

TOWN OF GOLDEN
Financial Statements
Year Ended December 31, 2014

TOWN OF GOLDEN
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Year Ended December 31, 2014

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Report of Responsibility of Management

The accompanying financial statements of the Town of Golden are the responsibility of the Town's management and have been prepared in compliance with legislation and in accordance with public sector accounting standards for local governments, recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

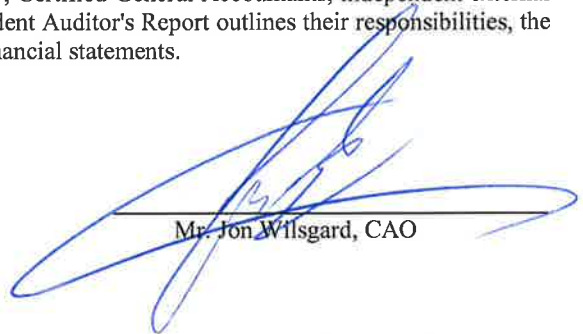
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Municipal Council, acting through its Standing Committee on Finance, meets with management to review the financial statements and discuss any significant reporting or internal control matters prior to their acceptance of the audited financial statements.

The financial statements have been audited by Adams Wooley, Certified General Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's financial statements.



Mr. Ron Oszust, Mayor



Mr. Jon Wilsgard, CAO

Golden, BC
April 21, 2015



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David M.W. Adams, B.Sc., CGA, CFP*
James R. Wooley, B.P.E., CGA*
Brian F. Adams, FCGA* (Associate)

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of Town of Golden

We have audited the accompanying financial statements of Town of Golden, which comprise the statement of financial position as at December 31, 2014 the statement of operations and accumulated surplus, changes in net financial assets, and the statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

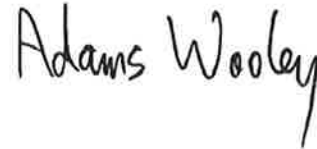
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*Denotes Professional Corporation

Independent Auditor's Report to the Mayor and Councilors of Town of Golden *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Golden as at December 31, 2014 and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Adams Wooley". The signature is written in a cursive, flowing style.

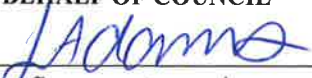
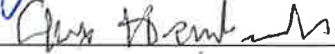
Adams Wooley
Certified General Accountants

Cranbrook, BC
April 21, 2015

TOWN OF GOLDEN
Statement of Financial Position
December 31, 2014

	2014	2013
Financial assets		
Cash and cash equivalents <i>(Note 3)</i>	\$ 6,857,284	\$ 4,934,419
Accounts receivable <i>(Note 4)</i>	1,045,232	977,666
Land held for resale <i>(Note 5)</i>	10,000	-
Municipal Finance Authority <i>(Note 18)</i>	223,738	221,763
	<u>8,136,254</u>	<u>6,133,848</u>
Financial liabilities		
Accounts payable and accrued liabilities	241,075	511,373
Wages and benefits payable	349,690	306,185
Municipal Finance Authority <i>(Note 18)</i>	223,738	221,763
Deferred revenue <i>(Note 6)</i>	2,517,297	1,649,261
Restricted deposits <i>(Note 7)</i>	294,988	226,420
Obligations under capital lease <i>(Note 8)</i>	22,831	57,384
Long term debt <i>(Note 9)</i>	3,189,082	3,262,406
	<u>6,838,701</u>	<u>6,234,792</u>
Net financial assets (debt)	<u>1,297,553</u>	<u>(100,944)</u>
Non-financial assets		
Tangible capital assets <i>(Note 10)</i>	59,091,893	60,853,737
Prepaid expenses	216,115	235,948
	<u>59,308,008</u>	<u>61,089,685</u>
	<u>\$ 60,605,561</u>	<u>\$ 60,988,741</u>

