

Non-consolidated Financial Statements of the

TOWN OF BANFF

Year ended December 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR NON-CONSOLIDATED 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 Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, using management's best estimates and judgments, 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 fulfills 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.

_____, Manager of Corporate Services
Kelly Gibson

_____, Town Manager
Robert Earl

April 27, 2015

TOWN OF BANFF

Non-consolidated Statement of Financial Position

December 31, 2014, with comparative figures for 2013

	2014	2013
Financial Assets		
Cash (note 3)	\$ 1,717,642	\$ 630,423
Short-term investments (note 3)	4,783,994	-
Taxes and grants in place of taxes receivable (note 4)	202,899	235,357
Trade and other receivables (note 5)	4,570,726	4,273,579
Due from related organizations (note 8)	100	100
	<u>11,275,361</u>	<u>5,139,459</u>
Liabilities		
Bank indebtedness (note 9)	-	-
Accounts payable and accrued liabilities	3,322,057	2,407,260
Deposits	560,534	227,888
Deferred revenue (note 7)	781,066	313,003
Long-term debt (note 10)	13,769,730	10,853,867
	<u>18,433,387</u>	<u>13,802,018</u>
Net debt	(7,158,026)	(8,662,559)
Non-Financial Assets		
Tangible capital assets (Schedule 1)	194,536,006	190,384,821
Inventory (note 6)	147,429	159,412
Prepaid expenses	94,204	83,103
	<u>194,777,639</u>	<u>190,627,336</u>
Commitments and contingencies (notes 13 and 18)		
Accumulated surplus (note 14)	<u>\$187,619,613</u>	<u>\$181,964,777</u>

See accompanying notes to non-consolidated financial statements.

Approved on behalf of Council by:

_____, Council

TOWN OF BANFF

Non-consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative figures for 2013

	Budget (note 21)	2014	2013
Revenue (Schedule 4):			
General government	\$ 16,829,531	\$ 16,953,413	\$ 16,075,409
Protective services	1,416,653	1,801,302	1,570,949
Transportation services	912,500	1,433,134	936,557
Environmental use and protection	8,315,750	10,051,507	8,336,900
Public health and welfare services	1,069,103	1,095,220	868,706
Planning and development	5,279,150	5,237,893	4,840,340
Recreation and culture	2,755,608	2,938,982	2,663,502
	<u>36,578,295</u>	<u>39,511,451</u>	<u>35,292,363</u>
Expenses (Schedule 4):			
General government	3,466,711	3,696,872	3,631,593
Protective services	3,473,419	3,647,160	3,716,902
Transportation services	6,028,959	7,074,300	6,410,764
Environmental use and protection	8,118,486	8,911,542	8,030,643
Public health and welfare services	1,696,642	1,667,188	1,385,489
Planning and development	5,203,747	4,910,739	5,068,925
Recreation and culture	3,941,744	3,948,814	3,684,804
	<u>31,929,709</u>	<u>33,856,615</u>	<u>31,929,120</u>
Excess of revenue over expenses	4,648,586	5,654,836	3,363,243
Accumulated surplus, beginning of year	181,964,778	181,964,777	178,601,534
Accumulated surplus, end of year	<u>\$ 186,613,365</u>	<u>\$ 187,619,613</u>	<u>\$ 181,964,777</u>

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Non-consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 5,654,836	\$ 3,363,243
Change in non-cash items:		
Amortization of tangible capital assets	4,615,065	4,408,869
Accretion of asset retirement obligation	-	-
Loss on disposal of tangible capital assets	196,018	135,483
Write down of tangible capital assets	13,720	32,844
Decrease (increase) in taxes and grants in place of taxes receivable	32,458	(14,644)
Increase in trade and other receivables	(297,147)	(386,568)
Decrease in second mortgages receivable	-	-
Decrease in inventory	11,983	19,087
(Increase) decrease in prepaid expenses	(11,101)	333,534
Increase (decrease) in accounts payable and accrued liabilities	914,797	(1,377,546)
Increase in deposits	332,646	1,035
Increase in deferred revenue	468,063	59,758
	<u>11,931,338</u>	<u>6,575,095</u>
Capital activities:		
Acquisition of tangible capital assets	(8,997,921)	(8,088,430)
Proceeds on disposal of tangible capital assets	21,933	86,870
	<u>(8,975,988)</u>	<u>(8,001,560)</u>
Investing activities:		
(Increase) decrease in investments	(4,783,994)	3,000,000
	<u>(4,783,994)</u>	<u>3,000,000</u>
Financing activities:		
Debt charges recovered	-	79,790
Draw on bank indebtedness	-	-
Long-term debt issued	5,058,717	-
Long-term debt repaid	(2,142,854)	(1,350,112)
	<u>2,915,863</u>	<u>(1,270,322)</u>
Net change in cash	1,087,219	303,213
Cash, beginning of year	630,423	327,210
Cash, end of year	<u>\$ 1,717,642</u>	<u>\$ 630,423</u>

