

TOWN OF GOLDEN
Consolidated Financial Statements
Year Ended December 31, 2017

TOWN OF GOLDEN
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Year Ended December 31, 2017

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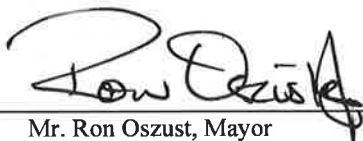
REPORT OF RESPONSIBILITY OF MANAGEMENT

The accompanying consolidated 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 consolidated financial statements. The preparation of consolidated 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.

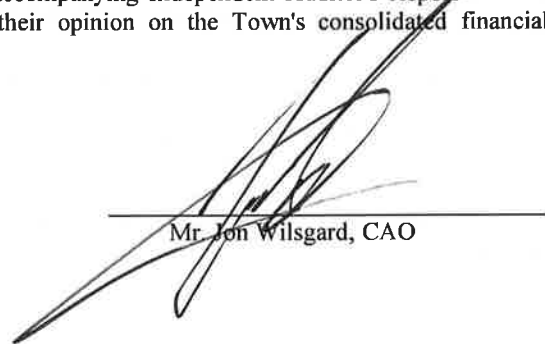
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

The consolidated 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 consolidated financial statements.



Mr. Ron Oszust, Mayor



Mr. Jon Wilsford, CAO

Golden, BC
April 17, 2018

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of Town of Golden

We have audited the accompanying consolidated financial statements of Town of Golden, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Golden as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Cranbrook, BC
April 17, 2018

Adams Wooley
Chartered Professional Accountants

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Email mail@cgafrim.com **Web** www.cgafrim.com

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James R. Wooley, BPE, CPA, CGA*
Brian F. Adams, FCPA, FCGA* (Associate)

** Denotes Professional Corporation*

TOWN OF GOLDEN
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 10,037,086	\$ 9,319,387
Accounts receivable <i>(Note 4)</i>	1,895,199	1,693,195
Land held for resale <i>(Note 5)</i>	678,651	192,564
Municipal Finance Authority <i>(Note 18)</i>	164,425	163,469
	<u>12,775,361</u>	<u>11,368,615</u>
LIABILITIES		
Accounts payable and accrued liabilities	654,075	396,045
Wages and benefits payable	378,715	356,188
Municipal Finance Authority <i>(Note 18)</i>	164,425	163,469
Deferred revenue <i>(Note 6)</i>	1,876,079	2,181,755
Restricted deposits <i>(Note 7)</i>	380,721	370,356
Long term debt <i>(Note 8)</i>	3,190,918	3,351,775
	<u>6,644,933</u>	<u>6,819,588</u>
NET FINANCIAL ASSETS	<u>6,130,428</u>	<u>4,549,027</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	139,789	106,150
Tangible capital assets <i>(Note 9)</i>	59,796,216	58,646,353
	<u>59,936,005</u>	<u>58,752,503</u>
ACCUMULATED SURPLUS	<u>\$ 66,066,433</u>	<u>\$ 63,301,530</u>

ON BEHALF OF COUNCIL

 Councillor
 Councillor

TOWN OF GOLDEN
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2017

	Budget 2017	Total 2017	Total 2016
REVENUES			
Net taxes available for municipal purposes <i>(Note 14)</i>	\$ 5,407,480	\$ 5,380,907	\$ 5,099,326
Sale of services	606,460	729,775	727,331
Water user fees	691,458	747,985	721,110
Sewer user fees	843,927	895,336	846,014
Grants - conditional <i>(Note 15)</i>	2,633,273	2,475,979	1,888,643
Grants - unconditional <i>(Note 16)</i>	459,000	469,288	458,612
Licences, permits, penalties and fines	101,200	135,580	88,894
Penalties and interest	148,499	207,572	178,784
Government transfers/other agencies	654,475	997,364	744,357
MFA actuarial adjustment	46,186	46,186	39,611
Other	-	555,019	13,718
	11,591,958	12,640,991	10,806,400
EXPENSES			
General government	2,145,303	1,877,544	1,882,281
Protective services	591,940	751,392	533,498
Transportation	1,807,711	1,601,410	1,585,160
Economic development	137,200	156,507	172,437
Planning development services	320,709	270,296	215,780
Environmental health services	398,211	369,207	315,976
Water supply and distribution	558,067	520,968	406,387
Sanitary sewer	553,673	653,037	483,362
Cemetery	44,839	54,916	35,599
Recreation, parks and culture	1,149,730	1,018,593	1,012,734
Amortization	3,884,575	2,602,218	2,478,633
	11,591,958	9,876,088	9,121,847
ANNUAL SURPLUS	-	2,764,903	1,684,553
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	63,301,530	61,616,977
ACCUMULATED SURPLUS - END OF YEAR	\$ -	\$ 66,066,433	\$ 63,301,530