ON BEHALF OF COUNCIL

 Councillor
 Councillor

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

TOWN OF GOLDEN
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2014

	Budget 2014	2014	2013
Revenue			
Net taxes available for municipal purposes <i>(Note 14)</i>	\$ 4,762,303	\$ 4,775,165	\$ 4,660,548
Sale of services	622,359	689,473	797,650
Sewer user fees	717,517	718,897	693,146
Government transfers/other agencies	544,552	441,655	642,922
Water user fees	643,378	635,146	622,298
Grants - conditional <i>(Note 15)</i>	1,137,472	656,105	594,448
Grants - unconditional <i>(Note 16)</i>	311,373	307,519	325,247
Penalties and interest	107,705	162,368	166,270
MFA Actuarial adjustment	64,122	64,122	131,628
Licences, permits, penalties and fines	106,000	99,495	97,866
Other	-	3,350	6,200
	9,016,781	8,553,295	8,738,223
Expenses			
General government	2,316,511	1,595,383	1,880,364
Protective services	541,063	483,920	499,904
Transportation	1,294,244	1,545,779	1,419,528
Water supply and distribution	541,720	480,991	427,366
Sanitary sewer	493,454	501,472	501,289
Environmental health services	396,589	319,517	312,360
Cemetery	38,150	41,372	47,192
Economic development	430,500	125,707	185,761
Planning development services	294,075	273,526	299,981
Recreation, parks and culture	737,894	822,068	856,215
Fiscal services	182,477	179,950	180,735
Loss on disposal of tangible capital assets	-	104,338	10,182
Amortization	1,750,104	2,462,452	2,425,367
	9,016,781	8,936,475	9,046,244
Annual deficit	-	(383,180)	(308,021)
Accumulated surplus at beginning of year	-	60,988,741	61,296,762
Accumulated surplus at end of year <i>(Note 11)</i>	\$ -	\$ 60,605,561	\$ 60,988,741

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

TOWN OF GOLDEN
Statement of Changes in Net Financial Assets
Year Ended December 31, 2014

	Budget 2014	2014	2013
Annual deficit	\$ -	\$ (383,180)	\$ (308,021)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(1,533,911)	(845,621)	(1,397,077)
Amortization of tangible capital assets	1,750,104	2,462,452	2,425,367
Loss on sale of tangible capital assets	-	145,012	10,182
Write down of tangible capital assets	-	-	20,964
	216,193	1,761,843	1,059,436
Changes in other non-financial assets			
Acquisition (consumption) of prepaid expenses	-	19,834	(130,986)
	-	19,834	(130,986)
Changes in net financial assets	216,193	1,398,497	620,429
Net financial debt, beginning of year	(100,944)	(100,944)	(721,373)
Net financial asset (debt), end of year	\$ 115,249	\$ 1,297,553	\$ (100,944)

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

TOWN OF GOLDEN
Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
Operating activities		
Annual deficit	\$ (383,180)	\$ (308,021)
Non-cash items:		
Amortization	2,462,452	2,425,367
Loss on sale/write down of tangible capital assets	145,012	31,147
Actuarial adjustment on long-term debt	(64,122)	(131,628)
	<u>2,160,162</u>	<u>2,016,865</u>
Changes to financial assets/liabilities		
Accounts receivable	(67,566)	(264,942)
Land held for resale	(10,000)	-
Accounts payable and accrued liabilities	(270,298)	(65,005)
Deferred revenue	868,036	338,895
Restricted deposits	68,568	18,042
Wages and benefits payable	43,505	31,284
Prepaid expenses	19,833	(130,986)
	<u>652,078</u>	<u>(72,712)</u>
Net change in cash from operating activities	<u>2,812,240</u>	<u>1,944,153</u>
Capital activities		
Purchase of tangible capital assets	(845,621)	(1,397,077)
Financing activities		
Proceeds from borrowing	185,000	74,487
Principal payment on long-term debt	(194,201)	(195,718)
Repayment of long-term debt under capital lease	(34,553)	(33,639)
Net change in cash used by financing activities	<u>(43,754)</u>	<u>(154,870)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,922,865</u>	<u>392,206</u>
Cash and cash equivalents - beginning of year	<u>4,934,419</u>	<u>4,542,213</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,857,284</u>	<u>\$ 4,934,419</u>

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

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

1. DESCRIPTION OF ORGANIZATION

The Town of Golden (the "Town") is a municipality in the province of British Columbia and operates under the direction of its council, guided by the provisions of the Community Charter. The Town's principal activities are the provision of local government services to residents of the Town. These services include administrative, protective, transportation, environmental, recreation, water, sewer and fiscal services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the Town have been prepared in accordance with Canadian public sector accounting standards for governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, accumulated surplus, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resourced to the municipal Council and which are owned or controlled by the Town. Inter-departmental and organizational transactions have been eliminated.

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.

Basis of accounting

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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.

