

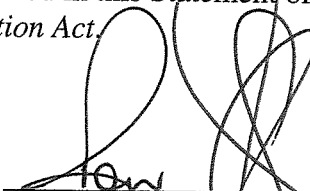
TOWN OF CRESTON

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.



Steffan Klassen CA
Director of Finance & Corporate Services
May 13, 2014



Mayor Ron Toyota
Council Member on behalf of Council
May 13, 2014

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9



Town of Creston

**FINANCIAL STATEMENT
2013**

TOWN OF CRESTON

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

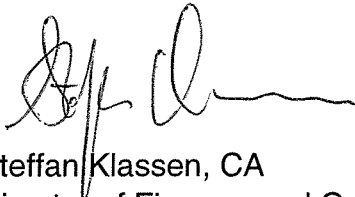
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MANAGEMENT REPORT

Preparation of the Town of Creston's financial statements is the responsibility of management. Accordingly I have prepared, and respectfully submit, the accompanying consolidated Financial Statements, and related notes and schedules for the Town of Creston together with the report of our auditors, Gadicke & Carr, for the year ended December 31, 2013.

These financial statements have been prepared in accordance with the accounting principles disclosed in the notes and include amounts that are based on estimates and judgements. Management believes that these financial statements fairly present the Town of Creston's consolidated financial position and results of operations.

The consolidated financial statements have been audited by Gadicke & Carr, Chartered Accountants, on behalf of Council. The Auditors' Report outlines the scope of their examination and expresses their opinion on these consolidated financial statements.



Steffan Klassen, CA
Director of Finance and Corporate Services

May 13, 2014



INDEPENDENT AUDITORS' REPORT

TO THE MAYOR AND COUNCIL
TOWN OF CRESTON

We have audited the consolidated statement of financial position of the Town of Creston as at December 31, 2013, the consolidated statement of operations, the consolidated statement of changes in net debt and the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditors' 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Creston as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

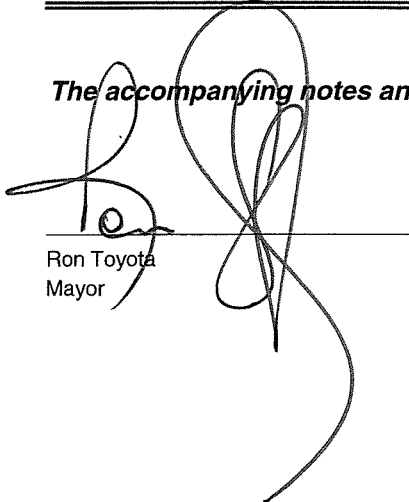
May 13, 2014
Creston, British Columbia

Gadicke & Carr
CHARTERED ACCOUNTANTS

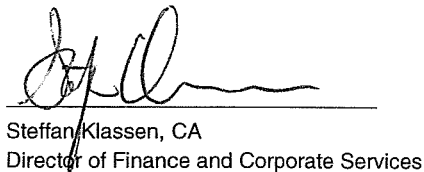
Town of Creston
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2013

	2013	2012
Financial Assets		
Cash and investments (Note 2)	\$ 4,422,615	\$ 5,465,383
Accounts receivable (Note 3)	1,852,470	1,410,047
MFA deposits (Note 4)	382,552	316,622
Loans receivable (Note 5)	2,025,001	2,025,001
	<u>8,682,638</u>	<u>9,217,053</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	1,409,853	1,890,671
Deferred revenue (Notes 7 & 8)	952,953	1,641,927
Development cost charges (Note 9)	450,681	442,333
Reserve MFA	382,552	316,622
Long-term debt (Note 11)	7,157,555	6,024,941
	<u>10,353,594</u>	<u>10,316,494</u>
Net debt	(1,670,956)	(1,099,441)
Non-financial assets		
Tangible capital assets (Notes 1 & 12, Schedule 1)	41,346,693	38,038,688
Supply inventory	422,770	322,179
Prepaid expenses	73,280	77,858
	<u>41,842,743</u>	<u>38,438,725</u>
Accumulated surplus	\$ 40,171,787	\$ 37,339,284
Represented by:		
Operating fund (Schedule 2)	4,293,838	3,232,284
Capital fund (Schedule 2)	1,083,469	1,083,469
Statutory reserve fund (Schedule 2)	605,341	1,009,784
Equity in tangible capital assets (Note 13)	34,189,139	32,013,747
	<u>\$ 40,171,787</u>	<u>\$ 37,339,284</u>

