

Town of Golden
Consolidated Financial Statements
For the Year Ended December 31, 2019

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Town of Golden
Consolidated Financial Statements
For the Year Ended December 31, 2019

Contents

Report on Responsibility of Management	1
Independent Auditor's Report	2 - 3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 32

Report on 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 CPA Canada.

A summary of the significant accounting policies are described in Note 1 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.

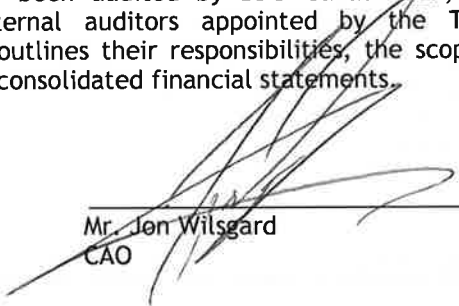
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable consolidated financial information is available 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 consolidated 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 BDO Canada LLP, 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 Wilsgard
CAO

Golden, British Columbia
April 21, 2020



Independent Auditor's Report

To the Mayor and Councillors of the Town of Golden

Opinion

We have audited the consolidated financial statements of the Town of Golden (the Town) and its controlled entities (the Consolidated Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and accumulated surplus, consolidated changes in net financial assets and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Consolidated Entity as at December 31, 2019, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with the Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Consolidated Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
April 21, 2020

Town of Golden Consolidated Statement of Financial Position

As at December 31	2019	2018
Financial Assets		
Cash	\$ 1,247,637	\$ 856,371
Investments (Note 2)	11,334,445	9,498,004
Accounts receivable (Note 3)	2,962,693	2,181,305
Land held for resale (Note 4)	-	680,353
Municipal Finance Authority (Note 16)	166,700	165,512
	\$15,711,475	\$ 13,381,545
Liabilities		
Accounts payable and accrued liabilities	\$ 1,285,964	\$ 578,223
Wages and benefits payable	420,156	427,402
Municipal Finance Authority (Note 16)	166,700	165,512
Deferred revenue (Note 5)	2,593,108	2,266,614
Restricted deposits (Note 6)	436,848	482,906
Long-term debt (Note 7)	2,735,558	2,787,814
	7,638,334	6,708,471
Net Financial Assets	8,073,141	6,673,074
Non-Financial Assets		
Tangible capital assets (Note 8)	60,452,442	59,368,898
Prepaid expenses	209,585	126,236
	60,662,027	59,495,134
Accumulated Surplus (Note 9)	\$68,735,168	\$ 66,168,208

On behalf of Council:



Councilor



Councilor

Town of Golden

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2019	Total 2019	Total 2018
	(Note 19)		
Revenue			
Net taxes for municipal purposes (Note 12)	\$ 6,032,697	\$ 6,042,835	\$ 5,672,444
Sale of services	600,046	719,860	730,314
Water user fees	719,279	765,869	705,125
Sewer user fees	930,327	944,922	856,133
Grants - conditional (Note 13)	3,124,261	3,152,966	1,754,140
Grants - unconditional (Note 14)	467,000	490,897	475,812
Licences, permits and fines	104,500	135,551	138,669
Penalties and interest	154,665	320,115	240,733
Regional and other municipal contributions	404,803	338,568	213,888
MFA actuarial adjustment	60,134	60,134	53,023
Other	30,887	411,549	240,288
	<u>12,628,599</u>	<u>13,383,266</u>	<u>11,080,569</u>
Operating expenses (Note 15)			
General government	2,456,327	2,334,085	2,115,368
Protective services	655,427	814,307	696,447
Transportation	1,908,663	1,679,682	1,944,355
Economic development	95,635	73,880	53,478
Planning development services	319,071	302,188	300,121
Environmental health services	430,004	424,708	404,907
Water supply and distribution	494,773	483,575	565,002
Sanitary sewer	562,060	628,330	562,515
Cemetery	46,544	38,521	36,952
Recreation, parks and culture	1,253,799	1,300,627	1,297,568
Amortization	-	2,736,403	2,698,727
	<u>8,222,303</u>	<u>10,816,306</u>	<u>10,675,440</u>
Annual Surplus	<u>4,406,296</u>	<u>2,566,960</u>	<u>405,129</u>
Accumulated Surplus, beginning of the year		66,168,208	65,763,079
Accumulated Surplus, end of the year		<u>\$ 68,735,168</u>	<u>\$ 66,168,208</u>

The accompanying notes are an integral part of these consolidated financial statements.

