to extend to 2031. Cochrane's CRL is estimated to generate over \$1 million in revenue annually.

Revenue generated through Cochrane's CRL is used to implement \$13 million in projects:

Project Name	Timeline	Estimated Expenditure
Public space improvements (Centre Avenue beautification and sidewalks)	2013 - 2019	\$3 million
CP Rail pedestrian crossing	2019 - 2021	\$4 million
Contribution to Arts Centre	2025	\$3 million
Shared parking facility	2025	\$3 million



OFFICE OF THE CAO



10,519

FACEBOOK FOLLOWERS



4,381

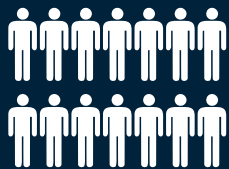
TWITTER FOLLOWERS



Let's Talk
Cochrane

3,850

ONLINE PUBLIC ENGAGEMENT
SURVEYS COMPLETED



285

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



6.2

YEARS AVERAGE LENGTH OF
SERVICE FOR TOWN STAFF

The Office of the Chief Administrative Officer (CAO) and Deputy Chief Administrative Officer (DCAO) is responsible for the overall leadership and direction for all Town staff. The CAO and DCAO form the Executive Leadership Team (ELT), which is responsible for the overall administration of the Town, including corporate-wide leadership and mentorship, ensuring compliance with legislation, policies and overall direction of Council.

The Human Resources team provides support and leadership to employees in creating a workplace that enables them to do their best work. This is achieved through organizational effectiveness, staffing, employee and labour relations, organizational learning, health and safety, and total compensation, including payroll and group benefits.

Communications advise Town Council and Administration on communications strategy and promote Town programs, services, events, opportunities and governance through the Town website, social media, advertising, publications, media relations and more. Communications also leads Let's Talk Cochrane, the Town's public engagement efforts.

2018 ACCOMPLISHMENTS

- Implemented organizational restructuring to recognize efficiencies.
- Lead the implementation of Council's strategic priorities.
- Completed community consultation and received approval to proceed with implementation of local transit pilot.
- Worked with our municipal partners to support the Calgary Metropolitan Region Board (CMRB).
- Completed first phase implementation of the fibre pilot project.

Communications

- Enhanced opportunities for public input and engagement by developing online engagement portal: LetsTalkCochrane.ca.
- Conducted intensive waste reduction education and marketing campaign; increasing residential diversion to 67%.
- Worked with Economic Development to increase marketing activities as part of the Economic Development strategy.

Human Resources

- Received 94% on the externally conducted health and safety audit.
- Implemented a new benefit plan for staff and council.
- Supported the Town in restructuring six departments.





COMMUNITY



SERVICES

Community Services is responsible for overseeing public facilities, parks and open spaces, community programs, the RancheHouse and Clubhouse, Family and Community Support Services (FCSS), Parent Link Centre and the Resource Centre.

2018 ACCOMPLISHMENTS

- Supported the development and work of the Parks and Recreation Committee and Tri-Site Task Force.
- Completed the tri-site concept plan and received Council approval.
- Developed a framework for delivering leisure services under the new organizational structure.

Cochrane RancheHouse Event Centre, Community Events and Culture:

- RancheHouse routinely booked for blood donor clinics, Cowboy Church services, corporate meetings, Town training sessions, social dances, school and community theatre performances, and fundraisers.
- The Clubhouse is now host to Town arts and culture programs, and has seen an increase in bookings for weddings, community meetings and special events.
- Supported a variety of community events, including Culture Day, National Indigenous Day and Canada Day.
- Initiated a review of the Public Art Policy, as well as the processes and procedures regarding event permits.

Facilities

- Successfully completed demolition of the Big Hill Leisure Pool.
- Negotiated new electric and gas contracts for all Town sites, with an anticipated reduction in total energy costs of up to 10%.
- Constructed a fiber optic server room to provide Cochrane-based businesses with access to bandwidth speeds currently unavailable from internet service providers.
- Increased service levels and reduced operating costs through internal cleaning program.
- Upgraded operations shop with fire-resistant cladding, energy efficient windows and LED yard lighting.

Family and Community Support Services (FCSS)

- Expanded programs and services to meet the needs of Cochrane and area residents: intergenerational programs; program for LGBTQ families; and partnership between Cochrane Society for Housing Options (CSHO) and the Resource Centre to provide emergency housing.
- Began offering on-site social supports to Seniors on the Bow and received funding for part-time position to support seniors experiencing abuse.

