

TOWN OF GOLDEN
Financial Statements
Year Ended December 31, 2016

TOWN OF GOLDEN
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Year Ended December 31, 2016

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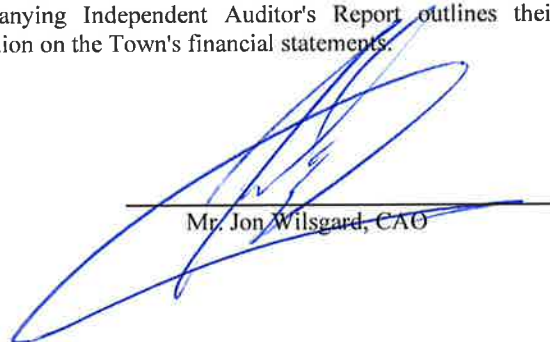
REPORT OF RESPONSIBILITY OF MANAGEMENT

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, Chartered Professional 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 18, 2017

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors 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, 2016 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and 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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James R. Wooley, BPE, CPA, CGA*
Brian F. Adams, FCPA, FCGA* (Associate)

** Denotes Professional Corporation*

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Town of Golden as at December 31, 2016 and the results of its operations 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.

Cranbrook, BC
April 18, 2017

Adams Wooley
Chartered Professional Accountants

TOWN OF GOLDEN
Statement of Financial Position
December 31, 2016

FINANCIAL ASSETS

Cash and cash equivalents <i>(Note 3)</i>	\$ 9,319,387	\$ 9,121,987
Accounts receivable <i>(Note 4)</i>	1,693,195	916,004
Land held for resale <i>(Note 5)</i>	192,564	186,297
Municipal Finance Authority <i>(Note 18)</i>	163,469	162,137
	<u>11,368,615</u>	<u>10,386,425</u>

LIABILITIES

Accounts payable and accrued liabilities	396,045	398,853
Wages and benefits payable	356,188	348,557
Municipal Finance Authority <i>(Note 18)</i>	163,469	162,137
Deferred revenue <i>(Note 6)</i>	2,181,755	2,482,249
Restricted deposits <i>(Note 7)</i>	370,356	422,603
Long term debt <i>(Note 8)</i>	3,351,775	2,937,649
	<u>6,819,588</u>	<u>6,752,048</u>

NET FINANCIAL ASSETS

<u>4,549,027</u>	<u>3,634,377</u>
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NON-FINANCIAL ASSETS

Prepaid expenses	106,150	146,240
Tangible capital assets <i>(Note 9)</i>	58,646,353	57,836,360
	<u>58,752,503</u>	<u>57,982,600</u>

ACCUMULATED SURPLUS

<u>\$ 63,301,530</u>	<u>\$ 61,616,977</u>
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ON BEHALF OF COUNCIL

Connie Baulon Councillor
Chry Hargrave Councillor

TOWN OF GOLDEN
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2016

	Budget 2016	Total 2016	Total 2015
REVENUES			
Net taxes available for municipal purposes <i>(Note 14)</i>	\$ 5,100,593	\$ 5,099,326	\$ 4,857,571
Sale of services	571,671	727,331	642,829
Water user fees	674,922	721,110	686,358
Sewer user fees	803,788	846,014	781,591
Licences, permits, penalties and fines	100,120	88,894	124,762
Penalties and interest	149,669	178,785	194,920
Government transfers/other agencies	705,144	744,357	826,450
Grants - conditional <i>(Note 15)</i>	1,977,939	1,888,643	1,269,944
Grants - unconditional <i>(Note 16)</i>	450,000	458,612	478,836
MFA Actuarial adjustment	39,611	39,611	73,359
Other	-	13,717	41,967
	<u>10,573,457</u>	<u>10,806,400</u>	<u>9,978,587</u>
EXPENSES			
General government	1,985,934	1,882,281	1,731,707
Protective services	614,813	533,498	465,928
Transportation	1,672,322	1,585,160	1,654,318
Water supply and distribution	485,346	406,387	406,211
Sanitary sewer	539,031	483,362	511,746
Environmental health services	366,762	315,976	365,139
Cemetery	44,272	35,599	41,420
Economic development	136,434	172,437	138,032
Planning development services	240,995	215,780	234,173
Recreation, parks and culture	1,060,833	1,012,734	971,165
Amortization	3,426,715	2,478,633	2,447,333
	<u>10,573,457</u>	<u>9,121,847</u>	<u>8,967,172</u>
ANNUAL SURPLUS	<u>-</u>	<u>1,684,553</u>	<u>1,011,415</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ -</u>	<u>\$ 63,301,530</u>	<u>\$ 61,616,977</u>

