

**TOWN OF GOLDEN**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2011**

**TOWN OF GOLDEN**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

---

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Management's Responsibility for Financial Reporting	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flow	6
Notes to Consolidated Financial Statements	7 - 17
Consolidated Schedule of Tangible Capital Assets <i>(Schedule 1)</i>	18
Consolidated Statement of Statutory Reserve Fund Activities <i>(Schedule 2)</i>	19

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Mayor and Council of Town of Golden

We have audited the accompanying consolidated financial statements of Town of Golden, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

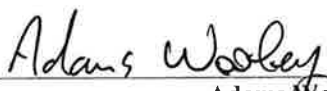
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Golden as at December 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Cranbrook, BC  
August 7, 2012

  
Adams Wooley  
Certified General Accountants

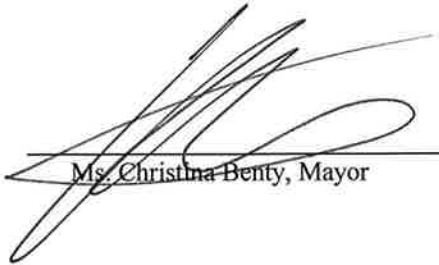
### **Management's Responsibility for Financial Reporting**

The Consolidated financial statements of the Town of Golden have been prepared in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

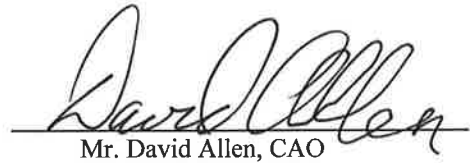
The integrity and reliability of the Town of Golden reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Mayor and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Council approves the financial statements. Council also considers the engagement or re-appointment of the external auditors.

The Consolidated financial statements have been audited on behalf of the mayor and council by Adams Wooley, Certified General Accountants, in accordance with Canadian Auditing Standards.



Ms. Christina Benty, Mayor



Mr. David Allen, CAO

Golden, BC  
August 07, 2012

**TOWN OF GOLDEN**  
**Consolidated Statement of Financial Position**  
**December 31, 2011**

	2011	2010
<b>Financial assets</b>		
Cash and short term investments <i>(Note 3)</i>	\$ 3,181,455	\$ 6,461,187
Accounts receivable <i>(Note 4)</i>	1,934,795	1,119,776
Municipal Finance Authority <i>(Note 13)</i>	252,915	250,404
	<u>5,369,165</u>	<u>7,831,367</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	932,869	724,447
Wages and benefits payable	217,710	183,142
Municipal Finance Authority <i>(Note 13)</i>	252,915	250,404
Deferred revenue <i>(Note 5)</i>	1,315,135	1,969,900
Restricted deposits <i>(Note 6)</i>	175,113	346,038
Long term debt <i>(Notes 7 and 13)</i>	3,923,744	4,215,921
	<u>6,817,486</u>	<u>7,689,852</u>
<b>Net financial assets</b>	<u>(1,448,321)</u>	<u>141,515</u>
<b>Non-financial assets</b>		
Tangible capital assets <i>(Note 8)</i>	63,903,005	60,724,388
Prepaid expenses	97,669	203,501
	<u>64,000,674</u>	<u>60,927,889</u>
	<u>\$ 62,552,353</u>	<u>\$ 61,069,404</u>
<b>Represented by:</b>		
Operating fund	\$ 277,765	\$ 1,494,602
Statutory reserve fund <i>(Note 11)</i>	616,632	595,825
Non-statutory reserve fund <i>(Note 11)</i>	1,486,111	2,210,409
Capital fund reserves <i>(Note 11)</i>	192,585	260,101
	<u>2,573,093</u>	<u>4,560,937</u>
Equity in tangible capital assets <i>(Note 9)</i>	<u>59,979,260</u>	<u>56,508,467</u>
	<u>\$ 62,552,353</u>	<u>\$ 61,069,404</u>

ON BEHALF OF COUNCIL

  
 \_\_\_\_\_ Councillor  
  
 \_\_\_\_\_ Councillor

The attached notes are an integral part of these financial statements.