Land held for resale

Land held for resale is comprised of municipal land that is either actively listed for sale or has a sale contract in place. Council is responsible for determining the property that will be made available for sale and for negotiating the terms of the disposition. When a property is deemed "Available for Sale", it is removed from the Tangible Capital Assets of the Town, revalued to the lower of Fair Value and Net Realizable Value, and reclassified as Land Held for Resale.

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TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

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

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 value of its financial instruments approximate their carrying value, unless otherwise noted.

Inventory held for consumption

Inventory of supplies are held for consumption and are stated at the lower of cost and replacement cost.

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 ordinary course of operations.

a. Tangible capital assets

Tangible capital assets are recorded at cost (or estimated cost when historical cost records are not available), which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets, including land, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land improvements	15 to 50
Buildings and other structures	10 to 75
Equipment, vehicles and technology	3 to 50
Water infrastructure	10 to 100
Sewer infrastructure	10 to 100
Roads and transportation infrastructure	10 to 100

Amortization is charged from the date of acquisition to the date of disposal. Assets under construction are not amortized until the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide goods and services, or when the value of future economic benefits associated with the asset is less than the book value.

- Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue. Where an estimate of fair value cannot be made or where there is no future benefit related to the asset, the tangible capital asset is recognized at a nominal value.

- Capitalized interest

Interest is capitalized whenever debt is issued to finance the construction of tangible capital assets.

- Leased tangible capital assets

Leases that transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

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

Deferred revenue and deposits

Deferred revenue includes grants, contributions, and other amounts received from third parties pursuant to legislation, regulation, or agreement, which may only be used in 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 are performed, or the tangible capital assets are acquired.

Employee future benefit obligations

The Town and its employees make contributions to the pension plan. These contributions are expensed as incurred. The plan is a multi-employer defined benefit plan, as detailed in Note 18.

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the 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.

Government grants

Government grants are recognized as revenues in the period in which events giving rise to the grant occur, providing the grants are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Receipts that are restricted by legislation of senior governments are reported as deferred revenue and included in revenues in the year that they are applied to qualifying expenditures.

Taxes collected for others

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

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

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and estimating provisions for accrued liabilities, including employee future benefits. Actual results could differ from the estimates.

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TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

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

Standards amendments and interpretations not yet effective

PS3260 - Liability for Contaminated Sites 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. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds an 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 standard is effective for annual periods beginning on or after January 1, 2015. The Town is in the process of evaluating the impact of the new standard.

3. CASH AND CASH EQUIVALENTS

These financial instruments consist of cash on hand and MFA money market fund investments, the fair value of which approximates their carrying value. These instruments earn interest at rates varying between 1.0% and 1.9% and have maturities at varying dates.

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 957,864	\$ 1,116,302
Money market investments	5,627,219	3,552,657
Term deposits	266,035	259,783
Bonds	6,166	5,677
	<u>\$ 6,857,284</u>	<u>\$ 4,934,419</u>

4. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Taxes and grants in place of taxes	\$ 500,075	\$ 445,311
Trade and other	479,168	462,381
GST receivable	65,989	69,974
	<u>\$ 1,045,232</u>	<u>\$ 977,666</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

5. LAND HELD FOR RESALE

Land held for resale is comprised of two properties that have been removed from Tangible Capital Assets:

	<u>2014</u>
Property one	<u>\$ 10,000</u>

Property one requires that the sale must be completed by December 31, 2015 and all condition costs shall be the responsibility of the purchaser. The conditions include: parcel survey, subdivision, and consolidation; paving with the required storm water management and a commitment to allow parking for adjacent property.

The disposal of the property created a loss of \$10,630.10 when the asset was removed from Tangible Capital Assets. The property is being sold for \$10,000 which less than market value (appraised \$18,550).

Property two is being sold and an adjacent portion of land is being purchased. The main reason for the sale and acquisition of the adjacent property is to create a pathway and alleviate the current trespassing issues.

The removal of the property from Tangible Capital Assets created a loss of \$19,000. The Town will pay up to \$10,000 to fence and landscape either side of the pathway. The land maybe sold for \$0.00 and is reflected at this value.

