

TOWN OF COCHRANE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

Management's Responsibility

To the Members of Council of the Town of Cochrane:

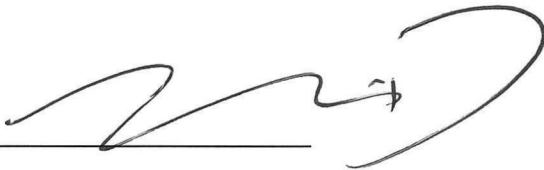
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate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

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

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

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

April 26, 2021

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Chief Administrative Officer

Independent Auditor's Report

To the Members of Council of the Town of Cochrane:

Opinion

We have audited the consolidated financial statements of the Town of Cochrane (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets, cash flows, and schedules 1 through 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

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

Supplementary Accounting Principles and Standards Regulation

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

MNP LLP

Calgary, Alberta

April 26, 2021

Chartered Professional Accountants

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Town of Cochrane
Consolidated Statement of Financial Position
As at December 31, 2020

	2020 \$	2019 \$
Financial assets		
Cash and temporary investments (Note 2)	72,121,528	65,194,025
Receivables		
Taxes and grants in place of taxes (Note 3)	1,313,900	885,389
Trade and other receivables	14,702,564	13,347,402
Trade and other inventory	4,155	4,155
Investments (Note 4)	2,017,688	6,958,134
	90,159,835	86,389,105
Liabilities		
Accounts payable and accrued liabilities	6,381,652	10,107,364
Deposit liabilities	1,822,309	1,941,443
Deferred revenue (Note 5)	16,267,740	7,057,569
Employee benefit obligations (Note 6)	1,325,877	1,290,377
Long term debt (Note 7)	7,733,118	9,157,860
Capital lease (Note 8)	6,369,125	6,476,508
	39,899,821	36,031,121
Net financial assets	50,260,014	50,357,984
Non-financial assets		
Tangible capital assets (Schedule 2)	472,767,302	454,815,932
Prepaid expenses	64,553	72,602
	472,831,855	454,888,534
Accumulated surplus (Schedule 1, Note 11)	523,091,869	505,246,518
Contingencies and Commitments (Note 15)		

Approved by Council:

 Mayor

 CAO

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

Town of Cochrane Consolidated Statement of Operations

For the year ended December 31, 2020

	Budget (Note 16) \$	2020 \$	2019 \$
Revenue			
Net municipal property taxes (Schedule 3)	28,763,337	28,700,768	27,727,886
Community revitalization levy	1,398,500	1,329,157	1,316,825
Local improvement taxes	31,615	31,615	31,615
Government transfers for operating (Schedule 4)	2,947,355	3,429,790	2,894,774
User fees and sales of goods	16,121,622	16,511,298	15,288,190
Licenses and permits	1,453,940	1,157,999	1,388,651
Fines and penalties	920,950	713,277	881,712
Rentals, donations and other	778,156	1,005,743	2,665,335
Franchise fees	3,713,130	3,777,322	3,335,761
Investment income	93,000	1,102,102	2,666,187
	<u>56,221,605</u>	<u>57,759,071</u>	<u>58,196,936</u>
Expenses			
Council	545,397	453,132	543,592
General Government	7,624,788	7,102,124	8,388,405
Police and municipal enforcement	5,521,738	4,874,119	5,084,396
Fire	6,030,895	6,709,172	6,259,960
Roads, streets and transit	5,222,661	7,898,178	7,318,201
Water, wastewater and storm sewer	7,072,398	10,832,557	10,739,423
Waste and recycling	3,260,844	2,937,080	3,054,850
Subdivision and land development	2,876,303	2,617,014	2,917,300
Parks and recreation	2,306,964	2,697,847	3,232,319
Culture and facilities	5,931,463	9,196,829	8,117,916
Family and community services	2,444,957	2,057,946	2,295,987
Economic development	413,103	414,375	544,186
Total expenses (Schedule 5)	<u>49,251,511</u>	<u>57,790,373</u>	<u>58,496,535</u>
Excess (deficiency) of revenue over expenses before other items	<u>6,970,094</u>	<u>(31,302)</u>	<u>(299,599)</u>
Other Revenue (Expense)			
Development levies	-	1,571,598	3,903,155
Contributed assets	-	11,797,162	7,114,232
Loss on disposal of tangible capital assets	-	(3,710)	(21,870)
Government transfers for capital (Schedule 4)	601,688	4,511,603	9,443,454
Total other items	<u>601,688</u>	<u>17,876,653</u>	<u>20,438,971</u>
Excess of revenue over expenses	<u>7,571,782</u>	<u>17,845,351</u>	<u>20,139,372</u>
Accumulated surplus, beginning of year	505,246,518	505,246,518	485,107,146
Accumulated surplus, end of year	<u><u>512,818,300</u></u>	<u><u>523,091,869</u></u>	<u><u>505,246,518</u></u>