**TOWN OF GOLDEN**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2011**

	Budget 2011	2011	2010
<b>Revenues</b>			
Net taxes for municipal purposes <i>(Note 10)</i>	\$ 4,354,080	\$ 4,353,521	\$ 4,226,259
Sale of services	1,771,145	1,855,927	1,899,409
Licences, permits and fines	79,000	97,428	86,811
Interest and penalties	153,500	127,341	214,601
Transfers from other governments/agencies	3,693,623	4,074,279	1,672,258
MFA Actuarial adjustment	35,000	54,536	45,309
Gain on disposal of assets and other	-	-	45,079
	<u>10,086,348</u>	<u>10,563,032</u>	<u>8,189,726</u>
<b>Expenses</b>			
General government	1,471,442	1,684,794	1,435,325
Protective services	601,232	576,361	452,863
Transportation	1,554,930	1,564,128	1,368,743
Environmental health services	294,050	312,162	247,915
Water supply and distribution	502,150	492,092	453,566
Sewer services	501,950	452,938	449,222
Cemetery	41,500	39,436	26,986
Economic development and planning	491,500	398,304	459,154
Planning development services	510,229	432,626	377,641
Recreation and cultural services	586,960	582,462	614,244
Fiscal services	231,870	190,080	188,666
Loss on disposal of assets	-	68,368	5,706
Amortization	3,298,535	2,286,332	2,268,416
	<u>10,086,348</u>	<u>9,080,083</u>	<u>8,348,447</u>
<b>Annual surplus/(deficit)</b>	-	1,482,949	(158,721)
<b>Accumulated surplus at beginning of year</b>	-	61,069,404	61,228,125
<b>Accumulated surplus at end of year</b>	<u>\$ -</u>	<u>\$ 62,552,353</u>	<u>\$ 61,069,404</u>

The attached notes are an integral part of these financial statements.

**TOWN OF GOLDEN**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2011**

	2011	2010
<b>Annual surplus/(deficit)</b>	<b>\$ 1,482,949</b>	<b>\$ (158,721)</b>
Acquisition of tangible capital assets	(5,533,316)	(2,831,251)
Amortization	2,286,332	2,268,416
Loss on disposal of assets	68,368	5,706
	<u>(3,178,616)</u>	<u>(557,129)</u>
	<u>(1,695,667)</u>	<u>(715,850)</u>
Consumption of prepaid expense	105,831	40,194
	<u>(1,589,836)</u>	<u>(675,656)</u>
<b>Net financial assets, beginning of year</b>	<u>141,515</u>	<u>817,171</u>
<b>Net financial assets, end of year</b>	<u><b>\$ (1,448,321)</b></u>	<u><b>\$ 141,515</b></u>

The attached notes are an integral part of these financial statements.

**TOWN OF GOLDEN**  
**Consolidated Statement of Cash Flow**  
**Year Ended December 31, 2011**

	2011	2010
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 1,482,949	\$ (158,721)
Non-cash items:		
Amortization	2,286,332	2,268,416
Loss on disposal of assets	68,368	5,706
Prepaid expenses	105,831	40,195
	<u>3,943,480</u>	<u>2,155,596</u>
Changes to financial assets/liabilities		
Accounts receivable	(815,019)	(140,904)
Accounts payable and accrued liabilities	208,421	(208,591)
Deferred revenue	(654,765)	88,562
Wages and benefits payable	34,568	(70,934)
	<u>(1,226,795)</u>	<u>(331,867)</u>
* Cash flow from operating transactions	<u>2,716,685</u>	<u>1,823,729</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	<u>(5,533,316)</u>	<u>(2,831,251)</u>
<b>Financing transactions</b>		
Proceeds from borrowing	-	173,325
Principal payment on long-term debt	(168,867)	(270,156)
Actuarial adjustment on long-term debt	(54,536)	(45,309)
Repayment of long-term debt under capital lease	(68,773)	(93,842)
Increase (decrease) in restricted deposits	(170,925)	152,930
	<u>(463,101)</u>	<u>(83,052)</u>
Cash flow used by financing transactions	<u>(463,101)</u>	<u>(83,052)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(3,279,732)</b>	<b>(1,090,574)</b>
Cash and short term investments- beginning of year	<u>6,461,187</u>	<u>7,551,761</u>
<b>CASH AND SHORT TERM INVESTMENTS - END OF YEAR</b>	<b>\$ 3,181,455</b>	<b>\$ 6,461,187</b>

The attached notes are an integral part of these financial statements.