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



Ron Toyota
Mayor



Steffan Klassen, CA
Director of Finance and Corporate Services

Town of Creston
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2013

	2013 Budget	2013	2012
Revenue			
Property Taxes (Note 14)	\$ 4,255,375	\$ 4,243,028	\$ 4,049,968
Grants in Lieu of Taxes	4,240	32,956	4,023
Sale of services (Note 15)	1,044,655	1,079,305	1,075,255
Government transfers (Note16)	3,931,663	3,620,719	3,432,596
Investment income	25,000	212,509	184,507
Utility user fees and connection charges	2,219,249	2,181,079	1,979,067
Development cost charges (Note 9)	-	-	6,165
Developer Asset Contributions	-	-	304,434
Other	213,297	344,534	239,907
	11,693,479	11,714,130	11,275,922
Expenses			
General government	1,478,260	1,540,862	1,409,834
Municipal contribution for RCMP services	1,060,287	1,091,476	803,417
Protective services	843,878	829,699	715,899
Transportation	1,008,985	922,772	932,894
Health and Welfare	366,948	360,338	317,689
Recreation and Community Services	346,652	329,069	470,151
Water Services	972,228	885,681	845,431
Sewer Services	243,876	221,215	208,906
Waste water treatment plant operation	695,940	705,425	646,459
Debt financing	352,682	357,280	325,091
Bank Charges	4,100	19,622	1,778
Amortization (Note 1, Schedule 1)	1,501,801	1,579,872	1,472,553
Loss from sale/write down of tangible capital assets	-	15,482	33,573
Capital Lease	22,636	22,834	22,636
	8,898,273	8,881,627	8,206,311
Annual surplus	2,795,206	2,832,503	3,069,611
Accumulated surplus at beginning of year	37,339,284	37,339,284	34,269,673
Accumulated surplus at end of year	\$ 40,134,490	\$ 40,171,787	\$ 37,339,284

Commitments and Contingencies are specified in Note 18

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

Town of Creston
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
for the year ended December 31, 2013

	2013 Budget	2013	2012
Annual surplus	\$ 2,795,206	\$ 2,832,503	\$ 3,069,611
Acquisition of tangible capital assets	(5,323,510)	(4,903,359)	(4,160,730)
Amortization of tangible capital assets	1,501,801	1,579,872	1,472,553
Loss from sale/write down of tangible capital assets	-	15,482	33,573
Proceeds on sale of tangible capital assets	-	-	-
	(1,026,503)	(475,502)	415,007
Acquisition of supply inventory	(200,000)	(249,314)	(212,830)
Acquisition of prepaid expense	(70,000)	(67,413)	(90,992)
Consumption of supply inventory	200,000	148,723	205,571
Use of prepaid expense	70,000	71,991	69,322
	-	(96,013)	(28,929)
(Increase)/decrease in net financial assets/net debt	(1,026,503)	(571,515)	386,078
Net financial assets/(net debt) at beginning of year	(1,099,441)	(1,099,441)	(1,485,519)
Net financial assets/(net debt) at end of year	\$ (2,125,944)	\$ (1,670,956)	\$ (1,099,441)

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

Town of Creston
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2013

(Indirect method)	2013	2012
Operating transactions:		
Annual surplus	\$ 2,832,503	\$ 3,069,611
Non-cash and non-financial items:		
Amortization	1,579,872	1,472,553
Decrease (increase) in prepaid expenses	4,578	(21,669)
Decrease (increase) in supply inventory	(100,591)	(7,260)
Loss from sale/write down of tangible capital assets	15,482	33,573
Changes to financial assets/liabilities:		
Decrease (increase) in accounts receivable	(442,423)	(710,920)
Decrease (increase) in MFA cash deposits	(65,930)	(2,692)
Increase (decrease) in accounts payable	(480,818)	1,106,396
Increase (decrease) in deferred revenue	(688,974)	492,756
Increase (decrease) in development cost charges	8,349	12,557
Increase (decrease) in other restricted revenue	65,930	2,692
Cash provided by operating transactions	2,727,978	5,447,597
Capital transactions:		
Acquisition of tangible capital assets	(4,903,359)	(4,160,730)
Financing transactions:		
Debt repayment	(258,950)	(257,817)
Proceeds of MFA Loan for Wastewater Treatment Plant Upgrade	1,494,000	-
Actuarial Adjustments	(102,437)	(88,626)
Cash applied to financing transactions	1,132,613	(346,443)
Increase (Decrease) in cash and cash equivalents	(1,042,768)	940,424
Cash and cash equivalents at beginning of year	5,465,383	4,524,959
Cash and cash equivalents at end of year	\$ 4,422,615	\$ 5,465,383

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

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

General

The Town of Creston (the "Town") was incorporated in 1924, under the Local Government Act of British Columbia. The Town's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, health and welfare, water, sewer and parks.

1. Significant Accounting Policies

a. Basis of Presentation

The Consolidated Financial Statements of the Town of Creston (the Town), which are the representation of management, are prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Consolidated Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds controlled or owned by the Town. Inter-fund transactions have been eliminated on consolidation.

