

Consolidated Financial Statements of the

TOWN OF BANFF

December 31, 2007

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Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of the Town of Banff (the "Town") are the responsibility of management and have been approved by the Town's Council. The consolidated financial statements have been prepared in conformity with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants, using management's best estimates and judgements, where appropriate. In the opinion of management, these consolidated financial statements reflect fairly the financial position, the results of its financial activities and changes in financial position of the Town within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. Council carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These consolidated financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by Chengkalath Van Eyck, Chartered Accountants, who were appointed by Council. Chengkalath Van Eyck have full and unrestricted access to management and Council to discuss their audit and related findings. The Auditor's Report outlining the scope of their examination and their opinion on the consolidated financial statements is presented on the following page.

Tom Maier
Director of Corporate Services

Robert Earl
Town Manager

April 21, 2008

April 21, 2008

Auditors' Report

To the Members of Council:

We have audited the consolidated statement of financial position of the Town of Banff (the "Town") as at December 31, 2007 and the consolidated statement of financial activities with change in fund balance and the consolidated statement of changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2007 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

Chartered Accountants

April 21, 2008

TOWN OF BANFF
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2007 and 2006

	TOB	2007	2006
Financial Assets			
Cash	\$ 2,265,591	\$ 2,956,087	\$ 11,448,642
Taxes and grants in place of taxes receivables (Note 3)	156,766	156,766	392,425
Trade and other receivables (Note 4)	3,273,153	3,352,410	2,075,686
Under collection of requisitions (Note 5)	17,497	17,497	-
Land and housing held for development and resale	-	1,802,229	664,679
Due from related organizations (Note 6)	345,108	345,108	380,381
Second mortgages receivable (Note 7)	-	1,295,500	1,350,500
Prepaid expenses	53,365	54,655	33,206
	6,111,480	9,980,252	16,345,519
Liabilities			
Bank indebtedness (Note 8)	-	2,008,447	120,325
Accounts payable and accrued liabilities	3,140,340	2,877,837	2,559,544
Over collection of requisitions (Note 5)	-	-	53,386
Deposits	237,361	289,061	314,268
Deferred revenue	112,743	1,408,243	1,476,933
Long-term debt (Note 9)	6,431,691	6,431,691	580,980
	9,922,135	13,015,279	5,105,436
Net Financial Assets	(3,810,655)	(3,035,027)	11,240,083
Physical Assets			
Inventory of supplies	73,347	73,347	64,513
Capital assets (Note 10)	133,604,681	133,606,111	111,399,499
	133,678,028	133,679,458	111,464,012
Net Position	\$ 129,867,373	\$ 130,644,431	\$ 122,704,095
Municipal Position			
Equity in capital assets (Schedule 1)	\$ 127,427,105	\$ 127,428,535	\$ 111,107,909
Capital fund (Schedule 2)	-	-	-
Operating fund (Schedule 3)	-	362,657	379,255
Reserves (Schedule 4)	2,440,268	2,853,239	11,216,931
	\$ 129,867,373	\$ 130,644,431	\$ 122,704,095

Approved on behalf of Council by:

TOWN OF BANFF**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES**

For the Years Ended December 31, 2007 and 2006

	2007 Budget (unaudited)	2007	2,006
Revenues (Schedule 7 - revenues by object)			
General municipal	\$ 13,053,500	\$ 14,169,996	\$ 11,336,964
General government	31,200	7,420,683	843,365
Protective services	1,984,300	2,232,296	1,974,367
Transportation	9,559,500	3,984,509	5,122,860
Environmental use and protection	3,914,000	3,997,027	3,592,937
Public health and welfare	267,200	277,539	291,196
Planning and development	425,400	983,378	645,950
Recreation and culture	1,410,000	942,428	744,609
	<u>30,645,100</u>	<u>34,007,856</u>	<u>24,552,248</u>
Expenditures (Schedule 7 - expenditures by object)			
Operating			
General government	2,909,700	3,031,151	2,581,302
Protective services	3,142,600	3,350,843	3,003,872
Transportation	4,061,200	4,756,671	4,106,594
Environmental use and protection	3,346,100	3,375,495	3,100,560
Public health and welfare	516,900	529,917	556,151
Planning and development	2,558,700	3,619,696	1,744,462
Recreation and culture	3,791,600	1,500,957	1,359,331
	<u>20,326,800</u>	<u>20,164,730</u>	<u>16,452,272</u>
Capital			
General government	188,037	1,275,531	502,176
Protective services	2,042,405	344,461	166,794
Transportation	22,710,210	19,332,396	2,598,273
Environmental use and protection	2,266,686	378,263	968,571
Public health and welfare	31,767	42,034	57,507
Planning and development	77,416	42,663	112,303
Recreation and culture	2,590,359	794,053	617,011
	<u>29,906,880</u>	<u>22,209,401</u>	<u>5,022,635</u>
	<u>50,233,680</u>	<u>42,374,131</u>	<u>21,474,907</u>
Excess of revenues over expenditures (expenditures over revenues)	(19,588,580)	(8,366,275)	3,077,341
Less: Debt repayment	(14,000)	(14,015)	(13,037)
Change in fund balances	\$ (19,602,580)	\$ (8,380,290)	\$ 3,064,304