**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

---

1. DESCRIPTION OF BUSINESS

The Town of Golden (the "Town") was incorporated on June 26, 1957 under statute of the Province of British Columbia. The Town's principal activities include the provision of local government services to residents of the incorporated area. These include cemetery, community development, fire, infrastructure maintenance, legislative and enforcement, parks, recreation and leisure, police, public transit, solid waste, water utility, sewer utility and fiscal services. The town is also responsible for the Golden Airport and the running of the Golden and District Recreation Centre.

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Consolidated Financial Statements of the Town of Golden (the "town"), which are the representation of management, are prepared in accordance with Canadian generally accepted accounting principles for government as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Consolidated Financial statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds and all organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled or owned by the Town. Inter-fund transactions have been eliminated on consolidation.

1. Operating funds: These funds include the General, Water and Sewer operations of the town. They are used to record the operating costs of the services provided by the town.
2. Capital funds: These funds include the General, Water and Sewer Capital Funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
3. Reserve Funds: Under the Community Charter, City Council may, by bylaw, establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund which the fund was established. If the amount in a reserve fund is greater than required, City Council may, by bylaw, transfer all or part of the balance to another reserve fund.

Basis of consolidation

The consolidated financial statements include the accounts of the General, Water and Sewer funds as well as the Golden Airport and Cemetery. Inter-fund balances and transactions have been eliminated. The consolidated financial statements include organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The town operates the Golden and District Recreation Centre for the Columbia Shuswap Regional District on a full cost recovery basis. The assets, liabilities, revenues and expenditures of the Golden and District Recreation Centre are not included in the consolidated financial statements of the town.

Revenue recognition

Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be receivable can be reasonably estimated and collection is reasonably assured.

Restricted grants or contributions received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred.

*(continues)*

---

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

---

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

Investments

Investments are recorded at cost, except for investments in the Municipal Finance Authority of British Columbia pooled investments, which are carried at market value. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

Tangible capital assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, are stated at cost less accumulated amortization and are classified according to their functional use. Donated tangible capital assets are reported at fair value at the time of donation. Tangible capital assets are amortized over their estimated useful lives using the straight-line method at the following rates:

Land improvements	15 - 50 years
Buildings and other structures	10 - 75 years
Equipment, vehicles and technology	3 - 50 years
Roads and transportation infrastructure	10 - 100 years
Water infrastructure	10 - 100 years
Sewer infrastructure	10 - 100 years

The Town regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Deferred revenue

Deferred revenue includes amounts collected from developers under Development Cost Charge bylaw, interest earned on these charges, prepaid taxes and funding received for which the resources have not yet been used for the purpose or purposes specified.

Reserve for future expenditures

Reserve funds are allocations within Equity for Future operating and capital expenditures, reserved either internally or by statute for specific future purposes. Transfers to or from reserves are reflected as an adjustment to the respective fund.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of net recoverable value of assets and provisions for contingencies. As such actual amounts could differ from the estimates.

Financial instruments

Unless otherwise noted, it is management's opinion that the town is not exposed to significant interest, currency or credit risk arising from its financial instruments. The fair values of its financial instruments approximate their carrying values, unless otherwise noted.

*(continues)*

---

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

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

Pension expenditure

The town and its employees contribute to the Municipal Pension Plan, a joint trusted pension plan. The plan is a multi-employer defined benefit plan. The plan is accounted for as a defined contribution plan.

Taxes collected for others

The town acts as an agent for the collection of taxes imposed by other authorities as follows:

1. Columbia Shuswap Regional Hospital District
2. Kootenay East Kootenay Regional Hospital District
3. Columbia Shuswap Regional District
4. B.C. Assessment Authority
5. Municipal Finance Authority of British Columbia
6. Minister of Finance - Education & Police

Federal gas tax

The federal gas tax is funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town of Golden and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

3. CASH AND SHORT TERM INVESTMENTS

	2011	2010
Cash and investments are comprised of:		
Cash	\$ 422,843	\$ 852,762
Money market investments	2,504,153	5,357,715
Wood Gundy cash and equivalents	21,492	21,492
Bond portfolio (1)	232,967	229,218
Total cash and investments	3,181,455	6,461,187
Less: amount held to fund statutory reserves per schedule 2	(616,632)	(595,825)
Less: restricted deposits (note 6)	(175,113)	(346,038)
Less: deferred revenue - DCC Reserve funds (note 5)	(551,179)	(525,352)
	\$ 1,838,531	\$ 4,993,972