- i. Operating Funds: These funds include the General, Water and Sewer operations of the Town. They are used to record the operating costs of the services provided by the Town.
- ii. Capital Funds: These funds include the General, Water and Sewer Capital Funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
- iii. Reserve Funds: Under the Community Charter, Town Council may, by bylaw, establish statutory reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, Town Council may, by bylaw, transfer all or part of the balance to another reserve fund. Reserves created as non-statutory segregations of surplus do not have the same formal restrictions as those created by bylaw.
- iv. Trust Funds: These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the Town's consolidated financial statements. Trust funds administered by the Town are presented in Note 10.

b. Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the Town. Grant revenues are recognized when all eligibility criteria has been met. Revenue unearned in the current period is recorded as deferred revenue.

c. Investments

Investments are carried at market value.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

d. Tangible Capital Assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives as follows:

Asset Type	Useful Life
Parks Infrastructure	15-50
Building Structure	20-50
Building Improvements	10-40
IT Equipment/Furniture	3-10
Equipment/Vehicles	7-25
Capital Lease Assets	35
Infrastructure (dependent upon component and material	
Transportation	10-100
Water Infrastructure	10-100
Sewer Infrastructure	10-100
Drainage Infrastructure	10-100

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 the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of accrued payroll liabilities and provisions for contingencies. As such, actual amounts could differ from the estimates.

e. Budget Figures

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

f. Inventories

The inventories are stated at cost. Cost is generally determined on a first-in first-out basis. Obsolete items are written off.

g. Post Employment Benefits

Vacation and sick pay are charged in the year incurred. Sick time is non-accumulative and vacation has limited accumulation based on language in the collective agreement for CUPE employees or by administrative policy for staff. Employment contracts of certain non-union employees obligate the Town to the payment of severance and benefit amounts on termination under certain conditions.

h. Reserve for Future Expenditures

The reserve for future expenditures represents amounts set aside for future operating expenditures.

i. Statutory Reserve Funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

j. Financial Instruments

The Town carries several financial instruments. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. Cash and Investments

	2013	2012
Restricted cash and investments		
Statutory Reserves	\$ 605,342	\$ 1,009,784
Restricted Revenues	649,479	646,023
	1,254,821	1,655,807
Unrestricted cash and investments	3,167,794	3,809,576
Total cash and investments	\$ 4,422,615	\$ 5,465,383

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

3. Accounts Receivable

	2013		2012
Property Taxes	\$ 952,566	\$	508,265
Other Governments	755,049		823,045
Trade and other	144,855		78,737
Total accounts receivable	\$ 1,852,470	\$	1,410,047

4. Deposit and Reserve - Municipal Finance Authority

The Municipal Finance Authority of British Columbia (the Authority) provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the Authority to the regional districts.

Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, the total of the Debt reserve fund was comprised of:

	2013		2012
Cash deposits	\$ 111,841	\$	91,808
Demand notes	270,711		224,814
	\$ 382,552	\$	316,622

5. Loan Receivable

Since 2008, the Creston Valley Regional Airport Society (CVRAS) has operated the Town owned airport on behalf of the Town. In 2010, Town of Creston loaned \$25,001 to the CVRAS in order to help with working capital requirements for the on-going fuel sales which the CVRAS assumed. The loan is without interest, secured either by fuel receipts or fuel inventory, and is repayable upon the end of the operating agreement on March 31, 2016 unless renewal is agreed to.

In 2007, general fund monies were used to payout the short term capital fund debt of \$2,000,000 obtained in relation to the 2005 Prepaid Capital Lease entered into with FortisBC Inc. (see Note 17) These funds are repayable to the general fund upon receipt of termination payment from FortisBC at the end of the 17 year term lease. Elimination of the interfund transaction has not occurred as this transaction is not in the normal course of operations and has a set contractual repayment date. The corresponding liability has been reported as long term debt in the capital fund.

During 2012 and prior years, the interfund account balances resulting from the above transaction were eliminated upon consolidation. We have restated the prior years' statement of financial position to include these balances. The impact of this change on the 2012 prior years' figures are as follows:

Loan Receivable 2012 year end, as previously stated	\$ 25,001
Add: 2012 increase in Capital fund loan receivable	2,000,000
2012 Loan receivable	<u>\$ 2,025,001</u>
Long term debt 2012 year end, as previously stated	\$ 4,024,941
Add: 2012 increase in General fund loan receivable	2,000,000
2012 Loan receivable	<u>\$ 6,024,941</u>

These adjustments have not resulted in any changes to the Operating fund surplus, Capital fund surplus, Statutory reserve funds or the Equity in Tangible Capital Assets

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

6. Accounts payable and accrued liabilities

	2013		2012
Other governments	\$ 564,775	\$	773,807
Accrued wages and benefits	517,017		439,460
Trade and other	328,061		677,404
	<u>\$ 1,409,853</u>	\$	<u>1,890,671</u>

7. Deferred Revenue

	2013		2012
Prepaid taxes	\$ 42,136	\$	30,449
Deposits	220,886		506,933
Grant revenue not all criteria met yet	231,472		400,000
Small community grant stabilization	207,926		425,514
Federal gas tax (Note 7)	198,798		203,690
Other	51,735		75,341
	<u>\$ 952,953</u>	\$	<u>1,641,927</u>

8. Federal Gas Tax

Gas Tax funding is provided by the Government of Canada and use of the funding is restricted by the terms of a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax funding may be used towards certain public transit, community energy, water, wastewater, solid waste and Town building projects, as specified in the funding agreements. This amount is reported in the Deferred Revenue line on the Statement of Financial Position.

