

TOWN of CRESTON 2019 : Annual : Report



Photo: Andrew Bibby



Photo: Andrew Bibby

250.428.2214
info@creston.ca
www.creston.ca



TOWN of CRESTON

Town of Creston
Box 1339, 238 10th Avenue North
Creston, British Columbia
VOB 1G0

TABLE of CONTENTS



I. Introductions	5
A. Message from Mayor	6
B. Message from Chief Administrative Officer	8
C. Message from Director of Finance & Corporate Services	10
II. Council Profile	13
A. Town of Creston Council	14
B. Council Covenant	15
C. Corporate Vision, Mission, Principles & Values	16
D. Council Representative Appointments	17
E. Corporate Strategic Priorities	19
III. Community Profile	21
A. Community Profile	22
IV. Operational Activities	25
A. 2019 Organizational Structure	26
B. Community Services	27
1. Planning & Development	28
2. Building Inspection	30
3. Fire & Rescue	31
4. Public Safety & Compliance	33
C. Infrastructure Services	34
1. Engineering	35
2. Public Works	36
D. Finance & Corporate Services	38
V. Finance	39
A. Permissive Tax Exemptions	40
B. 2019 Audited Financial Statements	41





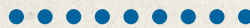
Photo: Daniel Seguin

I. INTRODUCTIONS



Town of Creston Mayor, Ron Toyota

MESSAGE FROM THE MAYOR



On behalf of the Town of Creston's Council and staff, it is my pleasure to introduce the 2019 Annual Report.

The Annual Report is an opportunity for us to look back at the past year's successes, reflect upon our challenges, and serves as a check in point for where we are at in developing solutions to those challenges. This Report is a testament to the hard work and professional service delivery provided by our staff and Council of the Town of Creston throughout the previous year.

Your Town Council (Mayor and six Councillors) were elected in October 2018 and our official inauguration was held on November 6, 2018 for a four-year term. For the first time in the Town's history, an official judicial recount was conducted by BC Chief Elections office to confirm the accuracy of the counting of the election ballots. In the end, there were only a total of five votes separating the sixth Councillor elected from the seventh candidate, changing the results of that sixth Councillor spot. I often hear people say, "I don't think my vote counts" so they don't bother to vote. Well, recent experience has certainly shown that on a municipal level, every vote counts! Thank you Creston, for putting your trust in us as Town Council and especially for re-electing me for a fourth term as your Mayor. It is truly my honour to serve this wonderful community!

2019 was another eventful year here in the Town of Creston. A few highlights from the year include:

Physician Recruitment: Ongoing family physician recruitment success through the Creston Valley Health Working Group and our physician recruiter. In the last nine years, we have successfully recruited 10 family physicians, as well as numerous locums to fill in during physician absences. The security of keeping our full service hospital here is maintained by recruiting physicians with advanced skills.

Purchase of CEC: With assistance from Columbia Basin Trust (CBT) and the Regional District of Central Kootenay (RDCK), the Town purchased the Creston Education Centre (CEC) from School District No. 8. With the groundswell of community support for this facility we were able to move this project forward. The CEC is home to early childhood education and other important support programs, as well as itinerant services programs from SD 8. The CEC is a cornerstone of our community, and we are so grateful to our community partners for stepping up to keep this essential community asset here.

Creston Community Park: Located at the Creston and District Community Complex, the Creston Community Park includes a reconstructed skate park, accessible walkways and seating area for spectators. A picnic/civic space with seating for social and community gatherings, revitalized playground and outdoor sport courts (just to name a few of the features) was also constructed. The Creston Community Park project was made possible by a \$3.1 million grant obtained by the RDCK. My “sk8” sources tell me that the skate park has a “particularly awesome bowl” and is the best in the Kootenays!

Land Purchase for Creston Emergency Services Building: The purchase of the property from Choice Properties (Loblaws) for our new Creston Emergency Services Building (CESB), which will be home to Creston Fire Rescue and BCEHS paramedics, was finalized at the end of 2019. The project is going out to tender in July 2020, with construction anticipated to start in the Fall. We are so excited to see this project moving forward!

Grain Elevators: In 2018 CBT purchased the iconic Creston Grain Elevators. During 2019, the grain elevators were then assessed with respect to historical significance, condition, structural integrity, and health and safety. CBT plans to engage the community to discuss potential future use of the red elevator and options for the white elevator.

There was a fair amount of activity in the Town’s commercial corridor of Northwest Boulevard in 2019. One of 73 locations in Canada, Centex Petroleum opened their “Gas Bar and Go Market” in August. Kemlee Equipment (Kubota dealership) opened their new facility in October. The Mountain View Inn was purchased by a developer and the zoning amended to allow residential use, providing 12 long-term monthly rental units.

During my 11th year as Mayor (November 2018 to October 2019), I logged 1621 hours or approximately 135 hours per month. This includes attending meetings of Council and committees, RDCK Board meetings, other association Board meetings, Mayor’s “Coffee Talks”, participating in JuiceFM weekly radio interviews, and writing monthly articles for the “I Love Creston” magazine.

Being present and supporting our community is very important to me. In 2019, alongside Chief Jason Louie, I participated in the Missing and Murdered Indigenous Women (MMIW) Awareness Walk. Additionally, I participated in our 78th Annual Creston Valley Blossom Festival activities, the annual Halloween Safety Stop at the Fire Hall and the Santa Claus parade, which provided me with the opportunity to interact with the wonderful citizens of our Valley - one of my favourite aspects of being a part of public office! If you would like to chat, I am generally at my office in Town Hall on Mondays, Tuesdays and Thursdays from 9:00 am to 4:00 pm. My schedule is posted on the Town of Creston website – www.creston.ca – and I encourage you to get in touch at your convenience.