1. Bond portfolio

				2011	2010
Bond	Maturity	Market Value	Face Value	Carrying Value	Carrying Value
Province of BC	2012	219,194	228,857	228,155	224,788
Government of Canada	2021	7,097	11,000	4,812	4,430
		\$ 226,291	\$ 239,857	\$ 232,967	\$ 229,218

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

4. ACCOUNTS RECEIVABLE

	2011	2010
Accounts receivable are recorded net of allowance and comprised of:		
Taxes and grants in place of taxes	\$ 266,398	\$ 628,247
Trade and other	1,668,397	491,529
	\$ 1,934,795	\$ 1,119,776

5. DEFERRED REVENUE

	Development cost charge - Water	Development cost charge - Sewer	General Fund	Total
Balance December 31, 2010	\$ 429,875	\$ 95,477	\$ 1,444,548	\$ 1,969,900
Withdrawals during the year	-	-	(1,444,548)	(1,444,548)
Developer contribution	11,008	-	-	11,008
Interest earned	12,126	2,693	-	14,819
	453,009	98,170	-	551,179
Additions during the year				
Prepaid taxes	-	-	701,616	701,616
Hotel Room Tax (Resorts) funding	-	-	62,340	62,340
Balance December 31, 2011	\$ 453,009	\$ 98,170	\$ 763,956	\$ 1,315,135

6. RESTRICTED DEPOSITS

The town has received the following deposits which have been specifically designed and set aside for internally and externally restricted purposes.

	2011	2010
<b>Assets</b>		
Cash	\$ 175,113	\$ 346,038
<b>Equity</b>		
Willy Forest Snofest	\$ 756	\$ 756
Dance recital - Mirror fund	1,189	1,189
Olympic Legacy fund	19,000	19,000
Air Quality Management	4,360	64,360
Sponsor Beach and Park donations	9,567	9,567
FreeRide Park additions	4,309	4,309
Communities in Bloom	500	500
Tax Sale Deposits	-	132,139
Landscaping deposits	41,100	41,100
Security temporary building	94,332	73,118
	\$ 175,113	\$ 346,038

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

---

7. LONG TERM DEBT	<u>2011</u>	<u>2010</u>
General fund	\$ 2,993,870	\$ 3,165,696
Water utility fund	361,125	376,051
Sanitary sewer fund	444,533	481,185
Capital leases <i>(Note 13(4))</i>	<u>124,216</u>	<u>192,989</u>
	<u>\$ 3,923,744</u>	<u>\$ 4,215,921</u>

*(continues)*

---

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

7. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

	2012	\$ 317,451
	2013	277,515
	2014	281,186
	2015	279,758
	2016	168,367
	Thereafter	<u>2,599,467</u>
		<u>\$ 3,923,744</u>

The town issues debt instruments through the Municipal Finance Authority, Pursuant to loan authorization bylaws issued under the authority of section 179 of the Community Charter, to finance certain capital expenditures. Debenture debt principal is disclosed net of sinking fund balances managed by the Municipal Finance Authority.

Bylaw Number	Purpose	Interest Rate	Maturity Date	2011	2010
<b>General</b>					
942	Street paving and construction	8.880	2015	\$ 16,693	\$ 20,382
943	Street paving and construction	8.880	2015	21,904	26,744
948	Street paving and construction	8.880	2015	171,440	209,322
954	Street paving and construction	8.000	2015	75,452	92,124
1211	Street paving and construction	4.820	2027	1,084,607	1,132,391
1211	Street paving and construction	4.650	2028	581,861	605,471
	Land purchase	1.250	2014	50,000	50,000
1211	Street paving and construction	4.900	2029	932,806	966,495
	Loan Payable - College of the Rockies	-		59,107	62,767
				<u>\$ 2,993,870</u>	<u>\$ 3,165,696</u>
<b>Water</b>					
1211	Waterworks construction	4.650	2028	\$ 268,552	\$ 279,448
1211	Waterworks construction	4.900	2029	92,573	96,603
				<u>\$ 361,125</u>	<u>\$ 376,051</u>
<b>Sewer</b>					
875	Sewer construction	8.000	2012	\$ 12,720	\$ 18,629
944	Sewer treatment plant upgrade	8.880	2015	70,850	86,505
1211	Sewer construction	4.650	2028	268,551	279,448
1211	Sewer construction	4.900	2029	92,412	96,603
				<u>\$ 444,533</u>	<u>\$ 481,185</u>
				<u>\$ 3,799,528</u>	<u>\$ 4,022,932</u>