See notes to financial statements

TOWN OF GOLDEN
Statement of Changes in Net Financial Assets
Year Ended December 31, 2016

	Budget 2016	2016	2015
ANNUAL SURPLUS	\$ -	\$ 1,684,553	\$ 1,011,415
CHANGES IN TANGIBLE CAPITAL ASSETS			
Purchase of tangible capital assets	(4,230,146)	(3,493,016)	(1,393,207)
Amortization of tangible capital assets	3,426,715	2,478,633	2,447,333
Loss on disposal of tangible capital assets	-	204,389	201,411
	(803,431)	(809,994)	1,255,537
CHANGES IN OTHER NON-FINANCIAL ASSETS			
Decrease in prepaid expenses	-	40,091	69,875
	-	40,091	69,875
	(803,431)	(769,903)	1,325,412
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(803,431)	914,650	2,336,827
NET FINANCIAL ASSETS - BEGINNING OF YEAR	3,634,380	3,634,377	1,297,550
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,830,949	\$ 4,549,027	\$ 3,634,377

See notes to financial statements

TOWN OF GOLDEN
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Surplus	\$ 1,684,553	\$ 1,011,415
Items not affecting cash:		
Amortization of tangible capital assets	2,478,633	2,447,333
Loss on disposal of tangible capital assets	204,389	201,411
Actuarial adjustment to long-term debt	(39,611)	(73,359)
	<u>4,327,964</u>	<u>3,586,800</u>
Changes in non-cash working capital:		
Accounts receivable	(777,191)	129,228
Land held for resale	(6,267)	(176,297)
Accounts payable and accrued liabilities	(2,808)	157,776
Deferred revenue	(300,494)	(35,048)
Wages and benefits payable	7,631	(1,133)
Restricted deposits	(52,247)	127,615
Prepaid expenses	40,090	69,875
	<u>(1,091,286)</u>	<u>272,016</u>
Cash flow from operating activities	<u>3,236,678</u>	<u>3,858,816</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	(3,493,016)	(1,393,207)
Cash flow used by investing activity	<u>(3,493,016)</u>	<u>(1,393,207)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	648,000	43,000
Repayment of long term debt	(194,262)	(221,075)
Repayment of obligations under capital lease	-	(22,831)
Cash flow from (used by) financing activities	<u>453,738</u>	<u>(200,906)</u>
INCREASE IN CASH FLOW	<u>197,400</u>	<u>2,264,703</u>
Cash - beginning of year	<u>9,121,987</u>	<u>6,857,284</u>
CASH - END OF YEAR	<u>\$ 9,319,387</u>	<u>\$ 9,121,987</u>

See notes to financial statements

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

1. DESCRIPTION OF ORGANIZATION

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 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.

(continues)

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

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, 2016

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, 2016

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

Standards, amendments and interpretations not yet effective

PS 2200 - Related party disclosures. This Section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3210 - Assets standard. This section establishes standards that provide guidance for applying the definition of assets set out in financial statement concepts. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. The standard applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 - Contingent assets standard. This section defines and establishes disclosure standards on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the conforming future event is likely. This standard applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3380 - Contractual rights standard. This section defines and establishes disclosure standard on contractual rights. Disclosure of information about contractual rights is required when the occurrence of the conforming future event is likely. This standard applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3420 - Inter-entity transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 - Restructuring transactions. This Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

PS 2601 - Foreign currency translation. This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. This standard applies to fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 - Financial instruments. This Section establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). This standard applies to fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

The Town is in the process of evaluating the impact of the new standards.

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

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 0.80% and 1.90% and have maturities at varying dates.

	2016	2015
Cash on hand	\$ 1,224,489	\$ 1,203,718
Money market investments	7,811,570	7,709,907
Term deposits	272,937	197,984
Bonds	10,391	10,378
	\$ 9,319,387	\$ 9,121,987

4. ACCOUNTS RECEIVABLE

	2016	2015
Taxes and grants in place of taxes	\$ 386,824	\$ 459,771
Trade and other	1,124,054	386,820
GST receivable	182,317	69,413
	\$ 1,693,195	\$ 916,004

5. LAND HELD FOR RESALE

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

	2016	2015
Property one	\$ 14,413	\$ 10,000
Property two	178,151	176,297
	\$ 192,564	\$ 186,297

Property one requires that the sale must be completed by January 2017 and all condition costs shall be the responsibility of the purchaser. The conditions include: parcel survey and subdivision.

