

*Non-Consolidated Financial Statements of the*

**TOWN OF BANFF**

*December 31, 2008*

## TABLE OF CONTENTS

	<u>PAGE</u>
Management's Responsibility for Financial Statements	
Auditors' Report	
Non-Consolidated Statement of Financial Position	1
Non-Consolidated Statement of Financial Activities and Change in Fund Balances	2
Non-Consolidated Statement of Changes in Financial Position	3
Notes to the Non-Consolidated Financial Statements	4-13
Schedule of Equity in Capital Assets	14
Schedule of Financial Activities and Change in Fund Balance - Capital	15
Schedule of Financial Activities and Change in Fund Balance - Operating	16
Schedule of Change in Fund Balance - Reserves	17
Schedule of Property Taxes Levied	18
Schedule of Government Transfers	19
Schedule of Non-Consolidated Revenues and Expenditures by Object	20

## Management's Responsibility for Financial Statements

The accompanying non-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 non-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 non-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 non-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 non-consolidated financial statements is presented on the following page.

Tom Maier  
Director of Corporate Services

Robert Earl  
Town Manager

March 17, 2009

March 17, 2009





## Auditors' Report

### To the Members of Council:

We have audited the non-consolidated statement of financial position of the Town of Banff (the "Town") as at December 31, 2008 and the non-consolidated statement of financial activities with change in fund balance and the non-consolidated statement of changes in financial position for the year then ended. These non-consolidated financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these non-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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2008 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.

*Chengkalath Van Eyck*

Chartered Accountants

March 17, 2009

**TOWN OF BANFF**  
**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2008 and 2007**

	2008	2007
<b>Financial Assets</b>		
Cash and short-term investments (Note 3)	\$ 5,322,358	\$ 2,265,591
Taxes and grants in place of taxes receivables (Note 4)	143,635	156,766
Trade and other receivables (Note 5)	2,884,375	3,273,153
Under collection of requisitions (Note 6)	12,754	17,497
Due from related organizations (Note 7)	458,655	345,108
Prepaid expenses	72,236	53,365
	<b>8,894,013</b>	<b>6,111,480</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,891,934	3,140,340
Deposits	181,971	237,361
Deferred revenue	224,475	112,743
Long-term debt (Note 9)	5,449,366	6,431,691
	<b>9,747,746</b>	<b>9,922,135</b>
<b>Net Financial Assets</b>	<b>(853,733)</b>	<b>(3,810,655)</b>
<b>Physical Assets</b>		
Inventory of supplies	78,382	73,347
Capital assets (Note 10)	141,901,230	133,604,681
	<b>141,979,612</b>	<b>133,678,028</b>
<b>Net Position</b>	<b>\$ 141,125,879</b>	<b>\$ 129,867,373</b>
<b>Municipal Position</b>		
Equity in capital assets (Schedule 1)	\$ 136,818,855	\$ 127,427,105
Capital fund (Schedule 2)	-	-
Operating fund (Schedule 3)	-	-
Reserves (Schedule 4)	4,307,024	2,440,268
	<b>\$ 141,125,879</b>	<b>\$ 129,867,373</b>