	2013		2012
Federal Gas Tax Agreement Funds			
Opening balance of unspent funds	\$ 203,690	\$	465,063
Add: Amount received during the year	244,454		244,544
Interest earned	2,008		4,153
Less: Amount spent on eligible project costs	(251,354)		(510,070)
Amount spent on administration	-		-
Closing balance of unspent funds	<u>\$ 198,798</u>	\$	<u>203,690</u>

9. Development Cost Charges

Development Cost Charges are restricted revenue liabilities representing funds received from developers and deposited into a separate reserve fund for capital expenses. In accordance with generally accepted accounting principles, the Town records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Infrastructure DCC	\$ 327,799	\$ 2,571	\$ 4,281	\$ -	\$ 334,651
Parkland Reserve	114,534	-	1,496	-	116,030
	<u>\$ 442,333</u>	<u>\$ 2,571</u>	<u>\$ 5,777</u>	<u>\$ -</u>	<u>\$ 450,681</u>

Reserve by Bylaw	Roads	Water	Sanitary	Storm	Parks	Total
Duganville (BL 839)	\$ -	\$ 14,985	\$ 3,394	\$ 44,126	\$ -	\$ 62,505
Parks Reserve (BL 1264)	-	-	-	-	116,030	116,030
Alice Siding (BL 1463)	396	152,765	47,514	120	-	200,795
Alice Siding (BL 1712)	51,840	4,204	9,659	-	5,648	71,351
Grand Total:	<u>\$ 52,236</u>	<u>\$ 171,954</u>	<u>\$ 60,567</u>	<u>\$ 44,246</u>	<u>\$ 121,678</u>	<u>\$ 450,681</u>

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

10. Trust Funds

The Town operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2013, the balance of funds held in trust was \$142,872 (2012 - \$137,801).

11. Long-Term Debt

Purpose	By-law	Remaining Term	Rate	2013	2012
GENERAL FUND					
Debenture Debt					
RCMP Building	1453	5	(a)	\$ 618,387	\$ 724,970
Fire Engine Replacement	1734	7	(a)	199,800	224,124
Prepaid Capital Lease	441-05	10	(a)	2,240,124	2,419,530
Prepaid Capital Lease - Inter-fund borrowing (Note 5)				2,000,000	2,000,000
				<u>5,058,311</u>	<u>5,368,624</u>
SEWER FUND					
Debenture Debt					
Alice Siding Sewer Project	1352	3	(a)	62,497	81,377
Water Pollution BVF Cover	LA 1734	13	(a)	542,747	574,940
WWTP Upgrade	1707	15	(a)	1,494,000	-
				<u>2,099,244</u>	<u>656,317</u>
				<u>\$ 7,157,555</u>	<u>\$ 6,024,941</u>

(a) Interest repaid on a straight line basis

The following principle amounts are payable over the next five years:

Future minimum principal payments and actuarial additions of existing debt are due as follows:

	General Fund	Sewer Fund	Total
2014	\$ 218,108	116,630	\$ 334,738
2015	218,108	117,848	335,956
2016	218,108	119,110	337,218
2017	218,108	109,769	327,877
2018	218,108	113,126	331,234
2019 and subsequent	2,753,911	1,109,391	3,863,302
	3,844,451	1,685,874	5,530,325
Actuarial addition	1,213,860	413,370	1,627,230
	<u>\$ 5,058,311</u>	<u>\$ 2,099,244</u>	<u>\$ 7,157,555</u>

* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

12. Tangible Capital Assets

	2013		2012
	Net Book		Net Book
	Value		Value
Land	\$ 2,688,457	\$	2,688,457
Building	1,716,730		1,719,683
Machinery and Equipment	1,751,479		1,776,369
Engineering structures			
Water	7,228,531		7,245,398
Sewer	12,898,122		6,106,971
Drainage	1,979,785		1,960,615
Roads	7,267,840		7,395,092
Other	1,426,239		1,524,551
Other Tangible Capital Assets	4,056,128		4,209,190
WIP	333,382		3,412,362
Total	\$ 41,346,693	\$	38,038,688

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1)

13. 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:

	2013		2012
Proof:			
Equity in Physical Assets, opening	\$ 32,013,747	\$	29,012,700
Add:			
Capital Acquisitions	4,903,359		4,160,730
Debt principal repayment	258,950		257,817
Funds held on Deposit	-		-
Actuarial Adjustments	102,437		88,626
Other transactions			
Less:			
Net Proceeds from the issue of debt	(1,494,000)		-
Cost of Borrowing	-		-
Disposals (Net Book Value)	(15,482)		(33,573)
Amortization	(1,579,872)		(1,472,553)
	\$ 34,189,139	\$	32,013,747

