

Non-consolidated Financial Statements of the

TOWN OF BANFF

Year ended December 31, 2015

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 25, 2016

TOWN OF BANFF

Non-consolidated Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial Assets		
Cash (note 3)	\$ -	\$ 1,717,642
Short-term investments (note 3)	4,750,663	4,783,994
Taxes and grants in place of taxes receivable (note 4)	165,782	202,899
Trade and other receivables (note 5)	5,118,463	4,570,726
Due from related organizations (note 8)	100	100
	<u>10,035,008</u>	<u>11,275,361</u>
Liabilities		
Bank indebtedness (note 9)	904,021	-
Accounts payable and accrued liabilities	2,119,200	3,322,057
Deposits	236,426	560,534
Deferred revenue (note 7)	552,687	781,066
Long-term debt (note 10)	10,751,662	13,769,730
	<u>14,563,996</u>	<u>18,433,387</u>
Net debt	(4,528,988)	(7,158,026)
Non-Financial Assets		
Tangible capital assets (Schedule 1)	197,700,682	194,536,006
Inventory (note 6)	155,427	147,429
Prepaid expenses	102,372	94,204
	<u>197,958,481</u>	<u>194,777,639</u>
Commitments and contingencies (notes 12, 17, and 18)		
Accumulated surplus (note 14)	<u>\$ 193,429,493</u>	<u>\$ 187,619,613</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, 2015, with comparative figures for 2014

	Budget (note 21)	2015	2014
Revenue (Schedule 4):			
General government	\$ 17,839,330	\$ 18,153,038	\$ 16,953,413
Protective services	1,586,950	2,141,921	1,801,302
Transportation services	965,800	1,060,743	1,433,134
Environmental use and protection	8,849,500	9,467,600	10,051,507
Public health and welfare services	926,022	1,077,922	1,095,220
Planning and development	5,376,850	5,451,744	5,237,893
Recreation and culture	3,001,500	3,120,444	2,938,982
	<u>38,545,952</u>	<u>40,473,412</u>	<u>39,511,451</u>
Expenses (Schedule 4):			
General government	3,490,064	3,871,613	3,696,872
Protective services	3,796,101	3,843,289	3,647,160
Transportation services	6,610,146	6,775,821	7,074,300
Environmental use and protection	8,244,331	8,512,894	8,911,542
Public health and welfare services	1,623,475	1,751,506	1,667,188
Planning and development	5,594,657	5,736,082	4,910,739
Recreation and culture	4,271,599	4,172,327	3,948,814
	<u>33,630,373</u>	<u>34,663,532</u>	<u>33,856,615</u>
Excess of revenue over expenses	4,915,579	5,809,880	5,654,836
Accumulated surplus, beginning of year	187,619,614	187,619,613	181,964,777
Accumulated surplus, end of year	<u>\$ 192,535,193</u>	<u>\$ 193,429,493</u>	<u>\$ 187,619,613</u>

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Non-consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 5,809,880	\$ 5,654,836
Change in non-cash items:		
Amortization of tangible capital assets	4,742,318	4,615,065
Accretion of asset retirement obligation	-	-
Loss on disposal of tangible capital assets	203,223	196,018
Write down of tangible capital assets	35,857	13,720
Decrease (increase) in taxes and grants in place of taxes receivable	37,117	32,458
Increase in trade and other receivables	(547,737)	(297,147)
Decrease in second mortgages receivable	-	-
Decrease in inventory	(7,998)	11,983
(Increase) decrease in prepaid expenses	(8,168)	(11,101)
Increase (decrease) in accounts payable and accrued liabilities	(1,202,857)	914,797
Increase in deposits	(324,108)	332,646
Increase in deferred revenue	(228,379)	468,063
	<u>8,509,148</u>	<u>11,931,338</u>
Capital activities:		
Acquisition of tangible capital assets	(8,648,185)	(8,997,921)
Proceeds on disposal of tangible capital assets	502,111	21,933
	<u>(8,146,074)</u>	<u>(8,975,988)</u>
Investing activities:		
(Increase) decrease in investments	33,331	(4,783,994)
	<u>33,331</u>	<u>(4,783,994)</u>
Financing activities:		
Draw on (repayment of) bank indebtedness	904,021	-
Long-term debt issued	-	5,058,717
Long-term debt repaid	(3,018,068)	(2,142,854)
	<u>(2,114,047)</u>	<u>2,915,863</u>
Net change in cash	(1,717,642)	1,087,219
Cash, beginning of year	1,717,642	630,423
Cash, end of year	<u>\$ -</u>	<u>\$ 1,717,642</u>