Town of Golden

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	Budget 2019	Total 2019	Total 2018
	(Note 19)		
Annual Surplus	4,406,296	2,566,960	405,129
Changes in tangible capital assets			
Purchase of tangible capital assets	(5,457,145)	(3,844,546)	(2,480,518)
Amortization of tangible capital assets	-	2,736,403	2,698,727
Proceeds on disposal of tangible capital assets	-	40,121	29,679
Loss on disposal of tangible capital assets	-	(15,522)	179,430
	(5,457,145)	(1,083,544)	427,318
Changes in other non-financial assets			
Decrease (increase) in prepaid expenses		(83,349)	13,553
		(1,166,893)	440,871
Increase in Net Financial Assets		1,400,067	846,000
Net Financial Assets, beginning of the year		6,673,074	5,827,074
Net Financial Assets, end of the year		\$ 8,073,141	\$ 6,673,074

The accompanying notes are an integral part of these consolidated financial statements.

Town of Golden
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 2,566,960	\$ 405,129
Items not affecting cash:		
Amortization of tangible capital assets	2,736,403	2,698,727
Loss (gain) on disposal of tangible capital assets	(15,522)	179,430
MFA actuarial adjustment	(60,134)	(53,023)
	<u>5,227,707</u>	<u>3,230,263</u>
Changes in non-cash working capital:		
Accounts receivable	(781,388)	(286,106)
Land held for resale	680,353	(1,702)
Accounts payable and accrued liabilities	707,741	(75,852)
Deferred revenue	326,494	390,535
Wages and benefits payable	(7,246)	48,687
Restricted deposits	(46,058)	102,185
Prepaid expenses	(83,349)	13,553
	<u>796,547</u>	<u>191,300</u>
	<u>6,024,254</u>	<u>3,421,563</u>
Capital Activities		
Purchase of tangible capital assets	(3,844,546)	(2,480,518)
Proceeds on disposal of tangible capital assets	40,121	29,679
	<u>(3,804,425)</u>	<u>(2,450,839)</u>
Cash flows from investing activities		
Purchase of investments	(1,836,441)	(521,042)
Cash flows from financing activities		
Repayment of long-term debt	(365,263)	(350,081)
Proceeds from long-term financing	373,141	-
	<u>7,878</u>	<u>(350,081)</u>
Net change in cash	391,266	99,601
Cash, beginning of the year	<u>856,371</u>	<u>756,770</u>
Cash, end of the year	<u>\$ 1,247,637</u>	<u>\$ 856,371</u>

The accompanying notes are an integral part of these consolidated financial statements.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies

Nature of Business	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.
Basis of Presentation	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 CPA Canada. Significant accounting policies adopted by the Town are as follows:
Government Reporting Entity	<p>The consolidated financial statements reflect the assets, liabilities, accumulated surplus, revenues and expenses of the reporting Town. The reporting Town is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the municipal Council and which are owned or controlled by the Town. Inter-departmental and organizational transactions have been eliminated.</p> <p>The Town operates the Golden and District Recreation Centre for the Columbia Shuswap Regional District on a full cost-recovery basis. The Town does not control the Golden and District Recreation Centre, and consequently, the revenues and expenditures of the Golden and District Recreation Centre are not included in the consolidated financial statements of the Town.</p>
Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.</p> <p>Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.</p>
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. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

Land Held for Resale Land held for resale is comprised of municipal land that is being prepared for listing, 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.

Inventory Held for Consumption Inventory of supplies are held for consumption and are stated at the lower of cost and replacement cost. Cost is generally determined on a first-in, first-out basis.

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:

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

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.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

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 during the construction period 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 Municipal Pension Plan. These contributions are expensed as incurred. The plan is a multi-employer defined benefit plan, as detailed in Note 16.

Government Grants

Government grants are recognized as revenue in the consolidated financial statements when the grant is authorized and any eligibility criteria are met, except to the extent that grant stipulations give rise to an obligation that meets the definition of a liability. Grants are recognized as deferred revenue when grant stipulations give rise to a liability. Grant revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

Taxation Revenue	Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
Taxes Collected for Others	<p>The Town collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.</p> <p>The entities, the Town collects taxation revenue on behalf of are as follows:</p> <p>Kootenay East Regional Hospital District Columbia Shuswap Regional District B.C. Assessment Authority Municipal Finance Authority of British Columbia Minister of Finance - Education and Police</p>
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 consolidated 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.
Reserves	Reserves for future expenditures, included in accumulated surplus, represent amounts set aside for future operating and capital expenditures.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

Contaminated Sites A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No contaminated site have been identified with the Town of Golden.

