

TOWN OF COCHRANE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Cochrane

Opinion

We have audited the accompanying consolidated financial statements of the Town of Cochrane (the Town), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 with the Town or business activities within the group 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
July 8, 2024

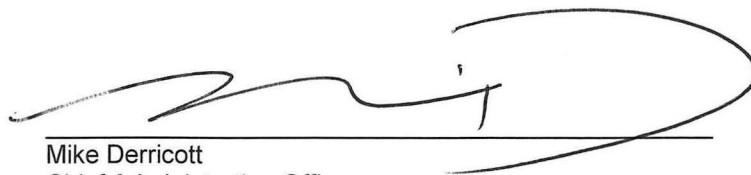
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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



Mike Derricott
Chief Administrative Officer



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

July 8, 2024
Cochrane, Alberta

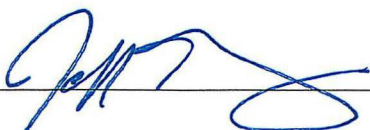
TOWN OF COCHRANE
Consolidated Statement of Financial Position
As at December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated) (Note 25)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 17,984,506	\$ 43,333,854
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	2,170,595	1,568,191
Trade and other receivables (Note 4)	25,980,921	18,465,811
Land held for resale	320,000	320,000
Investments (Note 5)	<u>113,533,832</u>	<u>68,517,581</u>
	<u>159,989,854</u>	<u>132,205,437</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	15,344,951	15,492,313
Deposit liabilities	2,183,637	1,680,341
Employee benefit obligations (Note 7)	1,496,415	1,471,972
Deferred revenue (Note 8)	30,154,566	22,981,111
Long-term debt (Note 9)	44,690,168	38,420,451
Capital leases (Note 10)	6,054,517	6,288,671
Asset retirement obligations (Note 11)	<u>920,847</u>	<u>876,630</u>
	<u>100,845,101</u>	<u>87,211,489</u>
NET FINANCIAL ASSETS	<u>59,144,753</u>	<u>44,993,948</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	544,588,983	517,331,286
Inventory for consumption	103,540	2,768
Prepaid expenses	<u>239,196</u>	<u>214,704</u>
	<u>544,931,719</u>	<u>517,548,758</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 13)	<u>\$604,076,472</u>	<u>\$562,542,706</u>

Contingencies (Note 17)

Contractual obligations (Note 18)

ON BEHALF OF COUNCIL:

 _____ Mayor

 _____ Councillor

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

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TOWN OF COCHRANE
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 25)
REVENUE			
Net municipal taxes (<i>Schedule 3</i>)	\$ 35,374,465	\$ 36,763,151	\$ 34,571,350
User fees and sales of goods (<i>Schedule 5</i>)	20,301,335	21,591,760	19,480,536
Investment income	1,512,264	6,800,090	2,852,576
Franchise fees and concession contracts (<i>Note 12</i>)	4,722,301	4,723,066	4,662,908
Government transfers for operating (<i>Schedule 4</i>)	2,200,244	3,169,651	3,245,926
Licenses and permits	2,293,000	2,309,611	2,684,147
Other	228,360	1,356,741	690,895
Rentals	978,466	671,637	272,289
Penalties on taxes	515,000	582,547	536,011
Fines	<u>414,000</u>	<u>288,737</u>	<u>313,675</u>
	<u>68,539,435</u>	<u>78,256,991</u>	<u>69,310,313</u>
EXPENSES			
Utility services	13,924,194	19,107,004	15,918,220
Community services	13,116,672	17,470,881	14,124,130
Protective services	15,324,281	15,214,942	15,024,362
Transportation services	5,006,618	10,475,607	9,758,142
General government services	9,917,702	10,271,930	8,902,622
Planning and development services	<u>4,626,858</u>	<u>4,708,855</u>	<u>4,533,586</u>
	<u>61,916,325</u>	<u>77,249,219</u>	<u>68,261,062</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	<u>6,623,110</u>	<u>1,007,772</u>	<u>1,049,251</u>
OTHER REVENUE (EXPENSES)			
Offsite levies	-	18,372,848	10,801,966
Government transfers for capital (<i>Schedule 4</i>)	-	4,517,690	6,908,128
Contributed assets (<i>Schedule 1</i>)	-	18,308,409	6,221,726
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(672,953)</u>	<u>(73,067)</u>
	<u>-</u>	<u>40,525,994</u>	<u>23,858,753</u>
ANNUAL SURPLUS	6,623,110	41,533,766	24,908,004
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	-	580,647,123	544,297,176
Restatement (<i>Note 25</i>)	<u>-</u>	<u>(18,104,417)</u>	<u>(6,662,474)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>562,542,706</u>	<u>562,542,706</u>	<u>537,634,702</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 13)	<u>\$569,165,816</u>	<u>\$604,076,472</u>	<u>\$562,542,706</u>