See notes to consolidated financial statements

TOWN OF GOLDEN
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	2017	2016
ANNUAL SURPLUS	\$ 2,764,903	\$ 1,684,553
Changes in tangible capital assets		
Purchase of tangible capital assets	(3,898,761)	(3,493,016)
Amortization of tangible capital assets	2,602,218	2,478,633
Proceeds on disposal of tangible capital assets	20,656	-
Loss on disposal of tangible capital assets	126,024	204,389
	<u>(1,149,863)</u>	<u>(809,994)</u>
Changes in other non-financial assets		
Decrease (increase) in prepaid expenses	(33,639)	40,091
	<u>(33,639)</u>	<u>40,091</u>
	<u>(1,183,502)</u>	<u>(769,903)</u>
INCREASE IN NET FINANCIAL ASSETS	1,581,401	914,650
NET FINANCIAL ASSETS - BEGINNING OF YEAR	<u>4,549,027</u>	<u>3,634,377</u>
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 6,130,428</u>	<u>\$ 4,549,027</u>

See notes to consolidated financial statements

TOWN OF GOLDEN
Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Surplus	\$ 2,764,903	\$ 1,684,553
Items not affecting cash:		
Amortization of tangible capital assets	2,602,218	2,478,633
Loss on disposal of tangible capital assets	126,024	204,389
MFA actuarial adjustment	(46,186)	(39,611)
	<u>5,446,959</u>	<u>4,327,964</u>
Changes in non-cash working capital:		
Accounts receivable	(202,004)	(777,191)
Land held for resale	(486,087)	(6,267)
Accounts payable and accrued liabilities	258,030	(2,809)
Deferred revenue	(305,676)	(300,494)
Wages and benefits payable	22,527	7,631
Restricted deposits	10,365	(52,247)
Prepaid expenses	(33,639)	40,091
	<u>(736,484)</u>	<u>(1,091,286)</u>
Cash flow from operating activities	<u>4,710,475</u>	<u>3,236,678</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,898,761)	(3,493,016)
Proceeds on disposal of tangible capital assets	20,656	-
Cash flow used by investing activities	<u>(3,878,105)</u>	<u>(3,493,016)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	242,000	648,000
Repayment of long term debt	(356,671)	(194,262)
Cash flow from (used by) financing activities	<u>(114,671)</u>	<u>453,738</u>
INCREASE IN CASH FLOW	<u>717,699</u>	<u>197,400</u>
Cash - beginning of year	<u>9,319,387</u>	<u>9,121,987</u>
CASH - END OF YEAR	<u>\$ 10,037,086</u>	<u>\$ 9,319,387</u>

See notes to consolidated financial statements

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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 Consolidated 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 consolidated 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 Consolidated Financial Statements
Year Ended December 31, 2017

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.

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.

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TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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

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.

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*.

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 Consolidated Financial Statements
Year Ended December 31, 2017

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

Standards, amendments and interpretations not yet effective

PS 3210 - Assets: This Section improves disclosure of information about the major categories of assets that are not recognized. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This standard applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 - Contingent Assets: This Section establishes disclosure standards for information about contingent assets when the occurrence of the confirming 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: This Section establishes disclosure standards for information about contractual rights, requiring including a description about their nature and extent and the timing. 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. The main features of the new Section are: Under a policy of cost allocation, revenues and expenses are recognized on a gross basis; Transactions are measured at the carrying amount, except in specific circumstances; A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice; The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value. This standard 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 Consolidated Financial Statements
Year Ended December 31, 2017

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 0.86% and 1.70% and have maturities at varying dates.