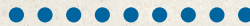
The Annual Report also serves as a valuable communication tool between local government and the citizenry we serve. As this decade draws to a close, your Council and staff renew our commitment to service excellence, in which timely and upfront communication is key. Keep reading to see how your local government is working for you!

Ron Toyota
Mayor



Town of Creston CAO, Michael Moore

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



Under guidance from our Mayor and Council, the Town of Creston continued to flourish in 2019. There were improvements to our trails and sidewalk network, the establishment of our own youth centre space as well as essential upgrades and maintenance to our infrastructure. We also continued support for our programs that improve livability in our community, such as economic development and physician recruitment.

As this current Council settled into their first full year of governance, we took the opportunity to explore how we could make changes to some of our processes with an eye to increasing transparency and communication with our citizens. One such process was the Council budget process, which traditionally occurs over the course of several meetings and several months. This year, staff worked with Council to improve how future budget cycles will look by essentially conducting the entire 2020 budget process in a three day workshop in December 2019. The feedback from Council on this change was very positive and will allow for more effective debate during the budgeting process.

In 2019, The Town of Creston was able to successfully negotiate and finalize the purchase of the land for the new Creston Emergency Services Building (CESB) at a lower cost than anticipated within the project budget. The development of the CESB, which will house our fire rescue services and BC Ambulance Service, has continued at a steady pace. Further, an agreement with the Province of British Columbia allows for the inclusion of BC Ambulance Service into the project, with additional project costs being covered by the Province. This augments the facility to include our paramedic service without increasing costs for our taxpayers. The Technical Building Advisory Committee (TBAC) has provided oversight to the project to date and have worked cooperatively with the building professionals in the design phase. 2020 promises to be an exciting year for this project and I look forward to sharing developments in next year's Annual Report!

Also during 2019, the Town of Creston agreed upon a management contract with the Regional District of Central Kootenay (RDCK) to manage the Wynndel-Lakeview Fire Department. This expands the capabilities of the Wynndel-Lakeview Fire Department and Creston Fire Rescue. The improved operational sharing of resources in the fire

services provides economies of scale in firefighter training, equipment maintenance and emergency responses. It is anticipated that during the 2020 budget cycle, the Canyon-Lister Fire Department will also be operated through a management contract with the Town, in essence creating a Creston Valley fire service. The Town of Creston is committed to continuing to work with the RDCK to provide improved, effective and efficient emergency services to all Creston Valley residents.

Investing in the infrastructure assets of the Town continued to be a Council priority. There were a number of storm sewer projects that were completed to improve the handling of storm water during high rain events and water and sewer lines continue to be replaced as sections of this infrastructure reaches its end of life. Through planned equipment and vehicle replacement programs, there were purchases of equipment to improve and maintain the high quality work of our public works crew. Maintenance work was undertaken at a number of facilities, including significant renovations for the Creston Valley Youth Network facility utilizing grant funding received from Columbia Basin Trust.

Council and staff continue to work cooperatively to develop asset management solutions to ensure that there is a balance between risk, costs and levels of service. In future budget years, this continual balancing will form a key part of Council's decision making by determining how future projects will be factored into short and long term financial planning. While there are exciting opportunities that arise from expanding levels of service, the cost of maintaining and replacing existing critical infrastructure will need to be factored into those decisions to ensure long term sustainability for the municipality.

It remains a Council priority to increase communications between the Town of Creston and our residents. We have increased our social media presence, website communications, online surveys and direct mailouts. Please don't hesitate to get in touch with us by phone or email, and be sure to sign up to receive the latest news from the Town of Creston through our website's "Notify Me" feature, as well as by following us on Facebook and Instagram. We look forward to hearing from you!

Sincerely,

Michael Moore
Chief Administrative Officer



Town of Creston DFCS, Steffan Klassen

MESSAGE FROM THE DIRECTOR OF FINANCE & CORPORATE SERVICES



On behalf of the Town of Creston and the Finance and Corporate Services Department, it is my pleasure to present the financial section of the 2019 Annual Report. The financial section of the report presents the audited consolidated financial statements, notes, supplementary schedules and the auditor's report from Apex Accounting, Chartered Professional Accountants for the year ending December 31, 2019.

One of the primary purposes of the Annual Report is to provide the readers with a clear understanding of the financial position and financial activities of the Town of Creston. We maintain a system of internal controls for the purpose of financial statement reliability and protection of Town assets. The system includes budget preparation, safekeeping of Town funds, receiving monies paid to the municipality, investing in authorized investments, expending funds as authorized by Council, and ensuring accurate and full accounting of all financial transactions.

The consolidated financial statements for the year ending December 31, 2019 included in this report were prepared by Town staff in accordance with generally accepted accounting principles (GAAP) for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Professional Accountants of Canada. The consolidated financial statements have been audited by Apex Accounting, Chartered Professional Accountants.

2019 OPERATING RESULTS

The financial results for 2019 were higher when compared to the 2019 budget. The consolidated annual surplus was \$1,665,796 or \$697,868 less than budget. A significant factor was \$292,995 of developer asset contributions of new subdivision infrastructure.

The Town had a variety of revenue sources including taxation and grants in lieu of \$5.41 million, \$2.27 million in fees, charges and miscellaneous revenue, \$2.77 million in utility fees and charges, and \$1.22 million in government transfers. Total revenues were \$195,000 higher as a result of developer contributions and investment income to offset lower government transfers due to the timing of government grant payments for capital.

Consolidated operating expenditures were under budget by \$503,000. The full amount of the difference does not reflect true savings as there were projects budgeted for in 2019 that will not be completed until 2020. Savings become part of the surplus used to fund operating and capital projects in future years. The budget is a very good tool to keep control of municipal expenditures however, it is a forecast and therefore due to a number of external and internal factors, variances are experienced. When an overage is expected, savings in other areas are sought in order to meet the overall budget target.