TOWN OF COCHRANE

Consolidated Statement of Change in Net Financial Assets

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 25)
ANNUAL SURPLUS	\$ 6,623,110	\$ 41,533,766	\$ 24,908,004
Acquisition of tangible capital assets	(28,324,500)	(23,942,255)	(45,365,840)
Contributed tangible capital assets	-	(18,308,409)	(6,221,726)
Proceeds on disposal of tangible capital assets	-	61,225	1,702,766
Amortization of tangible capital assets	(98,762)	14,258,789	12,710,338
Loss (gain) on disposal of tangible capital assets	-	672,953	73,067
	<u>(28,423,262)</u>	<u>(27,257,697)</u>	<u>(37,101,395)</u>
Net change in prepaid expenses	-	(24,492)	(211,930)
Net change in inventory for consumption	-	(100,772)	(143)
	<u>-</u>	<u>(125,264)</u>	<u>(212,073)</u>
CHANGE IN NET FINANCIAL ASSETS	(21,800,152)	14,150,805	(12,405,464)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>44,993,948</u>	<u>44,993,948</u>	<u>57,399,412</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 23,193,796</u>	<u>\$ 59,144,753</u>	<u>\$ 44,993,948</u>

TOWN OF COCHRANE
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 41,533,766	\$ 24,908,004
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	14,258,789	12,710,338
Acquisition of contributed capital assets	(18,308,409)	(6,221,726)
Loss (gain) on disposal of tangible capital assets	672,953	73,067
Asset retirement obligation accretion expense	44,217	42,094
	<u>38,201,316</u>	<u>31,511,777</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(602,404)	(536,622)
Trade and other receivables	(7,515,110)	(6,847,173)
Land held for resale	-	(320,000)
Inventory for consumption	(100,772)	(143)
Prepaid expenses	(24,492)	(211,930)
Accounts payable and accrued liabilities	(147,363)	5,657,465
Employee benefit obligations	24,443	111,032
Deposit liabilities	503,296	193,359
Deferred revenue	7,173,455	11,989,381
	<u>(688,947)</u>	<u>10,035,369</u>
	<u>37,512,369</u>	<u>41,547,146</u>
FINANCING ACTIVITIES		
Issued long-term debt	8,518,960	25,473,869
Repayment of long-term debt	(2,249,243)	(2,206,002)
Repayment of capital lease	(234,153)	(193,796)
	<u>6,035,564</u>	<u>23,074,071</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(23,942,255)	(45,365,840)
Proceeds on disposal of tangible capital assets	61,225	1,702,766
	<u>(23,881,030)</u>	<u>(43,663,074)</u>
INVESTING ACTIVITIES		
Purchase of investments	(45,016,251)	(68,361,785)
CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	<u>(25,349,348)</u>	<u>(47,403,642)</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>43,333,854</u>	<u>90,737,496</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	<u>\$ 17,984,506</u>	<u>\$ 43,333,854</u>

TOWN OF COCHRANE

Schedule 1

Consolidated Schedule of Tangible Capital Assets

For The Year Ended December 31, 2023

	Land and Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress*	2023	2022 (Restated) (Note 25)
COST:								
Balance, Beginning of Year	\$ 91,601,358	\$ 97,922,239	\$ 358,915,179	\$ 11,860,548	\$ 9,665,711	\$ 119,868,435	\$ 689,833,470	\$ 632,832,936
Restatement (Note 25)	<u>2,087,979</u>	<u>5,663,759</u>	<u>45,492,621</u>	<u>(667,400)</u>	<u>173,029</u>	<u>(71,619,285)</u>	<u>(18,869,297)</u>	<u>(11,575,287)</u>
Balance, Beginning of Year, as Restated	93,689,337	103,585,998	404,407,800	11,193,148	9,838,740	48,249,150	670,964,173	621,257,649
Additions	-	-	-	8,124	-	23,934,131	23,942,255	45,365,840
Contributed assets	778,762	-	17,529,647	-	-	-	18,308,409	6,221,726
Disposals	(33,719)	(20,000)	-	(331,578)	(34,340)	(728,577)	(1,148,214)	(1,881,042)
Transfers	<u>3,415,584</u>	<u>21,577,735</u>	<u>24,985,845</u>	<u>2,841,974</u>	<u>1,429,934</u>	<u>(54,251,072)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>97,849,964</u>	<u>125,143,733</u>	<u>446,923,292</u>	<u>13,711,668</u>	<u>11,234,334</u>	<u>17,203,632</u>	<u>712,066,623</u>	<u>670,964,173</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	10,286,193	31,572,631	98,874,053	7,165,323	5,398,125	-	153,296,325	141,439,956
Restatement (Note 25)	<u>66,346</u>	<u>78,668</u>	<u>332,330</u>	<u>(100,442)</u>	<u>(40,340)</u>	<u>-</u>	<u>336,562</u>	<u>(412,198)</u>
Balance, Beginning of Year, as Restated	10,352,539	31,651,299	99,206,383	7,064,881	5,357,785	-	153,632,887	141,027,758
Amortization expense	1,053,187	3,292,503	7,954,470	1,258,068	700,561	-	14,258,789	12,710,338
Disposals	<u>(33,719)</u>	<u>(11,468)</u>	<u>(8,854)</u>	<u>(325,655)</u>	<u>(34,340)</u>	<u>-</u>	<u>(414,036)</u>	<u>(105,209)</u>
Balance, End of Year	<u>11,372,007</u>	<u>34,932,334</u>	<u>107,151,999</u>	<u>7,997,294</u>	<u>6,024,006</u>	<u>-</u>	<u>167,477,640</u>	<u>153,632,887</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 86,477,957</u>	<u>\$ 90,211,399</u>	<u>\$ 339,771,293</u>	<u>\$ 5,714,374</u>	<u>\$ 5,210,328</u>	<u>\$ 17,203,632</u>	<u>\$ 544,588,983</u>	<u>\$ 517,331,286</u>
NET BOOK VALUE, BEGINNING OF YEAR	<u>\$ 83,336,798</u>	<u>\$ 71,934,699</u>	<u>\$ 305,201,417</u>	<u>\$ 4,128,267</u>	<u>\$ 4,480,955</u>	<u>\$ 48,249,150</u>	<u>\$ 517,331,286</u>	<u>\$ 480,229,891</u>
 *Construction in progress is comprised of	 <u>\$ 372,228</u>	 <u>\$ 332,096</u>	 <u>\$ 15,587,667</u>	 <u>\$ -</u>	 <u>\$ 911,641</u>	 <u>\$ -</u>	 <u>\$ 17,203,632</u>	 <u>\$ 48,249,150</u>