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 772,066	\$ 1,224,489
Money market investments	8,977,347	7,811,570
Term deposits	277,369	272,937
Bonds	10,304	10,391
	<u>\$ 10,037,086</u>	<u>\$ 9,319,387</u>

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Taxes and grants in place of taxes	\$ 300,323	\$ 386,824
Trade and other	1,506,991	1,124,054
GST receivable	87,885	182,317
	<u>\$ 1,895,199</u>	<u>\$ 1,693,195</u>

5. LAND HELD FOR RESALE

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

	<u>2017</u>	<u>2016</u>
Property one	\$ -	\$ 14,413
Property two	178,151	178,151
Property three	500,500	-
	<u>\$ 678,651</u>	<u>\$ 192,564</u>

Property one sale was completed in January 2017. The purchaser met all conditions of sale under the agreement parcel survey and subdivision. The property sold for a net gain of \$3,863 which was transferred to the Statutory Land Reserve Fund.

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.

Property three was donated to the Town of Golden and the Columbia Shuswap Regional District on September 26, 2017 by a local Not-for-Profit Society. The two municipalities each own 50% of the building and land. The fair value of the transfer to the Town of Golden is \$500,500. The property will be listed publicly for sale.

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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	\$ 506,516	\$ 138,755	\$ 1,536,484	\$ 2,181,755
Withdrawals during the year	-	-	(1,536,484)	(1,536,484)
Developer contribution	24,084	4,592	-	28,676
Interest earned	6,945	1,889	-	8,834
	537,545	145,236	-	682,781
Additions during the year				
Prepaid taxes, utilities and business licences	-	-	556,236	556,236
Resort Municipality Initiative funding	-	-	350,614	350,614
Rural Dividend Fund: KHR Access RFP	-	-	5,823	5,823
Rural Dividend Fund: KHR Scenic Outlook	-	-	464	464
Rural Dividend Fund: Rotary Trail Development Project	-	-	35,000	35,000
New Building Canada Fund	-	-	13,769	13,769
CBT Kicking Horse Pedestrian Bridge	-	-	41,901	41,901
CBT Community Initiatives	-	-	181,468	181,468
BC Plaza Provincial Grant	-	-	323	323
Other donations & deposits	-	-	7,700	7,700
Balance - end of year	\$ 537,545	\$ 145,236	\$ 1,193,298	\$ 1,876,079

7. RESTRICTED DEPOSITS

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

	2017	2016
Security temporary building	\$ 143,639	\$ 141,314
Landscaping deposits	139,418	116,116
General deposits	57,673	69,022
Development deposits	30,486	10,175
FreeRide Park additions	4,309	4,309
Olympic Legacy fund	1,753	1,753
Dance recital - Mirror fund	1,189	1,189
Sponsor bench and park donations	1,000	-
Willy Forest Snofest	754	754
Communities in Bloom	500	500
Tax sale deposits	-	25,224
	\$ 380,721	\$ 370,356

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

8. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
General fund	\$ 2,666,038	\$ 2,790,481
Water utility fund	262,440	280,647
Sanitary sewer fund	262,440	280,647
	<u>\$ 3,190,918</u>	<u>\$ 3,351,775</u>

Principal repayment terms are approximately:

2018	\$ 421,586
2019	401,347
2020	374,003
2021	323,859
2022	234,530
Thereafter	1,435,593
	<u>\$ 3,190,918</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 Consolidated Financial Statements
Year Ended December 31, 2017