The 2019 annual surplus was \$1.67 million. The surplus is the net result of all of the Town's financial activities for the year, so there are many items which affect it. The consolidated financial statements are a summary of all these transactions and it is used to illustrate the changes.

CAPITAL SPENDING AND RESERVES

The Town has an estimated \$145 million worth (replacement value) of assets which will eventually need to be upgraded or replaced as they age. Planning for infrastructure replacement is top of mind for Council and staff as we seek to balance the challenges of maintaining and replacing our infrastructure in an economically sustainable manner by keeping taxation and borrowing to a minimum.

A total of \$3.03 million was spent on capital asset additions in 2019, which is about 60% higher than the past two years. The largest categories were \$1,572,000 for water projects including the Schikurski Pumphouse upgrade project, \$640,000 of building purchases which included the Creston Education Centre from School District No. 8, and \$495,000 for roads and sidewalk improvements.

LONG-TERM DEBT

The long-term debt issued and outstanding as of December 31, 2019, was \$4.36 million, which is \$388,480 less than 2018. The decrease was due to principal repayments made during the year. Only 18% (\$102,000) of the long-term debt principal and interest is paid for by property taxes or user fees. FortisBC pays for the prepaid capital lease loans, and through sewer charges the Columbia Brewery pays for a substantial share of the Waste Water Treatment Plant upgrade loan.

In summary, the Town of Creston remains in a good financial position. We strive to be innovative and creative in terms of service delivery that reflects Council priorities and community expectations. The Town of Creston continues to be accountable in spending, sensitive to public needs and aims to preserve our levels of service and community infrastructure while embracing the challenges of the economic realities that our municipality is faced with.

Steffan Klassen, CA
Director of Finance and Corporate Services



II. COUNCIL PROFILE



Photo: Warren Bruns

COUNCIL 2018 - 2022

From left to right: Councillor Jen Comer, Councillor Karen Unruh, Councillor Jim Elford, Staff Sergeant Ryan Currie, Mayor Ron Toyota, Corporal Gerry Sliworsky, Councillor Arnold DeBoon, Councillor Ellen Tzakis, Councillor Joanna Wilson.

TOWN OF CRESTON COUNCIL



An elected Council, comprised of a Mayor and six Councillors, governs the Town of Creston. Council is elected for a four-year term. The next municipal election will be held in 2022.

Council has the authority to set budgets, levy taxes and establish policies to guide the growth, development and operation of the Town of Creston for the benefit and protection of its residents. The powers of the Council are exercised through the adoption of resolutions or the enactment of bylaws at Council meetings. Members of the public are encouraged to attend open Committee and Council Meetings; see the Town's website at www.creston.ca for information regarding dates and times of meetings.

Regular Committee of the Whole Meetings are held on the third Tuesday of each month. The open portion of the meeting begins at 4:00 pm. There may be a "closed" portion of the meeting (which is closed to the public) that begins immediately following the open meeting.

Regular Council Meetings are held the second and fourth Tuesday of each month. The open portion of the meeting begins at 4:00 pm. There may be a "closed" portion of the meeting (which is closed to the public) that begins immediately following the open meeting.

Both Council and Committee of the Whole Meetings are held in the Council Chambers at Town Hall and are open to the public.





TOWN OF CRESTON COUNCIL COVENANT

WE, AS MEMBERS OF COUNCIL, WILL:

- Carry out our responsibilities as set out in the applicable legislation to the best of our abilities;
- Make decisions which we believe to be in the best interests of the citizens of the Town of Creston;
- Review the background information and advice made available to us by the administration prior to rendering a decision;
- Seek further input when we are unsure of the issues or uncertain as to the preferred course of action;
- Refer any complaints, either written or verbal, about the decisions of Council or the actions of administration, to the Town Manager for review, comment and follow-up (as appropriate);
- Refrain from making any commitments on behalf of council to individual citizens or groups other than to take the request up with the Council or Town Manager and to respond appropriately;
- Seek to participate actively in the decision-making process;
- Refrain from any public or private criticism of our administration wherein individual employees are identified; and,
- Act as good stewards of the Town and as public servants of our citizens through ethical conduct;
- Provide effective leadership through guiding the corporation and the municipality through annual or longer-term goals and priorities, through the budget approval process and by agreeing to reasonable policies which reflect, in our views, the best interests of a majority of our citizens.

<p style="text-align: center;">Mayor <u>Ron Toyota</u></p> <p>Councillor <u>Jen Comer</u></p> <p>Councillor <u>Jim Eford</u></p> <p>Councillor <u>Karen Unruh</u></p>	<p style="text-align: center;">Councillor <u>Arnold DeBoon</u></p> <p>Councillor <u>Ellen Tzakis</u></p> <p>Councillor <u>Joanna Wilson</u></p>
---	---

Dated at Creston, BC, this 6th day of November, 2018.

DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS

In accordance with Section 98(2)(e) of the *Community Charter*, there were no declarations of disqualification made under Section 111 of the *Community Charter* in the year 2019.

CORPORATE VISION, MISSION, PRINCIPLES & VALUES



We, the Council of the Town of Creston, believe that the following statements reflect the ethical foundation of our Council and Community, and our relationship with our public.

The Council of the Town of Creston is prepared and committed to increase responsiveness to the needs of our public and to focus our organization's efforts on achieving the goals articulated through our Corporate Strategic Plan.



OUR VISION



"Our community working together to enhance the quality of life, now and into the future, for the Creston Valley."