Consolidated Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2023

	<u>Unrestricted</u>	<u>Restricted</u>	Equity in Tangible <u>Capital Assets</u>	<u>2023</u>	<u>2022</u> (Restated) (Note 25)
BALANCE, BEGINNING OF YEAR	\$ 26,759,576	\$ 62,059,524	\$491,828,023	\$580,647,123	\$544,297,176
Restatement (Note 25)	<u>1,101,441</u>	<u>-</u>	<u>(19,205,858)</u>	<u>(18,104,417)</u>	<u>(6,662,474)</u>
BALANCE, BEGINNING OF YEAR, AS RESTATED	\$ 27,861,017	\$ 62,059,524	\$472,622,165	\$562,542,706	\$537,634,702
Annual surplus	41,533,766	-	-	41,533,766	24,908,004
Restricted funds used for tangible capital assets	-	(2,433,974)	2,433,974	-	-
Current year funds used for tangible capital assets	(21,508,281)	-	21,508,281	-	-
Contributed tangible capital assets	(18,308,409)	-	18,308,409	-	-
Annual amortization expense	14,258,789	-	(14,258,789)	-	-
Disposal of tangible capital assets	734,178	-	(734,178)	-	-
Long term debt and capital leases issued	8,518,960	-	(8,518,960)	-	-
Long term debt and capital leases repaid	<u>(2,483,396)</u>	<u>-</u>	<u>2,483,396</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 50,606,624</u>	<u>\$ 59,625,550</u>	<u>\$493,844,298</u>	<u>\$604,076,472</u>	<u>\$562,542,706</u>

Consolidated Schedule of Property and Other Taxes

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TAXATION			
Real property taxes	\$ 52,616,969	\$ 52,251,052	\$ 48,950,955
Community revitalization levy	-	1,365,714	1,425,523
Linear property taxes	-	586,291	582,644
Government grants in lieu of property taxes	-	105,062	90,766
Local improvement taxes	-	-	31,063
	<u>52,616,969</u>	<u>54,308,119</u>	<u>51,080,951</u>
REQUISITIONS			
Alberta School Foundation Fund	15,282,985	15,578,017	14,583,278
Calgary Catholic School Board	1,634,943	1,634,781	1,618,108
Rockyview Foundation	324,576	328,078	308,215
Designated Industrial Property	-	4,092	-
	<u>17,242,504</u>	<u>17,544,968</u>	<u>16,509,601</u>
NET MUNICIPAL TAXES	<u>\$ 35,374,465</u>	<u>\$ 36,763,151</u>	<u>\$ 34,571,350</u>

Consolidated Schedule of Government Transfers

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 25)
TRANSFERS FOR OPERATING			
Provincial government	\$ 1,842,077	\$ 2,483,589	\$ 2,114,369
Local governments	358,167	686,062	547,691
Federal government	<u>-</u>	<u>-</u>	<u>583,866</u>
	<u>2,200,244</u>	<u>3,169,651</u>	<u>3,245,926</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>-</u>	<u>4,517,690</u>	<u>6,908,128</u>
	<u>-</u>	<u>4,517,690</u>	<u>6,908,128</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,200,244</u>	<u>\$ 7,687,341</u>	<u>\$ 10,154,054</u>