Trust Funds Trust funds, held in trust by the Town and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

2. Investments

Investments consist of MFA money market fund, and guaranteed investment certificates. The carrying value of the MFA money market fund approximates the fair value. The investments earn interest at rates varying between 1.86% and 3.14%. The term deposits have maturity dates between April 2020 and November 2020. \$2,341,915 (2018 - \$1,568,961) of the investments are restricted.

	<u>2019</u>	<u>2018</u>
Money market investments	\$ 7,697,911	\$ 5,938,306
Term deposits	3,636,534	3,559,698
	<u>\$11,334,445</u>	<u>\$ 9,498,004</u>

3. Accounts Receivable

Accounts receivable are comprised of:

	<u>2019</u>	<u>2018</u>
Taxes	\$ 381,278	\$ 341,676
Trade and government	2,467,903	1,773,742
GST receivable	113,512	65,887
	<u>\$ 2,962,693</u>	<u>\$ 2,181,305</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

4. Land Held For Resale

Land held for resale is comprised of two properties:

	2019	2018
Property one	\$ -	\$ 178,151
Property two	-	502,202
	<u>\$ -</u>	<u>\$ 680,353</u>

Property one

Property one is a historical site in Golden that was supposed to be prepared for sale in 2019. The property sale did not occur so the property was returned to the Tangible Capital Asset inventory.

Property two

Property two 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 share ownership 50-50 of the building and land. The property sold in April 2019 for total of \$1,090,000, 50% of which was the Town's portion.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

5. 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	Total
Balance - beginning of the year	\$ 595,725	\$ 157,171	\$ 1,513,718	\$ 2,266,614
Recognized as revenue during the year	-	-	(1,135,595)	(1,135,595)
	595,725	157,171	378,123	1,131,019
Additions during the year				
Developer contribution	1,577	340	-	1,917
Interest earned	15,797	3,912	-	19,709
Prepaid taxes, utilities and business licences	-	-	554,304	554,304
Resort Municipality Initiative funding	-	-	664,555	664,555
Rural Dividend Fund KHR	-	-	464	464
Scenic Outlook				
CBT Community Initiative	-	-	118,510	118,510
Housing Needs Report Grant	-	-	7,500	7,500
Recreation POS	-	-	3,330	3,330
BC Plaza Provincial Grant	-	-	323	323
Other donations & deposits	-	-	11,477	11,477
CYGE Economic Viability Study	-	-	80,000	80,000
Balance December 31, 2019	<u>\$ 613,099</u>	<u>\$ 161,423</u>	<u>\$1,818,586</u>	<u>\$ 2,593,108</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

6. Restricted Deposits

The Town has received the following refundable deposits which have been specifically designated and set aside as deposits on various contracts the Town entered into.

	<u>2019</u>	<u>2018</u>
Landscaping deposits	\$ 137,789	\$ 172,811
Security temporary building	171,275	170,775
General deposits	95,524	110,980
Development deposits	23,755	19,835
FreeRide Park additions	4,309	4,309
Olympic Legacy fund	1,753	1,753
Dance recital - Mirror fund	1,189	1,189
Willy Forest Snofest	754	754
Communities in Bloom	500	500
	<u>\$ 436,848</u>	<u>\$ 482,906</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

7. Long-term Debt

	2019	2018
General	\$ 2,287,932	\$ 2,300,804
Water	223,813	243,505
Sewer	223,813	243,505
Long-term debt	\$ 2,735,558	\$ 2,787,814

Principal repayments on long-term debt over the next five years are as follows:

2020	\$	441,903
2021		406,258
2022		336,765
2023		293,491
2024		271,877
Thereafter		985,264
	\$	2,735,558

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.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