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

14. Net Taxation

	2013	2012
General Municipal purposes	\$ 3,431,533	\$ 3,240,010
Collections for other governments		
Provincial Education	1,883,268	1,856,883
Regional Hospital District - Central Kootenay	(4,823)	(11,848)
Regional Hospital District - East Kootenay	122,121	125,124
Municipal Finance Authority	150	151
BC Assessment Authority	49,340	49,401
Regional District of Central Kootenay	1,986,936	1,926,524
	<u>7,468,525</u>	<u>7,186,245</u>
Transfers to other governments		
Provincial Education	1,883,268	1,856,883
Regional Hospital District - Central Kootenay	(4,823)	(11,849)
Regional Hospital District - East Kootenay	122,121	125,132
Municipal Finance Authority	150	152
BC Assessment Authority	49,340	49,404
Regional District of Central Kootenay	1,986,938	1,926,628
	<u>4,036,994</u>	<u>3,946,350</u>
Net Municipal Taxes	3,431,531	3,239,895
Water and Sewer Funds - Frontage Taxes	811,497	810,073
	<u>\$ 4,243,028</u>	<u>\$ 4,049,968</u>

15. Sale of Services, User Rates, Rentals

	2013	2012
Parking meter receipts and recoveries	\$ -	\$ 2,063
Sale of cemetery plots and burial charges	54,018	60,990
Regional District - cemetery	51,720	36,360
- fire protection and rescue	176,578	155,378
Provincial - fire suppression and rescue	5,900	9,403
Fines	10,370	19,208
Licences and permits	86,475	71,690
Rents	632,252	644,334
Concessions and franchises	61,992	75,829
Total	<u>\$ 1,079,305</u>	<u>\$ 1,075,255</u>

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

16. Government Transfers

		2013	2012
Federal:	Conditional transfers	\$ 1,505,954	\$ 1,673,056
	Unconditional transfers	-	-
Provincial:	Conditional transfers	1,549,628	1,225,140
	Unconditional transfers	565,137	534,400
Total		<u>\$ 3,620,719</u>	<u>\$ 3,432,596</u>

17. Lease-in; Lease-out (LILO)

In 2005 the Town entered into a 35 year capital lease with FortisBC Inc. (formerly Terasen Gas Inc.) for the natural gas distribution system within the municipal boundary. The value of the Town's rights in the lease has been set at \$5,500,000 of which 95% or \$5,225,000 has been prepaid to FortisBC. \$3,360,000 of the funds required for this prepayment together with transaction costs (approximately \$135,000) have been borrowed from the Municipal Finance Authority (MFA). Surplus Town funds that were on deposit with MFA have been used to fund the remaining \$2,000,000. Subsequent to establishing this capital lease the Town has leased back the operation of the system to FortisBC under a 17 year operating lease through which the risks inherent in such an operation have been transferred back to FortisBC. The terms of the operating lease require FortisBC to make annual payments which will be used by the Town to pay down the MFA debt and fund new capital projects. In year 17, FortisBC has the option of terminating the capital lease and refunding the remaining portion of the prepaid amount. The Town would use this refund to pay down the remaining debt. In the event this option were not exercised, a new operating lease would be negotiated for an additional 18 years.

18. Commitments and Contingencies

- a. The municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 35,000 contributors from local governments. The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the plan. In 2013, the Town paid \$202,516 in employer contributions to the plan while employees contributed \$180,197.
- b. The Town is responsible, as a member of the Regional District Central Kootenay, for its portion of any operating deficits or long-term debt related to functions in which it participates.
- c. The Town is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the Town is assessed a premium and specific deductible for its claims based on population. The obligation of the Town with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, not joint and several. The Town irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.
- d. In the normal course of a year the Town is faced with lawsuits and claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined at this time.

19. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

20. Accumulated Surplus

	2013	2012
Unappropriated Surplus/(Deficit)		
General Fund	\$ 1,180,787	\$ 1,023,574
Water Fund	957,276	715,090
Sewer Fund	1,348,160	857,185
LILO	614,205	516,495
Capital Surplus	1,083,469	1,083,469
	<u>5,183,897</u>	<u>4,195,813</u>
Less: Amount to be funded in future years (Internal debt)	(2,000,000)	(2,000,000)
Less: Non-financial component (prepaids & inventory)	(496,051)	(400,037)
Amount available to finance operations	<u>2,687,846</u>	<u>1,795,776</u>
Non-Statutory Reserves		
Operating Reserves	57,143	17,905
Operating Capital Replacement Reserves	136,266	102,035
	<u>193,409</u>	<u>119,940</u>
Statutory Reserves		
Property purchase reserve	122,466	120,887
Parking reserve	30,141	29,752
Water district reserve	53,750	43,182
Police Cost Reserve	398,985	815,963
	<u>605,342</u>	<u>1,009,784</u>
Subtotal	3,486,597	2,925,500
Investment in Tangible Capital Assets	<u>34,189,139</u>	<u>32,013,747</u>
Add back unappropriate surplus amounts not available to finance operations	2,496,050	2,400,037
	<u>\$ 40,171,786</u>	<u>\$ 37,339,284</u>

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances (see below). It is available to temporarily finance operations until planned revenues (i.e. property taxes, grants etc.) are received, or for other operating or capital purposes as determined by Council, to the extent that it is available as cash. In 2005 year, the Town used \$2.0M to finance the acquisition of LILO Assets (Notes 5 & 17), this amount will be repaid by future payments from FortisBC LILO revenues; full repayment is estimated to occur by 2025.