TOWN OF COCHRANE

Schedule 5

Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2023

	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	Total
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,763,151	\$ 36,763,151
User fees and sales of goods	78,431	154,087	770,763	750,596	19,705,650	132,233	21,591,760
Investment income	-	-	-	19,042	-	6,781,048	6,800,090
Franchise fees and concession contracts	-	-	-	-	-	4,723,066	4,723,066
Licenses and permits	238,629	-	2,015,336	3,576	-	52,070	2,309,611
Government transfers for operating	609,878	-	-	2,001,121	107,364	451,288	3,169,651
Other	393,474	67,709	177	245,669	607,355	42,357	1,356,741
Penalties on taxes	-	-	-	-	-	582,547	582,547
Fines	287,802	-	-	935	-	-	288,737
Rentals	436,621	-	-	234,616	400	-	671,637
	<u>2,044,835</u>	<u>221,796</u>	<u>2,786,276</u>	<u>3,255,555</u>	<u>20,420,769</u>	<u>49,527,760</u>	<u>78,256,991</u>
EXPENSES							
Salaries, wages, and benefits	7,163,097	1,791,764	3,434,127	6,777,120	2,906,808	6,443,129	28,516,045
Contracted and general services	787,029	1,858,427	1,076,577	1,951,541	6,361,145	2,802,132	14,836,851
Transfers to other governments	5,058,230	-	-	-	3,746,584	2,075	8,806,889
Materials, goods, supplies and utilities	261,372	1,921,349	16,445	936,959	1,329,453	269,606	4,735,184
Transfers to local boards and organizations	-	290,178	100,000	3,229,887	-	-	3,620,065
Interest on long-term debt and capital leases	1,611,497	604,588	-	34,184	-	-	2,250,269
Other	13,477	-	63,797	23,316	100,118	24,419	225,127
	<u>14,894,702</u>	<u>6,466,306</u>	<u>4,690,946</u>	<u>12,953,007</u>	<u>14,444,108</u>	<u>9,541,361</u>	<u>62,990,430</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	(12,849,867)	(6,244,510)	(1,904,670)	(9,697,452)	5,976,661	39,986,399	15,266,561
Amortization of tangible capital assets	<u>320,240</u>	<u>4,009,301</u>	<u>17,909</u>	<u>4,517,874</u>	<u>4,662,896</u>	<u>730,569</u>	<u>14,258,789</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	<u>(13,170,107)</u>	<u>(10,253,811)</u>	<u>(1,922,579)</u>	<u>(14,215,326)</u>	<u>1,313,765</u>	<u>39,255,830</u>	<u>1,007,772</u>
Development levies	-	11,895,058	-	-	6,477,790	-	18,372,848
Government transfers for capital	-	4,276,852	-	-	240,838	-	4,517,690
Contributed assets	-	3,327,896	-	-	14,203,963	776,550	18,308,409
Gain (loss) on disposal of tangible capital assets	-	-	-	(5,923)	-	(667,030)	(672,953)
	<u>-</u>	<u>19,499,806</u>	<u>-</u>	<u>(5,923)</u>	<u>20,922,591</u>	<u>109,520</u>	<u>40,525,994</u>
ANNUAL SURPLUS	<u><u>\$ (13,170,107)</u></u>	<u><u>\$ 9,245,995</u></u>	<u><u>\$ (1,922,579)</u></u>	<u><u>\$ (14,221,249)</u></u>	<u><u>\$ 22,236,356</u></u>	<u><u>\$ 39,365,350</u></u>	<u><u>\$ 41,533,766</u></u>

TOWN OF COCHRANE

Schedule 5

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

	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	Total (Restated) (Note 25)
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,571,350	\$ 34,571,350
User fees and sales of goods	79,085	123,952	595,840	936,372	17,573,325	171,962	19,480,536
Franchise fees and concession contracts	-	-	-	-	-	4,662,908	4,662,908
Government transfers for operating	613,405	591,500	(69)	1,612,958	202,488	225,644	3,245,926
Investment income	-	-	-	10,573	-	2,842,003	2,852,576
Licenses and permits	253,324	-	2,373,973	3,100	-	53,750	2,684,147
Other	(14,741)	156,033	135	177,243	143,515	199,228	661,413
Penalties on taxes	-	-	-	-	-	536,011	536,011
Fines	293,117	-	-	20,558	-	-	313,675
Rentals	119,688	-	-	152,601	-	-	272,289
	<u>1,343,878</u>	<u>871,485</u>	<u>2,969,879</u>	<u>2,913,405</u>	<u>17,919,328</u>	<u>43,262,856</u>	<u>69,280,831</u>
EXPENSES							
Salaries, wages, and benefits	7,123,894	1,235,027	3,517,892	4,752,304	2,261,153	5,797,216	24,687,486
Contracted and general services	902,802	1,518,857	762,428	1,662,232	4,967,490	2,203,748	12,017,557
Transfers to other governments	5,472,991	-	-	-	3,154,110	1,654	8,628,755
Materials, goods, supplies and utilities	283,646	2,860,920	25,551	847,576	1,138,733	234,392	5,390,818
Transfers to local boards and organizations	1,750	269,410	150,000	2,790,982	-	-	3,212,142
Interest on long-term debt and capital leases	957,309	389,183	-	47,737	20,172	-	1,414,401
Other	24,673	-	59,806	23,267	72,427	19,392	199,565
	<u>14,767,065</u>	<u>6,273,397</u>	<u>4,515,677</u>	<u>10,124,098</u>	<u>11,614,085</u>	<u>8,256,402</u>	<u>55,550,724</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	(13,423,187)	(5,401,912)	(1,545,798)	(7,210,693)	6,305,243	35,006,454	13,730,107
Amortization of tangible capital assets	<u>257,297</u>	<u>3,484,745</u>	<u>17,909</u>	<u>4,000,032</u>	<u>4,304,135</u>	<u>646,220</u>	<u>12,710,338</u>
ANNUAL SURPLUS BEFORE OTHER REVENUE (EXPENSES)	<u>(13,680,484)</u>	<u>(8,886,657)</u>	<u>(1,563,707)</u>	<u>(11,210,725)</u>	<u>2,001,108</u>	<u>34,360,234</u>	<u>1,019,769</u>
Development levies	-	8,727,740	-	-	2,074,226	-	10,801,966
Government transfers for capital	-	3,571,074	-	-	3,337,054	-	6,908,128
Contributed assets	-	3,097,815	-	-	3,081,190	42,721	6,221,726
Gain (loss) on disposals of tangible capital assets	-	-	-	-	-	(73,067)	(73,067)
	<u>-</u>	<u>15,396,629</u>	<u>-</u>	<u>-</u>	<u>8,492,470</u>	<u>(30,346)</u>	<u>23,858,753</u>
ANNUAL SURPLUS	<u>\$(13,680,484)</u>	<u>\$ 6,509,972</u>	<u>\$ (1,563,707)</u>	<u>\$(11,210,725)</u>	<u>\$ 10,493,578</u>	<u>\$ 34,329,888</u>	<u>\$ 24,878,522</u>