7. Long-term Debt (continued)

Bylaw Number	Purpose	Interes t Rate %	Maturit y Date	2019	2018
General					
1211-102	Street paving and construction	4.82	2027	\$ 626,690	\$ 692,089
1211-103	Street paving and construction	4.65	2028	355,618	387,929
1211-105	Street paving and construction	2.25	2029	596,814	644,611
	Short Term Loan 14-109 (Floating rate)	2.58	2019	-	38,249
	MFA Equipment Loan 15-195 (Floating rate)	2.54	2021	55,723	97,368
	MFA Equipment Loan 16-116 (Floating rate)	2.54	2021	69,951	112,967
	MFA Equipment Loan 16-117 (Floating rate)	2.54	2021	88,803	131,354
	MFA Equipment Loan 17-307 (Floating rate)	2.54	2022	149,845	196,237
	MFA Equipment Loan 18-171 (Floating rate)	2.54	2024	154,695	-
	MFA Equipment Loan 19-284 (Floating rate)	2.54	2024	189,793	-
				<u>\$ 2,287,932</u>	<u>\$ 2,300,804</u>
Water					
1211-103	Waterworks construction	4.65	2028	164,131	179,044
1211-105	Waterworks construction	2.25	2029	59,682	64,461
				<u>\$ 223,813</u>	<u>\$ 243,505</u>
Sewer					
1211-103	Sewer construction	4.65	2028	164,131	179,044
1211-105	Sewer construction	2.25	2029	59,682	64,461
				<u>223,813</u>	<u>243,505</u>
				<u>\$ 2,735,558</u>	<u>\$ 2,787,814</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets

	Land and improvements	Buildings	Equipment, vehicles and technology	Engineering Structures				Capital Work In Progress	2019 Total	2018 Total
				Infrastructure Water	Infrastructure Sewer	Infrastructure Roads				
Cost										
Balance, beginning of year	\$ 13,052,589	\$ 10,065,250	\$ 6,024,204	\$ 10,848,091	\$ 17,453,852	\$ 55,343,854	\$ 539,117	\$ 113,326,957	\$ 111,662,087	
Additions	70,819	225,717	640,408	413,929	194,037	474,196	2,031,295	4,050,401	2,480,518	
Transfer of capital work in progress	-	-	-	-	-	-	(205,855)	(205,855)	-	
Disposals and write downs	-	-	(98,198)	(50,257)	(10,660)	(33,592)	-	(192,707)	(815,648)	
Balance, end of year	13,123,408	10,290,967	6,566,414	11,211,763	17,637,229	55,784,458	2,364,557	116,978,796	113,326,957	
Accumulated amortization										
Balance, beginning of year	1,794,463	4,108,706	3,616,294	6,014,972	7,731,823	30,691,801	-	53,958,059	51,865,871	
Amortization	188,148	294,391	356,033	233,706	477,201	1,186,924	-	2,736,403	2,698,727	
Effect of disposals and write downs	-	-	(98,198)	(50,257)	(799)	(18,854)	-	(168,108)	(606,539)	
Balance, end of year	1,982,611	4,403,097	3,874,129	6,198,421	8,208,225	31,859,871	-	56,526,354	53,958,059	
Net book value, end of year	\$ 11,140,797	\$ 5,887,870	\$ 2,692,285	\$ 5,013,342	\$ 9,429,004	\$ 23,924,587	\$ 2,364,557	\$ 60,452,442	\$ 59,368,898	

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

9. Accumulated Surplus

Accumulated surplus consists of:

	2019	2018
Surplus		
Invested in tangible capital assets (Note 10)	\$57,716,885	\$ 56,581,084
Unrestricted	1,113,268	3,376,178
Annual Surplus	2,566,960	405,129
	61,397,113	60,362,391
Reserves set aside by Council		
Capital Reserve (Note 11)	4,767,595	4,063,676
Operating Reserve (Note 11)	1,439,917	1,408,982
	6,207,512	5,472,658
Reserve set aside for specific purpose by Council		
Statutory Reserves (Note 11)	1,130,543	333,159
Total accumulated surplus	\$68,735,168	\$ 66,168,208

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

10. Equity in Tangible Capital Assets

Equity in tangible capital 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 of tangible capital assets is as follows:

	<u>2019</u>	<u>2018</u>
Equity in TCA, beginning of year	\$56,581,084	\$ 56,605,298
Add:		
Purchases of tangible capital assets	3,844,546	2,480,518
Principal payment on long-term debt	365,263	350,081
Actuarial adjustment on long-term debt	60,134	53,023
Less:		
Proceeds on disposal of tangible capital assets	(40,120)	(29,679)
Proceeds from borrowing	(373,141)	-
Loss (gain) on disposal of assets	15,522	(179,430)
Amortization	<u>(2,736,403)</u>	<u>(2,698,727)</u>
Equity in TCA, end of year	<u>\$57,716,885</u>	<u>\$ 56,581,084</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