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Non-consolidated Statement of Changes in Net Debt

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 21)	2015	2014
Excess of revenue over expenses	\$ 4,915,579	\$ 5,809,880	\$ 5,654,836
Acquisition of tangible capital assets	(15,361,433)	(8,648,185)	(8,997,921)
Write down of tangible capital assets	–	35,857	13,720
Proceeds on disposal of tangible capital assets	–	502,111	21,933
Amortization of tangible capital assets	4,502,377	4,742,318	4,615,065
Loss on disposal of tangible capital assets	–	203,223	196,018
Asset retirement cost	–	–	–
	(10,859,056)	(3,164,676)	(4,151,185)
Use of inventory	–	(7,998)	11,983
Use (acquisition) of prepaid expenses	–	(8,168)	(11,101)
	–	(16,166)	882
(Increase) decrease in net debt	(5,943,477)	2,629,038	1,504,533
Net debt, beginning of year	(7,158,025)	(7,158,026)	(8,662,559)
Net debt, end of year	\$ (13,101,502)	\$ (4,528,988)	\$ (7,158,026)

See accompanying notes to non-consolidated financial statements.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements

Year ended December 31, 2015, with comparative figures for 2014

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.

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Notes to the Non-consolidated Financial Statements, page 2

Year ended December 31, 2015, with comparative figures for 2014

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.

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Notes to the Non-consolidated Financial Statements, page 3

Year ended December 31, 2015, with comparative figures for 2014

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, 2015, with comparative figures for 2014

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.

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Notes to the Non-consolidated Financial Statements, page 5

Year ended December 31, 2015, with comparative figures for 2014

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.

(m) Adoption of a new accounting standard:

Effective January 1, 2015 the Town adopted the new PS 3260, Liability for Contaminated Site standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible or accepts responsibility;
- the Town expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The prospective adoption of the new PS 3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Town's non-consolidated financial statements.

2. Future accounting pronouncements:

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

(a) 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, 2019 for governments, with early adoption encouraged.

(b) 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

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Notes to the Non-consolidated Financial Statements, page 6

Year ended December 31, 2015, with comparative figures for 2014

is effective for fiscal years beginning on or after April 1, 2019 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.

3. Cash and short-term investments:

	2015	2014
Cash (bank indebtedness)	\$ (904,021)	\$ 1,717,642
Short-term investments	4,750,663	4,783,994
	<u>\$ 3,846,642</u>	<u>\$ 6,501,636</u>

Short-term investments consist of Guaranteed Investment Certificates. There were total investments with fair values of \$4,750,663 (including accrued interest) as of December 31, 2015 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 (2014 - \$4,750,663). 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% (2014 – bank's prime rate less 1.80%).

4. Taxes and grants in place of taxes receivable:

	2015	2014
Current taxes and grants in place of taxes	\$ 140,617	\$ 175,821
Arrears taxes and interest and penalties	53,064	54,977
Allowance for doubtful accounts	(27,899)	(27,899)
	<u>\$ 165,782</u>	<u>\$ 202,899</u>

5. Trade and other receivables:

	2015	2014
Receivables from other governments	\$ 2,135,074	\$ 1,558,269
Utility and other trade accounts receivable	2,976,255	3,003,681
Requisition under levy	7,134	8,776
	<u>\$ 5,118,463</u>	<u>\$ 4,570,726</u>

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 7

Year ended December 31, 2015, with comparative figures for 2014

6. Inventory:

	2015	2014
Inventory for consumption	\$ 155,427	\$ 147,429
	\$ 155,427	\$ 147,429

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:

	2015	2014
Deferred grant revenue	323,068	475,601
Deferred Tourism & Recreation Revenue	170,091	228,974
Miscellaneous	59,528	76,491
	\$ 552,687	\$ 781,066

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 8

Year ended December 31, 2015, with comparative figures for 2014

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 2015 (2014 - \$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, 2015 \$nil (2014 - \$nil) was drawn upon this credit facility. At December 31, 2015, the effective rate of interest on the credit facility was 2.10% (2014 - 2.25%).