The accompanying notes are an integral part of these consolidated 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 Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) *Reporting Entity*

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Town of Cochrane Library Board.

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

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

The statements exclude trust assets that are administered for the benefit of external parties.

(b) *Basis of Accounting*

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

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

(c) *Land Held for Resale*

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

(d) *Investments*

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

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

(e) *Cash and Temporary Investments*

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Tax Revenue

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

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

(g) Requisition Over-Levies and Under-Levies

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

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

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

(h) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Use of Estimates**

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(j) Government Transfers

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

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

(k) Pension Expenses

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

(l) Allowances for Operating and Physical Assets

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

(m) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and temporary investments	Cost
Receivables	Lower of cost and net realizable value
Debt recoverable - local improvements	Amortized cost
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost
Obligations under capital leases	Amortized cost

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(n) Non-Financial Assets**

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

i) Tangible Capital Assets

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

Buildings	40 years
Engineered Structures	30 - 75 years
Machinery and Equipment	5 - 10 years
Land improvements	20 years
Vehicles	10 - 25 years

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

ii) Contributions of Tangible Capital Assets

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

iii) Leases

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

iv) Inventory for Consumption

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

v) Cultural and Historical Tangible Capital Assets

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

(o) Change in Accounting Policies

Effective January 1, 2023, the Town adopted Canadian public sector accounting standards PS 2601 Foreign Currency Translation, PS 3401 Portfolio Investments, PS 3450 Financial Instruments and PS 1201 Financial Statement Presentation. Adoption of these standards had no effect on the Town's consolidated financial statements.

(p) Future Accounting Standard Pronouncements

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

(CONT'D)

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023****1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(p) Future Accounting Standard Pronouncements (cont'd)***i) Public Private Partnerships*

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

ii) Revenue

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

iii) Purchased Intangible Assets

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

iv) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 16,363,388	\$ 43,313,341
Temporary investments	<u>1,621,118</u>	<u>20,513</u>
	<u>\$ 17,984,506</u>	<u>\$ 43,333,854</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at 5.55% (2022 - 4.80%) maturing in 2023 (2022 - 2023).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes		
Current taxes	\$ 1,478,240	\$ 1,340,255
Arrears taxes	<u>692,355</u>	<u>227,936</u>
	<u>\$ 2,170,595</u>	<u>\$ 1,568,191</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

4. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Trade and other receivables	\$ 20,175,598	\$ 14,444,013
Receivable from other governments	5,130,318	3,434,439
Goods and Services Tax recoverable	<u>675,005</u>	<u>587,359</u>
	<u>\$ 25,980,921</u>	<u>\$ 18,465,811</u>

5. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Term deposits	\$113,531,832	\$ 68,515,581
Credit Union shares	<u>2,000</u>	<u>2,000</u>
	<u>\$113,533,832</u>	<u>\$ 68,517,581</u>

Term deposits have interest rates ranging from 0.85% to 6.21% (2022 - 0.85% to 5.50%) with maturity dates ranging from January 2024 to September 2024 (2022 - April 2023 to September 2024).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade and other accounts payable	\$ 15,124,972	\$ 15,302,855
Payable to other governments	<u>219,979</u>	<u>189,458</u>
	<u>\$ 15,344,951</u>	<u>\$ 15,492,313</u>

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Employee benefit obligations	\$ 1,496,415	\$ 1,471,972

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

TOWN OF COCHRANE

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

8. DEFERRED REVENUE

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

	<u>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Municipal Sustainability Initiative	\$ 7,918,518	\$ 7,224,747	\$ (7,169,149)	\$ 7,974,116
Deferred developer levies	11,151,851	23,295,250	(18,372,848)	16,074,253
Flood Recovery Erosion Control Program	1,597,977	-	(531,392)	1,066,585
Canada Community Building Fund	1,020,426	1,890,544	(112,179)	2,798,791
Prepaid meters, licenses and fees	293,424	415,343	(293,424)	415,343
Other	998,915	826,563	-	1,825,478
	<u>\$ 22,981,111</u>	<u>\$ 33,652,447</u>	<u>\$ (26,478,992)</u>	<u>\$ 30,154,566</u>

9. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures	<u>\$ 44,690,168</u>	<u>\$ 38,420,451</u>

The current portion of the long-term debt amounts to \$2,322,662 (2022 - \$2,249,243).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,322,662	\$ 1,650,179	\$ 3,972,841
2025	2,399,476	1,573,366	3,972,842
2026	2,479,061	1,493,781	3,972,842
2027	2,561,527	1,411,315	3,972,842
2028	1,730,648	1,331,618	3,062,266
Thereafter	<u>33,196,794</u>	<u>11,989,731</u>	<u>45,186,525</u>
	<u>\$ 44,690,168</u>	<u>\$ 19,449,990</u>	<u>\$ 64,140,158</u>

Debenture debt is repayable to the Province of Alberta and consists of two amounts, bearing interest at rates ranging from 2.53% - 5.78% per annum maturing in the year 2027 and 2047 respectively. Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$1,731,656 (2022 - \$889,492). The Town's total cash payments for interest is \$1,268,833 (2022 - \$891,736).

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023****10. CAPITAL LEASES**

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Road. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term. The cost of the asset under capital lease is \$7,711,498, the accumulated amortization is \$4,241,324 (2022 - \$3,984,274), and the resulting net book value included in tangible capital assets is \$3,470,174 (2022 - \$3,727,334).

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% (2022 - 8.20%) and matures in 2037. The lease is collateralized by underlying assets.

On August 12, 2021, the Town entered in a lease agreement with Canadian Western Bank National Leasing ("CWB") for 36 Motorola APX 6000 Radios for a 5 year period. The cost of assets under capital lease are \$282,821, the accumulated amortization is \$70,705 (2022 - \$42,423) and the resulting net book value included in capital assets is \$212,116 (2022 - \$240,398).

At the end of the lease, the Town has an option to purchase the radios for \$1.

The CWB lease bears interest at 3.30% (2022 - 3.30%) and matures in 2025. The leases are collateralized by the underlying assets.

	<u>2023</u>	<u>2022</u>
Protective Services Facility lease	\$ 5,935,855	\$ 6,113,503
Canadian Western Bank National Leasing	<u>118,662</u>	<u>175,168</u>
	<u>\$ 6,054,517</u>	<u>\$ 6,288,671</u>

The current portion of the capital lease amounts to \$218,767 (2022 - \$218,767).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 218,767	\$ 518,613	\$ 737,380
2025	234,974	501,046	736,020
2026	252,511	482,030	734,541
2027	209,205	461,349	670,554
2028	240,508	442,713	683,221
Thereafter	<u>4,898,552</u>	<u>2,459,725</u>	<u>7,358,277</u>
	<u>\$ 6,054,517</u>	<u>\$ 4,865,476</u>	<u>\$ 10,919,993</u>

11. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include buildings and engineered structures.

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur.

The Town has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Town to reclaim the work site when the asset retirement activity occur.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 876,630	\$ 834,536
Net Change for the Year		
Accretion expense	<u>44,217</u>	<u>42,094</u>
Balance, End of Year	<u>\$ 920,847</u>	<u>\$ 876,630</u>

Asset retirement obligations of \$920,847 (2022 - \$876,630) were measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$3,623,259 (2022 - \$3,632,259), a discount rates between 4.93% and 5.70% (2022 - 4.93% and 5.70%), an annual inflation of 2.00% (2022 - 2.00%), with retirement and reclamation activities expected to be settled between 2026 and 2051.

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023****12. DEBT LIMITS**

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

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 144,944,759	\$ 120,168,419
Total debt	<u>50,744,685</u>	<u>44,709,122</u>
Amount of total debt limit unused	<u>\$ 94,200,074</u>	<u>\$ 75,459,297</u>
Debt servicing limit	\$ 24,157,460	\$ 20,028,070
Debt servicing	<u>4,710,221</u>	<u>4,255,456</u>
Amount of debt servicing limit unused	<u>\$ 19,447,239</u>	<u>\$ 15,772,614</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

On February 13, 2006, the Town adopted a debt strategy (Resolution #61/02/06) that requires assuming debt no more than 80% of the above provincial debt limit. As of December 31, 2023 the Town's internal debt limit is \$115,955,807 (2022 - \$96,134,735). The Town is in compliance with the internal debt limit.

13. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	<u>\$ 50,606,624</u>	<u>\$ 47,837,581</u>
Restricted surplus		
Operating reserves	16,813,592	16,605,338
Capital reserves	48,218,130	38,275,279
Developer deficit	<u>(5,406,172)</u>	<u>(12,797,657)</u>
	<u>59,625,550</u>	<u>42,082,960</u>
Equity in tangible capital assets	<u>493,844,298</u>	<u>472,622,165</u>
	<u>\$ 604,076,472</u>	<u>\$ 562,542,706</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. RESTRICTED SURPLUS - RESERVES FUNDS