11. Reserves

	Balance, beginning of year	Transfers and Others	2019 Interest	Balance, end of year
Statutory Reserves				
Land sale	\$ 16,008	\$ 537,616	\$ 6,481	\$ 560,105
Parking	88,110	-	2,190	90,300
Gas Tax Community Works	172,828	229,591	5,488	407,907
Climate Action Reserve	56,213	14,457	1,561	72,231
	<u>\$ 333,159</u>	<u>\$ 781,664</u>	<u>\$ 15,720</u>	<u>\$ 1,130,543</u>
Capital Reserve				
Airport	\$ 56,104	\$ -	\$ 1,395	\$ 57,499
Buildings & Facilities	265,297	216,658	9,304	491,259
Equipment	791,679	(107,343)	21,060	705,396
Parks & Site Improvements	43,335	22,730	1,936	68,001
Roads	659,480	238,047	20,302	917,829
Water	1,532,784	(52,947)	37,052	1,516,889
Sewer	714,997	275,839	19,886	1,010,722
	<u>\$ 4,063,676</u>	<u>\$ 592,984</u>	<u>\$ 110,935</u>	<u>\$ 4,767,595</u>
Operating Reserve				
Airport	\$ 7,237	\$ -	\$ 180	\$ 7,417
Buildings & Facilities	92,466	31,285	2,598	126,349
Equipment	144,911	(34,006)	3,818	114,723
Parks & Site Improvements	35,361	-	879	36,240
Roads	161,027	(14,000)	3,557	150,584
Water	86,189	7,250	2,670	96,109
Sewer	77,731	(15,810)	1,965	63,886
Asset Operating	356,064	13,086	9,144	378,294
Financial Stabilization	447,996	7,038	11,281	466,315
	<u>\$ 1,408,982</u>	<u>\$ (5,157)</u>	<u>\$ 36,092</u>	<u>\$ 1,439,917</u>
	<u>\$ 5,805,817</u>	<u>\$ 1,369,491</u>	<u>\$ 162,747</u>	<u>\$ 7,338,055</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

12. Net Taxation Available For Municipal Purposes

	2019	2018
Property taxes:		
General purposes	\$ 5,731,053	\$ 5,366,280
Grants in lieu of taxes	104,498	99,251
Collections for other governments	2,843,172	2,667,455
Frontage taxes	207,284	206,913
	8,886,007	8,339,899
Less: transfers to other governments		
Province of BC - school taxes	(1,871,992)	(1,805,707)
Kootenay East Regional Hospital District	(144,958)	(134,748)
Columbia Shuswap Regional District	(511,686)	(422,901)
British Columbia Assessment Authority	(47,180)	(46,355)
Police Tax	(267,158)	(257,565)
Municipal Finance Authority	(198)	(179)
	(2,843,172)	(2,667,455)
Net taxes available for municipal purposes	\$ 6,042,835	\$ 5,672,444

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

13. 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 grants are reported on the statement of operations are as follows:

	2019	2018
Strategic Gas Tax: Dike Improvement	\$ 1,489,281	\$ 254,431
Gas Tax Agreement	429,863	218,657
Columbia Basin Trust	391,096	390,487
UBCM Structural Flood Mitigation	321,820	22,122
Resort Municipality Initiative	225,579	354,169
EMBC National Disaster Mitigation Program	171,998	-
Recycling BC	58,696	58,007
UBCM Local Child Care Space	18,750	-
FCM MCIP Master Drainage Grant	17,520	50,480
UBCM Planning Grant (2015)	10,000	-
CBT Community Outdoor Revitalization Grant	6,400	-
ICBC Sign Renewal	6,283	-
Heritage Canada (Canada Day)	3,200	3,000
Strategic Gas Tax: Water & Sewer Condition Assessments	2,500	67,500
New Building Canada Fund - Capital Sewer Grant	200	229,745
UBCM: Planning Grant (Water/Sewer Utility Rates)	(220)	1,470
EMBC: Ice Regime Study	-	56,369
Rural Dividend Fund: Rotary Trail	-	35,000
Canada 150 Pool Grant	-	7,805
BC Civic Forfeiture Grant: RCMP	-	4,898
	<u>\$ 3,152,966</u>	<u>\$ 1,754,140</u>