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land and improvements	\$ 11,116,649	\$ 959,238	\$ 10,157,411	\$ 10,245,574
Buildings	8,664,438	2,435,934	6,228,504	3,720,771
Equipment, vehicles and technology	4,997,983	2,192,607	2,805,376	2,893,860
Roads and transportation infrastructure	53,655,059	23,872,771	29,782,288	29,010,268
Sewer infrastructure	14,569,232	5,203,574	9,365,658	9,568,439
Water infrastructure	9,855,095	4,490,436	5,364,659	5,285,476
Capital work-in-progress	199,109	-	199,109	-
	<u>\$ 103,057,565</u>	<u>\$ 39,154,560</u>	<u>\$ 63,903,005</u>	<u>\$ 60,724,388</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible assets (TCA) represent the net book value (NBV) of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2011	2010
Equity in TCA, beginning of year	\$ 56,508,467	\$ 55,715,357
Add: Capital Acquisitions	5,533,316	2,831,251
Debt principal repayment	168,868	270,155
Capital lease repayment	68,773	93,842
Actuarial Adjustment	54,536	45,309
Less: Proceeds from the issue of debt	-	(173,325)
Dispositions at NBV	(68,368)	(5,706)
Amortization	(2,286,332)	(2,268,416)
Equity in TCA, end of year	<u>\$ 59,979,260</u>	<u>\$ 56,508,467</u>

10. NET TAXATION FOR MUNICIPAL PURPOSES

	2011	2010
<b>Property taxes</b>		
General purposes	\$ 4,048,954	\$ 3,965,359
Collections for other governments	3,007,469	3,059,570
Frontage taxes	205,084	204,096
	<u>7,261,507</u>	<u>7,229,025</u>
<b>Requisitions</b>		
Province of B.C. school taxes	(2,008,760)	(2,069,612)
Columbia Shuswap Regional Hospital District	-	(18,635)
East Kootenay Regional Hospital District	(178,412)	(184,532)
Columbia Shuswap Regional District	(431,930)	(448,041)

*(continues)*

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

10. NET TAXATION FOR MUNICIPAL PURPOSES *(continued)*

British Columbia Assessment Authority	(60,231)	(63,700)
Police Tax	(228,490)	(218,082)
Municipal Finance Authority	(163)	(164)
	(2,907,986)	(3,002,766)
	\$ 4,353,521	\$ 4,226,259

11. RESERVES

	Balance Dec 31/10	Contributions from Developers Earnings	Transfers and Others	2011 Interest	Balance Dec 31/11
<b>Statutory reserves:</b>					
Land sales	\$ 85,660	\$ -	\$ -	\$ 2,417	\$ 88,077
Parking	73,052	-	-	2,061	75,113
Equipment replacement	188,124	-	5,883	5,322	199,329
Cemetery care fund	248,989	-	1,375	3,749	254,113
	\$ 595,825	\$ -	\$ 7,258	\$ 13,549	\$ 616,632
<b>Non-statutory reserves:</b>					
Airport	\$ 55,597	\$ -	\$ -	\$ 1,568	\$ 57,165
Asset renewal	-	-	20,000	-	20,000
Cemetery expansion	59,858	-	-	1,689	61,547
Carbon tax	5,163	-	-	146	5,309
Computer and office	6,500	-	7,894	38	14,432
Economic development	-	-	-	-	-
Fire hall and equipment	288,682	-	(156,352)	7,727	140,057
Flood and snow	143,403	-	(80,000)	3,833	67,236
Legal and insurance	20,063	-	-	566	20,629
Planning and studies	44,670	-	-	1,260	45,930
Public works	33,752	-	-	952	34,704
Recreation	415,489	-	(235,418)	11,094	191,165
Safety	37,390	-	-	1,055	38,445
Solid waste	66,813	-	-	1,885	68,698
Water meters	24,500	-	(24,500)	626	626
Water	752,353	-	(197,904)	20,697	575,146
Sewer	256,176	-	(118,067)	6,913	145,022
	\$ 2,210,409	\$ -	\$ (784,347)	\$ 60,049	\$ 1,486,111
<b>Capital Fund Reserves:</b>					
General	\$ 51	\$ -	\$ -	\$ 1	\$ 52
New deal gas tax	73,446	-	(73,809)	1,028	665
MFA deposit refund					
Water	157,372	-	-	4,439	161,811
Sewer	29,232	-	-	825	30,057
	\$ 260,101	\$ -	\$ (73,809)	\$ 6,293	\$ 192,585
	\$ 3,066,335	\$ -	\$ (850,898)	\$ 79,891	\$ 2,295,328