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

	<u>2023</u>	<u>2022</u>
Restricted Operating Surplus		
Reserves for commitments	\$ 2,440,811	\$ 2,440,811
Reserves for contingencies	<u>14,372,781</u>	<u>14,164,527</u>
	<u>\$ 16,813,592</u>	<u>\$ 16,605,338</u>
Restricted Capital Surplus		
Offsite and voluntary levies	588,714	1,134,198
Asset replacement and other capital reserves	<u>47,629,416</u>	<u>37,141,081</u>
	<u>\$ 48,218,130</u>	<u>\$ 38,275,279</u>

15. TRUST FUNDS

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

	<u>2023</u>	<u>2022</u>
Tax sale proceeds	\$ <u>-</u>	\$ <u>313,276</u>

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

16. FRANCHISE FEES AND CONCESSION CONTRACTS

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

	<u>2023</u>	<u>2022</u>
Fortis Alberta	\$ 3,208,348	\$ 3,038,314
ATCO Gas Ltd.	<u>1,514,718</u>	<u>1,624,594</u>
	<u>\$ 4,723,066</u>	<u>\$ 4,662,908</u>

17. CONTINGENCIES

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

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

18. CONTRACTUAL OBLIGATIONS

(a) Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta (the "Province") to construct utility services for Bow Valley High School. The total project cost was \$7,608,973 with \$5 million funded by the conditional grant and \$2,608,973 advanced by the developer. The Town recovered the full \$2,608,973 of advances from offsite levies collected. The Province is now receiving payments on the \$5 million conditional grant which is only repayable if there is sufficient offsite levies collected from future development. The Town must provide the Province with annual reports which forecast the amount, nature and timing of expected development and anticipated revenue from associated development levies within the affected area, and the anticipated grant repayment schedule. Offsite levies collected and remitted to the Province in 2023 were \$193,884 (2022 - \$74,560). As of December 31, 2023 the remaining amount to be paid is \$641,108 (2022 - \$834,992).

(b) Spray Lake Sawmills Recreation Park Society

Effective June 20, 2017, the Town entered into a reimbursement agreement with the Spray Lake Sawmills Recreation Park Society (the "Society") wherein the Town has agreed to reimburse the Society for operating losses incurred for 7.5 years from the date of the agreement, with an automatic renewal for an additional 7.5 years, unless the agreement is terminated in writing by one or both of the parties not less than twelve months prior to its expiry. During the year, the Town provided \$2,678,797 (2022 - \$2,274,060) to support the Society. The amount is included in transfers to local boards and agencies as disclosed in the Community Services segment in the Consolidated Schedule of Segment Information.

19. LOCAL AUTHORITIES PENSION PLAN

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

The Town is required to make current service contributions to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2023 were \$1,800,694 (2022 - \$1,566,708). Total current and past service contributions made by the employees of the Town to the LAPP in 2023 were \$1,612,924 (2022 - \$1,405,712).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

20. SEGMENTED INFORMATION

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

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

i. Protective Services

Protective Services includes police, municipal enforcement and fire.

ii. Transportation Services

Transportation services include roads and transit.

iii. Planning and Development

Planning and Development includes subdivision land development and economic development.

iv. Community Services

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

v. Utility Services

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

vi. General Government

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

For each reported segment, revenue and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

21. FINANCIAL INSTRUMENTS

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

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

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

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023**

22. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on December 12, 2022. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts the annual surplus to align with the budget process. It should not be used as a replacement for the consolidated statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2023</u> (Budget)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Annual surplus	6,623,110	41,533,766	24,908,004
Add back (deduct):			
Amortization expense	\$ -	\$ 14,258,789	\$ 12,710,338
Net transfers (to) from reserves	(2,754,480)	2,433,974	(14,024,970)
Acquisition of tangible capital assets	(28,324,500)	(23,942,255)	(45,365,840)
Loss (gain) on disposal of tangible capital assets	-	672,953	73,067
Proceeds on tangible capital assets	-	61,225	1,702,766
Contributed assets	-	(18,308,409)	(6,221,726)
Principal debt repayments	(2,249,243)	(2,249,243)	(2,206,002)
Long term debt and capital leases issued	<u>26,705,113</u>	<u>8,518,960</u>	<u>25,473,869</u>
Operating surplus (deficit)	\$ <u>-</u>	<u>\$ 22,979,760</u>	\$ <u>(2,950,494)</u>

23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management on July 8, 2024.

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023****24. SALARIES AND BENEFITS DISCLOSURE**

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

	<u>Salary (1)</u>	<u>Benefits, Travel and Allowances (2)</u>	<u>2023 Total</u>	<u>2022 Total</u>
Elected Officials:				
Mayor Genung	\$ 103,086	\$ 23,724	\$ 126,810	\$ 111,596
Councillor Fedeyko	43,296	13,485	56,781	52,010
Councillor Flowers	43,296	6,269	49,565	47,894
Councillor McFadden	43,296	14,808	58,104	52,010
Councillor Nagel	43,296	10,609	53,905	47,894
Councillor Reed	43,296	9,595	52,891	52,010
Councillor Wilson	<u>43,296</u>	<u>14,189</u>	<u>57,485</u>	<u>52,010</u>
	<u>\$ 362,862</u>	<u>\$ 92,679</u>	<u>\$ 455,541</u>	<u>\$ 415,424</u>
Chief Administrative Officer	\$ <u>249,969</u>	\$ <u>43,388</u>	\$ <u>293,357</u>	\$ <u>286,716</u>
Designated Officer	\$ <u>130,600</u>	\$ <u>29,670</u>	\$ <u>160,270</u>	\$ <u>147,370</u>