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

Town of Cochrane
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2020

	Budget (Note 16) \$	2020 \$	2019 \$
	<u> </u>	<u> </u>	<u> </u>
Excess of revenue over expenses	7,571,782	17,845,351	20,139,372
Acquisition of tangible capital assets	(21,600,000)	(17,484,053)	(27,305,410)
Contributed assets	-	(11,797,162)	(7,114,232)
Amortization of tangible capital assets	-	11,326,135	11,067,169
Changes in prepaid expenses	-	8,049	(30,545)
Loss on disposal of tangible capital assets	-	3,710	21,870
	<u>(21,600,000)</u>	<u>(17,943,321)</u>	<u>(23,361,148)</u>
Increase (decrease) in net financial assets	(14,028,218)	(97,970)	(3,221,776)
Net financial assets, beginning of year	50,357,984	50,357,984	53,579,760
Net financial assets, end of year	<u>36,329,766</u>	<u>50,260,014</u>	<u>50,357,984</u>

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

Town of Cochrane
Consolidated Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
	<u>\$</u>	<u>\$</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	17,845,351	20,139,372
Non-cash items		
Amortization of tangible capital assets	11,326,135	11,067,169
Loss on disposal of tangible capital assets	3,710	21,870
Contributed Assets	(11,797,162)	(7,114,232)
Net change in non-cash operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(428,511)	(193,483)
Decrease (increase) in trade and other receivables	(1,355,162)	(4,291,746)
Decrease (increase) in prepaid expenses	8,049	(30,545)
(Decrease) in accounts payable and accrued liabilities (Schedule 2)	(4,909,222)	5,406,135
Increase (decrease) in deposit liabilities	(119,134)	42,965
Increase (decrease) in deferred revenue	9,210,171	1,133,544
Increase (decrease) in employee benefit obligations	35,500	312,637
Cash provided by (applied) to operating transactions	<u>19,819,725</u>	<u>26,493,868</u>
Capital		
Acquisition of tangible capital assets (Schedule 2)	<u>(16,300,543)</u>	<u>(30,624,791)</u>
Investing		
Increase in investments	<u>4,940,446</u>	<u>7,429,448</u>
Financing		
Long-term debt repaid	<u>(1,532,125)</u>	<u>(7,908,399)</u>
Change in cash and cash equivalents during the year	6,927,503	(4,609,874)
Cash resources, beginning of year	<u>65,194,025</u>	<u>69,803,899</u>
Cash resources, end of year	<u><u>72,121,528</u></u>	<u><u>65,194,025</u></u>

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

Town of Cochrane
Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2020

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	991,108	65,073,846	439,181,564	505,246,518	485,107,146
Excess of revenues over expenses	17,845,351	-	-	17,845,351	20,139,372
Unrestricted funds designated for future use	8,128,371	(8,128,371)	-	-	-
Restricted funds used for tangible capital assets	-	(11,400,852)	11,400,852	-	-
Current year funds used for tangible capital assets	(6,083,201)	-	6,083,201	-	-
Contributed tangible capital assets	(11,797,162)	-	11,797,162	-	-
Disposal of tangible capital assets	3,710	-	(3,710)	-	-
Annual amortization expense	11,326,135	-	(11,326,135)	-	-
Long term debt repaid	(1,532,125)	-	1,532,125	-	-
Change in accumulated surplus	17,891,079	(19,529,223)	19,483,495	17,845,351	20,139,372
BALANCE, END OF YEAR	18,882,187	45,544,623	458,665,059	523,091,869	505,246,518