6. DEFERRED REVENUE

Deferred revenue and deposits reported on the statement of financial position is comprised of the following:

	Development cost charge - water	Development cost charge - sewer	General fund	Total
Balance December 31, 2013	\$ 480,694	\$ 128,645	\$ 1,039,922	\$ 1,649,261
Withdrawals during the year	-	-	(1,039,922)	(1,039,922)
Developer contribution	157	37	-	194
Interest earned	6,846	1,832	-	8,678
	<u>487,697</u>	<u>130,514</u>	<u>-</u>	<u>618,211</u>
Additions during the year				
Prepaid taxes, utilities and business licences	-	-	402,281	402,281
Resort Municipality Initiative funding	-	-	1,298,586	1,298,586
CBT Community Initiatives	-	-	118,245	118,245
BC Plaza Provincial Grant	-	-	71,143	71,143
Other donations and deposits	-	-	8,831	8,831
Balance December 31, 2014	<u>\$ 487,697</u>	<u>\$ 130,514</u>	<u>\$ 1,899,086</u>	<u>\$ 2,517,297</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

7. RESTRICTED DEPOSITS

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

	<u>2014</u>	<u>2013</u>
Landscaping deposits	\$ 114,768	\$ 100,243
Security temporary building	102,157	96,157
General Deposits	52,922	4,879
Sponsor Beach and Park donations	9,567	9,567
Development Deposits	7,069	7,069
FreeRide Park additions	4,309	4,309
Olympic Legacy fund	1,753	1,753
Dance recital - Mirror fund	1,189	1,189
Willy Forest Snofest	754	754
Communities in Bloom	500	500
	<u>\$ 294,988</u>	<u>\$ 226,420</u>

8. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2014</u>	<u>2013</u>
MFA Leasing Corporation - Sweeper (a)	\$ 22,831	\$ 57,384
	<u>\$ 22,831</u>	<u>\$ 57,384</u>

Future minimum capital lease payments are approximately:

Total minimum lease payments in 2015	<u>\$ 22,831</u>
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- (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, 2014 totaled 1% interest.

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 Statement of Financial Position.

9. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
General fund	\$ 2,559,108	\$ 2,604,337
Water utility fund	314,987	329,115
Sanitary sewer fund	314,987	328,954
	<u>\$ 3,189,082</u>	<u>\$ 3,262,406</u>

(continues)

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

9. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2015	\$ 297,291
2016	210,107
2017	216,223
2018	215,574
2019	225,623
Thereafter	<u>2,024,264</u>
	<u>\$ 3,189,082</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.

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TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

9. LONG TERM DEBT (continued)

Bylaw Number	Purpose	Interest Rate	Maturity Date	2014	2013
General					
948	Street paving and construction	3.000	2015	46,046	89,899
954	Street paving and construction	3.000	2015	20,265	39,565
1211	Street paving and construction	4.820	2027	929,473	983,225
1211	Street paving and construction	4.650	2028	505,214	531,772
1211	Street paving and construction	4.900	2029	818,111	861,673
	Loan Payable-College Of The Rockies			-	43,204
	Short Term Loan - 13-158 (Floating 1.5%)		2017	37,484	37,484
	Short Term Loan - 13-159 (Floating 1.5%)		2015	17,515	17,515
	Short Term Loan - 14-109 (Floating 1.5%)		2019	185,000	-
				\$ 2,559,108	\$ 2,604,337
Water					
1211	Waterworks construction	4.650	2028	\$ 233,176	\$ 245,433
1211	Waterworks construction	4.900	2029	81,811	83,682
				\$ 314,987	\$ 329,115
Sewer					
1211	Sewer construction	4.650	2028	233,176	245,433
1211	Sewer construction	4.900	2029	81,811	83,521
				\$ 314,987	\$ 328,954
				\$ 3,189,082	\$ 3,262,406

10. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land and improvements	\$ 11,170,109	\$ 1,204,702	\$ 9,965,407	\$ 10,042,508
Buildings	9,256,209	3,158,181	6,098,028	6,302,755
Equipment, vehicles and technology	5,453,785	2,964,606	2,489,179	2,512,722
Roads and transportation infrastructure	52,688,837	26,410,177	26,278,660	27,226,179
Sewer infrastructure	15,180,020	6,278,266	8,901,754	9,271,134
Water infrastructure	10,246,850	5,089,133	5,157,717	5,358,316
	103,995,810	45,105,065	58,890,745	60,713,614
Capital work-in-progress	201,148	-	201,148	140,123
	\$ 104,196,958	\$ 45,105,065	\$ 59,091,893	\$ 60,853,737

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

11. ACCUMULATED SURPLUS

Accumulated surplus consists of:

	<u>2014</u>	<u>2013</u>
<u>Surplus</u>		
Invested in tangible capital assets <i>(Note 12)</i>	\$ 55,879,979	\$ 57,554,906
Surplus from operations	<u>600,433</u>	<u>303,125</u>
	<u>56,480,412</u>	<u>57,858,031</u>
<u>Reserves set aside by Council</u>		
Non-statutory reserves <i>(Note 13)</i>	<u>3,110,946</u>	<u>2,163,377</u>
<u>Reserve funds set aside for specific purpose by Council</u>		
Statutory reserves <i>(Note 13)</i>	<u>813,862</u>	<u>769,806</u>
Capital fund reserves <i>(Note 13)</i>	<u>200,341</u>	<u>197,527</u>
	<u>1,014,203</u>	<u>967,333</u>
Total reserve funds	<u>60,605,561</u>	<u>\$ 60,988,741</u>

12. 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:

	<u>2014</u>	<u>2013</u>
Equity in TCA, beginning of year	\$ 57,554,906	\$ 58,306,880
Add:		
Purchases of tangible capital assets	845,261	1,397,077
Principal payment on long-term debt	194,201	195,718
Repayment of long-term debt under capital lease	34,553	33,639
Actuarial adjustment on long-term debt	64,122	131,628
Less:		
Proceeds from borrowing	(185,000)	(74,487)
Loss on disposal of assets	(145,012)	(10,182)
Amortization	(2,462,452)	(2,425,367)
Write down of tangible capital assets	<u>(20,600)</u>	<u>-</u>
Equity in TCA, end of year	<u>\$ 55,879,979</u>	<u>\$ 57,554,906</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

13. RESERVES

	Balance Dec 31/13	Contributions from Developers Earnings	Transfers and Others	2014 Interest	Balance Dec 31/14
Statutory reserves:					
Land sales	\$ 11,205	\$ -	\$ -	\$ 160	\$ 11,365
Parking	81,840	-	-	1,166	83,006
Equipment replacement	344,439	-	(22,867)	5,143	326,715
Container replacement	22,887	-	48,622	459	71,968
Cemetery expansion	38,958	-	1,945	567	41,470
Cemetery care fund	270,477	-	2,120	6,741	279,338
	<u>\$ 769,806</u>	<u>\$ -</u>	<u>\$ 29,820</u>	<u>\$ 14,236</u>	<u>\$ 813,862</u>
Non-statutory reserves:					
Airport	\$ 58,835	\$ -	\$ -	\$ 838	\$ 59,673
Asset Renewal	110,770	-	169,956	2,914	283,640
Carbon Tax	19,410	-	4,142	351	23,903
Computer and office	14,853	-	27,855	245	42,953
Contingency	566,125	-	2,046	7,808	575,979
Fire hall and equipment	71,389	-	80,074	1,007	152,470
Flood and snow	161,001	-	23,019	2,487	186,507
Gas Tax	-	-	113,014	822	113,836
Legal and insurance	46,507	-	12,359	641	59,507
Planning and studies	47,272	-	42,553	673	90,498
Public works	25,520	-	(17,724)	305	8,101
Recreation	40,626	-	(24,273)	433	16,786
Safety	34,844	-	-	496	35,340
Solid waste	70,705	-	-	1,007	71,712
Water Meters	10	-	-	-	10
Water	744,009	-	193,890	12,852	950,751
Sewer	151,501	-	283,007	4,772	439,280
	<u>\$ 2,163,377</u>	<u>\$ -</u>	<u>\$ 909,918</u>	<u>\$ 37,651</u>	<u>\$ 3,110,946</u>
Capital Fund Reserves:					
General	\$ 54	\$ -	\$ -	\$ 1	\$ 55
MFA deposit refund					
Water	166,538	-	-	2,372	168,910
Sewer	30,935	-	-	441	31,376
	<u>\$ 197,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,814</u>	<u>\$ 200,341</u>
	<u>\$ 3,130,710</u>	<u>\$ -</u>	<u>\$ 939,738</u>	<u>\$ 54,701</u>	<u>\$ 4,125,149</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