*Approved on behalf of Council by:*

\_\_\_\_\_

\_\_\_\_\_

**TOWN OF BANFF**

**NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES**

For the Years Ended December 31, 2008 and 2007

	2008 Budget (unaudited)	2008	2007
<b>Revenues (Schedule 7 - revenues by function)</b>			
General municipal	\$ 15,431,599	\$ 16,659,830	\$ 14,169,996
General government	1,556,700	1,795,852	7,420,683
Protective services	2,245,800	2,252,999	2,232,296
Transportation	6,927,550	6,841,846	3,984,509
Environmental use and protection	4,422,200	4,869,675	3,997,027
Public health and welfare	277,418	349,765	277,539
Planning and development	460,500	503,211	767,755
Recreation and culture	642,200	655,716	711,659
	<u>31,963,967</u>	<u>33,928,894</u>	<u>33,561,464</u>
<b>Expenditures (Schedule 7 - expenditures by function)</b>			
<b>Operating</b>			
General government	3,103,000	3,387,959	3,031,151
Protective services	3,481,800	3,559,528	3,350,843
Transportation	4,831,450	5,257,537	4,756,671
Environmental use and protection	3,590,900	3,799,161	3,375,495
Public health and welfare	592,300	664,861	529,917
Planning and development	3,447,100	4,695,977	3,502,220
Recreation and culture	1,299,130	1,272,366	1,246,718
	<u>20,345,680</u>	<u>22,637,389</u>	<u>19,793,015</u>
<b>Capital</b>			
General government	68,500	70,654	464,415
Protective services	121,600	106,007	344,461
Transportation	12,586,639	6,544,936	20,143,512
Environmental use and protection	1,667,400	1,099,215	378,263
Public health and welfare	75,400	75,681	42,034
Planning and development	-	-	42,663
Recreation and culture	1,138,800	433,056	794,053
	<u>15,658,339</u>	<u>8,329,549</u>	<u>22,209,401</u>
	<u>36,004,019</u>	<u>30,966,938</u>	<u>42,002,416</u>
<b>Excess of revenues over expenditures</b>			
<b>(expenditures over revenues)</b>	(4,040,052)	2,961,956	(8,440,952)
Less: Debt repayment	(15,100)	(1,095,200)	(14,015)
<b>Change in fund balances</b>	<u>\$ (4,055,152)</u>	<u>\$ 1,866,756</u>	<u>\$ (8,454,967)</u>

# TOWN OF BANFF

## NON-CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Operations</b>		
Excess of revenues over expenditures	\$ 2,961,956	\$ (8,440,952)
Change in non-cash items:		
Decrease (increase) in taxes and grants in place of taxes receivables	13,131	235,659
Decrease (increase) in trade and other receivables	388,778	(1,181,889)
Decrease in under collection of requisitions	4,743	(17,497)
Decrease (increase) in prepaid expenses	(18,871)	(21,839)
Decrease (increase) in inventory of supplies	(5,035)	(8,834)
Increase in accounts payable and accrued liabilities	751,594	628,978
Increase in overcollection of requisition	-	(53,386)
Increase (decrease) in deposits	(55,390)	(73,757)
Increase (decrease) in deferred revenue	111,733	(13,690)
Total cash provided by operations	<u>4,152,639</u>	<u>(8,947,207)</u>
<b>Investing</b>		
Net change in amounts due from related organizations	(113,547)	35,273
Cash provided by investing	<u>(113,547)</u>	<u>35,273</u>
<b>Financing</b>		
Net change in long-term debt	(982,325)	(49,290)
Cash used for financing	<u>(1,095,872)</u>	<u>(14,017)</u>
<b>Net change in cash</b>	<b>3,056,767</b>	<b>(8,961,224)</b>
<b>Cash, beginning of year</b>	<b>2,265,591</b>	<b>11,226,815</b>
<b>Cash, end of year</b>	<b>\$ 5,322,358</b>	<b>\$ 2,265,591</b>

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**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 non-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 non-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 non-consolidated financial statements do not include the assets, liabilities, revenues and expenditures of the Banff Public Library and the Banff Housing Corporation, however, details regarding transactions with these entities are included in note 16.

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**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(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, unless they are externally restricted. Externally restricted transfers are recognized as revenue in the year in which the related expenses are related.

*(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) Investments*

Investments are recorded at amortized cost. When there is a loss in value that is other than a temporary decline, the respective investment is written down to recognize loss.

*(g) 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.

*(h) 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.

*(i) 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.

*(j) 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**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(k) 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.

*(l) Over-levies and under-levies*

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

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

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

*(m) 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.

*(n) Foreign currencies*

Foreign currency translations entered into by the Town have been translated at the exchange rate prevailing at the date of transaction.

Monitory assets have been translated at the year end exchange rate.

Foreign exchange gain and losses are included in the determination of earnings.

**3. CASH AND SHORT TERM INVESTMENTS**

	2008	2007
Cash	\$ 1,069,861	\$ 2,265,591
Short term investments	4,252,497	-
	\$ 5,322,358	\$ 2,265,591

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**3. CASH AND SHORT TERM INVESTMENTS (Continued)**

Short term investments consist of GIC'S maturing on December 19, 2011 and bearing interest ranging from 1.75% to 2.1% per annum.