OUR MISSION



Our Mission is to exhibit strong leadership by:

- *Providing excellent public service and value through good governance and continued improvement;*
- *Maintaining a strong sense of community while embracing opportunities for growth that enhance our quality of life; and,*
- *Nurturing and preserving pride in our arts, culture, heritage and lifestyle amenities.*



GUIDING PRINCIPLES AND VALUES



As people who care, we treat each other with respect and act with integrity by fostering attitudes that are professional, fair and just, through prioritizing:

- | | |
|---|---|
| - <i>Collaborative Leadership</i> | - <i>Recognition of Achievements</i> |
| - <i>Safety and Wellness</i> | - <i>Sustainability (Social, Environmental, Cultural, Economic)</i> |
| - <i>Innovation and Creativity</i> | - <i>Transparency and Accountability</i> |
| - <i>Quality of Life</i> | - <i>Fiscal Responsibility</i> |
| - <i>Equitable Partnerships and Alliances</i> | |

COUNCIL REPRESENTATIVE APPOINTMENTS NOVEMBER 2018 - 2019



GOVERNMENT RELATED AGENCIES – 2019

Arrow Creek Water Treatment & Supply Commission

Representative.....Councillor Elford
 Alternate.....Councillor DeBoon

East Resource Recovery Commission (RDCK)

Representative.....Councillor DeBoon
 Alternate.....Mayor Toyota

Kootenay East Regional Hospital District

Director.....Councillor Unruh
 Alternate Director.....Councillor Elford

School District No. 8 (Kootenay Lake) – Board of School Trustees

Liaisons.....Councillors Comer and Unruh

Emergency Operations Centre

EOC Director.....Town Manager
 Member.....Fire Chief
 Resource.....RDCK Emergency Coordinator, Creston, Areas A, B & C
 Council Liaisons.....Mayor Toyota & Councillor Elford

Municipal Insurance Association of BC

Representative.....Councillor Elford
 Alternate.....Councillor Wilson

COMMUNITY ORGANIZATIONS

Community Arts Council of Creston

Representative.....Councillor Wilson

Creston-Kaminoho Friendship Society

Representative.....Councillor Wilson

Creston & District Library Board

Representative.....Councillor Wilson

Creston Valley Blossom Festival Association

Representatives.....Councillor Unruh

Creston Valley Chamber of Commerce

Representative.....Councillor Tzakis

Creston Valley Community Housing Society

Representative.....Councillor Tzakis
 Alternate.....Councillor Wilson

Creston Valley Community Network Society

Representative.....Councillor Tzakis

<i>Creston Valley Health Working Group</i> Representative.....	Councillor Unruh
<i>Creston Valley Services Committee</i> Representative.....	Councillor Comer
<i>Economic Action Partnership (EAP)</i> Representative.....	Councillor Elford
Alternate.....	Councillor Comer
<i>Trails for Creston Valley Society</i> Representative.....	Councillor Comer

OTHER ORGANIZATIONS

<i>Creston Valley Forest Corporation</i> Director.....	Councillor Elford
<i>BC Transit</i> Representative.....	Councillor Wilson
<i>Creston Valley Regional Airport Society</i> Liaison.....	Councillor DeBoon

SELECT COMMITTEES

<i>Parcel Tax Roll Review Panel (Foot Frontage)</i> Chair.....	Councillor Unruh
Member.....	Councillor Wilson
Member.....	Director of Finance & Corporate Services
<i>Cemetery Advisory Committee</i> Members.....	Mayor Toyota and Councillor DeBoon
<i>Firehall Technical Building Advisory Committee (TBAC)</i> Representative.....	Councillor Elford
Representative.....	Councillor DeBoon

OTHER

<i>Appointment of Auditor</i> (appointed to 2022).....	Carr & Associates
<i>Appointment of Solicitor</i> (appointed to 2022).....	Lorena P. D. Staples Law Corporation
<i>Regional District of Central Kootenay Director</i> Director.....	Mayor Toyota
Alternate.....	Councillor Elford

SIGNING AUTHORITIES

(Appointed to December 31, 2019)

Mayor Ron Toyota, Councillor Joanna Wilson, Michael Moore (Chief Administrative Officer),
Ross Beddoes (Director of Community Services), Steffan Klassen (Director of Finance & Corporate Services),
Stacey Hadley (Corporate Officer)

2019 CORPORATE STRATEGIC PRIORITIES



Strategic Priorities reflect Council's vision for the community and defines items and areas for key focus. Actions are associated with each of the Strategic Priorities to provide for focused implementation. Operational Strategies provide greater detail for staff's implementation of Council's Strategic Priorities; Operational Strategies are identified in the Strategic Priorities Chart attached to Council's agenda.

NOW

1. **FIRE HALL:**
Decision Requirements for Construction
2. **CAO RECRUITMENT:**
Profile and Compensation Review
3. **EMERGENCY PLAN REVIEW:**
Provider Options
4. **CANNABIS LEGISLATION:**
Zoning / License
5. **ROAD REBUILD:**
Grant Application

TIMELINE

- December*
- January / February*
- January*
- December (2018)*
- January*

NEXT

- **ECONOMIC DEVELOPMENT STRATEGY:**
Town Actions
- **ZONING BYLAW REWRITE:**
Completion
- **CAPITAL PRIORITIES:**
2019 and 5-Year Plan
- **MUNICIPAL & DISTRICT REGIONAL TAX PROPOSAL**
- **CRESTON EDUCATION CENTRE:**
Local Area Plan

ADVOCACY / PARTNERSHIPS

- **CURB SIDE RECYCLING:**
Business Case (RDCK)
- **HIGHWAY REALIGNMENT:**
Phase II (MOTI)
- **ECONOMIC ACTION PLAN:**
Funding Application (RDCK)
- **RECREATION MASTER PLAN:**
Review (RDCK)
- **ECONOMIC DEVELOPMENT STRATEGY:**
Review (RDCK)



III. COMMUNITY PROFILE



Photo: Jeff Banman

COMMUNITY PROFILE



The Town of Creston, a scenic treasure, is nestled in an agricultural valley located at the south end of Kootenay Lake, minutes from the British Columbia/Idaho border. Surrounded by the stunning Selkirk and Purcell mountain ranges, Creston is accessible along Highway 3, and sits near major cities in both Canada and the United States of America.