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 9

Year ended December 31, 2015, with comparative figures for 2014

10. Long term debt:

	2015	2014
Tax/grant supported debentures	\$ 10,631,474	\$ 13,624,546
Self-supported debentures	120,188	145,184
	<u>\$ 10,751,662</u>	<u>\$ 13,769,730</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2020	230,000	47,360	277,360
Thereafter	2,200,000	252,890	2,452,890
	<u>\$ 10,751,662</u>	<u>\$ 958,181</u>	<u>\$ 11,709,843</u>

Debenture debt consists of \$7,380,187 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 2015 (4.08% for 2014). The balance includes \$3,350,000 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 2015 (2.11% for 2014) 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, 2015 was \$21,475 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 \$3,080,162 (2014 – \$3,018,068).

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 10

Year ended December 31, 2015, with comparative figures for 2014

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:

	2015	2014
Total debt limit	\$ 56,232,930	\$ 52,595,345
Total debt	(10,751,662)	(13,769,730)
Loan guarantees (note 13)	(5,913,360)	(6,509,118)
Amount of total debt limit exceeds total debt and guarantees	\$ 39,567,908	\$ 32,316,497
Debt servicing limit	\$ 9,372,155	\$ 8,765,891
Debt servicing	(3,333,828)	(3,338,440)
Amounts of debt servicing limit exceeds debt servicing	\$ 6,038,327	\$ 5,427,451

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 250-3 on December 17, 2015 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 \$5,990,000. These guarantees expire on November 30, 2018. At December 31, 2015 the amounts outstanding on the loans that the Town of Banff has guaranteed were \$5,913,360. These loans have an interest rate of 3.60% (2014 – 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, 2015, with comparative figures for 2014

13. Equity in tangible capital assets:

	2015	2014
Tangible capital assets (Schedule 1)	\$ 300,541,320	\$ 293,978,467
Accumulated amortization (Schedule 1)	(102,840,638)	(99,442,461)
Long-term debt (note 10)	(10,751,662)	(13,769,730)
	<u>\$ 186,949,020</u>	<u>\$ 180,766,276</u>

14. Accumulated surplus:

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

	2015	2014
Equity in tangible capital assets	\$186,949,020	\$ 180,766,276
Reserves (deficits):		
Special Purpose:		
General	300,061	254,038
Budget stabilization	473,601	429,491
Computer	98,282	82,072
Fire	20,600	20,600
Community development	6,000	6,000
Recreation	89,535	90,544
Snow clearing	46,437	-
Transit	33,747	49,000
Environment	599,007	495,362
Solid Waste	101,642	511,499
Capital reserves	4,711,561	4,914,731
Accumulated Surplus	<u>\$ 193,429,493</u>	<u>\$ 187,619,613</u>

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Notes to the Non-consolidated Financial Statements, page 12

Year ended December 31, 2015, with comparative figures for 2014

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:

	2015			2014
	Salary	Benefits and Allowances	Total	Total
Councilors:				
Karen Sorensen	\$ 78,674	\$ 3,361	\$ 82,035	\$ 80,455
Chip Olver	26,055	4,238	30,293	30,006
Stavros Karlos	26,055	4,089	30,144	28,926
Brian Standish	26,055	3,338	29,393	28,926
Grant Canning	26,055	3,107	29,162	27,906
Theodore Christensen	26,055	5,229	31,284	30,626
Corrie DiManno	26,055	2,357	28,412	27,906
Municipal Manager	237,594	26,052	263,646	259,066

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 237,612 people and 423 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.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 13

Year ended December 31, 2015, with comparative figures for 2014

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 (\$53,600) 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 2015 were \$884,354 (2014 – \$828,464). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2015 were \$814,642 (2014 – \$762,104).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 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:

2016	\$ 550,000
2017	550,000
2018	550,000
2019	550,000
2020	550,000

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 14

Year ended December 31, 2015, with comparative figures for 2014

17. Commitments (continued):

2. Town of Banff has an agreement with Advanced Valuation Systems 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 \$5,187 until November 1, 2018.
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, 2017:

Natural Gas	\$ 3.23	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, 2015, with comparative figures for 2014

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, 2015, there was \$650,082 (2014 - \$719,605) 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, 2015 is \$nil (2014 – \$12) due from the Day Care Society of Banff. The 2014 outstanding amount was for solid waste disposal.

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, 2015 is \$126,513 (2014 – \$223,524) 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, 2015, with comparative figures for 2014

21. Budget data:

The budget data presented throughout these non-consolidated financial statements are based upon the Three Year Budget approved by Council on December 18, 2014.