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Non-consolidated Statement of Changes in Net Debt

Year ended December 31, 2014, with comparative figures for 2013

	Budget (note 21)	2014	2013
Excess of revenue over expenses	\$ 4,648,586	\$ 5,654,836	\$ 3,363,243
Acquisition of tangible capital assets	(15,361,433)	(8,997,921)	(8,088,430)
Write down of tangible capital assets	–	13,720	32,844
Proceeds on disposal of tangible capital assets	–	21,933	86,870
Amortization of tangible capital assets	4,350,577	4,615,065	4,408,869
Loss on disposal of tangible capital assets	–	196,018	135,483
Asset retirement cost	–	–	–
	(11,010,856)	(4,151,185)	(3,424,364)
Use of inventory	–	11,983	19,087
Use (acquisition) of prepaid expenses	–	(11,101)	333,534
	–	882	352,621
(Increase) decrease in net debt	(6,362,270)	1,504,533	291,500
Net debt, beginning of year	(8,662,559)	(8,662,559)	(8,954,059)
Net debt, end of year	\$ (15,024,829)	\$ (7,158,026)	\$ (8,662,559)

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements

Year ended December 31, 2014, with comparative figures for 2013

Incorporation:

The Town of Banff (the "Town") 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 the Province of 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.

1. Significant accounting policies:

The non-consolidated financial statements of the Town of Banff are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The non-consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 and Banff Heritage Corporation).
- (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 Library Board and the Banff Housing Corporation, however, details regarding transactions with these entities are included in Note 17.

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.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 2

Year ended December 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(b) Basis of accounting:

The non-consolidated financial statements are prepared using the accrual basis of accounting. Revenue is recorded when it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or a legal obligation to pay is established.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Cash:

Cash is comprised of cash deposits held with Canadian chartered banking institutions.

(d) Deferred revenue:

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

(e) Use of estimates:

The preparation of non-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 financial statements, and the reported amount of revenues and expenses during the period. Where measurement uncertainty exists, the non-consolidated financial statements have been prepared within reasonable limits of materiality. Actual results may differ from those estimates.

(f) Short-term investments:

Investments are recorded at amortized cost. 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. Interest is accrued in trade and other receivables on the book value of the investments at a rate equivalent to the effective yield of each investment.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 3

Year ended December 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(g) Debt charges recoverable:

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

(h) Requisition over-levy and under-levy:

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. 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.

(i) Government transfers:

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

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(j) 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 revenue over expenses, provides the non-consolidated change in net debt for the year.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 4

Year ended December 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(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:

	Years
Land Improvements	15-100
Buildings	25-110
Engineered structures	
Water system	25-100
Wastewater system	45-100
Other engineered structures	5-100
Machinery and equipment	5-40
Vehicles	15-25

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 the entire 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:

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

(k) Pension:

The Town participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan whereby contributions are expensed as incurred.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 5

Year ended December 31, 2014, with comparative figures for 2013

1. Significant accounting policies (continued):

(l) Foreign currencies:

Foreign currency transactions entered into by the Town have been translated at the exchange rate prevailing at the date of transaction. Monetary assets have been translated at the year-end exchange rate. Foreign exchange gain and losses are included in the determination of earnings.

2. Future accounting pronouncements:

The Public Sector Accounting Board recently announced the following accounting pronouncements:

(a) Liability for contaminated sites:

This accounting pronouncement establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. It is effective for fiscal years beginning on or after April 1, 2014, with early adoption encouraged.

(b) Financial instruments:

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2015 for governments, with early adoption encouraged.