**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

12. TOTAL EXPENDITURES BY OBJECT

	2011	2010
Salaries, wages and benefits	\$ 2,797,006	\$ 2,524,412
Contracted and general services	2,736,188	2,279,623
Materials, goods and utilities	952,008	855,915
Bank charges, short/long-term interest	240,181	246,109
Other expenditures	68,368	173,972
Amortization	2,286,332	2,268,416
	\$ 9,080,083	\$ 8,348,447

13. COMMITMENTS AND CONTINGENT LIABILITY

1. Debt instruments

The town issues debt instruments through the Municipal Finance Authority. As a condition of these borrowings, 1% of gross proceeds are required to be deposited into a debt reserve fund. The town is also required to execute demand notes in connection with each debenture whereby the town may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent demand notes at December 31, 2011 are as follows:

	General Fund	Water Utility Fund	Sanitary Sewer Fund	2011	2010
Cash deposits	\$ 57,816	\$ 4,487	\$ 13,881	\$ 76,184	\$ 73,672
Demand notes	136,029	12,156	28,546	176,731	176,732
	\$ 193,845	\$ 16,643	\$ 42,427	\$ 252,915	\$ 250,404

2. Pension

The municipality and its employees contribute to the Municipal Pension Plan (plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributions from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation as at December 31, 2009, indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Town of Golden paid \$155,431 (2010 - \$149,022) for employer contributions to the plan in fiscal 2011.

3. Insurance

The town participates in the Municipal Insurance Association of British Columbia pooled insurance plan. Under the terms of participation, the town could become liable for its proportional share of any claim losses in excess of funds held by the Association. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

*(continues)*

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

13. COMMITMENTS AND CONTINGENT LIABILITY *(continued)*

4. Capital leases

	Original Purchase Price	Monthly Payment	2011	Final Residual Value
MFA Lease - Loader <sup>(a)</sup>	\$ 268,309	\$ 3,595	\$ -	\$ -
MFA Lease - Sweeper <sup>(b)</sup>	222,822	3,303	124,216	124,216
	<u>\$ 491,131</u>	<u>\$ 6,898</u>	<u>\$ 124,216</u>	<u>\$ 124,216</u>

a) The monthly payments are based upon the Canadian Prime Rate minus 1% for a term of 60 months. The lease interest rate is variable and changes in interest rates will result in adjustments in favour of the Lessor or Lessee, as applicable, on the final lease payment. The Canadian Prime Rate minus 1% at December 31, 2011 is 1.5%.

b) The monthly payments are based upon the Canadian Prime Rate minus 1% for a term of 60 months. The lease interest rate is variable and changes in interest rates will result in adjustments in favour of the Lessor or Lessee, as applicable, on the final lease payment. The Canadian Prime Rate minus 1% at December 31, 2011 is 1.5 %.

The town intends to exercise its exclusive purchase option on this lease in the future and has included the asset and the corresponding debt on the Consolidated Statement of Financial Position.