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

Town of Cochrane
Schedule of Tangible Capital Assets
For the year ended December 31, 2020
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2020 \$	2019 \$
Cost:									
Balance, beginning of the year	68,290,879	20,266,086	95,272,823	326,533,554	7,859,399	7,551,535	48,484,349	574,258,625	540,084,829
Acquisition of tangible capital assets	-	15,735	458,001	10,514,045	85,712	43,758	18,163,964	29,281,215	34,419,642
Disposal of tangible capital assets	-	-	-	-	331,666	59,307	-	390,973	245,846
Transfers	(175,336)	434,721	1,035,248	2,291,719	1,326,736	1,768,471	(6,681,559)	-	-
Balance, end of the year	<u>68,115,543</u>	<u>20,716,542</u>	<u>96,766,072</u>	<u>339,339,318</u>	<u>8,940,181</u>	<u>9,304,457</u>	<u>59,966,754</u>	603,148,867	<u>574,258,625</u>
Accumulated amortization:									
Balance, beginning of the year	-	7,770,890	22,800,626	79,958,598	5,286,916	3,625,663	-	119,442,693	108,599,500
Annual amortization	-	821,174	2,943,694	6,504,971	387,760	668,536	-	11,326,135	11,067,169
Disposals of tangible capital assets	-	-	-	-	327,955	59,308	-	387,263	223,976
Balance, end of the year	-	<u>8,592,064</u>	<u>25,744,320</u>	<u>86,463,569</u>	<u>5,346,721</u>	<u>4,234,891</u>	-	130,381,565	<u>119,442,693</u>
Net book value of tangible capital assets	<u>68,115,543</u>	<u>12,124,478</u>	<u>71,021,752</u>	<u>252,875,749</u>	<u>3,593,460</u>	<u>5,069,566</u>	<u>59,966,754</u>	472,767,302	<u>454,815,932</u>
 2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>68,290,879</u>	<u>12,495,196</u>	<u>72,472,197</u>	<u>246,574,956</u>	<u>2,572,483</u>	<u>3,925,872</u>	<u>48,484,349</u>	<u>454,815,932</u>	

During the year, tangible capital assets were acquired at an aggregate cost of \$29,281,215 (2019 - \$34,419,642), less contributed assets of \$11,797,162 (2019 - \$7,114,232). Of the \$17,484,053 acquired (2019 - \$27,305,410), \$1,882,342 (2019 - \$698,832) remains in accounts payable, therefore, total cash paid for capital assets during the year includes the assets acquired during the year, adjusted for the amounts in accounts payable from the current and prior year-ends which is a total of \$16,300,543 (2019 - \$30,624,791).

During the year, assets having a net book value of \$3,710 (2019 - \$21,870) were disposed of for proceeds of \$nil (2019 - \$nil), resulting in a loss on disposal of capital assets of \$3,710 (2019 - \$21,870).

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 \$4,241,324 (2019 - \$4,498,374). Amortization of \$257,050 (2019 - \$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.

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

Schedule of Property and Other Taxes

For the year ended December 31, 2020

Schedule 3

	Budget (Note 16) \$	2020 \$	2019 \$
	<u> </u>	<u> </u>	<u> </u>
Taxation			
Real property taxes	43,532,415	43,558,281	42,101,661
Linear property taxes	472,967	472,967	513,855
Government grants in place of property taxes	97,869	97,869	69,949
	<u>44,103,251</u>	<u>44,129,117</u>	<u>42,685,465</u>
Expenses			
Alberta School Foundation Fund	13,437,368	13,513,433	13,077,100
Calgary Catholic School Board	1,699,688	1,711,006	1,676,020
Rockyview Foundation	202,858	203,910	204,459
	<u>15,339,914</u>	<u>15,428,349</u>	<u>14,957,579</u>
Net municipal taxes	<u>28,763,337</u>	<u>28,700,768</u>	<u>27,727,886</u>

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

Town of Cochrane

Schedule of Government Transfers

For the year ended December 31, 2020

Schedule 4

	Budget (Note 16)	2020	2019
	\$	\$	\$
	<u> </u>	<u> </u>	<u> </u>
Transfers for operating			
Provincial Government	2,393,803	2,964,538	2,319,001
Federal Government	14,600	22,730	2,100
Other Local Governments	538,952	442,522	573,673
	<u>2,947,355</u>	<u>3,429,790</u>	<u>2,894,774</u>
 Transfers for capital			
Provincial Government	601,688	4,035,144	6,283,959
Federal Government	-	476,459	3,159,495
Other Local Governments	-	-	-
	<u>601,688</u>	<u>4,511,603</u>	<u>9,443,454</u>
 Total Government Transfers			
	<u><u>3,549,043</u></u>	<u><u>7,941,393</u></u>	<u><u>12,338,228</u></u>

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

Town of Cochrane
Schedule of Consolidated Expenses by Object
For the year ended December 31, 2020
Schedule 5