22. Comparative information:

Certain 2014 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 25, 2016.

TOWN OF BANFF

Notes to the Non-consolidated Financial Statements, page 17

Year ended December 31, 2015, with comparative figures for 2014

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, 2015, with comparative figures for 2014

	Buildings	Engineered Structures	Land	Land Improvements	Machinery and Equipment	Vehicles	Construction in progress	2015	2014
Cost:									
Balance, beginning 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
Acquisition of tangible capital assets	531,140	1,383,335	–	437,107	2,074,550	894,984	3,327,069	8,648,185	8,997,921
Reclass from Construction in progress	184,913	853,235	–	19,768	24,976	–	(1,082,892)	–	–
Disposal of tangible capital assets	(147,275)	(838,264)	–	(41,686)	(286,583)	(735,667)	–	(2,049,475)	(1,171,175)
Write down of tangible capital assets	–	–	–	–	–	–	(35,857)	(35,857)	(13,720)
Balance, end of year	49,486,584	109,460,932	40,174,023	16,491,335	68,166,794	8,412,150	8,349,502	300,541,320	293,978,467
Accumulated amortization:									
Balance, beginning of year	10,102,869	53,442,590	–	9,866,064	22,404,945	3,625,993	–	99,442,461	95,780,620
Annual amortization	1,080,236	1,452,623	–	196,735	1,670,834	341,890	–	4,742,318	4,615,065
Accumulated amortization on disposals	(95,249)	(712,839)	–	(19,738)	(266,732)	(249,583)	–	(1,344,141)	(953,224)
Balance, end of year	11,087,856	54,182,374	–	10,043,061	23,809,047	3,718,300	–	102,840,638	99,442,461
Net book value of tangible capital assets	\$ 38,398,728	\$ 55,278,558	\$ 40,174,023	\$ 6,448,274	\$ 44,357,747	\$ 4,693,850	\$ 8,349,502	\$ 197,700,682	\$ 194,536,006
2014 Net book value of tangible capital assets									
2014 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	

TOWN OF BANFF

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

Schedule 2

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 22)	2015	2014
Taxation:			
Real property taxes	\$ 21,564,735	\$ 21,530,669	\$ 20,205,573
Linear property taxes	130,000	127,934	138,468
Government grants in place of property taxes	880,000	881,613	853,372
	<u>22,574,735</u>	<u>22,540,216</u>	<u>21,197,413</u>
Requisitions:			
Alberta School Foundation Fund	6,112,185	6,105,371	5,700,087
Bow Valley Regional Housing	304,720	304,201	290,974
	<u>6,416,905</u>	<u>6,409,572</u>	<u>5,991,061</u>
<u>Net Municipal Property Taxes</u>	<u>\$ 16,157,830</u>	<u>\$ 16,130,644</u>	<u>\$ 15,206,352</u>

TOWN OF BANFF

Non-consolidated Schedule of Government Transfers

Schedule 3

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 21)	2015	2014
Transfers for operating:			
Provincial Government	\$ 911,672	\$ 1,161,668	\$ 1,113,543
Federal Government	241,509	287,759	216,920
Other Local Governments	18,000	17,959	20,860
	1,171,181	1,467,386	1,351,323
Transfers for capital:			
Provincial Government	3,119,000	3,236,601	4,754,730
Federal Government	-	35,659	-
	3,119,000	3,272,260	4,754,730
Government transfers	\$ 4,290,181	\$ 4,739,646	\$ 6,106,053