Parks and Open Spaces

- Expanded ball diamond infields at Rodeo Grounds and Matt Krol to provide for increased scheduling flexibility.
- Installed a climate control irrigation system at the Mitford Ball Diamonds, with an estimated reduction of 5.2 million litres of water across the four Town climate-controlled sites.
- Upgraded planters and installed landscape stone in the historic downtown.



13

BUILDINGS OPERATED
& MAINTAINED



365

ACRES OF PARKLAND
AND OPEN SPACE



388

EVENTS HOSTED AT
THE RANCHEHOUSE



60

KILOMETRES OF
PATHWAYS



3,941

PARENTS AND
CHILDREN ACCESSED
PROGRAMS FROM THE
PARENT LINK CENTRE

CORPORATE SERVICES

Corporate Services manages the Town's financial and information technology services, including financial reporting, assessment, property taxes, accounts payable and receivable, capital project financing and tracking, utilities, animal licensing, network user support and geographic information systems (GIS).

2018 ACCOMPLISHMENTS

- Completed the update of the 10-year financial plan.
- Successfully completed the Town's first three-year operating and capital budget.

Assessment & Taxation

- Successfully implemented the taxation module for the Town's financial system.
- Completed documentation for processes in the new Diamond taxation system.

Financial Services

- Completed implementation of the financial module for the Town's financial system and related process improvements.

Information Services/GIS

- Assisted with the implementation of live video streaming of all Town Council meetings.
- Supported the 2018 census.
- Converted more than 50% of staff desktop computers into virtual desktops.
- Established connection to data centre in Calgary for fibre network.



14,514

ASSESSMENT AND
TAXATION ACCOUNTS



10,725

UTILITY ACCOUNTS



DEVELOPMENT SERVICES

Development Services is responsible for ensuring planning, civil land development, safety codes, economic development and environmental services are completed within relevant requirements of provincial and municipal legislation. Economic Development offers business support services to existing local businesses while also broadening the Town's sustainable economic growth through business retention, investment attraction, tourism development and regional collaboration.

2018 ACCOMPLISHMENTS

- Completed annexation application and submitted to the Municipal Government Board for final consideration.
- Assisted with the creation of the Bike Cochrane Society.
- Participated in the development of the Interim Growth Plan for the CMRB.
- Designed and received Council approval for the ultimate access for the Sunset Ridge community.

Economic Development

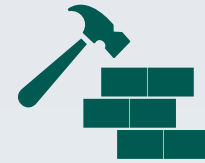
- Created the Shop Local Holiday Gift Guide, with participation from 93 local businesses.
- Partnered with Cochrane Tourism to develop and create a new tourism strategy.
- Assisted with the Land Use Bylaw Review project, focusing on 'Placemaking' initiatives.

Planning and Civil Land Development Services

- Completed public engagement on the Land Use Bylaw project.
- Greystone Area Structure and Neighbourhood Plan adopted by Council.
- Precedence Area Structure Plan, Neighbourhood Plan and Land Use adopted by Council.

Safety Codes

- Created a new Quality Management Plan in partnership with Fire Services.
- Reviewed building permit application fees.
- Developed a long-term strategy for Safety Codes focused on in-house inspectors.



956

BUILDING PERMITS
ISSUED



248

DEVELOPMENT PERMIT
APPLICATIONS



27

SUBDIVISION
APPLICATIONS



12,093

VISITORS TO THE VISITOR
INFORMATION CENTRE



1,852

BUSINESS LICENCES



LEGISLATIVE & PROTECTIVE



1,117

CALLS RESPONDED TO BY
FIRE SERVICES



1,750

TOTAL CALLS FOR SERVICE
RESPONDED TO BY
MUNICIPAL ENFORCEMENT



5,950

CURRENT PET LICENCES



51%

RESIDENTS
COMPLETED THE
CENSUS ONLINE
IN 2018



97%

OF HOUSEHOLDS
WERE INCLUDED IN
CENSUS TOTALS

Legislative and Protective Services oversees the operations of Fire Services, Municipal Enforcement, RCMP and Legislative Services and provides strategic oversight and coordination of intergovernmental and legal matters.

2018 ACCOMPLISHMENTS

- Acquired strategically located site for future integrated RCMP and Municipal Enforcement detachment.
- Advocated Provincial Ministers for key community initiatives.
- Developed intergovernmental portfolio inclusive of relationships with our municipal neighbours including the CMRB and Stoney Nakoda.

Fire Services

- Improved service delivery with the availability of six emergency responders on duty continuously.
- Developed the Peer Firefighters to support the incident stress management program for emergency responders and their families.
- Purchased a new rescue pumper.
- Developed a new Municipal Emergency Management Plan.