The disposal of the property created a loss of \$10,630 when the asset was removed from Tangible Capital Assets. The property is being sold for \$18,550 which is the appraised value. A purchase deposit of \$18,550 was received in 2016. The sale will be completed in 2017.

Property two is being prepared for sale. An architectural study was undertaken in 2016. The removal of the property from Tangible Capital Assets created a loss of \$197,463 (land and buildings). The property is being sold at fair value.

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

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 - beginning of year	\$ 498,551	\$ 136,459	\$ 1,847,239	\$ 2,482,249
Withdrawals during the year	-	-	(1,847,239)	(1,847,239)
Developer contribution	1,392	495	-	1,887
Interest earned	6,573	1,801	-	8,374
	<u>506,516</u>	<u>138,755</u>	<u>-</u>	<u>645,271</u>
Additions during the year				
Prepaid taxes, utilities and business licences	-	-	509,779	509,779
Resort Municipality Initiative funding	-	-	897,199	897,199
CBT Community Initiatives	-	-	76,623	76,623
CBT CDP-IMP11-197 Pool Grant	-	-	34,395	34,395
BC Plaza Provincial Grant	-	-	323	323
Ministry of Jobs, Tourism and Skills Training and Responsible for Labour - Rafting Consultant	-	-	9,340	9,340
Other donations and deposits	-	-	8,825	8,825
	<u>-</u>	<u>-</u>	<u>8,825</u>	<u>8,825</u>
Balance - end of year	<u>\$ 506,516</u>	<u>\$ 138,755</u>	<u>\$ 1,536,484</u>	<u>\$ 2,181,755</u>

7. RESTRICTED DEPOSITS

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

	2016	2015
Security temporary building	\$ 141,314	\$ 128,314
Landscaping deposits	116,116	116,116
General deposits	69,022	146,079
Tax sale deposits	25,224	-
Development deposits	10,175	14,022
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
Sponsor beach and park donations	-	9,567
	<u>\$ 370,356</u>	<u>\$ 422,603</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

8. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
General fund	\$ 2,790,481	\$ 2,341,341
Water utility fund	280,647	298,154
Sanitary sewer fund	280,647	298,154
	<u>\$ 3,351,775</u>	<u>\$ 2,937,649</u>

Principal repayment terms are approximately:

2017	\$ 402,588
2018	360,356
2019	353,835
2020	325,619
2021	274,894
Thereafter	1,634,483
	<u>\$ 3,351,775</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, 2016

8. LONG TERM DEBT *(continued)*

Bylaw Number	Purpose	Interest Rate	Maturity Date	2016	2015
General					
1211	Street paving and construction	4.820	2027	\$ 815,433	\$ 873,571
1211	Street paving and construction	4.650	2028	448,871	477,595
1211	Street paving and construction	4.900	2029	734,761	777,253
	Short Term Loan - 13-158 (Floating 1.43%)		2017	20,517	20,517
	Short Term Loan - 14-109 (Floating 1.43%)		2019	149,405	149,405
	MFA Equipment Loan - 15-293 (Floating 1.43%)		2018	28,867	43,000
	MFA Equipment Loan - 15-195 (Floating 1.43%)		2021	179,354	-
	MFA Equipment Loan - 16-116 (Floating 1.43%)		2021	197,792	-
	MFA Equipment Loan - 16-117 (Floating 1.43%)		2021	215,481	-
				2,790,481	2,341,341
Water					
1211	Waterworks construction	4.650	2028	207,171	220,429
1211	Waterworks construction	4.900	2029	73,476	77,725
				280,647	298,154
Sewer					
1211	Sewer construction	4.650	2028	207,171	220,429
1211	Sewer construction	4.900	2029	73,476	77,725
				280,647	298,154
				\$ 3,351,775	\$ 2,937,649

9. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land and improvements	\$ 12,648,612	\$ 1,427,992	\$ 11,220,620	\$ 9,801,364
Buildings	9,333,933	3,608,361	5,725,572	5,823,235
Equipment, vehicles and technology	5,841,655	3,328,296	2,513,359	2,180,384
Roads and transportation infrastructure	53,391,174	28,656,261	24,734,913	25,494,617
Sewer infrastructure	16,042,145	6,946,632	9,095,513	8,558,117
Water infrastructure	10,716,332	5,531,255	5,185,077	5,035,030
	107,973,851	49,498,797	58,475,054	56,892,747
Capital work-in-progress	171,299	-	171,299	943,613
	\$ 108,145,150	\$ 49,498,797	\$ 58,646,353	\$ 57,836,360

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

10. ACCUMULATED SURPLUS

Accumulated surplus consists of:

	<u>2016</u>	<u>2015</u>
Surplus		
Invested in tangible capital assets (Note 11)	\$ 55,294,576	\$ 54,898,709
Surplus	427,083	757,112
Annual surplus	<u>1,684,553</u>	<u>1,011,415</u>
	<u>57,406,212</u>	<u>56,667,236</u>
Reserves set aside by Council		
Non-statutory reserves (Note 12)	<u>4,402,306</u>	<u>3,728,524</u>
Reserve funds set aside for specific purpose by Council		
Statutory reserves (Note 12)	<u>1,287,346</u>	<u>1,018,225</u>
Capital fund reserves (Note 12)	<u>205,666</u>	<u>202,992</u>
	<u>1,493,012</u>	<u>1,221,217</u>
Total reserve funds	<u>63,301,530</u>	<u>\$ 61,616,977</u>

11. 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>2016</u>	<u>2015</u>
Equity in TCA, beginning of year	\$ 54,898,709	\$ 55,879,981
Add:		
Purchases of tangible capital assets	3,493,016	1,393,207
Principal payment on long-term debt	194,262	221,075
Repayment of long-term debt under capital lease	-	22,831
Actuarial adjustment on long-term debt	39,611	73,359
Less:		
Proceeds from borrowing	(648,000)	(43,000)
Loss on disposal of assets	(204,389)	(201,411)
Amortization	<u>(2,478,633)</u>	<u>(2,447,333)</u>
Equity in TCA, end of year	<u>\$ 55,294,576</u>	<u>\$ 54,898,709</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

12. RESERVES

	Balance, beginning of year	Contributions from Developers Earnings	Transfers and Others	2016 Interest	Balance, end of year
Statutory reserves					
Land sales	\$ 11,514	\$ -	\$ -	\$ 152	\$ 11,666
Parking	84,105	-	-	1,108	85,213
Equipment replacement	481,994	-	92,148	7,533	581,675
Container replacement	104,234	-	39,417	1,789	145,440
Road Reserve	25,331	-	120,596	848	146,775
Cemetery expansion	22,720	-	(2,499)	331	20,552
Cemetery care fund	288,327	-	2,740	4,958	296,025
	<u>\$ 1,018,225</u>	<u>\$ -</u>	<u>\$ 252,402</u>	<u>\$ 16,719</u>	<u>\$ 1,287,346</u>
Non-statutory reserves					
Airport	\$ 60,463	\$ -	\$ -	\$ 796	\$ 61,259
Asset Renewal	334,032	-	51,343	5,514	390,889
Carbon Tax	24,218	-	9,802	330	34,350
Computer and office	42,885	-	10,000	810	53,695
Contingency	613,223	-	258,085	8,430	879,738
Fire hall and equipment	154,489	-	45,340	2,077	201,906
Flood and snow	289,490	-	188,278	4,319	482,087
Gas Tax	104,651	-	(1,039)	1,181	104,793
Legal and insurance	54,334	-	40,000	759	95,093
Planning and studies	100,964	-	-	1,330	102,294
Public works	8,209	-	-	334	8,543
Recreation	279,445	-	(22,665)	3,151	259,931
Safety	43,362	-	-	571	43,933
Solid waste	72,662	-	-	957	73,619
Water Meters	10	-	-	-	10
Water	1,031,346	-	3,391	11,553	1,046,290
Sewer	514,741	-	42,541	6,594	563,876
	<u>\$ 3,728,524</u>	<u>\$ -</u>	<u>\$ 625,076</u>	<u>\$ 48,706</u>	<u>\$ 4,402,306</u>
Capital Fund Reserves					
General	\$ 55	\$ -	\$ -	\$ 1	\$ 56
MFA deposit refund					
Water	171,146	-	-	2,254	173,400
Sewer	31,791	-	-	419	32,210
	<u>\$ 202,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,674</u>	<u>\$ 205,666</u>
	<u>\$ 4,949,741</u>	<u>\$ -</u>	<u>\$ 877,478</u>	<u>\$ 68,099</u>	<u>\$ 5,895,318</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

13. CONTAMINATED SITES

In 2015, the Town engaged WSP to complete an inventory of potentially contaminated sites that would qualify for recognition under the PSAB Liability for Contaminated Sites Section 3260. The review identified six sites of potential concern. Following a review of the detailed description of the history and environmental concerns associated with each of these assets in relation to PSAB 3260, only one asset was identified as meeting the PSAB 3260 criteria, the Old Public Works Yard. There were no changes in 2016.