	Budget (Note 16)	2020	2019
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Consolidated Expenses by Object			
Salaries, wages and benefits	23,553,252	23,280,892	23,082,806
Contracted and general services	11,029,649	9,236,328	11,454,119
Purchases from other governments	6,560,242	6,104,715	6,070,721
Materials, goods and utilities	3,884,705	3,855,078	4,119,335
Transfers to local boards and agencies	3,040,281	3,049,302	1,614,105
Bank charges and short term interest	74,000	96,054	88,325
Interest on long term debt and capital leases	1,109,382	841,869	999,955
Amortization of tangible capital assets	-	11,326,135	11,067,169
Total expenses	<u><u>49,251,511</u></u>	<u><u>57,790,373</u></u>	<u><u>58,496,535</u></u>

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

Town of Cochrane
Schedule of Segmented Disclosures

For the year ended December 31, 2020

Schedule 6

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

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

Town of Cochrane
Schedule of Segmented Disclosures

For the year ended December 31, 2019

Schedule 6

	Council	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2019
REVENUE								
Net municipal taxes	554,558	12,754,828	831,836	1,663,673	7,209,250	-	4,713,741	27,727,886
Community revitalization levy	-	-	-	-	-	-	1,316,825	1,316,825
Local improvement taxes	-	-	31,615	-	-	-	-	31,615
Government transfers for operating	-	566,440	-	5,319	2,225,007	98,008	-	2,894,774
User fees and sales of goods	-	217,641	5,081	682,975	782,770	13,545,977	53,746	15,288,190
Licenses and permits	-	194,996	-	1,151,046	2,900	-	39,709	1,388,651
Fine and penalties	-	464,867	-	-	21,981	-	394,864	881,712
Rental, donations and other	-	29,089	-	7,795	1,629,925	122,652	875,874	2,665,335
Franchise fees	-	-	3,335,761	-	-	-	-	3,335,761
Investment income	-	-	-	-	173	-	2,666,014	2,666,187
Development levies	-	-	1,301,052	-	1,301,052	1,301,051	-	3,903,155
Contributed assets	-	-	4,610,458	-	-	2,503,774	-	7,114,232
Government transfers for capital	-	-	5,288,241	-	4,155,213	-	-	9,443,454
	554,558	14,227,860	15,404,045	3,510,808	17,328,270	17,571,463	10,060,773	78,657,777
EXPENSES								
Salaries, wages and benefits	344,771	6,201,264	1,750,150	2,524,131	5,508,982	2,119,236	4,634,272	23,082,806
Contracted and general services	194,898	808,038	749,871	900,194	2,052,669	3,716,552	3,031,897	11,454,119
Purchases from other governments	-	3,413,902	-	-	125,819	2,523,693	7,307	6,070,721
Materials, goods, utilities and other	3,923	333,122	1,425,186	30,354	915,111	1,294,254	117,385	4,119,335
Transfers to local boards and agencies	-	22,500	215,292	-	1,049,420	-	326,893	1,614,105
Bank charges and short term interest	-	-	-	-	6,628	-	81,697	88,325
Interest on long term debt and capital leases	-	544,782	204,205	-	169,763	81,205	-	999,955
(Gain) loss on disposal of tangible capital assets	-	-	-	-	21,870	-	-	21,870
	543,592	11,323,608	4,344,704	3,454,679	9,850,261	9,734,940	8,199,452	47,451,236
NET REVENUE, BEFORE AMORTIZATION	10,966	2,904,252	11,059,341	56,129	7,478,009	7,836,523	1,861,321	31,206,541
Amortization expense	-	20,747	2,973,498	6,807	3,817,831	4,059,332	188,954	11,067,169
EXCESS OF REVENUE OVER EXPENSES	10,966	2,883,505	8,085,843	49,322	3,660,178	3,777,191	1,672,367	20,139,372

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting entity

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

b) Basis of accounting

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

c) Revenue recognition

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

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

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

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

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

Fines and penalties are recognized as charged.