Legislative Services

- Successfully launched live streaming of Council meetings.
- Conducted the 2018 census to provide population data.

Municipal Enforcement

- Added a Development Compliance Officer who supports Planning and bylaw enforcement.
- Conducted joint force operations with our partner agencies, focusing on schools and playgrounds.
- Promoted responsible pet ownership and licensing.

RCMP Clerical

- Aligned job profiles for improved service delivery to both RCMP members and the general public.
- Five percent increase in criminal record checks completed.

SERVICES



INFRASTRUCTURE SERVICES

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

2018 ACCOMPLISHMENTS

- Completed Griffin Road expansion from Industrial Point to the Spray Lakes Sawmills Family Sports Centre (SLSFSC).
- Initiated construction of the Bow River Bridge.
- Completed James Walker Trail design.
- Presented intersection design options for Centre Avenue and 1A highway to Alberta Transportation.
- Initiated design work on the Centre Avenue widening and grade separated CP crossing.

Roads

- Swept 1,400 tonnes of material with the street sweeper.
- Hauled 1,250 tandem loads of snow from residential cul-de-sacs.
- Replaced sidewalks and curbs, completed asphalt repairs, line painting and sign installation, and installed enhanced pedestrian crossings on Quigley Drive and Riverview Drive.
- Completed ditch grading at the River Avenue Outfall.

Water and Wastewater

- Issued 431 water conservation rebates for an estimated total water savings of 2.2 million litres.
- Completed Phase Zero of the wastewater capacity upgrade with off-peak storage.
- Automated various pumping facilities into the central control network.
- Replaced 527 aging water meters and installed 495 new water meters.

Waste and Recycling

- Implemented multi-family organics collection.
- Delivered an educational/communication program to increase residential waste diversion from the landfill.
- Engaged and consulted the industrial, commercial and institutional sector for implementation of mandatory recycling and organics programs by 2020.

Fleet

- Maintained and operated 65 independent fleet units, as well as more than 100 trailers, mobile equipment and fleet attachments.



178

KILOMETRES OF
GRAVEL AND PAVED ROADS



92

KILOMETRES
OF SIDEWALK



2,756

MEGALITRES OF DRINKING
WATER PRODUCED



5,600

TONNES OF RESIDENTIAL
WASTE DIVERTED FROM
LANDFILL



1,500

TONNES OF RECYCLABLES
RECEIVED AT THE
ECO CENTRE

FINANCIAL STATEMENTS



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 includes salaries, contracted services, maintenance, supplies and debt servicing. Property taxes cover 49 percent of operating costs; the remainder 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 MGA, 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 Auditor's Report

To the Members of Council of the Town of Cochrane:

Opinion

We have audited the consolidated financial statements of the Town of Cochrane (the "Town"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets, cash flows, and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Calgary, Alberta
July 8, 2019

MNP LLP

Chartered Professional Accountants

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018**

	<u>2018</u> \$	<u>2017</u> \$
Financial assets		
Cash and temporary investments (Note 2)	69,803,899	56,279,404
Receivables (Note 3)		
Taxes and grants in place of taxes	691,906	851,232
Trade and other receivables	9,055,656	5,336,567
Trade and other inventory	4,337	4,337
Investments (Note 4)	14,387,582	24,414,810
	<u>93,943,380</u>	<u>86,886,350</u>
Liabilities		
Accounts payable and accrued liabilities	8,020,610	6,555,210
Deposit liabilities	1,898,478	2,036,780
Deferred revenue (Note 5)	5,924,025	9,541,262
Employee benefit obligations (Note 6)	977,740	1,042,987
Long-term debt (Note 7)	16,967,303	24,612,910
Capital lease (Note 8)	6,575,464	6,666,655
	<u>40,363,620</u>	<u>50,455,804</u>
Net financial assets	<u>53,579,760</u>	<u>36,430,546</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	431,485,329	417,856,061
Prepaid expenses	42,057	38,498
	<u>431,527,386</u>	<u>417,894,559</u>
Accumulated surplus (Schedule 1, Note 11)	<u>485,107,146</u>	<u>454,325,105</u>

Contingencies and Commitments (Note 16)

Approved by Council:



Mayor



CAO

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31,2018**

	Budget (Note 17) \$	2018 \$	2017 \$
Revenue			
Net municipal property taxes (Schedule 3)	25,650,512	25,650,512	24,119,988
Community revitalization levy	1,222,747	1,217,796	982,794
Local improvement taxes	31,615	31,615	31,615
Government transfers for operating (Schedule 4)	2,777,165	3,303,270	3,061,447
User fees and sales of goods	14,767,287	16,747,934	15,511,121
Licenses and permits	1,316,400	1,574,740	1,674,361
Fines and penalties	945,000	941,905	880,260
Rentals, donations and other	3,016,990	4,116,752	1,113,060
Franchise fees	3,086,374	3,127,556	3,067,737
Investment income	82,000	1,189,807	1,318,218
	<u>52,896,090</u>	<u>57,901,887</u>	<u>51,760,601</u>
Expenses			
Council	471,997	449,034	410,104
General Government	6,308,030	6,518,798	5,946,301
Police and municipal enforcement	5,168,527	4,565,911	4,296,344
Fire	5,765,132	6,437,302	5,647,908
Roads, streets and transit	4,136,892	6,802,850	6,118,380
Water, wastewater and storm sewer	6,537,397	10,007,486	9,189,706
Waste and recycling	2,887,906	2,956,798	2,707,768
Subdivision and land development	2,866,626	2,688,647	2,433,672
Parks and recreation	2,591,600	3,591,875	3,473,662
Culture and facilities	4,986,461	8,437,795	6,889,644
Family and community services	2,382,666	2,354,277	2,386,383
Economic development	565,600	540,078	490,253
Total expenses	<u>44,668,834</u>	<u>55,350,851</u>	<u>49,990,125</u>
Excess (deficiency) of revenue over expenses before other items	<u>8,227,256</u>	<u>2,551,036</u>	<u>1,770,476</u>
Other Revenue (Expense)			
Development levies	-	11,184,901	5,483,843
Capital donations	-	750	609,442
Contributed assets	-	5,087,742	15,808,606
Gain (loss) on disposal of Capital Assets	-	896,047	81,709
Government transfers for capital (Schedule 4)	4,275,000	11,061,565	12,174,559
Total other items	<u>4,275,000</u>	<u>28,231,005</u>	<u>34,158,159</u>
Excess (deficiency) of revenue over expenses	<u>12,502,256</u>	<u>30,782,041</u>	<u>35,928,635</u>
Accumulated surplus, beginning of year	<u>454,325,105</u>	<u>454,325,105</u>	<u>418,396,470</u>
Accumulated surplus, end of year	<u>466,827,361</u>	<u>485,107,146</u>	<u>454,325,105</u>

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Note 17) \$	2018 \$	2017 \$
Excess of revenue over expenses	12,502,256	30,782,041	35,928,635
Acquisition of tangible capital assets	(21,600,000)	(19,344,615)	(27,702,395)
Contributed assets	-	(5,087,742)	(15,808,606)
Proceeds on disposal of tangible capital assets	-	1,060,500	83,825
Amortization of tangible capital assets	-	10,638,636	9,502,592
Changes in prepaid expenses	-	(3,559)	(16,755)
Gain (loss) of tangible capital assets	-	(896,047)	(81,709)
	(21,600,000)	(13,632,827)	(34,023,048)
Increase (decrease) in net financial assets	(9,097,744)	17,149,214	1,905,587
Net financial assets, beginning of year	36,430,546	36,430,546	34,524,959
Net financial assets, end of year	27,332,802	53,579,760	36,430,546

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	30,782,041	35,928,637
Non-cash items		
Amortization of tangible capital assets	10,638,636	9,502,592
Loss on disposal of tangible capital assets	(896,047)	(81,709)
Contributed Assets	(5,087,742)	(15,808,606)
Net change in non-cash operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	159,326	(176,269)
Decrease (increase) in trade and other receivables	(3,719,089)	(2,023,292)
Decrease (increase) in prepaid expenses	(3,559)	-
(Decrease) in accounts payable and accrued liabilities (Schedule 2)	(2,051,704)	(3,362,215)
Increase (decrease) in deposit liabilities	(138,302)	(32,782)
Increase (decrease) in deferred revenue	(3,617,237)	(1,180,178)
Increase (decrease) in employee benefit obligations	(65,247)	97,788
Cash provided by (applied) to operating transactions	<u>26,001,076</u>	<u>22,863,966</u>
Capital		
Acquisition of tangible capital assets (Schedule 2)	(15,827,511)	(27,201,286)
Proceeds on disposal of tangible capital assets	1,060,500	83,825
Cash provided by (applied) to capital transactions	<u>(14,767,011)</u>	<u>(27,117,461)</u>
Investing		
Decrease (increase) in investments	10,027,228	(2,031,463)
	<u>10,027,228</u>	<u>(2,031,463)</u>
Financing		
Long-term debt issued	-	8,000,000
Long-term debt repaid	(7,736,798)	(6,856,588)
Cash provided by (applied) to financing transactions	<u>(7,736,798)</u>	<u>1,143,412</u>
Change in cash and cash equivalents during the year	13,524,495	(5,141,546)
Cash resources, beginning of year	<u>56,279,404</u>	<u>61,420,950</u>
Cash resources, end of year	<u><u>69,803,899</u></u>	<u><u>56,279,404</u></u>

**SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
BALANCE, BEGINNING OF YEAR	229,807	67,518,802	386,576,496	454,325,105	418,396,470
Excess of revenues over expenses	30,782,041	-	-	30,782,041	35,928,635
Unrestricted funds designated for future use	(7,309,046)	7,309,046	-	-	-
Restricted funds used for operations	698,840	(698,840)	-	-	-
Restricted funds used for tangible capital assets	-	(15,379,473)	15,379,473	-	-
Current year funds used for tangible capital assets	(3,965,142)	-	3,965,142	-	-
Contributed tangible capital assets	(5,087,742)	-	5,087,742	-	-
Disposal of tangible capital assets	(896,047)	-	896,047	-	-
Cash proceeds on disposal of capital assets	1,060,500	-	(1,060,500)	-	-
Annual amortization expense	10,638,636	-	(10,638,636)	-	-
Long term debt repaid	(7,736,798)	-	7,736,798	-	-
Change in accumulated surplus	18,185,242	(8,769,267)	21,366,066	30,782,041	35,928,635

SCHEDULE 2: CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2018 \$	2017 \$
Cost:									
Balance, beginning of the year	65,166,152	17,466,761	95,413,949	311,589,974	7,142,151	6,494,186	13,267,471	516,540,644	473,450,474
Acquisition of tangible capital assets	641,827	757,945	475,522	10,088,038	247,738	692,704	11,528,583	24,432,357	43,511,001
Disposals of tangible capital assets	-	-	877,082	-	6,880	4,210	-	888,172	420,831
Transfers	-	40,247	-	39,094	-	305,521	(384,862)	-	-
Balance, end of the year	65,807,979	18,264,953	95,012,389	321,717,106	7,383,009	7,488,201	24,411,192	540,084,829	516,540,644
Accumulated amortization:									
Balance, beginning of the year	-	6,295,422	17,599,470	67,847,353	4,123,234	2,819,104	-	98,684,583	89,600,705
Annual amortization	-	715,227	2,947,571	5,919,968	580,176	475,694	-	10,638,636	9,502,592
Disposals of tangible capital assets	-	-	712,629	-	6,880	4,210	-	723,719	418,714
Balance, end of the year	-	7,010,649	19,834,412	73,767,321	4,696,530	3,290,588	-	108,599,500	98,684,583
Net book value of tangible capital assets	65,807,979	11,254,304	75,177,977	247,949,785	2,686,479	4,197,613	24,411,192	431,485,329	417,856,061
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	65,166,152	11,171,339	77,814,479	243,742,621	3,018,917	3,675,082	13,267,471	417,856,061	

During the year, tangible capital assets were acquired at an aggregate cost of \$24,432,357 (2017 - \$43,511,001), less contributed assets of \$5,087,742 (2017 - \$15,808,606). Of the \$19,344,615 acquired (2017 - \$27,702,395), \$4,018,213 (2017 - \$501,109) remains in accounts payable, therefore, \$15,326,402 (2017 - \$17,201,286) was acquired with cash during the year. Total cash paid for capital assets during the year includes the assets acquired during the year, plus the amounts in accounts payable from the prior year which is a total of \$15,827,511.

During the year, assets having a net book value of \$164,453 were sold for proceeds of \$1,060,500, resulting in a gain on disposal of capital assets of \$896,047.