14. NET TAXATION AVAILABLE FOR MUNICIPAL PURPOSES

	2014	2013
Property taxes		
General purposes	\$ 4,478,933	\$ 4,323,634
Collections for other governments	2,911,847	2,985,755
Frontage taxes	206,235	205,545
	<u>7,597,015</u>	<u>7,514,934</u>
Less: transfers to other governments		
Province of B.C. school taxes	(1,977,524)	(2,009,246)
East Kootenay Regional Hospital District	(126,502)	(130,070)
Columbia Shuswap Regional District	(413,824)	(414,966)
British Columbia Assessment Authority	(56,647)	(57,755)
Police Tax	(247,196)	(242,191)
Municipal Finance Authority	(157)	(158)
	<u>(2,821,850)</u>	<u>(2,854,386)</u>
Net taxes available for municipal purposes	<u>\$ 4,775,165</u>	<u>\$ 4,660,548</u>

15. CONDITIONAL GRANTS

The Town recognizes the transfer of government funding as revenues in the year that the events giving rise to the transfer occurred. The Government conditional transfers reported on the statement of operations are:

	2014	2013
Resort Municipality Initiative	\$ 224,258	\$ 292,135
Gas Tax agreement	213,894	214,121
Emergency Management BC - Fisher Dyke	59,819	-
MMBC	33,220	-
Emergency Management BC - PEP 153984	32,505	-
Prescriptive Fire Program	31,268	-
Age Friendly	18,421	-
BC Plaza	16,949	61,907
Emergency Management BC - PEP 144196	13,771	-
KH River Hydraulic Model	10,000	-
Heritage Canada (Canada Day)	2,000	2,000
MFA surplus (debt)	-	23,285
Water grant	-	1,000
Total	<u>\$ 656,105</u>	<u>\$ 594,448</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

16. UNCONDITIONAL GRANTS

The Town recognizes the transfer of government funding as revenues in the year that the events giving rise to the transfer occurred. The Government unconditional transfers reported on the statement of operations are:

	2014	2013
Small community protection grant	\$ 299,497	\$ 301,373
CARIP	8,022	23,874
Total	\$ 307,519	\$ 325,247

17. EXPENSES BY OBJECT

	2014	2013
Salaries, wages and employee benefits	\$ 2,763,619	\$ 2,810,087
Contracted services	2,410,660	2,595,414
Materials, goods and utilities	975,796	978,828
Bank charges, short/long-term interest	219,610	226,365
Other	104,338	10,183
Amortization	2,462,452	2,425,367
	\$ 8,936,475	\$ 9,046,244

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

18. COMMITMENTS AND CONTINGENCIES

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, 2014 are as follows:

	General fund	Water Utility fund	Sanitary Sewer fund	2014	2013
Cash Deposits	\$ 60,137	\$ 4,989	\$ 4,989	\$ 70,115	\$ 68,140
Demand Notes	129,311	12,156	12,156	153,623	153,623
	<u>\$ 189,448</u>	<u>\$ 17,145</u>	<u>\$ 17,145</u>	<u>\$ 223,738</u>	<u>\$ 221,763</u>

2. Municipal Pension Plan

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee 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 contributor pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,00 contributors from local governments.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Town of Golden paid \$173,237 (2013 - \$175,397) for employer contributions to the plan in fiscal 2014.

(continues)

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

18. COMMITMENTS AND CONTINGENCIES *(continued)*

3. Municipal Insurance Association of British Columbia

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.

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

19. SEGMENTATION INFORMATION

The Town of Golden is a diversified municipal government institution that provides a wide range of services to its citizens. 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 segment is comprised of the Mayor and Council, Corporate Administration, Corporate Services, Financial Services, Information Technology, Labour Management and Health and Safety, Elections and Referendums, Resort Municipality Initiatives, Asset Management, Energy and Emissions, Columbia Basin Trust Community Initiatives Grant funds, and other areas that are not directly related to a specific segment.

Protective Services

Protective services is comprised of fire protection, flood protection services and the shared emergency services program.

Transportation

Transportation consists of the maintenance of the roads, sidewalks, pathways, street signs, street lighting, snow removal, surface drainage, fleet equipment, shop yard and buildings, operation and maintenance of the airport.

Economic Development

Economic Development consists of support provided to Kicking Horse Culture and Broadband services. Support provided to Golden Area Initiatives ended in 2013.

Planning and Development

Planning & Development consists of community and land use planning; development issues generally, including the process of re-zoning applications, development permits and development variances; building permit review and inspections; bylaw services.

Environmental health services

Environmental health services covers the administration of the collection and disposal of household garbage and recyclables; mosquito control.

Water Supply and Distribution

Water supply and distribution consists of the development of water sources, and supply, storage, treatment and transportation of potable and irrigation water.