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

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

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

d) Measurement uncertainty (use of estimates)

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

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

i) Amortization

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

ii) Allowance for doubtful accounts

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

e) Off-site developers levies

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

f) Requisition over-levy and under-levy

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

g) Restricted surplus - reserve funds

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

h) Restricted surplus - Equity in tangible capital assets

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

Town of Cochrane
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

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

i) Contaminated sites liability

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

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

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

j) Tangible capital assets

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

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

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

k) Contributions of tangible capital assets

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

l) Leases

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

m) Inventory

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

n) Non-financial assets

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

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

o) Investments

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

p) Pensions

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

q) Segmented information

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

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

i. Council

Council consists of Town council.

ii. Protective Services

Protective Services includes police, municipal enforcement and fire.

iii. Transportation Services

Transportation services include roads and transit.

iv. Planning and Development

Planning and Development includes subdivision land development and economic development.

v. Community Services

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

vi. Utility Services

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

vii. General Government

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

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

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	72,121,528	65,194,025

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

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2020	2019
Current taxes and grants in place of taxes	1,038,486	711,337
Arrears	275,414	174,052
	1,313,900	885,389

4. INVESTMENTS

	2020	2019
Investments	2,017,688	6,958,134

Long term investments primarily represent term deposits and GICs issued by financial institutions, bearing interest at rates from 2.10% to 2.40% (2019 - 2.10% to 2.40%) for maturities over one year. Market value at December 31, 2020 was \$2,017,688 (2019 - \$6,958,134).

5. DEFERRED REVENUE

	2020	2019
Police Officer Grant	154,452	25,000
Flood Recovery Erosion Control Program	3,777,959	3,777,123
Green Transit Incentives Program	2,480,408	2,538,374
Municipal Sustainability Initiative	3,488,288	-
Federal Gas Tax Fund	2,899,749	-
Other grants revenue	2,488,907	256,869
Deferred facility revenue	47,871	33,080
Deferred developer revenue	629,859	-
Prepaid meters, licenses and fees	300,247	427,123
	16,267,740	7,057,569

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

6. EMPLOYEE BENEFIT OBLIGATIONS

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

	2020	2019
Employee benefit obligation	1,325,877	1,290,377

7. LONG TERM DEBT

	2020	2019
Long term debt	7,733,118	9,157,860

The current portion of the long term debt amounts to \$1,406,634 (2019 - \$1,424,742).

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2024	880,813	100,170	980,983
2025	904,987	75,995	980,982
Thereafter	1,985,179	82,396	2,067,575
	7,733,118	845,803	8,578,921

Debenture debt is repayable to the Government of Alberta and bears interest at rates ranging from 2.53% to 6.75% per annum (2019 - 1.72% to 9.63%) and matures between 2022 and 2029. The weighted average interest rate is 3.36% (2019 - 3.33%). 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 \$841,869 (2019 - \$999,955).

Subsequent to year-end, the Town secured an additional \$9 million debenture from the Government of Alberta bearing interest at 2.549% per annum, requiring principal and interest payments of \$173,900 and \$114,705 respectively for 2021. The debenture matures March 15, 2041.

8. CAPITAL LEASE

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Road. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term. The cost of the asset under capital lease is \$7,711,498, the accumulated amortization is \$3,470,174 (2019 - \$3,213,124), and the resulting net book value included in tangible capital assets is \$4,241,324 (2019 - \$4,498,374).

At the end of the lease, the Town has an option to purchase GCP's land for fair market value less a one million dollar credit.

The Protective Services Facility lease bears interest at 8.20% (2019 - 8.20%) and matures in 2037. The lease is collateralized by underlying assets.

	2020	2019
Capital lease	6,369,125	6,476,508

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

8. CAPITAL LEASE (continued from previous page)

The current portion of the capital lease is \$116,527 (2019 - \$107,383). Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	116,527	517,953	634,480
2022	139,096	514,051	653,147
2023	177,647	512,833	690,480
2024	193,350	497,130	690,480
2025	210,440	480,040	690,480
Thereafter	5,532,065	3,363,877	8,895,942
	6,369,125	5,885,884	12,255,009

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:

	2020	2019
Total debt limit	88,996,003	93,150,136
Total debt (Notes 7 and 8)	14,102,243	15,634,368
Amount debt limit remaining	74,893,760	77,515,768
Debt servicing limit	14,832,667	15,525,023
Debt servicing	2,295,751	2,373,994
Service on debt limit remaining	12,536,916	13,151,029

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.