8. LONG TERM DEBT *(continued)*

Bylaw Number	Purpose	Interest Rate	Maturity Date	2017	2016
General fund					
1211	Street paving and construction	4.820	2027	\$ 754,970	\$ 815,433
1211	Street paving and construction	4.650	2028	418,997	448,871
1211	Street paving and construction	4.900	2029	690,570	734,761
	Short Term Loan - 13-158 (Floating 1.94%)		2018	2,137	20,517
	Short Term Loan - 14-109 (Floating 1.94%)		2019	76,044	149,405
	MFA Equipment Loan - 15-293 (Floating 1.94%)		2018	14,574	28,867
	MFA Equipment Loan - 15-195 (Floating 1.94%)		2021	138,276	179,354
	MFA Equipment Loan - 16-116 (Floating 1.94%)		2021	155,248	197,792
	MFA Equipment Loan - 16-117 (Floating 1.94%)		2021	173,222	215,481
	MFA Equipment Loan - 17-307 (Floating 1.94%)		2022	242,000	-
				2,666,038	2,790,481
Water fund					
1211	Waterworks construction	4.650	2028	193,383	207,171
1211	Waterworks construction	4.900	2029	69,057	73,476
				262,440	280,647
Sewer fund					
1211	Sewer construction	4.650	2028	193,383	207,171
1211	Sewer construction	4.900	2029	69,057	73,476
				262,440	280,647
				\$ 3,190,918	\$ 3,351,775

9. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land and improvements	\$ 13,000,963	\$ 1,606,804	\$ 11,394,159	\$ 11,220,620
Buildings	9,872,139	3,830,943	6,041,196	5,725,572
Equipment, vehicles and technology	6,192,401	3,593,777	2,598,624	2,513,359
Water infrastructure	10,786,338	5,775,516	5,010,822	5,185,077
Sewer infrastructure	16,799,854	7,267,715	9,532,139	9,095,513
Roads and transportation infrastructure	54,495,602	29,791,116	24,704,486	24,734,913
	111,147,297	51,865,871	59,281,426	58,475,054
Capital work-in-progress	514,790	-	514,790	171,299
	\$ 111,662,087	\$ 51,865,871	\$ 59,796,216	\$ 58,646,353

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

10. ACCUMULATED SURPLUS

Accumulated surplus consists of:

	<u>2017</u>	<u>2016</u>
<u>Surplus</u>		
Invested in tangible capital assets (Note 11)	\$ 56,605,296	\$ 55,294,576
Surplus	755,406	427,084
Annual surplus	<u>2,764,903</u>	<u>1,684,553</u>
	<u>60,125,605</u>	<u>57,406,213</u>
<u>Reserves set aside by Council</u>		
Capital fund reserves (Note 12)	3,999,584	3,975,620
Operating fund reserves (Note 12)	<u>1,429,523</u>	<u>1,387,649</u>
	<u>5,429,107</u>	<u>5,363,269</u>
<u>Reserve funds set aside for specific purpose by Council</u>		
Statutory reserves (Note 12)	<u>511,721</u>	<u>532,048</u>
Total reserve funds	<u>66,066,433</u>	<u>\$ 63,301,530</u>

11. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets (TCA) represents 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>2017</u>	<u>2016</u>
Equity in TCA, beginning of year	\$ 55,294,576	\$ 54,898,709
Add:		
Purchases of tangible capital assets	3,898,761	3,493,016
Principal payment on long-term debt	356,671	194,262
Actuarial adjustment on long-term debt	46,186	39,611
Less:		
Proceeds on disposal of tangible capital assets	(20,656)	-
Proceeds from borrowing	(242,000)	(648,000)
Loss on disposal of assets	(126,024)	(204,389)
Amortization	<u>(2,602,218)</u>	<u>(2,478,633)</u>
Equity in TCA, end of year	<u>\$ 56,605,296</u>	<u>\$ 55,294,576</u>