The Non-Statutory and Statutory Reserves are Accumulated Surplus that have been set-aside by decision of Council for a specified purpose. The Statutory Reserves have been established by bylaw in accordance with the *Community Charter* and their use is restricted by the related bylaw and legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

Investment in Tangible Capital Assets is equal to the book value of the tangible capital assets less related long-term debt. In the normal course of operations the tangible capital assets will not be available to finance operations, but will be consumed/used to provide services, and the debt will be repaid by future period revenues.

Schedule 1

Town of Creston
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2013

	Land	Buildings	Equipment/ Furniture/ Vehicles	Engineering Structures				Other Tangible Capital Assets	WIP	2013		2012	
				Water	Sewer	Drainage	Streets			Other	Total	Total	Total
Historical Cost:													
Opening Balance	\$ 2,818,123	\$ 3,801,439	\$ 10,228,798	\$ 13,541,567	\$ 4,157,867	\$ 15,135,736	\$ 3,504,592	\$ 5,357,153	\$ 3,412,362	\$ 64,646,094	\$ 60,872,750		
Additions	58,040	260,327	173,706	7,075,229	83,316	321,506	10,215		(3,078,980)	4,903,359	4,160,730		
Disposals		(50,905)		(27,812)		(18,565)	(12,803)			(110,085)	(387,386)		
Write Downs													
Closing Balance, Dec. 31	2,688,457	2,876,163	4,010,861	20,588,984	4,241,183	15,438,677	3,502,004	5,357,153	333,382	69,439,368	64,646,094		
Accumulated Amortization:													
Opening Balance	1,098,440	2,025,070	2,983,400	7,434,596	2,197,252	7,740,644	1,980,041	1,147,963		26,607,406	25,488,666		
Amortization Expense	60,993	285,217	190,573	274,169	64,146	443,185	108,527	153,062		1,579,872	1,472,553		
Effects of Disposals and write down adjustments		(50,905)		(17,903)		(12,992)	(12,803)			(94,603)	(353,813)		
Closing Balance, Dec. 31	1,159,433	2,259,382	3,173,973	7,690,862	2,261,398	8,170,837	2,075,765	1,301,025	-	28,092,675	26,607,406		
Net book value for year ended December 31, 2013	\$ 2,688,457	\$ 1,716,730	\$ 7,228,531	\$ 12,898,122	\$ 1,979,785	\$ 7,267,840	\$ 1,426,239	\$ 4,056,128	\$ 333,382	\$ 41,346,693	\$ 38,038,688		

Town of Creston
Consolidated Schedule Surplus and Reserves
Year Ended December 31, 2013

SCHEDULE 2

	Balances, Beginning of Year	Contributions From Operations	Withdrawals for Capital Purposes	Withdrawals for Operating Purposes	Interest Earnings	Balances, End of Year
OPERATING FUND SURPLUS						
SURPLUS						
General Fund Surplus	\$ 1,023,574	\$ 157,213	\$ -	\$ -	\$ -	\$ 1,180,787
Water Fund Surplus	715,090	242,186	-	-	-	957,276
Sewer Fund Surplus	857,185	490,975	-	-	-	1,348,160
	<u>\$ 2,595,849</u>	<u>\$ 890,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,486,223</u>
NON STATUTORY RESERVES						
LIFO Reserve	516,495	107,925	(10,215)	-	-	614,205
Health Promotion Reserve	5,213	10,168	-	-	-	15,381
Green Initiatives Reserve	12,692	13,953	-	(7,383)	-	19,262
Engineering Reserve	-	22,500	-	-	-	22,500
	<u>534,400</u>	<u>154,546</u>	<u>(10,215)</u>	<u>(7,383)</u>	<u>-</u>	<u>671,348</u>
CAPITAL REPLACEMENT RESERVES						
Public works equipment replacement re	27,854	173,280	(168,489)	-	-	32,645
Fire equipment replacement reserve	74,181	62,000	(32,560)	-	-	103,621
	<u>102,035</u>	<u>235,280</u>	<u>(201,049)</u>	<u>-</u>	<u>-</u>	<u>136,266</u>
TOTAL OPERATING FUND SURPLUS	<u>3,232,284</u>	<u>1,280,200</u>	<u>(211,264)</u>	<u>(7,383)</u>	<u>-</u>	<u>4,293,837</u>
CAPITAL FUND SURPLUS						
General Capital Fund Surplus	190,536	-	-	-	-	190,536
Water Capital Fund Surplus	321,995	-	-	-	-	321,995
Sewer Capital Fund Surplus	570,938	-	-	-	-	570,938
	<u>1,083,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083,469</u>
STATUTORY RESERVES						
Property purchase reserve	120,887	-	-	-	1,579	122,466
Parking reserve	29,752	-	-	-	389	30,141
Water district reserve	43,182	10,004	-	-	564	53,750
Police Cost Reserve	815,963	-	-	(426,566)	9,588	398,985
	<u>1,009,784</u>	<u>10,004</u>	<u>-</u>	<u>(426,566)</u>	<u>12,120</u>	<u>605,342</u>
TOTALSURPLUS AND RESERVES	<u>\$ 5,325,537</u>	<u>\$ 1,290,204</u>	<u>\$ (211,264)</u>	<u>\$ (433,949)</u>	<u>\$ 12,120</u>	<u>\$ 5,982,648</u>

Police Cost Reserve

In 1997 the Town of Creston established a Reserve for Future Expenditure in respect of anticipated RCMP costs. Previously each year an amount set by by-law was contributed to this reserve along with the earnings of the funds already in the reserve. For the years 2002 to 2011 the interest earned has been the only contribution to this reserve. The reserve was used to reduce the impact on ratepayers of the significant increase in cost to the Town of paying for RCMP services since 2012 because the Town's population surpassed 5,000 as determined by Census Canada. The remaining balance of the reserve will be used in the years 2014 to 2016.