TOWN OF BANFF

Non-consolidated Schedule of Revenue and Expenses by Object

Schedule 4

Year ended December 31, 2015, with comparative figures for 2014

	Budget (note 21)	2015	2014
Revenue:			
Net municipal property taxes (Schedule 2)	\$ 16,157,830	\$ 16,130,644	\$ 15,206,352
Sales to other governments	480,200	514,706	448,036
Sales and user charges	10,160,800	10,802,860	10,032,992
Penalties and cost on taxes	98,500	82,613	107,365
Licenses and permits	5,094,250	5,119,684	4,763,614
Fines	644,800	1,112,222	679,388
Franchise and concession contracts	760,000	788,826	751,648
Return on investments	75,000	87,119	69,765
Rentals	514,900	554,420	522,361
Government transfers (Schedule 3)	4,290,181	4,739,646	6,106,053
Developer agreements and levies	85,000	227,167	459,258
Net gain on disposal of tangible capital assets	–	11,298	12,279
Other revenue	184,491	302,207	352,340
	<u>38,545,952</u>	<u>40,473,412</u>	<u>39,511,451</u>
Expenses:			
Salaries, wages and benefits	12,940,350	12,696,575	11,177,895
Contracted and general services	10,623,461	11,494,251	12,454,439
Purchases from other governments	1,953,900	2,013,513	1,935,846
Material, goods and utilities	2,612,545	2,367,343	2,358,048
Provision for allowances	1,000	-	20,202
Transfers to local boards and agencies	91,250	91,250	93,000
Transfers to individuals and organizations	555,000	558,404	599,261
Bank charges and short-term interest	35,791	134,800	38,527
Interest on capital long-term debt	314,699	314,700	342,315
Amortization of tangible capital assets (Schedule 1)	4,502,377	4,742,318	4,615,065
Net loss on disposal of tangible capital assets	–	250,378	222,017
	<u>33,630,373</u>	<u>34,663,532</u>	<u>33,856,615</u>
Excess of revenue over expenses	\$ 4,915,579	\$ 5,809,880	\$ 5,654,836

TOWN OF BANFF

Non-consolidated Schedule of Segmented Information

Schedule 5

Year ended December 31, 2015

	General Government	Protective Services	Transportation	Environmental Use & Protection	Public Health & Safety	Planning & Development	Recreation & Culture	Total
Revenues:								
Taxes	\$ 16,130,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$16,130,644
Sales to Other Governments	-	379,376	102,830	-	-	32,500	-	514,706
Sales & User Charges	13	120,941	231,754	9,399,029	264,360	3,788	782,975	10,802,860
Penalties & Costs on Taxes	61,096	-	-	19,013	-	-	2,504	82,613
Licences & Permits	186,776	32,940	67,198	-	-	4,832,770	-	5,119,684
Fines	-	1,112,222	-	-	-	-	-	1,112,222
Franchise & Concession Contracts	788,826	-	-	-	-	-	-	788,826
Return on Investments	87,119	-	-	-	-	-	-	87,119
Rentals	9,210	-	-	-	5,000	474,707	65,503	554,420
Government Transfers	764,537	475,088	492,042	4,531	768,430	10,659	2,206,400	4,721,687
Transfers from Local Boards & Agencies	-	-	-	-	11,000	-	6,959	17,959
Developer's Agreements & Offsite Levies	-	-	124,888	8,400	-	93,879	-	227,167
Net Gain on Disposal of TCA	-	-	11,298	-	-	-	-	11,298
Other Revenue	124,817	21,354	30,733	36,627	29,132	3,441	56,103	302,207
	18,153,038	2,141,921	1,060,743	9,467,600	1,077,922	5,451,744	3,120,444	40,473,412
Expenses:								
Salaries, Wages & Benefits	2,200,562	1,535,317	2,647,488	2,797,915	1,387,816	584,155	1,543,322	12,696,575
Contracted and General Services	1,308,342	155,713	1,954,857	2,438,631	163,388	4,984,199	489,121	11,494,251
Purchases from Other Governments	-	1,959,919	-	-	-	-	53,594	2,013,513
Materials, Goods, Supplies & Utilities	131,331	73,216	729,988	888,758	155,390	23,389	365,271	2,367,343
Provisions for Allowances	-	-	-	-	-	-	-	-
Transfers to Local Boards & Agencies	-	-	-	91,250	-	-	-	91,250
Transfers to Individuals & Organizations	57,050	-	-	12,017	6,137	50,000	433,200	558,404
Bank Charges & Short Term Interest	134,009	-	-	384	-	-	407	134,800
Interest on Capital Long Term Debt	-	-	55,318	-	-	9,250	250,132	314,700
Amortization of Tangible Capital Assets	40,319	117,784	1,259,634	2,249,980	38,775	48,562	987,264	4,742,318
Net Loss on Disposal of Capital Assets	-	1,340	128,536	33,959	-	36,527	50,016	250,378
	3,871,613	3,843,289	6,775,821	8,512,894	1,751,506	5,736,082	4,172,327	34,663,532
Excess (deficiency) of revenue over expenses	\$14,281,425	\$ (1,701,368)	\$ (5,715,078)	\$ 954,706	\$ (673,584)	\$ (284,338)	\$ (1,051,883)	\$ 5,809,880