Nearby Cities with International Airports

City	Distance	Driving Time
Cranbrook BC	105 km	~80 min
Spokane WA	228 km	~165 min
Kelowna BC	424 km	~320 min
Calgary AB	488 km	~330 min



CRESTON TODAY

The Town of Creston is located on the east side of the Kootenay River Valley at the foot of Arrow Mountain (known locally as Goat Mountain). Most of the Town is situated on a bench-like landform that rises significantly above the Valley floor. The remainder of the Town, roughly 30 percent of its land area, extends up the lower slope of Goat Mountain and is largely unserviced and undeveloped. By virtue of its elevated setting, Creston enjoys a grand vista over the fields in the valley and onto the Selkirk Mountains to the west and the majestic Skimmerhorns of the Purcell Mountains to the east.

Creston was first incorporated as a Village in 1924, then as a Town in 1965. Today, the Town of Creston strives to maintain its small town character while experiencing a small but steady population increase since 2006.

OUR NEIGHBOURS

Since time immemorial the Lower Kootenay Band, locally known as Yaqan Nukiy, were the original inhabitants of the Lower Kootenay area. The name Yaqan Nukiy

literally means “where the rock stands” and refers to an important place in the Creston Valley. Today, the Lower Kootenay Band is located on approximately 6,000 acres in the beautiful Creston Valley, along the banks of the Kootenay River in south eastern British Columbia. The main community is located 4 km south of Creston and just north of the USA border on Simon Road.

Incorporated in 1965, the Regional District of Central Kootenay (RDCK) is a local government that serves an estimated population of 60,000 residents. The Town of Creston is one of nine member municipalities, including: Castlegar, Kaslo, Nakusp, Nelson, New Denver, Salmo, Silverton and Slocan. In addition to these municipalities, the region consists of 11 Electoral Areas.

Census Year	Population	5 Year Change
2001	4,795	-0.6%
2006	4,825	+0.6%
2011	5,306	+10%
2016	5,351	+0.8%

Creston is located within the southern portion of the RDCK, immediately adjacent to Electoral Areas “A”, “B”, and “C”. The Town participates in a significant number of shared services with these RDCK Electoral Areas ranging from the Creston Valley Public Library, the Arrow Creek water system, the Creston Museum, the Creston Valley Regional Airport, the Creston & District Community Complex, to Waste Management and more. In addition, these partners work together on various programs and projects to advance the quality of life within the Creston Valley as a whole.

DEMOGRAPHICS

In 2016, the average age of Creston residents was 52.2 years of age; 11 years older than the Canadian average. Known as a great place for retirement, Creston is also experiencing growth in the 20-34 year old age bracket.

The average 2015 household income in Creston was \$58,681 compared to the Provincial average household income of \$90,354.

The average 2016 household size in Creston was 2 persons, compared to the Provincial average of 2.4 persons.

In 2016, 73% of households in Creston were occupied by their owners, and 27% were rented. Compared to the provincial average of 68% owner occupation, Creston has a higher proportion of owner occupied households. The average cost of a home in Creston was \$276,513 compared to the provincial average of \$720,689. In 2016, 12.4% of homeowners spent more than 30% of their income on shelter costs, compared to 20.7% provincially. This contrasts tenant occupied households in Creston, where 57.9% of renters spend more than 30% of their income on shelter costs, compared with 43.3% provincially.

COMMUNITY INFRASTRUCTURE

In 2019, Town of Creston infrastructure consisted of:

- i.....29 km of storm sewer pipe
- ii.....57 km of sanitary sewer pipe
- iii.....63 km of water pipe
- iv.....54 km of paved roads
- v.....4 km of unpaved roads

Projected Population Growth

Looking forward, and using a conservative growth rate of 1.0%, Creston can anticipate a population of approximately 5,852 persons by 2025, and 6,212 persons by 2031.

Infrastructure Capacity

Creston has adequate water supply, sewerage and treatment capacity to meet its needs through 2030 and beyond, given an annual growth rate of 1%. In 2009, the Town implemented water conservation measures as a way of lowering its annual operating and maintenance costs, and deferring capacity system improvements. Between 2009 and 2019, Creston reduced its gross water demand by 26%, per capita.

Geographic Limitations

Geographic (physical) limitations to outward growth and expansion include the Agricultural Land Reserve to the north, west, and south, and the steep slopes of Arrow Mountain to the east.

PUBLIC SPACES

Creston has a network of trails throughout the community, with Glaser Trail, Cavell/Devon Trail, and Billy Goat Bluffs Trail as the latest additions. In total the Town maintains over 20 km of sidewalks and trails throughout the community.

Each of the parks in the Town of Creston is unique. Park types range from Millennium Park, which is home to traditional Japanese gardens and an outdoor amphitheatre, to Schikurski Park, which is largely a natural green space. 2019 saw the development of the new Creston Community Park, complete with sports courts, skatepark, and a new playground.



ECONOMY

The total number of active business licences in 2019 was 485. These business licences consist of businesses that are associated with a Creston address, as well as businesses located outside of Town, who conduct business within Town limits.

The Town of Creston is committed to identifying challenges and opportunities related to business growth.

The top industry categories in which Creston residents are employed are: health care and social assistance; retail trade; manufacturing; construction; accommodation and food services; educational services; and, agriculture, forestry, fishing and hunting.