(c) Foreign currency translation:

This accounting pronouncement establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2015 for governments, with early adoption encouraged.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 6

Year ended December 31, 2014, with comparative figures for 2013

3. Cash and short-term investments:

	2014	2013
Cash	\$ 1,717,642	\$ 630,423
Short-term investments	4,783,994	-
	<u>\$ 6,501,636</u>	<u>\$ 630,423</u>

Short-term investments consist of Guaranteed Investment Certificates. There were total investments with fair values of \$4,783,994 (including accrued interest) as of December 31, 2014 with effective interest rates ranging from the bank's prime rate less 1.95% (with a minimum rate of 0.25%) to 3.12% per annum, as well as one \$500,000 Guaranteed Investment Certificate with a variable rate of interest (2013 - nil). Short-term investments have maturity dates ranging from three months to seven years. Cash on deposit with financial institutions earns interest at the bank's prime rate less 1.80% (2013 - bank's prime rate less 1.80%).

4. Taxes and grants in place of taxes receivable:

	2014	2013
Current taxes and grants in place of taxes	\$ 175,821	\$ 206,631
Arrears taxes and interest and penalties	54,977	57,817
Allowance for doubtful accounts	(27,899)	(29,091)
	<u>\$ 202,899</u>	<u>\$ 235,357</u>

5. Trade and other receivables:

	2014	2013
Receivables from other governments	\$ 1,558,269	\$ 1,531,234
Utility and other trade accounts receivable	3,003,681	2,669,340
Requisition under levy	8,776	73,005
	<u>\$ 4,570,726</u>	<u>\$ 4,273,579</u>

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 7

Year ended December 31, 2014, with comparative figures for 2013

6. Inventory:

	2014	2013
Inventory for consumption	\$ 147,429	\$ 159,412
	\$ 147,429	\$ 159,412

The Town of Banff has retained the head lease to reacquire value priced housing units when they become available for sale. Through this mechanism, these units are purchased and resold below market values. Although title of the units is retained by the Town, the transaction is structured such that the majority of the benefits and costs of ownership of the related units are transferred to the purchaser (leaseholder). Accordingly, no amount is recognized in the non-consolidated financial statements.

7. Deferred revenue:

	2014	2013
Deferred grant revenue	475,601	213,362
Deferred Tourism & Recreation Revenue	228,974	83,128
Miscellaneous	76,491	16,513
	\$ 781,066	\$ 313,003

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 8

Year ended December 31, 2014, with comparative figures for 2013

8. Due from related organizations:

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. The Town of Banff acquired the subscription of two additional units in the RMCHA on July 1, 2009 and November 1, 2009. The Town further acquired the subscription of one additional unit on June 1, 2011. Under these subscriptions, the Town of Banff purchased one share in RMCHA valued at \$100.

9. 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 \$10,500,000 for 2014 (2013 - \$10,000,000), with interest payable at the BMO's prime rate minus 0.75%. Security for the loan is on the property taxes of the Town. As at December 31, 2014 \$nil (2013 - \$nil) was drawn upon this credit facility. At December 31, 2014, the effective rate of interest on the credit facility was 2.25% (2013 - 2.25%).

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 9

Year ended December 31, 2014, with comparative figures for 2013

10. Long term debt:

	2014	2013
Tax/grant supported debentures	\$ 13,624,546	\$ 10,685,432
Self-supported debentures	145,184	168,435
	<u>\$ 13,769,730</u>	<u>\$ 10,853,867</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	\$ 3,018,068	\$ 320,372	\$ 3,338,440
2016	3,080,162	253,666	3,333,828
2017	2,271,680	185,230	2,456,910
2018	1,463,473	133,286	1,596,759
2019	1,506,347	85,749	1,592,096
Thereafter	2,430,000	300,249	2,730,249
	<u>\$ 13,769,730</u>	<u>\$ 1,278,552</u>	<u>\$ 15,048,282</u>

Debenture debt consists of \$10,148,705 repayable to the Alberta Capital Finance Authority and bears interest at fixed rates ranging from 1.40% to 7.50% per annum and matures in periods 2017 through 2019. The average annual interest rate is 4.08% for 2014 (4.70% for 2013). The balance includes \$3,580,000 repayable to the Federation of Canadian Municipalities which bears interest between 2.0% and 2.21%. The average annual interest rate is 2.11% for 2014 (2.11% for 2013) on this debt. Debenture debt is issued on the credit and security of the Town at large. The Town of Banff also has entered into an agreement with Golf Lease Inc. for the lease of a piece of equipment which under public sector accounting standards is classified as a capital lease. The capital lease obligation as of December 31, 2014 was \$41,024 and the determined discount rate is 1.34%. The agreement commenced February 1, 2014 and consists of monthly payments of \$1,663 for a duration of 36 months.