As disclosed in note 8, subsequent to the December 31, 2020 year end, the Town secured an additional \$9 million debenture. If the above table was updated to include the new debenture, the debt limit remaining would be \$66,085,653, and, the service on debt limit remaining would be \$12,280,293.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule 2)	472,767,302	454,815,932
Long term debt (including capital leases) (Note 7 and 8)	(14,102,243)	(15,634,368)
	458,665,059	439,181,564

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

11. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	18,882,187	991,108
Restricted surplus (Note 12)		
Operating reserves	13,033,801	13,109,938
Capital reserves	32,510,822	51,963,908
Equity in tangible capital assets (Note 10)	458,665,059	439,181,564
	523,091,869	505,246,518

12. RESTRICTED SURPLUS - RESERVES FUNDS

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

	2020	2019
Restricted Operating Surplus		
Reserves for commitments	2,440,811	2,440,811
Reserves for contingencies	10,592,990	10,669,127
Operating Reserves	13,033,801	13,109,938
Restricted Capital Surplus		
Offsite and voluntary levies	10,680,175	21,964,150
Asset replacement and other capital reserves	21,830,647	29,999,758
Capital Reserves	32,510,822	51,963,908
	45,544,623	65,073,846

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

13. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits & allowances	2020	2019
Mayor:				
Genung	99,600	10,615	110,215	108,613
Councillors:				
Fedeyko	34,440	8,924	43,364	41,143
Flowers	34,440	4,926	39,366	38,585
McFadden	34,440	8,924	43,364	41,143
Nagel	34,440	4,926	39,366	38,085
Reed	34,440	8,924	43,364	41,143
Wilson	34,440	8,924	43,364	41,143
Administrators				
Chief Administrative Officers (3, 2 in 2019)	598,889	49,113	648,002	456,371
Designated Officers (1)	113,533	27,160	140,693	164,895

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

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

CAO, of which there were 3 during 2020, (2 during 2019), and Designated Officers salary include regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Amounts for CAO and Designated Officers benefits include:

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

14. LOCAL AUTHORITIES PENSION PLAN

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

The Town is required to make current service contributions to the Local Authorities Pension Plan (the "Plan") of 9.39% (2019 - 9.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% (2019 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2019 - 12.84%) on pensionable salary above this amount.

Total current and prior period service contributions by the Town to the Plan in 2020 were \$1,587,898 (2019 - \$1,625,630). Total current and prior year service contributions by the employees of the Town to the Plan in 2020 were \$1,439,486 (2019 - \$1,471,879). At December 31, 2019, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$7.9 billion (2018 - surplus of \$3.5 billion).

15. COMMITMENTS AND CONTINGENCIES

i. Lawsuits and Claims

There are pending claims by and against the Town. Litigation is subject to uncertainties, and the outcome of the individual matters is not predictable with assurance. Management believes the Town has minimal exposure to these actions at December 31, 2020.

ii. Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta (the "Province") to construct utility services for Bow Valley High School. The total project cost was \$7,608,973 with \$5 million funded by the Provincial grant and \$2,608,973 advanced by the developer. The Town recovered the full \$2,608,973 of advances from offsite levies collected. The Province is now receiving payments on the \$5 million conditional grant which is only repayable if there is sufficient offsite levies collected from future development. The Town must provide the Province with annual reports which forecast the amount, nature and timing of expected development and anticipated revenue from associated development levies within the affected area, and the anticipated grant repayment schedule. Offsite levies collected and remitted to the Province in 2020 were \$44,695 (2019 - \$20,319). As of December 31, 2020, the remaining amount to be paid is \$917,519 (2019 - \$962,214).

iii. Spray Lake Sawmills Recreation Park Society

Effective June 20, 2017, the Town entered into a reimbursement agreement with the Spray Lake Sawmills Recreation Park Society (the "Society") wherein the Town has agreed to reimburse the Society for operating losses incurred for 7.5 years from the date of the agreement, with an automatic renewal for an additional 7.5 years, unless the agreement is terminated in writing by one or both of the parties not less than twelve months prior to its expiry. During the year, the Town provided \$2,336,895 (2019 - \$951,420) 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.

Town of Cochrane
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

16. BUDGET INFORMATION

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

i. Budgeted Revenue

Approved budget revenue	59,307,572
Draws from reserves	(2,484,279)
Presented as other revenue	(601,688)
	<hr/> 56,221,605

i. Budgeted Expenses

Approved budget expenses	59,307,572
Transfers to reserves	(8,297,143)
Principal debt repayments	(1,758,918)
	<hr/> 49,251,511
	<hr/> 6,970,094

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

18. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 on the town has been limited during 2020. There was decreased using fee revenue from concession sales, rentals, etc. The Town also increased its transfer payments to the Spray Lake Sawmills Recreation Park Society. The Town also received stimulus funding from the provincial government to offset incremental costs and reduce revenue associated with COVID-19. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that currently, or may be put in place, by Canada and other countries to fight the virus.