2019 Tax Base

2019 Taxable Assessed Values for Town of Creston property classes, including both land and improvements, total \$698,722,424 and are broken down below:

<i>Property Class</i>	<i>Assessed Value</i>
Residential (all types)	\$600,206,050
Utilities (gas, phone, electrical)	\$7,705,350
Light Industry	\$13,836,800
Business & Miscellaneous	\$76,458,000
Recreation Non-Profit	\$489,900
Farm	\$26,324
Total	\$698,722,424

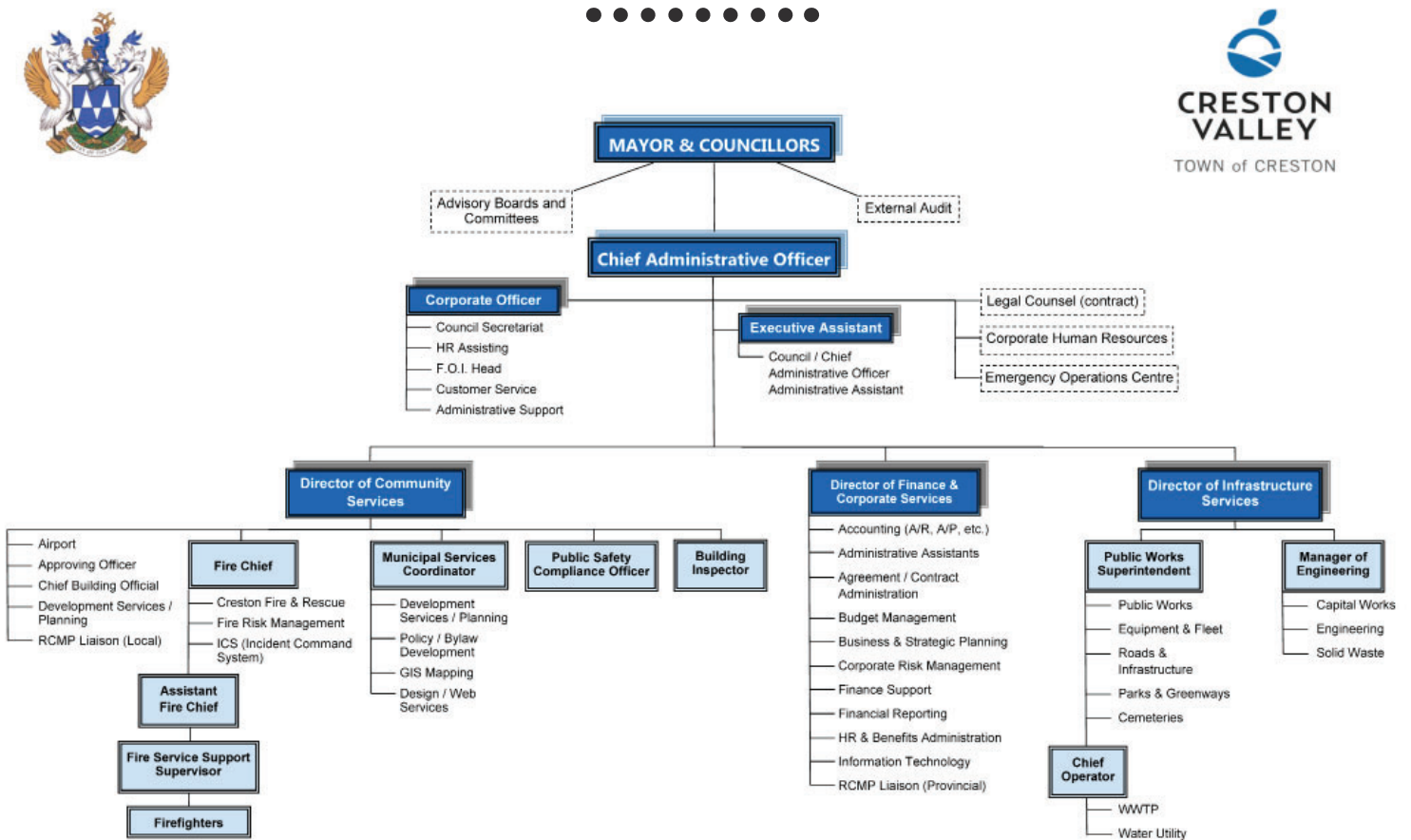




Photo: Town of Creston

IV. OPERATIONAL ACTIVITIES

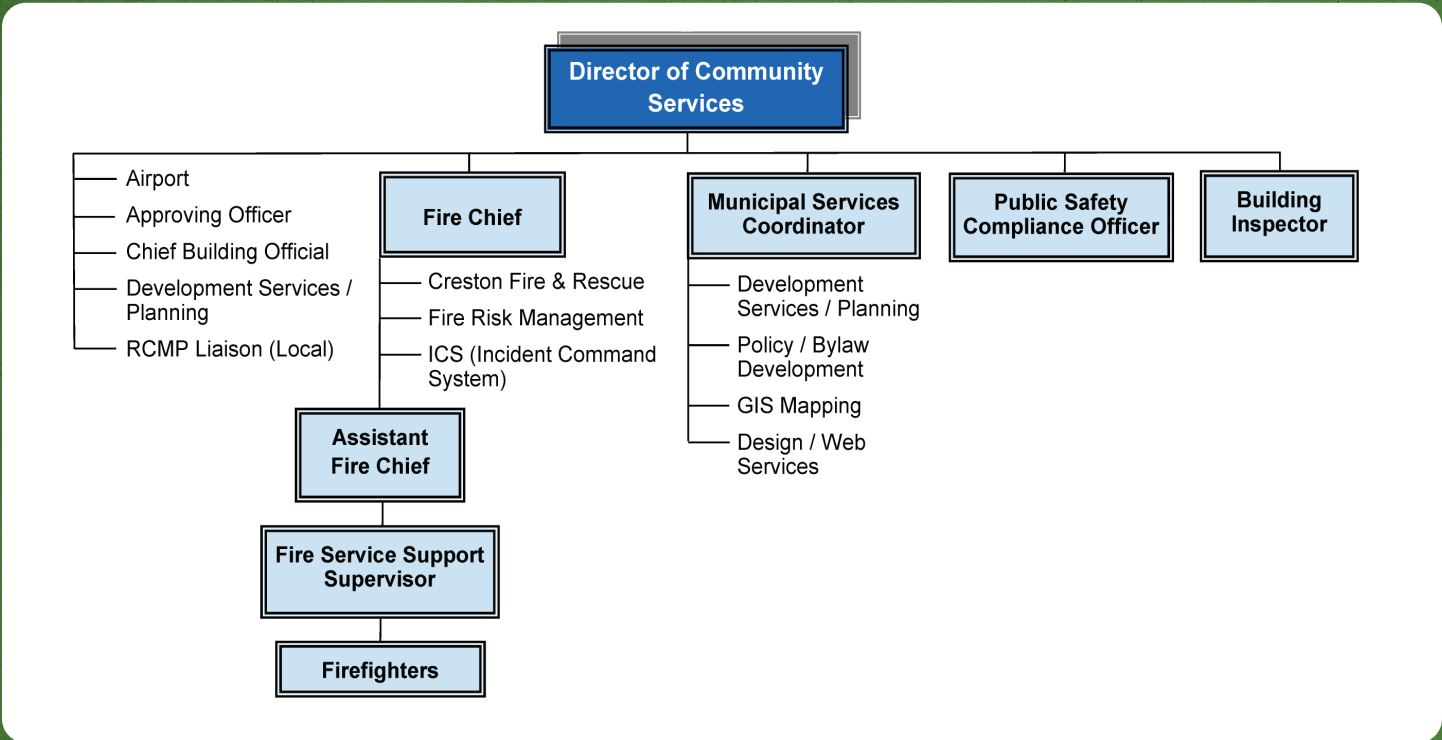
A. ORGANIZATIONAL STRUCTURE & SENIOR STAFF (as of December 2019)



<i>Chief Administrative Officer</i>	Mike Moore
<i>Director of Community Services</i>	Ross Beddoes
<i>Director of Finance & Corporate Services</i>	Steffan Klassen
<i>Director of Infrastructure Services</i>	Ferd Schmidt