TOWN OF BANFF

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operations		
Excess of revenues over expenditures	\$ (8,366,275)	\$ 3,077,341
Change in non-cash items:		
Decrease (increase) in taxes and grants in place of taxes receivables	235,659	124,854
Decrease (increase) in trade and other receivables	(1,276,724)	(67,516)
Increase in land and housing held for development and resale	(1,137,550)	(397)
Decrease in mortgages receivable	55,000	63,000
Decrease in under collection of requisitions	(17,497)	100,443
Decrease (increase) in prepaid expenses	(21,449)	4,057
Decrease (increase) in inventory of supplies	(8,834)	8,455
Increase in accounts payable and accrued liabilities	318,293	821,197
Increase in over collection of requisitions	(53,386)	-
Increase in deposits	(25,207)	48,682
Decrease in deferred revenue	(68,690)	(34,696)
Total cash provided by operations	(10,366,660)	4,145,420
Investing		
Net change in amounts due from related organizations	35,273	71,621
Cash provided by investing	35,273	71,621
Financing		
Net change in long-term debt	(49,290)	(42,382)
Cash used for financing	(49,290)	(42,382)
Net change in cash	(10,380,677)	4,174,659
Cash, beginning of year	11,328,317	2,650,016
Cash, end of year	\$ 947,640	\$ 6,824,675
Cash consists of:		
Cash	\$ 2,956,087	\$ 8,187,470
Bank indebtedness	(2,008,447)	-
	\$ 947,640	\$ 8,187,470

TOWN OF BANFF
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006
Draft for discussion purposes only

1. INCORPORATION

The Town of Banff was incorporated pursuant to the Parks Towns Act of Alberta as set out in the Town of Banff Incorporation Agreement (“the Federal-Provincial Agreement”) dated December 12, 1989 between the Governments of Canada and Alberta. Except as modified by the Federal-Provincial Agreement, the Town has all the rights, obligations, duties, powers, and functions and is subject to the same limitations and constraints as provided for towns incorporated pursuant to the Municipal Government Act of Alberta. The boundaries of the Town are set pursuant to the National Parks Act and may only be altered by amendment to that Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Banff are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Banff are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity. This entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to Council for the administration of their affairs and resources. They include the following:

- (i) General – activities associated with the provision of conventional municipal services including General Administrative Services, Protective Services (Fire, Police, Ambulance and Bylaw Services), Public Services (Engineering, Municipal Works, and Planning and Development), and Community Services (Family and Community Support Services and Parks and Recreation).
- (ii) Public Utilities – self-supporting activities which provide Water and Sewer.

The two related authorities included in the consolidated financial statements are the Banff Housing Corporation and the Banff Public Library (note 16). Transactions and balances between the Town and the related authorities have been eliminated.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in Note 1(e).

TOWN OF BANFF
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(c) Fund accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

(d) Government transfers

Government transfers are recognized in the financial statements as revenues in the period that the transfers occur.

(e) Pension expenditure

The Town participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

(f) Land and housing held for development and resale

Land and housing consists of construction-in-progress, unallocated infrastructure costs, property held for resale, and land held for use in the Banff Housing Corporation's housing projects and is recorded at cost.

(g) Investments

Investments are recorded at cost.

(h) Inventory of supplies

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(i) Capital assets

Capital assets are reported as expenditures in the period they are acquired. These assets are reported at cost. Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related capital asset costs.