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

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

25. RESTATEMENT

The Town has adjusted certain consolidated financial statement accounts due to the following:

- The Town identified that it had overstated the cost of its tangible capital assets, accumulated amortization and amortization expense in prior years.
- The Town identified that it had previously recognized revenue pertaining to offsite levies when collected. Section 648 of the Municipal Government Act ("MGA") outlines that offsite levies may only be used for specific projects in relation to the collection of the revenues from developers. The Town had previously recorded offsite levies in accumulated surplus as restricted funds for future use. To better account for the offsite balances, the offsite levies collected and unused are being recorded as deferred revenue rather than being included as restricted surplus in the accumulated surplus balance. Also, in accordance with Section 648 (5) of the MGA, interest earned from any offsite balances must be deferred and will be deferred for future use.
- The Town identified that it had incorrectly accounted for its Municipal Sustainability Initiative, Canada Community Building Fund and Flood Recovery Erosion Control Program (government transfers) in prior years.

(CONT'D)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

25. RESTATEMENT (Continued)

- d) Effective January 1, 2023, the Town adopted Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2022, the Town recognized the following to conform to the new standard:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

The above changes have been applied retroactively and the 2022 comparative figures have been restated as follows:

	As Previously Stated	Restatement	As Restated
Consolidated statement of financial position			
Financial assets			
Cash and temporary investments	\$ 43,333,854	\$ -	\$ 43,333,854
Taxes and grants in place of taxes receivable	1,568,191	-	1,568,191
Trade and other receivables	18,465,901	(90)	18,465,811
Land held for resale	320,000	-	320,000
Investments	<u>68,517,581</u>	<u>-</u>	<u>68,517,581</u>
	<u>132,205,527</u>	<u>(90)</u>	<u>132,205,437</u>
Liabilities			
Accounts payable and other accrued liabilities	15,492,313	-	15,492,313
Deposit liabilities	1,680,341	-	1,680,341
Employee benefit obligations	1,471,972	-	1,471,972
Deferred revenue	24,959,273	(1,978,162)	22,981,111
Long-term debt	38,420,451	-	38,420,451
Capital leases	6,288,671	-	6,288,671
Asset retirement obligation	<u>-</u>	<u>876,630</u>	<u>876,630</u>
	<u>88,313,021</u>	<u>(1,101,532)</u>	<u>87,211,489</u>
Net financial assets	<u>43,892,506</u>	<u>1,101,442</u>	<u>44,993,948</u>
Non-financial assets			
Tangible capital assets	536,537,145	(19,205,859)	517,331,286
Inventory for consumption	2,768	-	2,768
Prepaid expenses	<u>214,704</u>	<u>-</u>	<u>214,704</u>
	<u>\$536,754,617</u>	<u>\$ (19,205,859)</u>	<u>\$517,548,758</u>

(CONT'D)

TOWN OF COCHRANE**Notes to Consolidated Financial Statements****Year Ended December 31, 2023****25. RESTATEMENT (Continued)****Consolidated statement of operations and accumulated surplus****Revenues**

Net municipal taxes	\$ 34,322,195	\$ 249,155	\$ 34,571,350
User fees and sales of goods	19,480,536	-	19,480,536
Franchise fees and concession contracts	4,662,908	-	4,662,908
Government transfers for operating	3,245,926	-	3,245,926
Investment income	2,852,576	-	2,852,576
Licenses and permits	2,684,147	-	2,684,147
Other	940,050	(249,155)	690,895
Penalties on taxes	536,011	-	536,011
Fines	313,675	-	313,675
Rentals	272,289	-	2,684,147
	<u>69,310,313</u>	<u>-</u>	<u>69,310,313</u>

Expenses

Utility services	15,596,460	321,760	15,918,220
Protective services	14,485,789	538,573	15,024,362
Community services	13,979,246	144,884	14,124,130
General government services	9,456,263	(553,641)	8,902,622
Transportation services	7,790,744	1,967,398	9,758,142
Planning and development services	4,533,586	-	4,533,586
	<u>65,842,088</u>	<u>2,418,974</u>	<u>68,261,062</u>

Annual surplus before other revenue (expenses)

	3,468,225	(2,418,974)	1,049,251
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Other revenue (expenses)

Offsite levies	12,918,319	(2,116,353)	10,801,966
Government transfers for capital	10,805,522	(3,897,394)	6,908,128
Contributed assets	9,234,124	(3,012,398)	6,221,726
Gain (loss) on disposal of tangible capital assets	(74,243)	1,176	(73,067)
	<u>32,883,722</u>	<u>(9,024,969)</u>	<u>23,858,753</u>

Annual surplus

	<u>36,351,947</u>	<u>(11,443,943)</u>	<u>24,908,004</u>
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Accumulated surplus

Accumulated surplus - Beginning of year	\$544,297,176	\$ (6,662,474)	\$537,634,702
Accumulated surplus - End of year	\$580,647,123	\$ (18,104,417)	\$562,542,706