<i>Manager of Engineering</i>	Colin Farynowski
<i>Public Works Superintendent</i>	Brad Ziefflie
<i>Fire Chief</i>	Jared Riel
<i>Assistant Fire Chief</i>	Laura Dodman
<i>Fire Service Support Supervisor</i>	Randall Fabbro
<i>Corporate Officer</i>	Bev Caldwell
<i>Executive Assistant</i>	Marsha Neufeld
<i>Municipal Services Coordinator</i>	Joel Comer



B. COMMUNITY SERVICES



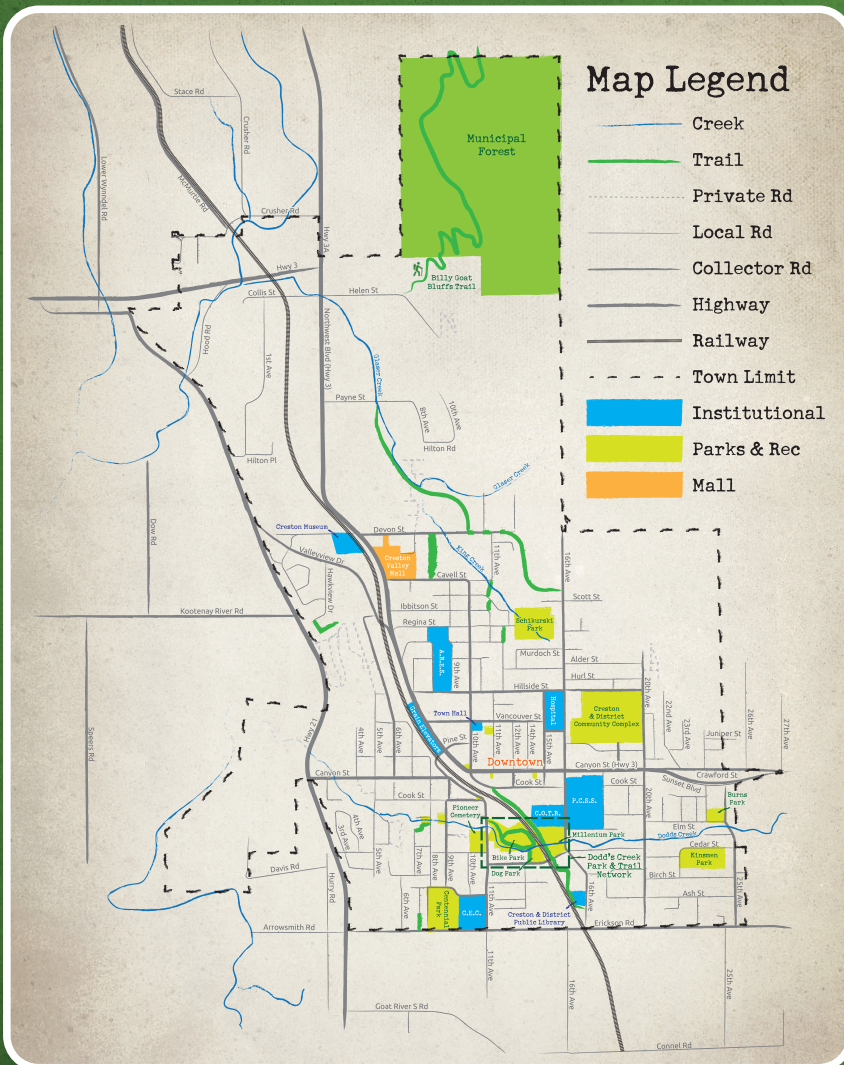
Community Services includes land use planning, development services, building inspection services, Creston Fire & Rescue, Public Safety & Compliance, subdivisions, airport, and GIS mapping services. Community Services provides strategic policy and planning advice, and develops effective working relationships with senior government agencies, advisory committees, industry and the community.