The Old Public Works Yard contains road salt residue found under the former salt storage, mixing and handling operations in the western portion of the site. The risk identified was ecological or risk of ingestion and dermal contact by soil invertebrates and plants. The contamination has been under a natural attenuation management strategy for several years now.

A liability is not recognized at this time because it is not expected that a future economic benefit will be given up. The estimated environmental liability to complete remediation to a commercial/residential land use standard and receipt of a BC Ministry of the Environment Certificate of Compliance (BC MOE COC) is \$707,400.

14. NET TAXATION AVAILABLE FOR MUNICIPAL PURPOSES

	<u>2016</u>	<u>2015</u>
Property taxes		
General purposes	\$ 4,797,699	\$ 4,557,800
Collections for other governments	2,830,021	2,922,832
Frontage taxes	<u>206,289</u>	<u>206,096</u>
	<u>7,834,009</u>	<u>7,686,728</u>
Less: transfers to other governments		
Province of BC - school taxes	(1,902,266)	(1,980,958)
East Kootenay Regional Hospital District	(122,973)	(128,111)
Columbia Shuswap Regional District	(400,067)	(409,999)
British Columbia Assessment Authority	(53,116)	(55,605)
Police Tax	(256,099)	(254,324)
Municipal Finance Authority	<u>(162)</u>	<u>(160)</u>
	<u>(2,734,683)</u>	<u>(2,829,157)</u>
Net taxes available for municipal purposes	<u>\$ 5,099,326</u>	<u>\$ 4,857,571</u>

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

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:

	2016	2015
Resort Municipality Initiative	\$ 887,424	\$ 784,957
New Building Canada Fund - Capital Sewer Grant	624,006	-
Gas Tax agreement	208,625	201,829
MMBC	56,263	56,948
Canada 150 Pool Grant	55,011	-
Ministry of Jobs, Tourism & Training: KH River Access	35,660	-
Ice Dam: PEP 174489	18,654	-
Heritage Canada (Canada Day)	3,000	3,000
Emergency Management BC - Fisher Dyke	-	84,010
BC Plaza	-	70,820
Prescriptive Fire Program	-	52,624
MFA surplus (debt)	-	10,219
Emergency Management BC - PEP 153984	-	5,537
Total	\$ 1,888,643	\$ 1,269,944

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:

	2016	2015
Small community protection grant	\$ 448,810	\$ 469,147
CARIP	9,802	9,689
Total	\$ 458,612	\$ 478,836

17. EXPENSES BY OBJECT

	2016	2015
Salaries, wages and employee benefits	\$ 2,884,984	\$ 2,729,882
Contracted services	2,412,773	2,490,550
Materials, goods and utilities	1,013,199	1,051,406
Bank charges, short/long-term interest	193,870	214,593
Other	138,388	33,408
Amortization	2,478,633	2,447,333
	\$ 9,121,847	\$ 8,967,172

TOWN OF GOLDEN
Notes to Financial Statements
Year Ended December 31, 2016

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, 2016 are as follows:

	General fund	Water Utility fund	Sanitary Sewer fund	2016	2015
Cash Deposits	\$ 38,479	\$ 5,259	\$ 5,259	\$ 48,997	\$ 47,665
Demand Notes	90,160	12,156	12,156	114,472	114,472
	<u>\$ 128,639</u>	<u>\$ 17,415</u>	<u>\$ 17,415</u>	<u>\$ 163,469</u>	<u>\$ 162,137</u>

2. Municipal Pension Plan

The Town and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan had about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Town of Golden paid \$191,842 (2015 - \$179,708) for employer contributions to the plan in fiscal 2016.

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, 2016

19. SEGMENTATION INFORMATION

The Town of Golden is a diversified municipal government institution that provides a wide range of services to its residents. 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, bylaw 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, Imagine Kootenay and Broadband services.