14. 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 are reported on the statement of operations as follows:

	2019	2018
Small Community Protection Grant	\$ 476,440	\$ 464,984
CARIP	14,457	10,828
	<u>\$ 490,897</u>	<u>\$ 475,812</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

15. Expenditures By Object

	2019	2018
Salaries, wages and benefits	\$ 3,471,706	\$ 3,366,419
Contracted and general services	3,031,010	3,022,163
Materials, goods and utilities	1,459,516	1,252,707
Bank charges, short/long-term interest	133,193	155,994
Loss (gain) on disposal of assets	(15,522)	179,430
Amortization	2,736,403	2,698,727
	\$10,816,306	\$ 10,675,440

16. Commitments and Contingent Liabilities

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. 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, 2019 are as follows:

	General	Water Utility	Sanitary Sewer	2019	2018
Cash Deposits	\$ 41,016	\$ 5,606	\$ 5,606	\$ 52,228	\$ 51,040
Demand Notes	90,160	12,156	12,156	114,472	114,472
	\$ 131,176	\$ 17,762	\$ 17,762	\$ 166,700	\$ 165,512

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, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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-

Town of Golden

Notes to Consolidated Financial Statements

December 31, 2019

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 actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Town of Golden paid \$243,270 (2018 - \$242,668) for employer contributions to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

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 Consolidated Financial Statements

December 31, 2019

17. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

18. Funds Held in Trust

At the year end, the Town held \$325,152 (2018 - \$312,987) for the Golden Community Cemetery Care Trust fund. These funds are not included in these consolidated financial statements. Certain assets have been conveyed or assigned to the Town to be administered as directed by agreement or statute. The Town holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust fund and assets are excluded from the Town's consolidated financial statements:

	2019	2018
Cash	\$ 23,264	\$ 19,666
Investment	301,888	293,321
	<u>\$ 325,152</u>	<u>\$ 312,987</u>

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

19. Budget

The Town of Golden 2019-2023 Five Year Financial Plan Bylaw No. 1407, 2018 (Budget) adopted by Council on April 2, 2019 was not prepared on a basis consistent with that used to report actual results (Public Sector Account Standards). The Budget was prepared on a modified accrual basis while Public Sector Account Standards now require a full accrual basis. The Budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$Nil. In addition, the Budget expensed all tangible capital expenditures rather than including amortization expenses. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on April 2, 2019 with adjustments as follows:

	<u>2019</u>
Financial Plan (Budget) Bylaw surplus (deficit) for the year	\$ -
Add:	
Capital Expenditures	4,269,483
Transfer to reserve and accumulated surplus	1,889,355
Principle repayments of debt	433,226
Less:	
Borrowing Proceeds	(200,000)
Transfers from accumulated surplus and reserve	<u>(1,985,768)</u>
Budget surplus per statement of operations	<u>\$ 4,406,296</u>

Town of Golden

Notes to Consolidated Financial Statements

December 31, 2019

20. 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 Imagine Kootenay, Golden Visitor Centre 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

The service relates to the maintenance and upkeep of the Town's cemetery.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

20. Segmentation Information (continued)

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 and the development and provision of recreation programs and services.

Capital income

Capital income represents income recognized related to capital and infrastructure improvements.