**4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES**

	<u>2008</u>	<u>2007</u>
Taxes and grants in place of taxes	\$ 174,665	\$ 192,838
Less: Allowance for doubtful accounts	(31,030)	(36,072)
	<u>\$ 143,635</u>	<u>\$ 156,766</u>

**5. TRADE AND OTHER RECEIVABLES**

	<u>2008</u>	<u>2007</u>
Receivables from other governments	\$ 222,607	\$ 177,872
Utility and other trade accounts receivable	2,661,768	3,095,281
	<u>\$ 2,884,375</u>	<u>\$ 3,273,153</u>

**6. UNDER (OVER) COLLECTION OF REQUISITIONS**

	<u>2008</u>	<u>2007</u>
Alberta School Foundation	\$ 11,976	\$ 28,691
Bow Valley Foundation	778	(11,194)
	<u>\$ 12,754</u>	<u>\$ 17,497</u>

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

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**7. DUE FROM RELATED ORGANIZATIONS**

	2008	2007
Rocky Mountain Co-operative Housing Association (see below)	\$ 91,663	\$ 91,663
Bow Valley Regional Housing Authority (see below)	366,992	253,445
	\$ 458,655	\$ 345,108

**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 amount noted above are RMCHA shares and advances receivable, which consist of the following:

	2008	2007
1 common share (par value \$100)	\$ 100	\$ 100
Advances receivable including accrued interest	91,563	91,563
	\$ 91,663	\$ 91,663

**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.

**8. CREDIT FACILITIES**

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 \$12,000,000 for 2008 (2007 - \$13,400,000), which includes \$4,000,000 (2007 - \$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, 2008 and 2007, there were no amounts drawn upon this credit facility.

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

**9. LONG-TERM DEBT**

	<u>2008</u>	<u>2007</u>
Debentures	\$ 5,449,366	\$ 6,431,691

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	1,211,392	234,102	1,445,494
2010	1,265,409	180,084	1,445,493
2011	1,321,859	123,635	1,445,494
2012	1,380,851	64,643	1,445,494
2013	101,419	17,502	118,921
Thereafter	168,436	46,870	215,306
	<u>\$ 5,449,366</u>	<u>\$ 666,836</u>	<u>\$ 6,116,202</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.

**10. CAPITAL ASSETS**

	<u>2008</u>	<u>2007</u>
Land	\$ 3,315,539	\$ 2,499,517
Engineering structures	73,671,354	70,982,578
Buildings	49,160,673	48,221,607
Machinery and equipment	8,225,174	7,226,662
Vehicles	7,528,490	4,674,317
	<u>\$ 141,901,230</u>	<u>\$ 133,604,681</u>

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.

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**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:

	2008			2007
	Salary	Benefits & Allowances	Total	Total
Councillors:				
John Stutz	\$ 38,179	\$ 5,635	\$ 43,814	\$ 40,086
Bob Haney	-	-	-	15,942
Chip Olver	20,291	3,936	24,227	23,485
Oswald Treutler	-	-	-	15,840
Christina MacDonald	18,438	4,415	22,853	24,083
Justin Burwash	-	-	-	14,252
Karen Sorensen	17,938	4,866	22,804	21,295
Leslie Taylor	17,318	4,846	22,164	4,378
John Gibson	18,470	2,904	21,374	3,383
Stavros Karlos	18,470	4,794	23,264	-
Municipal Manager	178,104	20,551	198,655	174,154

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 558 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 pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% for the excess.

Total current service contributions by the Town of Banff to the LAPP in 2008 were \$499,971 (2007 - \$424,999). Total current service contributions by the employees of the Town of Banff to the LAPP in 2008 were \$441,996 (2007 - \$374,817).

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**12. LOCAL AUTHORITIES PENSION PLAN(Continued)**

Based on the latest information available (December 31, 2007 audited financial statements), in total the LAPP had an actuarial deficit of \$ 1,183 billion based on the extrapolation of the December 31, 2007 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>2008</u>	<u>2007</u>
Total debt limit	\$ 38,571,600	\$ 43,243,325
Total debt	5,449,366	6,431,691
<b>Amount total debt limit exceeds total debt</b>	<b>\$ 33,122,234</b>	<b>\$ 36,811,634</b>
Debt servicing limit	\$ 6,428,600	\$ 7,207,221
Debt servicing	1,095,200	1,401,237
<b>Amount debt servicing limit exceeds debt servicing</b>	<b>\$ 5,333,400</b>	<b>\$ 5,805,984</b>

**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, 2008 there was Nil (2007 - \$2,008,447) 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, 2008 the amounts outstanding on the loans that the Town of Banff has guaranteed were \$ 8,398,802. These loans are repayable in blended monthly payments of \$74,560.