The current portion of the total long-term debt amounts to \$3,018,068 (2013 – \$1,306,293).

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 10

Year ended December 31, 2014, with comparative figures for 2013

11. Debt limits:

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

	2014	2013
Total debt limit	\$ 52,595,345	\$ 48,919,469
Total debt	(13,769,730)	(10,853,867)
Loan guarantees (note 12)	(6,509,118)	(7,036,241)
Amount of total debt limit exceeds total debt and guarantees	\$ 32,316,497	\$ 31,029,361
Debt servicing limit	\$ 8,765,891	\$ 8,153,245
Debt servicing	(3,338,440)	(1,615,410)
Amounts of debt servicing limit exceeds debt servicing	\$ 5,427,451	\$ 6,537,835

The debt limit is calculated at 1.5 times the consolidated revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the non-consolidated financial statements must be interpreted as a whole.

12. Loan guarantees:

Section 266 of the Municipal Government Act allows municipalities to guarantee the repayment of a loan between a lender and a non-profit organization. The Town passed bylaw 250-2 on July 19, 2013 guaranteeing the loans for Rocky Mountains Cooperative Housing Association and Rocky Mountains II Cooperative Housing Association with the Alberta Treasury Branch to a maximum of \$7,700,000. These guarantees expire on July 31, 2015. At December 31, 2014 the amounts outstanding on the loans that the Town of Banff has guaranteed were \$6,509,118. These loans have an interest rate of 3.60% (2013 – 3.60%) and are repayable in blended monthly payments of \$66,300.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 11

Year ended December 31, 2014, with comparative figures for 2013

13. Equity in tangible capital assets:

	2014	2013
Tangible capital assets (Schedule 1)	\$ 293,978,467	\$ 286,165,441
Accumulated amortization (Schedule 1)	(99,442,461)	(95,780,620)
Long-term debt (note 10)	(13,769,730)	(10,853,867)
	<u>\$ 180,766,276</u>	<u>\$ 179,530,954</u>

14. Accumulated surplus:

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

	2014	2013
Equity in tangible capital assets	\$180,766,276	\$ 179,530,954
Reserves (deficits):		
Special Purpose:		
General	254,038	222,575
Budget stabilization	429,491	280,967
Computer	82,072	158,118
Fire	20,600	20,600
Community development	6,000	6,000
Recreation	90,544	90,544
Snow clearing	-	54,426
Transit	49,000	49,000
Environment	495,362	317,205
Solid Waste	511,499	301,539
Capital reserves	4,914,731	932,849
Accumulated Surplus	<u>\$ 187,619,613</u>	<u>\$ 181,964,777</u>

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 12

Year ended December 31, 2014, with comparative figures for 2013

15. Salary and benefits 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:

	2014			2013
	Salary	Benefits and Allowances	Total	Total
Councilors:				
Karen Sorensen	\$ 77,000	\$ 3,455	\$ 80,455	\$ 48,243
Chip Olver	26,580	3,426	30,006	24,500
Leslie Taylor	-	-	-	18,598
Stavros Karlos	25,500	3,426	28,926	24,035
Paul Baxter	-	-	-	18,598
Brian Standish	25,500	3,426	28,926	23,105
Grant Canning	25,500	2,406	27,906	22,857
Theodore Christensen	27,200	3,426	30,626	4,322
Corrie DiManno	26,220	1,686	27,906	4,594
Municipal Manager	225,943	33,123	259,066	253,697

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, computer allowance and club memberships.

16. Local authorities pension plan:

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 230,534 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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Notes to the Non-consolidated Financial Statements, page 13

Year ended December 31, 2014, with comparative figures for 2013

16. Local authorities pension plan (continued):

The Town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings (\$52,500) under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2014 were \$828,464 (2013 – \$700,207). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2014 were \$762,104 (2013 – \$744,070).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

17. Commitments:

1. Under the terms of the Federal – Provincial Agreement the Town of Banff is committed to pay annual rent in respect of land leased in perpetuity from the Government of Canada. Land rent expense is included in General Government costs in operating expenses in the non-consolidated statement of operations. Under the terms of the agreement the Town of Banff is committed to the following minimum annual payments for the next five years:

2015	\$ 550,000
2016	550,000
2017	550,000
2018	550,000
2019	550,000

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Notes to the Non-consolidated Financial Statements, page 14

Year ended December 31, 2014, with comparative figures for 2013

17. Commitments (continued):

2. Town of Banff has an agreement with Bow Valley Property Valuers (BVPV) to provide assessment valuation services. Assessment valuation services are required by municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreement the Town of Banff is committed to minimum monthly payments of \$6,333 until June 30, 2015.
3. Town of Banff has an agreement with TransAlta Energy Marketing Corp. to supply electricity. Under the terms of the agreement the Town of Banff is committed to the following electricity rates until December 31, 2017:

Electricity	\$ 54.50	per MWh
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4. Town of Banff has an agreement with Access Gas Services Inc. to supply natural gas. Under the terms of the agreement the Town of Banff is committed to the following natural gas rates until December 31, 2015:

Natural Gas	\$ 3.69	per GJ
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5. Town of Banff has an agreement with the Bow Valley Waste Commission to provide solid waste hauling. Under the terms of the agreement the Town of Banff is committed to the following hauling and disposal rates per ton of solid waste until December 31, 2015:

2015	\$ 114.34	per ton
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TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 15

Year ended December 31, 2014, with comparative figures for 2013

18. Contingencies:

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

The Town of Banff has provided a guarantee on line of credit held by the Banff Housing Corporation with the Bank of Montreal to a maximum of \$10,000,000. At December 31, 2014, there was \$719,605 (2013 - \$725,715) drawn on this line of credit.

19. Related party transactions:

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 until December 31, 2016. The Day Care Society of Banff is economically dependent upon this support from the Town.

Included in accounts receivable at December 31, 2014 is \$12 (2013 – \$87,022) due from the Day Care Society of Banff for solid waste disposal. The 2013 outstanding amount was for payroll expenses.

The Town provides the Bow Valley Regional Transit Services Commission (the “Commission”) with administrative resources in order to maintain its operations. Included in accounts receivable at December 31, 2014 is \$223,524 (2013 – \$172,536) due from the Commission for year-end expense distributions. The Town has the authority to appoint two of the Commission’s six Board members.

The above transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

20. Financial instruments:

It is management’s opinion that the Town is not exposed to significant interest or currency risks arising from its financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables 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 taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 16

Year ended December 31, 2014, with comparative figures for 2013

21. Budget data:

The budget data presented throughout these non-consolidated financial statements are based upon the Three Year Budget approved by Council on January 27, 2014.

22. Comparative information:

Certain 2013 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

23. Approval of financial statements:

The Council and Management have approved these non-consolidated financial statements on April 27, 2015.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 17

Year ended December 31, 2014, with comparative figures for 2013

24. Segment disclosures:

Segment disclosures (Schedule 5) are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the Town. For each reported segment, revenues and expenses represent both amounts directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on the Financial Information Return segmentation reported annually to Alberta Municipal Affairs. Segments include:

- General Government is comprised of Council & Other Legislative, General Municipal, Town Manager, Human Resources, Communications & Marketing, Corporate Services and Computer Services
- Protective Services is comprised of Bylaw Services, Fire Services and Police Services
- Transportation is comprised of Engineering Services, Operations Administration, Fleet Services, Safety, Facilities, Public Transit, Streets and Storm Sewers.
- Environmental Use & Protection is comprised of Resource Recovery, Sanitary Sewer, Water and Environment.
- Public Health & Safety is comprised of Cemeteries, FCSS Administration, Seniors Programming, Community Development, Family School Liaison Worker, Young Adult Programming and Youth Programs.
- Planning & Development consists of Special Events, Tourism, Development, Building Inspection, Town Owned Lands, Staff Housing, Heritage and Banff Housing Corporation.
- Recreation & Culture is comprised of Library, Grounds, Recreation Programs, Recreation Administration, Recreation Centre, Recreation Grounds and Recreation Facilities.