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

12. RESERVES

	Balance, beginning of year	Contributions from Developers' Earnings	Transfers and Others	2017 Interest	Balance, end of year
Statutory reserves					
Land sales	\$ 11,666	\$ -	\$ 3,863	\$ 162	\$ 15,691
Cemetery care fund	296,026	-	2,985	4,344	303,355
Climate action reserve fund	34,350	-	9,505	486	44,341
Gas Tax Community Works	104,793	-	(43,744)	931	61,980
Parking	85,213	-	-	1,141	86,354
	<u>\$ 532,048</u>	<u>\$ -</u>	<u>\$ (27,391)</u>	<u>\$ 7,064</u>	<u>\$ 511,721</u>
Capital reserve funds					
Airport	\$ 54,259	\$ -	\$ -	\$ 727	\$ 54,986
Buildings & facilities	372,906	-	(63,528)	4,807	314,185
Equipment	701,262	-	(5,055)	10,262	706,469
Parks & site improvements	29,442	-	5,861	454	35,757
Roads	1,068,916	-	(257,254)	12,172	823,834
Water	1,188,749	-	168,505	16,857	1,374,111
Sewer	560,086	-	122,164	7,992	690,242
	<u>\$ 3,975,620</u>	<u>\$ -</u>	<u>\$ (29,307)</u>	<u>\$ 53,271</u>	<u>\$ 3,999,584</u>
Operating reserve funds					
Airport	\$ 7,000	\$ -	\$ -	\$ 94	\$ 7,094
Buildings & facilities	73,809	-	1,345	991	76,145
Equipment	204,998	-	(33,484)	2,592	174,106
Parks & site improvements	30,913	-	3,442	420	34,775
Roads	172,085	-	70,896	3,251	246,232
Water	30,950	-	20,300	670	51,920
Sewer	36,000	-	-	482	36,482
Asset operating	390,889	-	(41,196)	5,251	354,944
Financial stabilization	441,005	-	960	5,860	447,825
	<u>\$ 1,387,649</u>	<u>\$ -</u>	<u>\$ 22,263</u>	<u>\$ 19,611</u>	<u>\$ 1,429,523</u>
	<u>\$ 5,895,317</u>	<u>\$ -</u>	<u>\$ (34,435)</u>	<u>\$ 79,946</u>	<u>\$ 5,940,828</u>

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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 2017.

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>2017</u>	<u>2016</u>
Property taxes		
General purposes	\$ 5,079,051	\$ 4,797,699
Collections for other governments	2,771,627	2,830,021
Frontage taxes	<u>206,807</u>	<u>206,289</u>
	8,057,485	7,834,009
 Less: transfers to other governments		
Province of BC - school taxes	(1,826,877)	(1,902,266)
East Kootenay Regional Hospital District	(132,943)	(122,973)
Columbia Shuswap Regional District	(418,516)	(400,067)
British Columbia Assessment Authority	(48,011)	(53,116)
Police Tax	(250,061)	(256,099)
Municipal Finance Authority	<u>(170)</u>	<u>(162)</u>
	(2,676,578)	(2,734,683)
 Net taxes available for municipal purposes	\$ 5,380,907	\$ 5,099,326

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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:

	<u>2017</u>	<u>2016</u>
Resort Municipality Initiative	\$ 1,197,244	\$ 887,424
Clean Water & Waste Water	622,500	-
Gas Tax agreement	210,795	208,625
EMBC: Ice Dam: PEP 174489	125,299	18,654
Canada 150 Pool Grant	107,272	55,011
New Building Canada Fund: Capital Sewer Grant	68,465	624,006
MMBC	56,126	56,263
EMBC: Ice Regime Study	27,631	-
ICBC: Pathway Corridor Enhancement	20,000	-
UBCM: Asset Management: Utility Rate Sustainability	13,530	-
Rural Dividend Fund: Scenic Lookout	9,536	-
Ministry of Jobs, Tourism & Training: KH River Access	9,341	35,660
Rural Dividend Fund: KH River Access	4,177	-
Heritage Canada (Canada Day)	3,000	3,000
EMBC: PEP 175755 & 175889 Selkirk Hill Slide	1,063	-
Total	\$ 2,475,979	\$ 1,888,643

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:

	<u>2017</u>	<u>2016</u>
Small community protection grant	\$ 459,783	\$ 448,810
CARIP	9,505	9,802
Total	\$ 469,288	\$ 458,612