Capital assets for reporting purposes are not depreciated.

(j) Allowances for operating and capital assets

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as revenue in the respective operating and capital fund.

(k) Reserves for future expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

TOWN OF BANFF
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(l) Equity in capital assets

Equity in capital assets represents the Town of Banff's net investment in its total capital assets, after deducting the portion financed by third parties through debentures.

(m) Over-levies and under-levies

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

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

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

(n) Use of estimates

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

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2007</u>	<u>2006</u>
Taxes and grants in place of taxes	\$ 192,838	\$ 435,061
Less: Allowance for doubtful accounts	(36,072)	(42,636)
	<u>\$ 156,766</u>	<u>\$ 392,425</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2007</u>	<u>2006</u>
Receivables from other governments	\$ 177,872	\$ 177,872
Utility and other trade accounts receivable	3,174,482	1,897,814
	<u>\$ 3,352,354</u>	<u>\$ 2,075,686</u>

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5. UNDER (OVER) COLLECTION OF REQUISITIONS

	<u>2007</u>	<u>2006</u>
Alberta School Foundation	\$ 28,691	\$ (21,440)
Bow Valley Foundation	(11,194)	(31,946)
	<u>\$ 17,497</u>	<u>\$ (53,386)</u>

The under (over) collections are applied against the requisition tax rate for the following year.

6. DUE FROM RELATED ORGANIZATIONS

	<u>2007</u>	<u>2006</u>
Rocky Mountain Co-operative Housing Association (see below)	\$ 91,663	\$ 91,663
Bow Valley Regional Housing Authority (see below)	253,445	288,718
	<u>\$ 345,108</u>	<u>\$ 380,381</u>

Rocky Mountain Co-operative Housing Association – Pursuant to a subscription commitment dated April 15, 1992, the Town of Banff has subscribed for four units in the Rocky Mountain Co-operative Housing Association’s (RMCHA) Bow River Housing Project. Under this subscription, the Town of Banff purchased one share in RMCHA and advanced RMCHA certain amounts, which are due no later than December 31, 2012. Included in the investments noted above are RMCHA shares and advances, which consist of the following:

	<u>2007</u>	<u>2006</u>
1 common share (par value \$100)	\$ 100	\$ 100
Advances including accrued interest	91,563	91,563
	<u>\$ 91,663</u>	<u>\$ 91,663</u>

Bow Valley Regional Housing Loan – Loan receivable from the Bow Valley Regional Housing Authority bearing interest at 5.25%. The loan is repayable in blended payments of principal and interest of \$50,466 per year until fully repaid in 2013.

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7. SECOND MORTGAGES RECEIVABLE/DEFERRED REVENUE

Deferred revenue arose from mortgages receivable with respect to the Middle Springs I housing development in the Town of Banff. The mortgages are registered against the titles of the properties but become due only when the initial owner ceases to reside in the Middle Springs I development. The full amount of the mortgages are recorded as a long-term second mortgage receivable and deferred revenue. When a mortgage becomes due, the revenue is recognized.

8. CREDIT ARRANGEMENTS

In order to facilitate temporary financing for operating expenditures the Town of Banff has passed a borrowing bylaw approving an operating loan from the Bank of Montreal (BMO). The loan is approved to a maximum of \$13,400,000 for 2007 (2006 - \$13,400,000), which includes \$4,000,000 (2006 - \$4,000,000) to be used for "School Purposes", with interest payable at the BMO's prime rate minus three quarter percent. Security for the loan is on the property taxes of the Town at large. As at December 31, 2007, there were no amounts drawn upon this credit facility.

The Bank of Montreal has authorized an operating line of credit to the Banff Housing Corporation in the amount of \$500,000 (2006 - \$500,000) and a construction line of credit in the amount of \$3,500,000 (2006 - \$3,500,000). Both lines of credit are guaranteed by the Town of Banff and bear interest at Bank of Montreal prime minus 0.75%. As at December 31, 2007 there was \$ Nil (2006 - \$ 120,177) drawn against the operating line of credit and \$ NIL (2006 - \$ 148) drawn against the construction line of credit.