TOWN OF BANFF

Non-consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2014, with comparative figures for 2013

	Buildings	Engineered Structures	Land	Land Improvements	Machinery and Equipment	Vehicles	Construction in progress	2014	2013
Cost:									
Balance, beginning of year	\$ 48,819,567	\$ 107,489,774	\$ 40,174,023	\$ 15,414,098	\$ 65,074,676	\$ 8,252,833	\$ 940,470	\$ 286,165,441	\$ 279,969,474
Acquisition of tangible capital assets	103,299	4,634,947	–	649,362	2,528,838	–	1,081,475	8,997,921	8,088,430
Reclass from Construction in progress	–	(3,578,206)	–	12,686	(567,437)	–	4,132,957	–	–
Disposal of tangible capital assets	(5,060)	(483,889)	–	–	(682,226)	–	–	(1,171,175)	(1,859,619)
Write down of tangible capital assets	–	–	–	–	–	–	(13,720)	(13,720)	(32,844)
Balance, end of year	48,917,806	108,062,626	40,174,023	16,076,146	66,353,851	8,252,833	6,141,182	293,978,467	286,165,441
Accumulated amortization:									
Balance, beginning of year	9,026,364	52,475,145	–	9,686,184	21,321,398	3,271,529	–	95,780,620	93,009,017
Annual amortization	1,079,004	1,409,312	–	179,880	1,592,405	354,464	–	4,615,065	4,408,869
Accumulated amortization on disposals	(2,499)	(441,867)	–	–	(508,858)	–	–	(953,224)	(1,637,266)
Balance, end of year	10,102,869	53,442,590	–	9,866,064	22,404,945	3,625,993	–	99,442,461	95,780,620
Net book value of tangible capital assets									
	\$ 38,814,937	\$ 54,620,036	\$ 40,174,023	\$ 6,210,082	\$ 43,948,906	\$ 4,626,840	\$ 6,141,182	\$ 194,536,006	\$ 190,384,821
2013 Net book value of tangible capital assets									
	\$ 39,793,203	\$ 55,014,629	\$ 40,174,023	\$ 5,727,914	\$ 43,753,278	\$ 4,981,304	\$ 940,470	\$ 190,384,821	

TOWN OF BANFF

Non-consolidated Schedule of Taxes Levied and Net Municipal Property Taxes

Schedule 2

Year ended December 31, 2014, with comparative figures for 2013

	Budget (note 22)	2014	2013
Taxation:			
Real property taxes	\$ 20,174,774	\$ 20,205,573	\$ 19,466,847
Linear property taxes	140,000	138,468	160,968
Government grants in place of property taxes	850,000	853,372	811,450
	21,164,774	21,197,413	20,439,265
Requisitions:			
Alberta School Foundation Fund	5,706,684	5,700,087	5,688,459
Bow Valley Regional Housing	291,559	290,974	376,558
	5,998,243	5,991,061	6,065,017
Net Municipal Property Taxes	\$ 15,166,531	\$ 15,206,352	\$ 14,374,248

TOWN OF BANFF

Non-consolidated Schedule of Government Transfers

Schedule 3

Year ended December 31, 2014, with comparative figures for 2013

	Budget (note 21)	2014	2013
Transfers for operating:			
Provincial Government	\$ 1,083,004	\$ 1,113,543	\$ 1,192,464
Federal Government	320,960	216,920	190,454
Other Local Governments	18,000	20,860	16,368
	<u>1,421,964</u>	<u>1,351,323</u>	<u>1,399,286</u>
Transfers for capital:			
Provincial Government	2,950,933	4,754,730	2,911,595
	<u>2,950,933</u>	<u>4,754,730</u>	<u>2,911,595</u>
Government transfers	\$ 4,372,897	\$ 6,106,053	\$ 4,310,881