14. FISCAL PLAN

The Financial Plan (Budget) By-law adopted by Council on December 11, 2010 was not prepared on a basis consistent with that used to report results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surplus accumulated in previous years to reduce current year expenditures in excess of current year revenues to nil. In addition, the budget expensed all tangible capital asset expenditures and did not provide a provision for amortization expense. As a result the budget figures presented in the statements of operations and change in Net Debt represent the Financial Plan adopted by Council on December 11, 2010 with the adjustment as follows:

	2011	2010
Capital expenditures	\$ 5,754,412	\$ 4,211,000
Long term debt repayment	290,710	345,900
Budget transfers from(to) accumulated surplus	(2,746,587)	(2,379,750)
Borrowing	-	(170,000)
Budget surplus per statement of operations	<u>\$ 3,298,535</u>	<u>\$ 2,007,150</u>

**TOWN OF GOLDEN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2011**

---

15. SEGMENTATION INFORMATION

The Town of Golden is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and sewer. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

**General Government**

This item related to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to specific segment.

**Protective Services**

Protection is comprised of fire and flood protection services. The fire department is responsible to provide fire suppression service, fire prevention programs and education. Parts of the Town are on a flood plain and every spring flooding is a problem.

**Transportation**

Transportation is responsible for the Town's roadways, pathways, sidewalks and BC Transit services.

**Environmental health services**

Environmental services consists of providing waste disposal.

**Water Supply and Distribution**

This service provides the Town's drinking water.

**Sewer Services**

This service provides the Town's solid waste water processing service, which meets Provincial standards.

**Cemetery**

This services relates the to care of the Town's cemetery.

**Economic Development and Planning**

This department provides a number of services including Town planning, maintenance and enforcement of building and construction codes and review all property development plans.

**Recreation and Culture**

This service is meant to improve the health and well being of the Town's citizens. Which includes activities like swimming, skating and walking.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenues from transactions with other segments. Amounts that are directly attributed to a number of segments have been allocated on a reasonable basis as follows:

Taxation, fees and user charges - allocated to those segments that are funded, based on the net surplus.

Grants - based on percent of budgeted expenses.

---

**TOWN OF GOLDEN**  
**Consolidated Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2011**

	Land and Land Improvements	Buildings	Equipment/ Furniture/ Vehicles	Engineering Structures			Capital Work-in progress	2011 Total	2010 Total
				Water	Sewer	Roads			
Opening balance	\$ 11,116,649	\$ 6,325,430	\$ 4,786,471	\$ 9,621,496	\$ 14,462,131	\$ 52,023,650	\$ -	\$ 98,335,827	\$ 95,823,001
Additions	-	2,638,666	241,939	309,685	182,567	1,941,350	199,109	5,533,316	2,831,250
Disposals	-	(319,658)	(30,427)	(76,086)	(75,466)	(309,941)	-	(811,578)	(318,424)
Write downs	-	-	-	-	-	-	-	-	-
Closing balance, Dec. 31	11,116,649	8,664,438	4,997,983	9,855,095	14,569,232	53,655,059	199,109	103,057,565	98,335,827
Accumulated amortization									
Opening balance	871,075	2,604,659	1,892,611	4,336,020	4,893,692	23,013,382	-	37,611,439	35,655,740
Amortization expense	88,163	176,613	313,689	201,417	356,523	1,149,927	-	2,286,332	2,268,417
Effects of disposals and write down adjustments	-	(345,338)	(13,693)	(47,001)	(46,641)	(290,538)	-	(743,211)	(312,718)
Closing balance, Dec. 31	959,238	2,435,934	2,192,607	4,490,436	5,203,574	23,872,771	-	39,154,560	37,611,439
Net book value for year ended December 31, 2011	\$ 10,157,411	\$ 6,228,504	\$ 2,805,376	\$ 5,364,659	\$ 9,365,658	\$ 29,782,288	\$ 199,109	\$ 63,903,005	\$ 60,724,388

**TOWN OF GOLDEN**  
**Consolidated Statement of Statutory Reserve Fund Activities**  
**Year Ended December 31, 2011**

	Land Sales	Parking	Equipment Replacement	Cemetery Care Fund	2011 Total	2010 Total
Opening balance	\$ 85,660	\$ 73,052	\$ 188,124	\$ 248,989	\$ 595,825	\$ 706,548
Transfers in	-	-	5,883	1,375	7,258	-
Developer fees	-	-	-	-	-	131,925
Earnings	2,417	2,061	5,322	3,749	13,549	10,852
Transfers out	-	-	-	-	-	(253,500)
Closing balance, Dec. 31	\$ 88,077	\$ 75,113	\$ 199,329	\$ 254,113	\$ 616,632	\$ 595,825