The Town of Creston

SCHEDULE SHOWING REMUNERATION AND EXPENSES PAID FOR 2013

1. 6 (2) (a) Elected Officials

NAME	POSITION	REMUNERATION	EXPENSES
Gadicke, Judy	Councillor	12,076	1,067
Graham, Wesly	Councillor	13,326	6,408
Schmalz, Gerald	Councillor	12,876	5,179
Toyota, Ron	Mayor	23,632	9,867
Veitch, Scott	Councillor	13,226	6,536
Wall, Tanya	Councillor	12,226	1,368
Wilson, Joanna	Councillor	11,776	848
Total Elected Officials		\$ 99,139	\$ 31,274

2. 6 (2) (b) Employees Exceeding \$75,000

NAME	POSITION	REMUNERATION	EXPENSES
Beddoes, Ross	Municipal Services Coordinator, Approving Officer, Chief Building Official	\$ 95,052	6,979
Bell, Iain	Director of Public Works	128,677	1,611
Caldwell, Bev	Executive Assistant	87,883	3,492
Farynowski, Colin	Manger of Engineering	121,070	6,361
Klassen, Steffan	Director of Finance & Corporate Services	122,688	6,505
Moore, Michael	Fire Chief	97,278	8,405
Schmidt, Ferdinand	Works Superintendent	97,172	75
Todaro, Toby	Utilities Supervisor	96,055	1,050
Valera, Lou	Town Manager	137,146	13,302
		\$ 983,021	\$ 47,780

6 (2) (c) Employees Remuneration

\$75,000 or less	\$ 1,544,344	\$ 85,057
Total Employees	\$ 2,527,366	\$ 132,837

3. Reconciliation

	REMUNERATION
Total Elected Officials	\$ 99,139
Total Employees	2,527,366
Subtotal	\$ 2,626,505
Total	\$ 2,626,505

Included in Statement of Revenue and
Expenditure

2013 Town of Creston – Statement of Financial Information

SCHEDULE SHOWING PAYMENTS MADE FOR THE PROVISION OF GOODS OR SERVICES

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier name	Aggregate amount paid to supplier
As per attached list	\$ 17,873,661
Deduct grants below	\$ 54,000
C	\$
Total aggregate amount paid to suppliers	\$ 17,927,661

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less

	\$ 1,385,092
--	--------------

3. Total of payments to suppliers for grants and contributions exceeding \$25,000

Consolidated total of grants exceeding \$25,000	\$ 54,000
Consolidated total of contributions exceeding \$25,000	\$ 0
Consolidated total of all grants and contributions exceeding \$25,000	\$ 54,000

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ <u>17,873,661</u>
Consolidated total of payments of \$25,000 or less paid to suppliers	\$ <u>1,385,092</u>
Consolidated total of all grants and contributions exceeding \$25,000	\$ <u>54,000</u>
Reconciling items*	\$ <u>-10,359,925</u>
Total per Statement of Revenue and Expenditure	\$ <u>8,881,627</u>
Variance	\$ <u>-71,201</u>

- * Wages & salaries included on statement of R & E, not on suppliers list
- * Amortization of tangible capital assets
- * Taxes collected for other jurisdictions on suppliers list, not on statement of R & E
- * Capital Expenditures not expensed
- * Administrative allocations included on R & E. but not on suppliers list
- * Payment of Prior period amounts on suppliers list, but not on R & E.
- * Cash Transfers from one Financial Institution to another
- * Principal on Debentures