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.

Environmental health services

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

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.

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, 2016

	Engineering Structures							Schedule 1	
	Land and improvements	Buildings	Equipment, vehicles and technology	Infrastructure - Water	Infrastructure - Sewer	Infrastructure - Roads	Capital Work In Progress	2016 Total	2015 Total
Cost									
Balance - beginning of year	\$ 11,098,114	\$ 9,204,481	\$ 5,478,959	\$ 10,355,996	\$ 15,227,308	\$ 53,038,219	\$ 943,613	\$ 105,346,690	\$ 104,196,959
Additions	796,953	161,461	699,668	298,387	1,010,459	362,775	163,313	3,493,016	1,393,207
Transfer of capital work in progress	753,545	5,580	15,000	92,572	68,930	-	(935,627)	-	-
Disposals	-	(37,589)	(351,972)	(30,623)	(264,552)	(9,820)	-	(694,556)	(243,476)
Write downs	-	-	-	-	-	-	-	-	-
Balance - end of year	12,648,612	9,333,933	5,841,655	10,716,332	16,042,145	53,391,174	171,299	108,145,150	105,346,690
Accumulated amortization									
Balance - beginning of year	1,296,750	3,381,246	3,298,575	5,320,966	6,669,191	27,543,602	-	47,510,330	45,105,065
Amortization	131,242	249,292	332,710	240,912	407,633	1,116,844	-	2,478,633	2,447,333
Effect of disposals and write downs	-	(22,177)	(302,989)	(30,623)	(130,192)	(4,185)	-	(490,166)	(42,068)
Balance - end of year	1,427,992	3,608,361	3,328,296	5,531,255	6,946,632	28,656,261	-	49,498,797	47,510,330
Net book value - end of year	\$ 11,220,620	\$ 5,725,572	\$ 2,513,359	\$ 5,185,077	\$ 9,095,513	\$ 24,734,913	\$ 171,299	\$ 58,646,353	\$ 57,836,360

See notes to financial statements

TOWN OF GOLDEN
Consolidated Statement of Statutory Reserve Fund Activities
Year Ended December 31, 2016

Schedule 2

	Land Sales	Parking	Equipment Replacement	Container Replacement	Road Reserve	Cemetery Expansion	Cemetery Care Fund	2016 Total	2015 Total
Balance - beginning of year	\$ 11,514	\$ 84,105	\$ 481,994	\$ 104,234	\$ 25,331	\$ 22,720	\$ 288,327	\$ 1,018,225	\$ 813,859
Transfers in / (out)	-	-	92,148	39,417	120,596	(2,499)	2,740	252,402	188,616
Developer fees	-	-	-	-	-	-	-	-	-
Earnings	152	1,108	7,533	1,789	848	331	4,958	16,719	15,750
Balance - end of year	\$ 11,666	\$ 85,213	\$ 581,675	\$ 145,440	\$ 146,775	\$ 20,552	\$ 296,025	\$ 1,287,346	\$ 1,018,225