9. LONG-TERM DEBT

	<u>2007</u>	<u>2006</u>
Debentures	\$ 6,431,691	\$ 580,980

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,132,326	\$ 280,598	\$ 1,412,924
2009	1,182,885	230,039	1,412,924
2010	1,235,474	177,450	1,412,924
2011	1,291,886	121,038	1,412,924
2012	1,349,960	62,964	1,412,924
Thereafter	239,160	63,642	302,802
	<u>\$ 6,431,691</u>	<u>\$ 935,731</u>	<u>\$ 7,367,422</u>

Debenture debt is repayable to the Alberta Capital Finance Authority, bears interest at rates ranging from 5.25% to 7.50% per annum before provincial subsidy, and matures in periods from 2013 through 2019. Debenture debt is issued on the credit and security of the Town of Banff at large.

TOWN OF BANFF
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. CAPITAL ASSETS

	2007	2006
Land	\$ 2,499,517	\$ 2,488,024
Engineering structures	70,982,577	50,416,246
Buildings	48,221,607	47,158,267
Machinery and equipment	7,228,092	6,871,621
Vehicles	4,674,318	4,465,341
	\$133,606,111	\$111,399,499

Pursuant to the Federal – Provincial Agreement and undertakings by the Banff School District, the Town of Banff assumed control of certain capital assets from the Government of Canada and the Banff School District upon incorporation. Although the Town of Banff took possession of these assets and assumed all of the risks and benefits of ownership effective January 1, 1990, legal title to certain of these assets still rests with the Government of Canada or Improvement District #9, as applicable. It is the opinion of the administration that the agreements providing for the transfer of these assets are irrevocable, barring dissolution of the Town of Banff, and that recording the assets is necessary to fairly represent the assets under the administration of the Town of Banff. Accordingly, the assets have been recorded in the accompanying consolidated financial statements.

11. SALARY AND BENEFIT DISCLOSURE

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

	2007			2006
	Salary	Benefits & Allowances	Total	Total
Councillors:				
John Stutz	\$ 36,639	\$ 3,447	\$ 40,086	\$ 35,654
Bob Haney	15,480	462	15,942	19,024
Chip Olver	19,759	3,726	23,485	21,378
Oswald Treutler	13,050	2,790	15,840	17,349
Christina MacDonald	19,279	4,804	24,083	19,606
Justin Burwash	13,050	1,202	14,252	16,373
Karen Sorensen	16,609	4,686	21,295	18,738
Leslie Taylor	3,289	1,089	4,378	-
John Gibson	3,289	94	3,383	-
Municipal Manager	156,175	17,979	174,154	158,987

TOWN OF BANFF
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. SALARY AND BENEFIT DISCLOSURE (CONTINUED)

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Benefits and Allowances includes the employer's share of all employee benefits and contributions or payments 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 tuition. Benefits and allowances also includes the Employer's share of the cost of additional taxable benefits including retirement planning services, travel allowances, car allowances and club memberships.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Banff participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP serves about 160,000 people and 407 employers. Employer and employee contributions and investment earnings of the LAPP fund finance it.

Effective January 1, 2006, the Town of Banff is required to make current service contributions to the Plan of 7.75% of pension able earnings up to the Canada Pension Plan Year's Maximum Pension able Earnings and 10.64% for the excess.

Total current service contributions by the Town of Banff to the LAPP in 2007 were \$ 421,569 (2006 - \$393,169). Total current service contributions by the employees of the Town of Banff to the LAPP in 2007 were \$371,431 (2006 \$ 346,336).

Based on the latest information available (December 31, 2006 audited financial statements), in total the LAPP had an actuarial deficit of \$0.747 billion based on the extrapolation of the December 31, 2006 actuarial valuation performed by Mercer Human Resource Consulting, the Town of Banff's portion of which is not readily determinable.

13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires disclosure of debt and debt limits for the Town of Banff. The debt limit is calculated at 1.5 times revenue (as defined in the Regulations) and the debt service limit is calculated at 0.25 times such revenue.

	<u>2007</u>	<u>2006</u>
Total debt limit	\$ 43,238,871	\$ 29,749,142
Total debt	6,431,691	10,035,579
Amount total debt limit exceeds total debt	\$ 36,807,180	\$ 19,713,563
Debt servicing limit	\$ 7,206,479	\$ 4,958,190
Debt servicing	1,401,237	981,071
Amount debt servicing limit exceeds debt servicing	\$ 5,805,242	\$ 3,977,119

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14. CONTINGENCIES

The Town of Banff is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the Town of Banff 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 of Banff has provided guarantees on lines of credit held by the Banff Housing Corporation with the Bank of Montreal to a maximum of \$4,000,000. At December 31, 2007 there was \$2,008,447 (2006-\$120,325) drawn on these lines of credit.