**TOWN OF CRESTON
YTD Paid Report**



AP5070

Page : 1

Date : May 05, 2014

Time : 10:23 am

Supplier Name From : 0815500 BC LTD
To : ZONE WEST ENTERPRISES

Categories From : 35 - Paper Products Supplier
To : W - Subcontractors

Sequence : By Name **Date Range From :** 01-Jan-2013
To : 31-Dec-2013

Suppress Printing for \$ Under 25,000.00

Supplier Code	Name	Total
4938	RAYMOND JAMES LTD.	4,600,000.00
6159	MAPLE REINDERS	4,340,084.81
6501	REGIONAL DIST. OF CENTRAL KOOTENAY - SUN	3,070,012.51
3298	RECEIVER GENERAL FOR CANADA	706,790.54
3300	RECEIVER GENERAL FOR CANADA - FULL TIME	625,699.60
3500	REGIONAL DIST. CENTRAL KOOTENAY - DEBENTURES	574,624.92
7905	MUNICIPAL PENSION PLAN	366,766.04
3299	RECEIVER GENERAL FOR CANADA	356,452.87
3414	MINISTER OF FINANCE - PROV SCHOOL LEVY	304,313.17
3280	RAY'S GARBAGE PICK-UP LTD	241,853.58
3701	FORTIS BC - Electricity	221,630.76
3390	GREAT WEST LIFE ASSURANCE COMPANY	201,110.51
503	TRATECH MECHANICAL LTD	173,617.15
040	CIBC VISA CENTRE	124,583.16
502	KOOTENAY EAST REGIONAL HOSPITAL DISTRICT	122,162.00
407	SFJ Inc.	109,387.08
541	HEDLUND CONTRACTING LTD	108,137.60
301	RECEIVER GENERAL FOR CANADA - PART TIME	98,045.12
757	FALL LINE FORESTRY LIMITED	93,441.60
297	RECEIVER GENERAL FOR CANADA	84,353.52
463	POWER PAVING	80,966.08
323	FREIGHTLINER OF CRANBROOK LTD.	77,567.56
219	AB-BC RECREATION & RESOURCES LTD.	73,819.70
100	DEL EQUIPMENT LTD	71,187.73
709	CRESTON VALLEY REGIONAL AIRPORT SOCIETY	68,099.61
393	CORIX WATER PRODUCTS	58,509.74
178	CRESTON VALLEY CHAMBER OF COMMERCE	58,341.59
180	MUNICIPAL INSURANCE ASSOCIATION OF BC	51,982.58
43	MALONE TIM	50,404.48
00	BC ASSESSMENT AUTHORITY	49,357.75
83	B-BOYS	43,101.24
70	WHITE & CLEAN JANITORIAL SERVICE	42,896.60
46	WORKSAFE BC	40,391.09
99	REVENUE SERVICES OF BRITISH COLUMBIA	40,289.00
30	NAPA AUTO PARTS	39,654.60
04	DHC COMMUNICATIONS INC	39,113.00
32	AON REED STENHOUSE	38,539.00
33	HUSKY OIL MARKETING COMPANY	36,986.72
33	KAYWAY INDUSTRIES INC	35,674.40
10	KEMLEE EQUIPMENT LTD.	35,336.23
2	WENDELL MARSHALL CONSULTING LTD	35,277.81
5	BELTANE NURSERY	35,072.59
0	FRANKLIN TEMPLETON INVESTMENTS (FOR DEPOSIT	35,000.00
1	GUILLEVIN INTERNATIONAL INC	33,635.80
0	COMFORT WELDING	33,098.13
5	CANADIAN PACIFIC RAILWAY COMPANY	32,643.78
3	MCASPHALT INDUSTRIES LIMITED	30,412.07
3	LORENA PD STAPLES LAW CORPORATION	29,118.26
5	0815500 BC LTD	29,027.25
1	COAST WATER SYSTEMS	27,759.20
.	STATES MARILIN	26,121.18

**TOWN OF CRESTON
YTD Paid Report**



AP5070

Page : 2

Date : May 05, 2014

Time : 10:23 am

Supplier Name From : 0815500 BC LTD
To : ZONE WEST ENTERPRISES
Categories From : 35 - Paper Products Supplier
To : W - Subcontractors

Sequence : By Name **Date Range From :** 01-Jan-2013
To : 31-Dec-2013
Suppress Printing for \$ Under 25,000.00

Total Suppliers Equal and Over	25,000.00	<u>17,927,661.11</u>
Other Suppliers Under	25,000.00	<u>1,385,091.51</u>
Total Of Printed Suppliers :		<u>19,312,752.62</u>

Town of Creston

2013 Annual Debt Position Report

Issue	Term	Bylaw	S/I Bylaw	Region SI Bylaw	Purpose	Amount Requested	Principal Paid	Interest Paid	Actuarial Recognized	Balance Outstanding	Interest Rate	Maturity Date
124	15	1707	412-12	2156	Sewer	1,494,000	0	23,531	0	1,494,000	3.15%	April 8, 2028
114	15	1707	05/11/2010	2156	Sewer	606,000	32,194	20,985	0	542,747	3.65%	March 29, 2026
112	10	1734	05/11/2010	2158	Other	270,000	22,489	10,071	1,835	199,800	3.73%	October 26, 2020
97	17	1611	441-05	1769	Other	3,360,000	141,787	165,648	37,619	2,240,124	5.50%	April 19, 2023
69	20	1431	1453	1329	Other	1,780,000	53,832	82,770	52,751	618,387	4.65%	September 24, 2018
64	20	1301	1352	1202	Sewer	286,000	8,649	12,670	10,231	62,497	7.25%	September 25, 2016
Grand Total						7,796,000	258,950	315,675	102,436	5,157,554		

TOWN OF CRESTON
STATEMENT OF FINANCIAL INFORMATION FOR 2013

Schedule of guarantee and indemnity agreements

"This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation."

TOWN OF CRESTON

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreements made between the Town of Creston and its non-unionized employees during fiscal year 2013.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)