Sewer Services

Sewer services comprises the gathering, treatment, storage, utilization and discharge of municipal sewage and reclaimed water.

(continues)

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2014

19. SEGMENTATION INFORMATION *(continued)*

Cemetery

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

Recreation, parks and cultural services

This segment is responsible for the development and maintenance of the Town's open space, parks and other landscaped areas, maintenance and operation of recreation facilities (excludes Arena), campground, Wixon House and the development and provision of recreation programs and services.

20. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's financial statement presentation.

TOWN OF GOLDEN
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2014

Schedule I

	Land and improvements	Buildings	Equipment, furniture and vehicles	Engineering Structures					Capital Work In Progress	2013 Total	2013 Total
				Infrastructure - Water	Infrastructure - Sewer	Infrastructure - Roads					
Cost											
Opening balance, January 1	\$ 11,180,026	\$ 9,210,594	\$ 5,345,401	\$ 10,213,248	\$ 15,159,803	\$ 52,495,030	\$	140,123	\$ 103,744,225	\$ 102,450,101	
Additions	43,071	45,615	323,727	33,958	20,217	318,008		61,025	845,621	1,702,793	
Disposals	(52,988)	-	(215,343)	(356)	-	(124,201)		-	(392,888)	(408,669)	
Write downs	-	-	-	-	-	-		-	-	-	
Closing balance, December 31	11,170,109	9,256,209	5,453,785	10,246,850	15,180,020	52,688,837		201,148	104,196,958	103,744,225	
Accumulated amortization											
Opening balance, January 1	1,137,518	2,907,839	2,832,680	4,854,932	5,888,669	25,268,850		-	42,890,488	40,536,929	
Amortization	90,542	250,342	322,790	234,558	389,597	1,174,623		-	2,462,452	2,425,367	
Effect of disposals and write down adjustments	(23,358)	-	(190,864)	(357)	-	(33,296)		-	(247,875)	(71,808)	
Closing balance, December 31	1,204,702	3,158,181	2,964,606	5,089,133	6,278,266	26,410,177		-	45,105,065	42,890,488	
Net book value, end of year	\$ 9,965,407	\$ 6,098,028	\$ 2,489,179	\$ 5,157,717	\$ 8,901,754	\$ 26,278,660	\$	201,148	\$ 59,091,893	\$ 60,853,737	

TOWN OF GOLDEN
Consolidated Statement of Statutory Reserve Fund Activities
Year Ended December 31, 2014

Schedule 2

	Land Sales	Parking	Equipment Replacement	Cemetery Expansion	Cemetery Care Fund	Container Replacement	2014 Total	2013 Total
Opening balance, January 1	\$ 11,205	\$ 81,840	\$ 344,439	\$ 38,958	\$ 270,477	\$ 22,887	\$ 769,806	\$ 667,042
Transfers in / (out)	-	-	(22,867)	1,945	2,120	48,622	29,820	91,059
Development fees	-	-	-	-	-	-	-	-
Earnings	160	1,166	5,143	567	6,741	459	14,236	11,705
Closing balance, December 31	\$ 11,365	\$ 83,006	\$ 326,715	\$ 41,470	\$ 279,338	\$ 71,968	\$ 813,862	\$ 769,806