The Town of Banff has provided guarantees on loans held by the Rocky Mountain Co-operative Housing Association Phase I and Phase II with the Alberta Treasury Branch to a maximum of \$9,650,000. These guarantees expire on May 31, 2009. At December 31, 2007 the amounts outstanding on the loans that the Town of Banff has guaranteed were \$8,864,940. These loans are repayable in blended monthly payments of \$74,560.

15. COMMITMENTS

Under the terms of the Federal – Provincial Agreement the Town of Banff is committed to pay annual rent of \$550,000 plus goods and services tax in respect of land leased from the Government of Canada. Land rent expense is included in General Government Costs in operating expenditures. Under the terms of the agreement the Town of Banff is committed to the following minimum annual payments for the next five years:

2008	-	\$ 566,500
2009	-	\$ 566,500
2010	-	\$ 566,500
2011	-	\$ 566,500
2012	-	\$ 566,500

16. TANGIBLE CAPITAL ASSETS

Effective December 31, 2007 the Town of Banff adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA) with respect to The disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidelines on presenting information related to tangible capital assets until Section 3150- Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009. During 2007 the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets

TOWN OF BANFF
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17 RELATED PARTY TRANSACTIONS

The assets and liabilities and the operations of the following related authorities are included in the Town's consolidated financial statements.

	2007		2006	
	Banff Housing Corporation	Banff Public Library	Banff Housing Corporation	Banff Public Library
Financial Position				
Financial assets	\$ 4,015,363	\$ 214,025	\$ 2,045,383	\$ 216,575
Financial liabilities	3,418,686	35,074	1,546,853	14,154
Net financial assets	596,677	178,951	498,530	202,421
Physical assets	1,430	-	1,430	-
Net position	\$ 598,107	\$ 178,951	\$ 499,960	\$ 202,421
Results of Operations				
Total revenue	\$ 872,706	\$ 580,523	\$ 143,760	\$ 452,911
Total expenditures	774,559	603,993	117,035	447,103
Change in fund balance	\$ 98,147	\$ (23,470)	\$ 26,725	\$ 5,808

The Banff Housing Corporation was incorporated as a non-profit organization to provide affordable housing to residents of the Town of Banff.

The Banff Public Library promotes literacy, lifelong learning, and access to knowledge, thought, culture and information.

The Town provides the Day Care Society of Banff the use of the property on which it operates for a nominal rent of one dollar per year. The Town also provides the Day Care Society of Banff with administrative resources in order to maintain its operations.

Included in accounts receivable at December 31, 2007 is \$ 148,517 (2006 - \$79,621) due from the Day Care Society of Banff for year-end payroll distributions.

18 FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and deferred revenue.

The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of those instruments unless disclosed otherwise.

A substantial portion of the Town's receivables, are with members of the Town and government agencies and are subject to normal industry credit risk.

Long term debt as described in note 8 is subject to fixed interest rates; therefore the Town is not subject to interest rate risk.

TOWN OF BANFF
SCHEDULE OF EQUITY IN CAPITAL ASSETS
For the Years Ended December 31, 2007 and 2006

Schedule 1

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 111,107,909	\$ 106,384,939
Increases		
Capital assets acquired		
Buildings	1,063,341	1,435,380
Engineering structures	20,566,330	2,707,187
Machinery and equipment	356,471	484,367
Land	14,283	-
Vehicles	208,976	395,701
Repayment of long-term debt	14,015	13,037
	22,223,416	5,035,672
Decreases		
Proceeds from sale of capital assets		
Land	2,790	203,157
Machinery and equipment	-	10,076
Vehicles	-	99,469
Capital asset addition funded by debentures	5,900,000	-
	5,902,790	312,702
Balance, end of year	\$ 127,428,535	\$ 111,107,909
Represented by:		
Capital assets per non-consolidated statement of financial po	\$ 133,606,111	\$ 111,399,499
Less: long-term debt related to capital assets	(6,177,576)	(291,590)
	\$ 127,428,535	\$ 111,107,909