TOWN OF BANFF

Non-consolidated Schedule of Revenue and Expenses by Object

Schedule 4

Year ended December 31, 2014, with comparative figures for 2013

	Budget (note 21)	2014	2013
Revenue:			
Net municipal property taxes (Schedule 2)	\$ 15,166,531	\$ 15,206,352	\$ 14,374,248
Sales to other governments	331,951	448,036	277,345
Sales and user charges	9,525,475	10,032,992	9,356,007
Penalties and cost on taxes	86,600	107,365	95,056
Licenses and permits	4,771,250	4,763,614	4,614,215
Fines	506,000	679,388	640,025
Franchise and concession contracts	662,000	751,648	659,943
Return on investments	80,000	69,765	48,851
Rentals	479,700	522,361	465,509
Government transfers (Schedule 3)	4,354,897	6,085,193	4,294,513
Local Government transfers (Schedule 3)	18,000	20,860	16,368
Developer agreements and levies	325,000	459,258	5,951
Net gain on disposal of tangible capital assets	–	12,279	6,291
Other revenue	270,891	352,340	438,041
	<u>36,578,295</u>	<u>39,511,451</u>	<u>35,292,363</u>
Expenses:			
Salaries, wages and benefits	11,407,196	11,177,895	10,273,480
Contracted and general services	10,931,685	12,454,439	11,293,224
Purchases from other governments	1,730,500	1,935,846	1,995,500
Material, goods and utilities	2,467,548	2,358,048	2,501,864
Provision for allowances	1,000	20,202	–
Transfers to local boards and agencies	84,200	93,000	271,107
Transfers to individuals and organizations	638,100	599,261	631,516
Bank charges and short-term interest	14,000	38,527	33,275
Interest on capital long-term debt	304,903	342,315	345,667
Amortization of tangible capital assets (Schedule 1)	4,350,577	4,615,065	4,408,869
Net loss on disposal of tangible capital assets	–	222,017	174,618
	<u>31,929,709</u>	<u>33,856,615</u>	<u>31,929,120</u>
Excess of revenue over expenses	\$ 4,648,586	\$ 5,654,836	\$ 3,363,243

TOWN OF BANFF

Non-consolidated Schedule of Segmented Information

Schedule 5

Year ended December 31, 2014

	General Government	Protective Services	Transportation	Environmental Use & Protection	Public Health & Safety	Planning & Development	Recreation & Culture	Total
Revenues:								
Taxes	\$ 15,206,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$15,206,352
Sales to Other Governments	-	311,175	136,861	-	-	-	-	448,036
Sales & User Charges	2	74,404	262,183	8,705,598	274,407	4,701	711,697	10,032,992
Penalties & Costs on Taxes	83,748	-	-	20,488	-	-	3,129	107,365
Licences & Permits	168,923	32,734	83,648	-	-	4,478,309	-	4,763,614
Fines	-	679,388	-	-	-	-	-	679,388
Franchise & Concession Contracts	751,648	-	-	-	-	-	-	751,648
Return on Investments	69,765	-	-	-	-	-	-	69,765
Rentals	6,059	-	-	-	-	448,804	67,498	522,361
Government Transfers	584,268	667,832	729,404	1,248,469	769,886	-	2,085,334	6,085,193
Transfers from Local Boards & Agencies	-	-	-	-	11,000	-	9,860	20,860
Developer's Agreements & Offsite Levies	-	-	129,645	27,300	-	302,313	-	459,258
Net Gain on Disposal of TCA	-	-	12,279	-	-	-	-	12,279
Other Revenue	82,648	35,769	79,114	49,652	39,927	3,766	61,464	352,340
	16,953,413	1,801,302	1,433,134	10,051,507	1,095,220	5,237,893	2,938,982	39,511,451
Expenses:								
Salaries, Wages & Benefits	2,096,819	1,353,245	2,473,446	1,956,733	1,381,265	504,999	1,411,388	11,177,895
Contracted and General Services	1,143,433	166,247	2,567,807	3,615,354	133,857	4,338,699	489,042	12,454,439
Purchases from Other Governments	-	1,935,846	-	-	-	-	-	1,935,846
Materials, Goods, Supplies & Utilities	214,827	66,192	708,304	891,632	108,875	5,955	362,263	2,358,048
Provisions for Allowances	20,202	-	-	-	-	-	-	20,202
Transfers to Local Boards & Agencies	-	-	-	93,000	-	-	-	93,000
Transfers to Individuals & Organizations	146,967	-	-	12,595	6,499	-	433,200	599,261
Bank Charges & Short Term Interest	37,586	-	-	340	-	-	601	38,527
Interest on Capital Long Term Debt	-	-	41,581	-	-	11,109	289,625	342,315
Amortization of Tangible Capital Assets	37,038	125,630	1,236,165	2,166,868	36,692	49,977	962,695	4,615,065
Net Loss on Disposal of Capital Assets	-	-	46,997	175,020	-	-	-	222,017
	3,696,872	3,647,160	7,074,300	8,911,542	1,667,188	4,910,739	3,948,814	33,856,615
Excess (deficiency) of revenue over expenses	\$13,256,541	\$ (1,845,858)	\$ (5,641,166)	\$ 1,139,965	\$ (571,968)	\$ 327,154	\$ (1,009,832)	\$ 5,654,836