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

Included in the buildings category is a capital lease for the Protective Services Facility having a net book value of \$4,785,658 (2017 - \$5,042,204). Amortization of \$256,546 (2017 - \$257,554) 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, 2018**

	Budget (Note 17) \$	2018 \$	2017 \$
Taxation			
Real property taxes	39,774,156	39,774,156	37,807,004
Linear property taxes	458,068	458,068	439,582
Government grants in place of property taxes	119,643	119,643	109,841
	<u>40,351,867</u>	<u>40,351,867</u>	<u>38,356,427</u>
Expenses			
Alberta School Foundation Fund	12,874,041	12,874,041	12,410,338
Calgary Catholic School Board	1,622,540	1,622,540	1,627,829
Rockyview Foundation	204,774	204,774	198,272
	<u>14,701,355</u>	<u>14,701,355</u>	<u>14,236,439</u>
Net municipal taxes	<u>25,650,512</u>	<u>25,650,512</u>	<u>24,119,988</u>

**SCHEDULE 4: CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Note 17) \$	2018 \$	2017 \$
Transfers for operating			
Provincial Government	2,212,042	2,828,681	2,329,141
Federal Government	3,000	11,899	17,126
Other Local Governments	562,123	462,690	715,180
	<u>2,777,165</u>	<u>3,303,270</u>	<u>3,061,447</u>
Transfers for capital			
Provincial Government	4,275,000	9,561,565	10,215,734
Federal Government	-	1,500,000	1,358,825
Other Local Governments	-	-	600,000
	<u>4,275,000</u>	<u>11,061,565</u>	<u>12,174,559</u>
Total Government Transfers	<u>7,052,165</u>	<u>14,364,835</u>	<u>15,236,006</u>

SCHEDULE 5: CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Note 17) \$	2018 \$	2017 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	21,695,613	21,991,278	20,648,804
Contracted and general services	9,727,174	10,113,319	8,807,900
Purchases from other governments	5,799,808	5,308,982	4,948,011
Materials, goods and utilities	4,306,244	4,481,296	3,664,079
Transfers to local boards and agencies	1,879,775	1,591,301	1,256,993
Bank charges and short term interest	72,000	63,741	67,147
Interest on long term debt and capital leases	1,188,220	1,162,298	1,094,599
Amortization of tangible capital assets	-	10,638,636	9,502,592
Total expenses	44,668,834	55,350,851	49,990,125

SCHEDULE 6: CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2018

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2018	2017
REVENUE									
Net municipal taxes	513,010	10,516,710	1,795,536	1,282,526	6,925,638	-	4,617,092	25,650,512	24,119,988
Community revitalization levy	-	-	-	-	-	-	1,217,796	1,217,796	982,794
Local improvement taxes	-	-	31,615	-	-	-	-	31,615	31,615
Government transfers for operating	-	734,855	154,516	220,047	2,145,936	47,916	-	3,303,270	3,061,447
User fees and sales of goods	-	199,680	6,086	665,642	796,634	15,029,781	50,111	16,747,934	15,511,121
Licenses and permits	-	244,365	-	1,291,048	2,050	-	37,277	1,574,740	1,674,361
Fine and penalties	-	562,926	-	-	24,024	-	354,955	941,905	880,260
Rental, donations and other	-	54,555	20,056	28,832	3,033,773	127,517	852,019	4,116,752	1,113,060
Franchise fees	-	-	3,127,556	-	-	-	-	3,127,556	3,067,737
Investment income	-	-	-	-	248	-	1,189,559	1,189,807	1,318,218
Development levies	-	-	10,335,420	-	682,835	166,646	-	11,184,901	5,483,843
Capital donations	-	-	-	-	750	-	-	750	609,442
Contributed assets	-	-	1,395,009	629,969	-	3,062,764	-	5,087,742	15,808,606
Government transfers for capital	-	-	928,186	-	10,133,379	-	-	11,061,565	12,174,559
	513,010	12,313,091	17,793,980	4,118,064	23,745,267	18,434,624	8,318,809	85,236,845	85,837,051
EXPENSES									
Salaries, wages and benefits	300,466	5,746,508	1,642,973	2,369,634	5,572,011	1,910,243	4,449,443	21,991,278	20,648,804
Contracted and general services	147,252	720,890	871,461	828,279	2,108,008	3,866,070	1,571,359	10,113,319	8,807,900
Purchases from other governments	-	3,049,001	-	-	118,439	2,136,872	4,670	5,308,982	4,948,011
Materials, goods, utilities and other	1,316	405,971	1,449,131	30,812	1,124,551	1,215,937	253,578	4,481,296	3,664,079
Transfers to local boards and agencies	-	22,500	189,504	-	1,379,297	-	-	1,591,301	1,256,993
Bank charges and short term interest	-	-	-	-	-	-	63,741	63,741	67,147
Interest on long term debt and capital leases	-	543,289	2,285	-	616,724	-	-	1,162,298	1,094,599
(Gain) loss on disposal of tangible capital assets	-	-	-	-	(896,047)	-	-	(896,047)	(81,709)
	449,034	10,488,159	4,155,354	3,228,725	10,022,983	9,129,122	6,342,791	43,816,168	40,405,824
NET REVENUE, BEFORE AMORTIZATION	63,976	1,824,932	13,638,626	889,339	13,722,284	9,305,502	1,976,018	41,420,677	45,431,227
Amortization expense	-	515,053	2,647,496	-	3,464,916	3,835,162	176,009	10,638,636	9,502,592
EXCESS OF REVENUE OVER EXPENSES	63,976	1,309,879	10,991,130	889,339	10,257,368	5,470,340	1,800,009	30,782,041	35,928,635