TOWN OF GOLDEN
Segment Information
Year Ended December 31, 2014

Schedule 3

	General Government	Protective Services	Transportation	Economic Development	Planning & Development Services	Environmental	Water Service	Sewer Services	Cemetery	Recreation & Cultural Services	Unallocated	2014 Total
Revenue												
Net Taxes	\$ 4,368,760	\$ -	\$ 42,606	\$ 5,707	\$ -	\$ -	\$ 90,351	\$ 115,884	\$ 13,386	\$ -	\$ 138,471	\$ 4,775,165
Sale of Services	237,889	18,921	38,613	-	-	226,695	-	-	17,180	150,175	-	689,473
Water User Fees	-	-	-	-	-	-	635,146	-	-	-	-	635,146
Sewer User Fees	-	-	-	-	-	-	-	718,897	-	-	-	718,897
Conditional Grant	127,686	56,276	169,865	-	-	31,149	-	-	-	-	271,129	656,105
Unconditional Grant	307,519	-	-	-	-	-	-	-	-	-	-	307,519
Licenses, permits and fines	-	-	-	36,693	62,802	-	-	-	-	-	-	99,495
Interest and Penalties	150,858	-	-	-	-	1,196	1,590	1,983	6,741	-	-	162,368
Transfer from other governments/agencies	191,884	51,538	47,331	120,000	-	-	9,994	-	14,871	6,037	-	441,655
Other Revenue	-	-	58,616	-	-	-	2,753	2,753	-	3,350	-	67,472
Total Revenue	5,384,596	126,735	357,031	162,400	62,802	259,040	739,834	839,517	52,178	159,562	409,600	8,553,295
Expenses												
Salaries, wages & benefits	903,591	195,678	662,367	-	240,037	33,568	156,380	141,225	18,794	411,978	-	2,763,618
Contracted and general services	575,682	263,172	425,621	125,544	31,200	284,914	209,150	221,399	15,124	258,854	-	2,410,660
Materials, goods, and utilities	116,110	25,070	457,791	163	2,289	1,035	95,631	119,018	7,454	151,236	-	975,797
Bank charges, short/long-term interest	11,251	-	168,699	-	-	-	19,830	19,830	-	-	-	219,610
Amortization	663,674	-	1,174,623	-	-	-	234,558	389,597	-	-	-	2,462,452
Loss on disposal of assets	-	-	104,338	-	-	-	-	-	-	-	-	104,338
Total Expenses	2,270,308	483,970	2,993,439	125,707	273,526	319,517	715,549	891,069	41,372	822,068	-	8,936,475
	\$ 3,114,288	\$ (357,185)	\$ (2,636,408)	\$ 36,693	\$ (210,724)	\$ (60,477)	\$ 24,285	\$ (51,552)	\$ 10,806	\$ (662,506)	\$ 409,600	\$ (383,180)

TOWN OF GOLDEN
Segment Information
Year Ended December 31, 2013

Schedule 4

	General Government	Protective Services	Transportation	Economic Development	Planning & Development Services	Environmental	Water Service	Sewer Services	Cemetery	Recreation & Cultural Services	Unallocated	2013 Total
Revenue												
Net taxes	\$ 4,411,849	\$ -	\$ 28,147	\$ -	\$ -	\$ -	\$ 90,049	\$ 115,497	\$ 15,006	\$ -	\$ -	\$ 4,660,548
Sale of services	182,517	50,567	103,266	4,241	-	257,551	-	-	18,620	180,888	-	797,850
Water service fees	-	-	-	-	-	-	622,298	-	-	-	-	622,298
Sewer user fees	-	-	-	-	-	-	-	693,146	-	-	-	693,146
Conditional grants	142,842	-	5,070	-	-	-	1,000	47,387	-	-	398,149	594,448
Unconditional grants	325,247	-	-	-	-	-	-	-	-	-	-	325,247
Licenses, permits & fines	-	-	-	42,249	55,617	-	-	-	-	-	-	97,866
Interest & penalties	127,489	-	3,873	-	-	3,207	7,501	18,327	5,873	-	-	166,270
Transfer from other governments/agencies	-	73,859	30,676	307,911	-	-	-	-	17,254	-	213,222	642,922
Other revenue	-	-	76,548	-	-	-	2,131	52,949	-	6,200	-	137,828
Total Revenue	5,189,944	124,426	247,580	354,401	55,617	260,758	722,979	927,306	56,753	187,088	611,371	8,738,223
Expenses												
Salaries, wages & benefits	982,041	234,190	602,386	-	261,949	35,090	151,166	149,797	16,619	376,849	-	2,810,087
Contracted and general services	787,582	215,518	356,577	185,761	35,969	276,786	160,908	212,554	22,505	341,253	-	2,595,413
Materials, goods & utilities	110,741	50,196	460,565	-	2,063	484	95,462	113,136	8,068	138,113	-	978,828
Bank charges, short/long term interest	10,851	-	169,884	-	-	-	19,830	25,802	-	-	-	226,367
Amortization	651,247	-	1,168,270	-	-	-	232,464	373,386	-	-	-	2,425,367
Loss on disposal of assets	-	-	9,640	-	-	-	542	-	-	-	-	10,182
Total Expenses	2,542,462	499,904	2,767,322	185,761	299,981	312,360	660,372	874,675	47,192	856,215	-	9,046,244
	\$ 2,647,482	\$ (375,478)	\$ (2,519,742)	\$ 168,640	\$ (244,364)	\$ (51,602)	\$ 62,607	\$ 52,631	\$ 9,561	\$ (669,127)	\$ 611,371	\$ (308,021)