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**15. COMMITMENTS**

1. 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:

2010	-	\$ 566,500
2011	-	\$ 566,500
2012	-	\$ 566,500
2013	-	\$ 566,500

2. Town of Banff has an agreement with Brewster Inc. to provide the transit services in Banff. Under the terms of the agreements the Town of Banff is committed to the following minimum annual payments for the next five years:

2008	-	\$ 553,472
2009	-	\$ 726,786
2010	-	\$ 750,014
2011	-	\$ 773,242
2012	-	\$ 797,670
2013	-	\$ 274,033

3. Town of Banff has an agreement with Bow valley property valuers (BVPV) to provide assessment services. Assessment services are required by the municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreements the Town of Banff is committed to the following minimum payments until end of July 31, 2009:

2009	-	\$ 53,253
------	---	-----------

**16. RELATED PARTY TRANSACTIONS**

The Town provides the Banff Public Library with significant funding in order to maintain its operations. During the year the Town made an appropriation of \$349,800 (2007 - \$349,800) to the Banff Public Library. The Town also provides the Banff Public Library with administrative resources in order to maintain its operations.

Included in accounts receivable at December 31, 2008 is \$15,363 (2007 - \$23,139) due from the Banff Public Library for year-end payroll distributions.

The Town provides the Banff Housing Corporation with administrative resources in order to maintain its operations.

Included in accounts receivable at December 31, 2008 is \$29,932 (2007 - \$27,525) due from the Banff Housing Corporation for year-end payroll distributions.

**TOWN OF BANFF**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

---

**16. RELATED PARTY TRANSACTIONS(Continued)**

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, 2008 is \$53,881 (2007 - \$148,517) due from the Day Care Society of Banff for year-end payroll distributions.

**17. 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 9 is subject to fixed interest rates; therefore the Town is not subject to interest rate risk.

**18. TANGIBLE CAPITAL ASSETS**

Section 3150 - Tangible Capital Assets section of the Public Sector Accounting Board comes into effect on January 1, 2009. During 2008 the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. A complete listing of assets and their values for Land and its improvements, Buildings, Machinery and Equipment, Vehicles and Engineering Structures is currently underway and is expected to be completed by the due date.

**19. APPROVAL OF FINANCIAL STATEMENTS**

The Council and Management have approved these financial statements.

**20. COMPARATIVE FIGURE**

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

**TOWN OF BANFF**  
**SCHEDULE OF EQUITY IN CAPITAL ASSETS**  
For the Years Ended December 31, 2008 and 2007

**Schedule 1**

	<u>2008</u>	<u>2007</u>
<b>Balance, beginning of year</b>	<b>\$ 127,427,105</b>	<b>\$ 111,106,479</b>
<b>Increases</b>		
Capital assets acquired		
Buildings	939,066	1,063,341
Engineering structures	2,688,280	20,566,330
Machinery and equipment	1,032,009	356,471
Land	816,022	14,283
Vehicles	2,854,173	208,976
Repayment of long-term debt	1,095,200	14,015
	<b>9,424,750</b>	<b>22,223,416</b>
<b>Decreases</b>		
Proceeds from sale of capital assets		
Land	-	2,790
Machinery and equipment	33,000	-
Vehicles	-	-
Capital asset addition funded by debentures	-	5,900,000
	<b>33,000</b>	<b>5,902,790</b>
<b>Balance, end of year</b>	<b>\$ 136,818,855</b>	<b>\$ 127,427,105</b>
<b>Represented by:</b>		
Capital assets per non-consolidated statement of financial position	\$ 141,901,230	\$ 133,604,681
Less: long-term debt related to capital assets	(5,082,375)	(6,177,576)
	<b>\$ 136,818,855</b>	<b>\$ 127,427,105</b>