TOWN OF BANFF**Schedule 2****SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL****For the Years Ended December 31, 2007 and 2006**

	2007 Budget (unaudited)	2,007	2,006
Revenues			
General government	\$ -	\$ 7,398,111	\$ 829,314
Protective services	-	-	-
Transportation	4,093,816	3,449,456	4,532,162
Environmental use and protection	200,000	104,498	144,608
Public health and welfare	-	-	-
Planning and development	-	60,002	10,334
Recreation and culture	580,000	53,209	-
	<u>4,873,816</u>	<u>11,065,276</u>	<u>5,516,418</u>
Expenditures			
General government	188,037	1,275,531	502,176
Protective services	2,042,405	344,461	166,794
Transportation	22,710,210	19,332,396	2,598,273
Environmental use and protection	2,266,686	378,263	968,571
Public health and welfare	31,767	42,034	57,507
Planning and development	77,416	42,663	112,303
Recreation and culture	2,590,359	794,053	617,011
	<u>29,906,880</u>	<u>22,209,401</u>	<u>5,022,635</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>(25,033,064)</u>	<u>(11,144,125)</u>	<u>493,783</u>
Net interfund transfers			
From (to) reserves	11,664,308	11,158,140	(480,746)
Repayment of long-term debt	(14,000)	(14,015)	(13,037)
	<u>11,650,308</u>	<u>11,144,125</u>	<u>(493,783)</u>
Change in fund balance	<u>(13,382,756)</u>	<u>-</u>	<u>-</u>
Opening fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Closing fund balance	<u>\$ (13,382,756)</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BANFF**Schedule 3****SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING**

For the Years Ended December 31, 2007 and 2006

	2007 Budget (unaudited)	2007	2,006
Revenues			
General municipal	\$ 13,053,500	\$ 14,169,996	\$ 11,336,964
General government	31,200	22,572	14,051
Protective services	1,984,300	2,232,296	1,974,367
Transportation	624,500	535,053	590,698
Environmental use and protection	3,714,000	3,892,529	3,448,329
Public health and welfare	267,200	277,539	291,196
Planning and development	641,000	923,376	635,616
Recreation and culture	830,000	889,219	744,609
	21,145,700	22,942,580	19,035,830
Expenditures			
General government	2,909,700	3,031,151	2,581,302
Protective services	3,142,600	3,350,843	3,003,872
Transportation	4,061,200	4,756,671	4,106,594
Environmental use and protection	3,346,100	3,375,495	3,100,560
Public health and welfare	516,900	529,917	556,151
Planning and development	2,558,700	3,619,696	1,744,462
Recreation and culture	3,791,600	1,500,957	1,359,331
	20,326,800	20,164,730	16,452,272
Excess of revenues over expenditures	818,900	2,777,850	2,583,558
Net interfund transfers			
To reserves	(818,900)	(2,642,093)	(2,273,975)
Change in fund balance	-	135,757	309,583
Opening fund balance	381,780	379,255	725,247
Transfer of surplus to reserves	-	(152,355)	(655,575)
Closing fund balance	\$ 381,780	\$ 362,657	\$ 379,255

TOWN OF BANFF

Schedule 4

SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES

For the Years Ended December 31, 2007 and 2006

	2007 Budget (unaudited)	2007	2006
Balance at beginning of year	\$ 11,216,931	\$ 11,216,931	\$ 7,806,635
Net inter-fund transfers			
From operating fund	818,900	2,642,093	2,273,975
From (to) capital fund	(11,664,308)	(11,158,140)	480,746
Change in fund balance	(10,845,408)	(8,516,047)	2,754,721
Transfer of surplus from operating fund	-	152,355	655,575
Balance at end of year	\$ 371,523	\$ 2,853,239	\$ 11,216,931

Reserves are comprised of the following:

	2007	Withdrawals	Additions	2007
Operating reserves				
General operating	\$ 630,656	\$ 337,500	\$ 144,614	\$ 437,770
Tax stabilization	655,575	205,581	-	449,994
Fire Equipment reserve	-	-	10,300	10,300
Recreation	64,566	-	3,298	67,864
Art	6,000	-	-	6,000
Computer	39,045	62,326	89,000	65,719
	1,395,842	605,407	247,212	1,037,647
Capital reserves				
Offsite levies	692,395	-	62,451	754,846
Computer replacement	93,823	4,000	390	90,213
Art	41,640	160	38,121	79,601
Fire services	369,171	165,063	70,000	274,108
Common services equipment	367,036	152,764	225,000	439,272
Cave/Spray redevelopment	138,759	18,466	28,909	149,202
Water	(255,764)	60,359	619,771	303,648
Sewer	(1,171,764)	115,229	798,187	(488,806)
Garbage facility	49,700	-	9,100	58,800
Heritage	179,952	19,600	-	160,352
Cash in lieu of housing	11,628	-	31,095	42,723
Staff housing	(513)	-	46,448	45,935
Revolving capital	379,712	132,808	-	246,904
General capital	8,848,210	21,560,569	12,103,761	(608,598)
Municipal Reserve	-	-	51,950	51,950
Parking facilities	(244,592)	-	-	(244,592)
Banff Housing Corporation	125,386	-	113,554	238,940
Operating surplus	-	-	47,065	47,065
Banff Public Library	196,310	22,281	-	174,029
	9,821,089	22,251,299	14,245,802	1,815,592
	\$ 11,216,931	\$ 22,856,706	\$ 14,493,014	\$ 2,853,239

TOWN OF BANFF**Schedule 5****SCHEDULE OF PROPERTY TAXES LEVIED****For the Years Ended December 31, 2007 and 2006**

	2007 Budget (unaudited)	2007	2006
Taxation			
Real property taxes	\$ 16,875,944	\$ 17,126,862	\$ 16,640,971
Government grants in place of property taxes	867,195	867,195	675,012
	<u>17,743,139</u>	<u>17,994,057</u>	<u>17,315,983</u>
Requisitions			
Alberta School Foundation Fund	7,174,139	7,441,254	7,684,386
Bow River Lodge Foundation	225,000	199,420	188,432
	<u>7,399,139</u>	<u>7,640,674</u>	<u>7,872,818</u>
Net municipal property taxes	<u>\$ 10,344,000</u>	<u>\$ 10,353,383</u>	<u>\$ 9,443,165</u>

TOWN OF BANFF**Schedule 6****SCHEDULE OF GOVERNMENT TRANSFERS****For the Years Ended December 31, 2007 and 2006**

	2007 Budget (unaudited)	2007	2006
Federal transfers			
Shared-cost agreements and grants	\$ 515,000	\$ 259,269	\$ 151,581
Provincial transfers			
Shared-cost agreements and grants	5,207,000	6,267,969	6,097,350
Local government transfers			
Shared-cost agreements and grants	14,000	272,669	275,484
Total government transfers	\$ 5,736,000	\$ 6,799,907	\$ 6,524,415

TOWN OF BANFF**Schedule 7****SCHEDULE OF CONSOLIDATED REVENUES AND EXPENDITURES BY OBJECT**

For the Years Ended December 31, 2007 and 2006

	2007	2006
Revenues		
Net municipal property taxes (Schedule 5)	\$ 10,353,383	\$ 9,443,165
Sales and user charges	11,231,159	4,900,973
Penalties and costs on taxes	93,887	92,718
Licenses and permits	3,618,223	1,603,306
Fines	503,727	384,416
Franchise and concession contracts	363,399	462,520
Return on investments	371,008	474,320
Rentals	673,163	666,415
Government transfers (Schedule 6)	6,799,907	6,524,415
	34,007,856	24,552,248
Expenditures		
Salaries, wages and benefits	7,872,056	6,946,710
Contracted and general services	7,348,924	4,996,138
Purchases from other governments	2,233,292	2,097,984
Materials, goods, supplies and utilities	2,143,363	1,857,703
Provision for allowances	22,868	18,544
Appropriations to local agencies	158,354	333,543
Appropriations to individuals and organizations	130,117	154,466
Bank charges and short-term interest	218,695	8,973
Interest on long-term debt	37,062	38,211
Capital assets acquired	22,209,401	5,022,635
	42,374,131	21,474,907
Excess of revenues over expenditures		
(expenditures over revenues)	# (8,366,275)	3,077,341
Less: Debt repayment	(14,015)	(13,037)
Change in fund balances	\$ (8,380,290)	\$ 3,064,304