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting entity

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

b. Basis of accounting

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

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. Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions

that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

i) Amortization

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

ii) Allowance for doubtful accounts

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

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 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 over the estimated useful life as follows:

Asset type	Estimated useful life
Buildings	40
Engineered structures	30-75
Machinery and equipment	5-10
Vehicles	10-25

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

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

	2018	2017
Cash	\$28,910,681	\$17,803,499
Temporary Investments	40,893,218	38,475,905
Total	\$69,803,899	\$56,279,404

Temporary investments are short term deposits with maturities within three months from the date of purchase bearing interest at rates from 2.00% to 2.38% per annum (2017- 1.65% to 2.15%).

3. TAXES AND GRANTS IN PLACE OF TAXES

	2018	2017
Current taxes and grants in place of taxes	\$497,950	\$677,519
Arrears taxes	193,956	173,713
Total	\$691,906	\$851,232

4. INVESTMENTS

	2018	2017
Temporary investments	\$40,893,218	\$38,475,905
Investments	14,387,582	24,414,810
Total	\$55,280,800	\$62,890,715
Reclassify to cash and temporary investments (Note 2)	(40,893,218)	(38,475,905)
Total Investments	\$14,387,582	\$24,414,810

Temporary and long term investments primarily represent term deposits issued by financial institutions, bearing interest at rates from 2.00% to 2.38% per annum (2017 - 1.65% to 2.15%) maturing between 30 days and 1 year and from 1.81% to 2.40% (2017 - 1.99% to 2.38%) for maturities over one year. Market value at December 31, 2018 was \$55,280,800 (2017- \$62,890,715).

5. DEFERRED REVENUE

	2018	2017
Deferred grant revenue	\$5,390,634	\$6,377,937
Deferred facility bookings revenue	33,814	29,598
Deferred developer revenue	-	2,616,404
Prepaid meters, licenses, fees	499,577	517,323
Total	\$5,924,025	\$9,541,262

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.

	2018	2017
Employee benefit obligations	\$977,740	\$1,042,987
Total	\$977,740	\$1,042,987

7. LONG-TERM DEBT

	2018	2017
Long-term debt	\$24,612,910	\$23,404,302
Total	\$24,612,910	\$23,404,302

The current portion of the long-term debt amounts to \$7,809,443 (2017- \$7,645,607). Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2023	1,090,926	135,913	1,226,839
Thereafter	3,770,979	258,561	4,029,540
Total	\$16,967,303	\$1,615,748	\$18,583,051

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.72% to 9.63% per annum (2017- 1.72% to 9.63%) and matures between 2019 and 2029. The average interest rate is 2.13% (2017- 2.57%). 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 \$1,162,298 (2017- \$1,094,599). The Town's total cash payments for interest in 2018 were \$1,162,298 (2017 - \$1,094,599).

8. CAPITAL LEASE

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Road. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term. The cost of the asset under capital lease is \$7,741,732, the accumulated amortization is \$2,956,074 (2017- \$2,699,528), and the resulting net book value included in tangible capital assets is \$4,785,658 (2017- \$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 bears interest at 8.20% (2017- 8.20%) and matures in 2037. The lease is collateralized by underlying assets.

	2018	2017
Long term debt	\$6,575,464	\$6,666,655
Total	\$6,575,464	\$6,666,655

The current portion of the capital lease is \$98,956 (2017-\$91,191). Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2023	177,647	512,833	690,480
Thereafter	5,935,855	4,341,048	10,276,903
Total	\$6,575,464	\$6,949,059	\$13,524,523

9. DEBT LIMITS

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

	2018	2017
Total debt limit	\$103,631,307	\$86,780,829
Total debt	23,542,767	31,279,565
Amount of total debt limit available	\$80,088,540	\$55,501,264
Debt servicing limit	17,271,885	14,463,472
Debt servicing	8,899,096	8,899,096
Amount of debt servicing limit available	\$8,372,789	\$5,564,376