**TOWN OF BANFF**

**Schedule 2**

**SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL**

**For the Years Ended December 31, 2008 and 2007**

	2008 Budget (unaudited)	2008	2007
<b>Revenues</b>			
General government	\$ 1,545,000	\$ 1,666,457	\$ 7,398,111
Transportation	6,125,550	6,108,734	3,449,456
Environmental use and protection	153,000	769,092	104,498
Planning and development	10,000	11,766	60,002
Recreation and culture	-	-	53,209
	7,833,550	8,556,049	11,065,276
<b>Expenditures</b>			
General government	68,500	70,654	464,415
Protective services	121,600	106,007	344,461
Transportation	12,586,639	6,544,936	20,143,512
Environmental use and protection	1,667,400	1,099,215	378,263
Public health and welfare	75,400	75,681	42,034
Planning and development	-	-	42,663
Recreation and culture	1,138,800	433,056	794,053
	15,658,339	8,329,549	22,209,401
<b>Excess of revenues over expenditures (expenditures over revenues)</b>	(7,824,789)	226,500	(11,144,125)
Net interfund transfers			
From (to) reserves	7,838,789	868,700	11,158,140
Repayment of long-term debt	(14,000)	(1,095,200)	(14,015)
	7,824,789	(226,500)	11,144,125
<b>Change in fund balance</b>	-	-	-
<b>Opening fund balance</b>	-	-	-
<b>Closing fund balance</b>	\$ -	\$ -	\$ -

## TOWN OF BANFF

## Schedule 3

## SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING

For the Years Ended December 31, 2008 and 2007

	2008 Budget (unaudited)	2008	2007
<b>Revenues</b>			
General municipal	\$ 15,431,599	\$ 16,659,830	\$ 14,169,996
General government	11,700	129,395	22,572
Protective services	2,245,800	2,252,999	2,232,296
Transportation	802,000	733,112	535,053
Environmental use and protection	4,269,200	4,100,583	3,892,529
Public health and welfare	277,418	349,765	277,539
Planning and development	450,500	491,445	707,753
Recreation and culture	642,200	655,716	658,450
	24,130,417	25,372,845	22,496,188
<b>Expenditures</b>			
General government	3,103,000	3,387,959	3,031,151
Protective services	3,481,800	3,559,528	3,350,843
Transportation	4,831,450	5,257,537	4,756,671
Environmental use and protection	3,590,900	3,799,161	3,375,495
Public health and welfare	592,300	664,861	529,917
Planning and development	3,447,100	4,695,977	3,502,220
Recreation and culture	1,299,130	1,272,366	1,246,718
	20,345,680	22,637,389	19,793,015
<b>Excess of revenues over expenditures</b>	3,784,737	2,735,456	2,703,173
Net interfund transfers			
To reserves	(3,765,737)	(2,720,183)	(2,642,093)
<b>Change in fund balance</b>	19,000	15,273	61,080
<b>Opening fund balance</b>		-	
Transfer of surplus to reserves	(19,000)	(15,273)	(61,080)
<b>Closing fund balance</b>	\$ -	\$ -	\$ -

**TOWN OF BANFF**  
**SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES**  
**For the Years Ended December 31, 2008 and 2007**

**Schedule 4**

	2008 Budget (unaudited)	2008	2007
<b>Balance at beginning of year</b>	\$ 371,523	\$ 2,440,268	\$ 10,895,235
Net inter-fund transfers			
From operating fund	3,765,737	2,720,183	2,642,093
From (to) capital fund	(7,838,789)	(868,700)	(11,158,140)
<b>Change in fund balance</b>	(4,073,052)	1,851,483	(8,516,047)
Transfer of surplus from operating fund	19,000	15,273	61,080
<b>Balance at end of year</b>	<b>\$ (3,682,529)</b>	<b>\$ 4,307,024</b>	<b>\$ 2,440,268</b>

*Reserves are comprised of the following:*

	2007	Withdrawals	Additions	2008
<b>Operating reserves</b>				
General operating	\$ 437,770	\$ 274,120	\$ 76,998	240,648
Tax stabilization	497,059	489,262	-	7,797
Fire equipment reserve	10,300	-	10,300	20,600
Recreation	67,864	-	3,638	71,502
Art	6,000	-	-	6,000
Computer	65,719	76,218	90,000	79,501
	1,084,712	839,600	180,936	426,048
<b>Capital reserves</b>				
Offsite levies	754,846	-	145,748	900,594
Computer replacement	90,213	-	-	90,213
Art	79,601	47,008	10,000	42,593
Fire services	274,108	-	75,000	349,108
Common services equipment	439,272	167,605	225,000	496,667
Cave/Spray redevelopment	149,202	-	5,466	154,668
Water	303,648	343,240	1,314,003	1,274,411
Sewer	(488,808)	31,018	820,746	300,920
Garbage facility	58,800	-	7,700	66,500
Heritage	160,352	2,699	-	157,653
Cash in lieu of housing	42,722	42,722	6,300	6,300
Staff housing	45,935	-	45,414	91,349
Revolving capital	246,904	-	-	246,904
General capital	(608,597)	9,067,252	9,571,380	(104,469)
Municipal reserve	51,950	-	-	51,950
Parking facilities	(244,592)	-	-	(244,592)
Current year surplus	-	-	207	207
	1,355,556	9,701,544	12,226,964	3,880,976
	<b>\$ 2,440,268</b>	<b>\$ 10,541,144</b>	<b>\$ 12,407,900</b>	<b>\$ 4,307,024</b>