See notes to financial statements

TOWN OF GOLDEN
Segment Information
Year Ended December 31, 2016

Schedule 3

	General Government	Protective Services	Transportation	Economic Development	Planning & Development Services	Environmental	Water Service	Sewer Services	Cemetery	Recreation & Cultural Services	Unallocated	2016 Total
Revenues												
Net Taxes	\$ 4,717,045	\$ -	\$ 27,624	\$ 3,670	\$ -	\$ -	\$ 90,375	\$ 115,914	\$ 15,107	\$ -	\$ 129,591	\$ 5,099,326
Sale of Services	156,303	51,581	52,321	-	738	187,363	-	-	18,055	205,857	55,112	727,330
Water User Fees	-	-	-	-	-	-	705,885	-	-	-	15,225	721,110
Sewer User Fees	-	-	-	-	-	-	-	835,432	-	-	10,582	846,014
Conditional Grant	88,569	18,654	208,625	-	-	51,354	-	-	-	-	1,521,441	1,888,643
Unconditional Grant	458,612	-	-	-	-	-	-	-	-	-	-	458,612
Licenses, permits and fines	-	-	800	42,144	45,950	-	-	-	-	-	-	88,894
Interest and Penalties	163,057	-	-	-	-	2,147	3,627	4,996	4,958	-	-	178,785
Transfer from other governments / agencies	370,680	93,545	31,665	143,000	-	-	-	-	17,317	-	88,150	744,357
Other Revenue	-	-	31,463	-	-	-	4,074	4,074	-	13,718	-	53,329
Total Revenues	5,954,266	163,780	352,498	188,814	46,688	240,864	803,961	960,416	55,437	219,575	1,820,101	10,806,400
Expenses												
Salaries, wages & benefits	1,009,383	203,350	617,183	-	188,874	43,057	133,982	139,168	20,970	529,017	-	2,884,984
Contracted and general services	740,539	252,349	282,665	172,437	25,020	271,049	155,051	200,840	10,576	302,247	-	2,412,773
Materials, goods, and utilities	123,222	77,007	400,683	-	1,885	1,870	98,504	124,504	4,053	181,471	-	1,013,199
Bank charges, short/long-term interest	9,137	792	146,240	-	-	-	18,850	18,850	-	-	-	193,869
Amortization	713,244	-	1,116,844	-	-	-	240,913	407,632	-	-	-	2,478,633
Loss on disposal of assets	-	-	138,389	-	-	-	-	-	-	-	-	138,389
Total Expenses	2,595,525	533,498	2,702,004	172,437	215,779	315,976	647,300	890,994	35,599	1,012,735	-	9,121,847
	\$ 3,358,741	\$ (369,718)	\$ (2,349,506)	\$ 16,377	\$ (169,091)	\$ (75,112)	\$ 156,661	\$ 69,422	\$ 19,838	\$ (793,160)	\$ 1,820,101	\$ 1,684,553

See notes to financial statements

TOWN OF GOLDEN
Segment Information
Year Ended December 31, 2015

Schedule 4

	General Government	Protective Services	Transportation	Economic Development	Planning & Development Services	Environmental	Water Service	Sewer Services	Cemetery	Recreation & Cultural Services	Unallocated	2015 Total
Revenues												
Net Taxes	\$ 4,531,935	\$ -	\$ 28,856	\$ 3,311	\$ -	\$ -	\$ 90,290	\$ 115,806	\$ 14,201	\$ -	\$ 73,172	\$ 4,857,571
Sale of Services	154,225	18,486	32,589	-	8,684	226,959	-	-	15,655	186,251	-	642,829
Water User Fees	-	-	-	-	-	-	667,877	-	-	-	18,481	686,358
Sewer User Fees	-	-	-	-	-	-	-	769,824	-	-	11,767	781,591
Conditional Grant	134,605	142,171	201,829	-	-	51,979	-	-	-	-	739,360	1,269,944
Unconditional Grant	478,836	-	-	-	-	-	-	-	-	-	-	478,836
Licenses, permits and fines	-	-	800	42,748	81,214	-	-	-	-	-	-	124,762
Interest and Penalties	178,714	-	-	-	-	2,608	3,073	3,970	6,555	-	-	194,920
Transfer from other governments / agencies	287,101	59,979	31,411	419,500	-	-	-	-	15,459	-	13,000	826,450
Other Revenue	-	-	66,557	-	-	-	3,401	3,401	-	2,000	39,967	115,326
Total Revenues	5,765,416	220,636	362,042	465,559	89,898	281,546	764,641	893,001	51,850	188,251	895,747	9,978,587
Expenses												
Salaries, wages & benefits	925,399	166,479	611,157	-	196,654	38,364	136,968	144,342	22,857	487,662	-	2,729,882
Contracted and general services	671,483	253,215	386,454	138,032	35,823	325,107	148,378	219,313	13,062	299,683	-	2,490,550
Materials, goods, and utilities	126,947	46,234	454,284	-	1,696	1,668	102,015	129,241	5,501	183,820	-	1,051,406
Bank charges, short/long-term interest	7,878	-	169,015	-	-	-	18,850	18,850	-	-	-	214,593
Amortization	678,520	-	1,146,056	-	-	-	231,832	390,925	-	-	-	2,447,333
Loss on disposal of assets	-	-	33,408	-	-	-	-	-	-	-	-	33,408
Total Expenses	2,410,227	465,928	2,800,374	138,032	234,173	365,139	638,043	902,671	41,420	971,165	-	8,967,172
	\$ 3,355,189	\$ (245,292)	\$ (2,438,332)	\$ 327,527	\$ (144,275)	\$ (83,593)	\$ 126,598	\$ (9,670)	\$ 10,430	\$ (782,914)	\$ 895,747	\$ 1,011,415

See notes to financial statements