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

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible Capital assets (Schedule II)	\$431,485,329	\$417,856,061
Long-term debt (including capital leases) (Note 7 and 8)	(23,542,767)	(31,279,565)
Total	\$407,942,562	\$386,576,496

11. ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus	\$18,415,049	\$229,807
Restricted surplus		
Operating reserves	10,622,561	10,817,631
Capital reserves	48,126,974	56,701,171
Equity in tangible capital assets	407,942,562	386,576,496
Total	\$485,107,146	\$454,325,105

12. RESTRICTED SURPLUS - RESERVE FUNDS

	2018	2017
Restricted operating surplus		
Reserves for commitments	\$2,440,811	\$3,137,995
Reserves for contingencies	8,181,750	7,679,636
Operating reserves	10,622,561	10,817,631
Restricted capital surplus		
Offsite and voluntary levies	14,262,410	24,194,298
Asset replacements and other capital reserves	33,864,564	32,506,873
Capital Reserves	48,126,974	56,701,171
Total	\$58,749,535	\$67,518,802

13. SALARY AND BENEFITS DISCLOSURE

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

	2018			2017
	Salary	Benefits	Total	Total
Mayor (Brooker)	-	-	-	78,007
Clr. (Eckmeier)	-	-	-	27,850
Clr. (Levisky)	-	-	-	27,850
Clr. (Toews)	-	-	-	29,242
Clr. (Watson)	-	-	-	27,950
Mayor (Genung)	84,671	7,507	92,178	16,635
Councillor (Fedeyko)	29,227	5,858	35,085	6,356
Councillor (Flowers)	29,227	3,087	32,314	5,642
Councillor (McFadden)	29,227	6,638	35,865	35,107
Councillor (Nagel)	29,227	3,867	33,094	31,270
Councillor (Reed)	29,227	5,858	35,085	6,356
Councillor (Wilson)	29,227	5,040	34,267	5,642
CAO (deCocq)	-	-	-	158,555
CAO (Devana)	201,930	40,029	241,959	47,783
DCAO (Craig)	-	-	-	222,346
DCAO (Gaida)	161,887	38,374	200,261	98,677
Designated Officers (1)	107,690	25,170	132,860	129,963

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.

14. LOCAL AUTHORITIES PENSION PLAN

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined. The Town is required to make current service contributions to the Plan of 10.39% (2017- 11.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.84% (2017- 15.84%) for the excess. Employees of the Town are required to make current service contributions of 9.39% (2017 - 10.39%) of pensionable salary up to the year's maximum pensionable salary and 13.84% (2017- 14.84%) on pensionable salary above this amount.

Total current and prior period service contributions by the Town to the Plan in 2018 were \$1,578,903 (2017 - \$1,607,253). Total current and prior year service contributions by the employees of the Town to the Plan in 2018 were \$1,447,498 (2017 - \$1,480,671). At December 31, 2017, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$4.83 billion (2016- deficit of \$637 million).

LAPP has announced that member contribution rates will be reduced by 1% for employees and 1% for employers, effective January 1, 2019.

15. COMPARATIVE FIGURES

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

16. 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, 2018.

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 revenue from associated development levies within the affected area, and the anticipated grant repayment schedule. Offsite levies collected and remitted to the Province in 2018 were \$125,600 (2017- \$68,606). As of December 31, 2018, the remaining amount to be paid is \$982,500 (2017- \$1,108,132).

c. Spray Lake Sawmills Recreation Park Society

Effective June 20, 2017, the Town entered into a reimbursement agreement with the Spray Lake Sawmills Recreation Park Society (the "Society") wherein the Town has agreed to reimburse the Society for operating losses incurred for 7.5 years from the date of the agreement, with an automatic renewal for an additional 7.5 years, unless the agreement is terminated in

writing by one or both of the parties not less than twelve months prior to its expiry. During the year, the Town provided \$995,543 (2017- \$627,610) to support the Society. The amount is included in transfers to local boards and agencies as disclosed in the Community Services segment on schedule 6.

17. BUDGET INFORMATION

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	\$61,283,629
Reserve transfers	(4,112,539)
Presented as other revenue	(4,275,000)
Total	\$52,896,090

b. Budgeted Expenses	
Approved budgeted operating expenses	\$60,200,358
Reserve transfers	(7,802,927)
Principal debt repayments	(7,728,597)
Total	\$44,668,834
	\$8,227,256

18. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2018, the Town adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 2200 Related Party Disclosures
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights
- PS 3420 Inter-entity Transactions

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statement of adopting the new Sections.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

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