**TOWN OF BANFF**  
**SCHEDULE OF PROPERTY TAXES LEVIED**  
**For the Years Ended December 31, 2008 and 2007**

**Schedule 5**

	2008 Budget (unaudited)	2008	2007
<b>Taxation</b>			
Real property taxes	\$ 18,336,039	\$ 18,327,049	\$ 17,126,862
Government grants in place of property taxes	608,887	608,887	867,195
	<u>18,944,926</u>	<u>18,935,936</u>	<u>17,994,057</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	7,055,140	7,056,383	7,441,254
Bow River Lodge Foundation	216,437	216,426	199,420
	<u>\$ 7,271,577</u>	<u>7,272,809</u>	<u>7,640,674</u>
<b>Net municipal property taxes</b>	<b>\$ 11,673,349</b>	<b>\$ 11,663,127</b>	<b>\$ 10,353,383</b>

**TOWN OF BANFF**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**For the Years Ended December 31, 2008 and 2007**

**Schedule 6**

	2008 Budget (unaudited)	2008	2007
<b>Federal transfers</b>			
Shared-cost agreements and grants	\$ 450,053	\$ 41,936	\$ 259,269
<b>Provincial transfers</b>			
Shared-cost agreements and grants	8,436,215	9,196,279	6,177,402
<b>Local government transfers</b>			
Shared-cost agreements and grants	14,000	13,654	272,669
<b>Total government transfers</b>	<b>\$ 8,900,268</b>	<b>\$ 9,251,869</b>	<b>\$ 6,709,340</b>

## TOWN OF BANFF

## Schedule 7

## SCHEDULE OF NON-CONSOLIDATED REVENUES AND EXPENDITURES BY OBJECT

For the Years Ended December 31, 2008 and 2007

	2008 Budget (Unaudited)	2008	2007
<b>Revenues</b>			
Net municipal property taxes (Schedule 5)	11,673,349	\$ 11,663,127	\$ 10,353,383
Sales and user charges	6,548,150	6,716,010	10,896,044
Penalties and costs on taxes	115,500	55,966	93,887
Licenses and permits	3,114,000	4,483,508	3,618,223
Fines	427,500	507,721	503,727
Franchise and concession contracts	402,000	406,212	363,399
Return on investments	100,000	131,292	371,006
Rentals	683,200	713,189	652,455
Government transfers (Schedule 6)	8,900,268	9,251,869	6,709,340
	<u>31,963,967</u>	<u>33,928,894</u>	<u>33,561,464</u>
<b>Expenditures</b>			
Salaries, wages and benefits	8,175,600	8,386,639	7,418,973
Contracted and general services	7,399,880	9,215,571	7,325,382
Purchases from other governments	2,235,000	2,199,241	2,233,292
Materials, goods, supplies and utilities	1,892,900	1,929,994	1,898,517
Provision for allowances	-	-	22,868
Appropriations to local agencies	466,700	445,575	508,108
Appropriations to individuals and organizations	147,300	163,706	130,116
Bank charges and short-term interest	7,500	16,063	218,695
Interest on long-term debt	20,800	280,599	37,062
Capital assets acquired	15,658,339	8,329,550	22,209,403
	<u>36,004,019</u>	<u>30,966,938</u>	<u>42,002,416</u>
<b>Excess of revenues over expenditures (expenditures over revenues)</b>	(4,040,052)	2,961,956	(8,440,952)
Less: Debt repayment	(15,100)	(1,095,200)	(14,015)
<b>Change in fund balances</b>	\$ (4,055,152)	\$ 1,866,756	\$ (8,454,967)