17. EXPENSES BY OBJECT

	<u>2017</u>	<u>2016</u>
Salaries, wages and employee benefits	\$ 3,146,383	\$ 2,884,984
Contracted services	2,534,202	2,412,773
Materials, goods and utilities	1,250,019	1,013,199
Bank charges, short/long-term interest	196,586	193,869
Loss on disposal of assets	146,680	138,389
Amortization	2,602,218	2,478,633
	\$ 9,876,088	\$ 9,121,847

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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, 2017 are as follows:

	General Fund	Water Utility Fund	Sanitary Sewer Fund	2017	2016
Cash Deposits	\$ 39,229	\$ 5,362	\$ 5,362	\$ 49,953	\$ 48,997
Demand Notes	90,160	12,156	12,156	114,472	114,472
	\$ 129,389	\$ 17,518	\$ 17,518	\$ 164,425	\$ 163,469

2. Municipal Pension Plan

The Town and its employees contribute to the Municipal Pension Plan (a jointly trustee 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, 2016, the plan had about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Town of Golden paid \$219,484 (2016 - \$191,842) for employer contributions to the plan in fiscal 2017.

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.

(continues)

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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.

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, 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 service 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.

TOWN OF GOLDEN
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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, 2017

Schedule I

		Engineering Structures								2017 Total	2016 Total							
		Land and improvements	Buildings	Equipment, vehicles and technology	Infrastructure -			Capital Work In Progress										
					Water	Sewer	Roads											
Cost																		
Balance - beginning 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
Additions		352,351		555,404		423,468		70,006		965,476		1,053,160		478,897		3,898,762		3,493,016
Transfer of capital work in progress		-		33,358		-		-		27,715		74,333		(135,406)		-		-
Disposals		-		(50,556)		(72,722)		-		(235,482)		(23,065)		-		(381,825)		(694,556)
Write downs		-		-		-		-		-		-		-		-		-
Balance - end of year		13,000,963		9,872,139		6,192,401		10,786,338		16,799,854		54,495,602		514,790		111,662,087		108,145,150
Accumulated amortization																		
Balance - beginning 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
Amortization		178,812		264,372		338,202		244,261		429,467		1,147,104		-		2,602,218		2,478,633
Effect of disposals and write downs		-		(41,790)		(72,721)		-		(108,384)		(12,249)		-		(235,144)		(490,166)
Balance - end of year		1,606,804		3,830,943		3,593,777		5,775,516		7,267,715		29,791,116		-		51,865,871		49,498,797
Net book value - end of year	\$	11,394,159	\$	6,041,196	\$	2,598,624	\$	5,010,822	\$	9,532,139	\$	24,704,486	\$	514,790	\$	59,796,216	\$	58,646,353

See notes to financial statements

TOWN OF GOLDEN
Consolidated Statement of Statutory Reserve Fund Activities
Year Ended December 31, 2017

Schedule 2

	Land Sales	Cemetery Care Fund	Climate Action Reserve Fund	Gas Tax Community Works	Parking	2017 Total	2016 Total
Balance - beginning of year	\$ 11,666	\$ 296,026	\$ 34,350	\$ 104,793	\$ 85,213	\$ 532,048	\$ 512,816
Transfers in / (out)	3,863	2,985	9,505	(43,744)	-	(27,391)	11,503
Developer fees	-	-	-	-	-	-	-
Earnings	162	4,344	486	931	1,141	7,064	7,729
Balance - end of year	\$ 15,691	\$ 303,355	\$ 44,341	\$ 61,980	\$ 86,354	\$ 511,721	\$ 532,048