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2019

20. Segmentation Information (continued)

	General Government	Protective Services	Transportation	Economic Development	Planning & Development	Environmental Health	Water Supply	Sewer Services	Cemetery	Recreation & Cultural	Capital Income	2019 Total
Revenue												
Net taxes	5,033,291	-	33,223	5,087	-	-	90,811	116,474	16,221	-	747,728	6,042,835
Sale of services	155,671	45,938	35,413	1,092	31,787	195,422	-	-	16,833	237,704	-	719,860
Water service fees	-	-	-	-	-	-	742,540	-	-	-	23,329	765,869
Sewer user fees	-	-	-	-	-	-	-	929,830	-	-	15,092	944,922
Conditional grants	528,403	171,998	466,983	18,750	-	58,697	1,140	1,140	-	-	1,905,855	3,152,966
Unconditional grants	490,897	-	-	-	-	-	-	-	-	-	-	490,897
Licences, Permits, & Fines	-	-	800	43,208	91,543	-	-	-	-	-	-	135,551
Interest & Penalties	246,400	-	180	-	-	1,736	43,907	27,466	426	-	-	320,115
Regional and other municipal contributions	2,000	63,571	37,269	88,000	-	-	-	-	18,197	94,531	35,000	338,568
MFA actuarial adjustment	-	-	47,614	-	-	-	6,260	6,260	-	-	-	60,134
Other	-	-	36,833	-	-	-	-	-	-	1,500	373,216	411,549
Total Revenue	6,456,662	281,507	658,315	156,137	123,330	255,855	884,658	1,081,170	51,677	333,735	3,100,220	13,383,266
Expenses												
Salaries, wages, benefits	1,296,852	330,441	657,036	3,314	161,859	51,232	189,527	154,942	25,909	600,594	-	3,471,706
Contracted and general services	870,923	340,237	468,687	58,342	137,504	265,489	167,548	285,405	10,974	425,901	-	3,031,010
Materials, goods, & utilities	153,190	140,000	477,678	12,226	2,827	107,985	115,179	176,666	1,638	272,127	-	1,459,516
Bank charges, short/long term interest	13,112	3,629	91,803	-	-	-	11,322	11,322	-	2,005	-	133,193
Loss on disposal of assets	-	-	(15,522)	-	-	-	-	-	-	-	-	(15,522)
Amortization	838,573	-	1,186,924	-	-	-	477,200	233,706	-	-	-	2,736,403
Total Expenses	3,172,650	814,307	2,866,606	73,882	302,190	424,706	960,776	862,041	38,521	1,300,627	-	10,816,306
Annual Surplus	3,284,012	(532,800)	(2,208,291)	82,255	(178,860)	(168,851)	(76,118)	219,129	13,156	(966,892)	3,100,220	2,566,960

Town of Golden
Notes to Consolidated Financial Statements

December 31, 2018

20. Segmentation Information (continued)

	General Government	Protective Services	Transportation	Economic Development	Planning & Development	Environmental Health	Water Supply	Sewer Services	Cemetery	Recreation & Cultural	Capital Income	2018 Total
Revenue												
Net taxes	4,884,225	-	24,906	3,983	-	-	90,648	116,265	15,699	-	536,718	5,672,444
Sale of services	156,383	18,246	41,498	1,361	61,463	177,221	-	-	16,655	257,487	-	730,314
Water service fees	-	-	-	-	-	-	684,922	-	-	-	20,203	705,125
Sewer user fees	-	-	-	-	-	-	-	845,610	-	-	10,523	856,133
Conditional grants	406,934	66,268	272,137	-	-	52,947	34,366	34,604	-	108,692	778,192	1,754,140
Unconditional grants	475,812	-	-	-	-	-	-	-	-	-	-	475,812
Licences, Permits, & Fines	-	-	800	42,505	95,364	-	-	-	-	-	-	138,669
Interest & Penalties	182,580	-	144	-	-	1,596	34,502	21,667	244	-	-	240,733
Regional and other municipal contributions	-	84,638	28,368	83,000	-	-	-	-	17,882	-	-	213,888
MFA actuarial adjustment	-	-	42,019	-	-	-	5,502	5,502	-	-	-	53,023
Other	44,385	-	-	-	-	-	-	-	-	4,023	191,880	240,288
Total Revenue	6,150,319	169,152	409,872	130,849	156,827	231,764	849,940	1,023,648	50,480	370,202	1,537,516	11,080,569
Expenses												
Salaries, wages, benefits	1,224,042	338,498	632,926	6,524	201,487	45,999	184,333	139,982	22,257	570,370	-	3,366,418
Contracted and general services	736,301	275,493	570,655	29,357	96,581	286,765	244,703	269,125	9,373	503,811	-	3,022,164
Materials, goods, & utilities	145,039	82,283	447,050	17,597	2,053	72,143	121,250	138,692	5,322	221,278	-	1,252,707
Bank charges, short/long term interest	9,986	173	114,294	-	-	-	14,716	14,716	-	2,109	-	155,994
Loss on disposal of assets	-	-	179,430	-	-	-	-	-	-	-	-	179,430
Amortization	815,149	-	1,180,013	-	-	-	239,457	464,108	-	-	-	2,698,727
Total Expenses	2,930,517	696,447	3,124,368	53,478	300,121	404,907	804,459	1,026,623	36,952	1,297,568	-	10,675,440
Annual Surplus	3,219,802	(527,295)	(2,714,496)	77,371	(143,294)	(173,143)	45,481	(2,975)	13,528	(927,366)	1,537,516	405,129