See notes to financial statements

TOWN OF GOLDEN
Consolidated Segment Information
Year Ended December 31, 2017

Schedule 3

	General Government	Protective Services	Transportation	Economic Development	Planning & Development Services	Environmental	Water Service	Sewer Services	Cemetery	Recreation & Cultural Services	Unallocated	2017 Total
Revenues												
Net taxes	\$ 4,899,995	\$ -	\$ 30,667	\$ 3,984	\$ -	\$ -	\$ 90,601	\$ 116,205	\$ 21,414	\$ -	\$ 218,041	\$ 5,380,907
Sale of services	156,423	85,418	38,335	-	18,243	172,171	-	-	26,035	204,501	28,649	729,775
Water user fees	-	-	-	-	-	-	740,760	-	-	-	7,225	747,985
Sewer user fees	-	-	-	-	-	-	-	887,126	-	-	8,210	895,336
Conditional grant	49,200	153,993	210,795	23,054	-	56,126	6,884	6,646	-	3,000	1,966,281	2,475,979
Unconditional grant	469,288	-	-	-	-	-	-	-	-	-	-	469,288
Licenses, permits and fines	-	-	800	43,599	91,181	-	-	-	-	-	-	135,580
Interest and penalties	166,356	-	94	-	-	1,886	21,283	13,609	4,344	-	-	207,572
Transfer from other governments / agencies	221,717	91,035	32,747	143,000	-	-	-	-	22,867	3,000	482,998	997,364
MFA actuarial adjustment	-	-	36,638	-	-	-	4,774	4,774	-	-	-	46,186
Other	504,363	-	20,656	-	-	-	-	-	-	-	30,000	555,019
Total Revenues	6,467,342	330,446	370,732	213,637	109,424	230,183	864,302	1,028,360	74,660	210,501	2,741,404	12,640,991
Expenses												
Salaries, wages & benefits	1,126,675	289,103	684,820	2,035	212,190	41,279	161,996	128,527	30,782	468,976	-	3,146,383
Contracted and general services	615,269	361,846	319,158	152,119	55,775	251,452	208,063	240,854	16,643	313,023	-	2,534,202
Materials, goods, and utilities	127,220	100,065	439,326	2,353	2,331	76,476	132,059	137,708	7,491	224,990	-	1,250,019
Bank charges, short/long-term interest	8,380	378	147,290	-	-	-	18,850	18,850	-	2,838	-	196,586
Loss on disposal of assets	-	-	10,816	-	-	-	-	127,098	-	8,766	-	146,680
Amortization	781,387	-	1,147,104	-	-	-	244,260	429,467	-	-	-	2,602,218
Total Expenses	2,658,931	751,392	2,748,514	156,507	270,296	369,207	765,228	1,082,504	54,916	1,018,593	-	9,876,088
	\$ 3,808,411	\$ (420,946)	\$ (2,377,782)	\$ 57,130	\$ (160,872)	\$ (139,024)	\$ 99,074	\$ (54,144)	\$ 19,744	\$ (808,092)	\$ 2,741,404	\$ 2,764,903

See notes to financial statements

TOWN OF GOLDEN
Consolidated Segment Information
Year Ended December 31, 2016

Schedule 4

	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	187,364	-	-	18,055	205,857	55,112	727,331
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
Penalties and interest	163,057	-	-	-	-	2,146	3,627	4,996	4,958	-	-	178,784
Transfer from other governments / agencies	370,680	93,545	31,665	143,000	-	-	-	-	17,317	-	88,150	744,357
MFA actuarial adjustment	-	-	31,463	-	-	-	4,074	4,074	-	-	-	39,611
Other	-	-	-	-	-	-	-	-	-	13,718	-	13,718
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	-	1,886	1,870	98,504	124,504	4,053	181,470	-	1,013,199
Bank charges, short/long-term interest	9,137	792	146,240	-	-	-	18,850	18,850	-	-	-	193,869
Loss on disposal of assets	-	-	138,389	-	-	-	-	-	-	-	-	138,389
Amortization	713,244	-	1,116,844	-	-	-	240,913	407,632	-	-	-	2,478,633
Total Expenses	2,595,525	533,498	2,702,004	172,437	215,780	315,976	647,300	890,994	35,599	1,012,734	-	9,121,847
	\$ 3,358,741	\$ (369,718)	\$ (2,349,506)	\$ 16,377	\$ (169,092)	\$ (75,112)	\$ 156,661	\$ 69,422	\$ 19,838	\$ (793,159)	\$ 1,820,101	\$ 1,684,553

See notes to financial statements