PLANNING & DEVELOPMENT

Planning & Development are functions of the Town's Community Services Department. The department is involved in implementation of Council's direction regarding land use matters within Town boundaries. This includes processing of development permits, rezoning applications, and development variance permits. Additional activities include GIS mapping support, coordination of public consultations involving land use, liaising with community groups for public improvements and events, and working to achieve the long-term objectives of Council, as outlined in the Official Community Plan.



2019 HIGHLIGHTS

- Completed 2019 Citizen Budget Community Engagement
- Completed purchase of 2 properties from School District No. 8
- Completed the Residential Energy Efficiency Program (REEP) study for Creston
- Implemented trail signage
- Partnered with the Creston Rotary Club to construct the new 8th Avenue North Trail between Cavell and Devon Streets
- Processed 2 Development Permit Applications
- Processed 4 Development Variance Permit Applications
- Processed 4 Non-Medical Retail Cannabis Applications
- Processed 2 Official Community Plan (OCP) Amendment Applications
- Processed 3 Zoning Amendment Applications



Photo: Town of Creston



Photo: Town of Creston

School District Buildings - Purchased 2019



Photo: Town of Creston

Creston Education Centre - Purchased 2019



Photo: Town of Creston

Devon / Cavell Trail - Built 2019

2019 HIGHLIGHTS - BYLAWS

Bylaw Notice Enforcement Bylaw No. 1760 amendments:

- Smoking Penalty
- Parking Lots
- Pests and Vermin

Clean Air Bylaw No. 1878

DCC Reserve Fund Expenditure Bylaw No. 1876 (Cedar St. Drainage)

Parking Lot Bylaw No. 1895

Property Maintenance Bylaw No. 1813 amendment:

- Pests and Vermin

Fees & Charges Bylaw No. 1763 amendments:

- Cannabis Retail Application Fee
- Rental Parking

Official Community Plan (OCP) Bylaw No. 1854 amendments:

- 616 – 16th Avenue South
- Multiple properties to provide alignment with the OCP
- 519 – 16th Avenue South

Zoning Bylaw No. 1123 amendments:

- 440 Erickson Street
- Cannabis Production and Sales
- 908 Northwest Blvd.
- 1441 Northwest Blvd.
- 616 – 16th Avenue South
- Multiple properties to provide alignment with the OCP
- 519 – 16th Avenue South
- Housekeeping

Solid Waste Management Regulations Bylaw No. 1900



BUILDING INSPECTION

Working within the Town’s Community Services Department, the Building Inspector oversees construction and demolition related activities within the Town of Creston, insuring compliance with applicable codes, standards, bylaws and regulations. 2019 was a busy year for development in Creston, particularly residential, with 25 new dwelling units added (the highest since 2011). The total construction value for 2019 was down from 2018, but still greater than all other years since 2011.

BUILDING PERMIT TRENDS

TOWN OF CRESTON				
TEN YEAR BUILDING SUMMARY				
YEAR	NO. OF DWELLING UNITS	RESIDENTIAL VALUE	COMMERCIAL VALUE	TOTAL VALUE
2019	25	\$3,729,000	\$2,210,000	\$5,939,000
2018	20	\$4,576,237	\$2,925,000	\$7,501,237
2017	9	\$1,929,300	\$2,093,000	\$4,022,300
2016	14	\$3,120,500	\$1,120,000	\$4,240,500
2015	10	\$2,840,700	\$1,676,760	\$4,517,460
2014	23	\$4,670,700	\$1,176,000	\$5,846,700
2013	14	\$2,483,200	\$857,000	\$3,340,200
2012	5	\$1,084,000	\$818,000	\$1,902,000
2011	79	\$2,330,850	\$8,851,000	\$11,181,850
2010	57	\$8,986,197	\$2,980,800	\$11,966,997
TOTAL	256	\$35,750,684	\$24,707,560	\$60,458,244

10 YEAR AVERAGE	25.6	\$3,575,068	\$2,470,756	\$6,045,824
5 YEAR AVERAGE	15.6	\$3,239,147	\$2,004,952	\$5,244,099



FIRE & RESCUE / PROTECTIVE SERVICES

The Fire Chief position involves the development, direction and supervision of effective fire prevention and fire rescue operations. By statute, this position is also a Local Assistant to the Fire Commissioner and performs such duties as recruitment, training and development of volunteer Firefighters; supervision; and, short and long range planning of facilities, equipment, supplies and apparatus.

2019 HIGHLIGHTS

Service and Public Engagement

- Back to school week “Drive Slow” campaign
- “Bike Rodeo” with RDCK
- Fire department hosted annual Halloween Safety Stop at fire station where over six hundred (600) hot dogs were served along with hot chocolate and treats
- Firefighters decorated fire trucks with Christmas lights and played Christmas carols while driving through the community on the last Sunday evening before Christmas
- Firefighters provided fireworks display on Canada Day at the Community Complex
- Firefighters volunteer for RDCK Hazmat Roundup
- “Hot Summer Nights” public engagement events hosted by fire rescue service
- WEP participated in Girls and Boys Retreat with Valley Community Services



Fire Department Personnel

- Three (3) new recruits hired in 2019
- Six (6) paid on-call firefighters left fire service during 2019
- Total of 40 active personnel (career, paid on-call and WEP)

Firefighter Work Experience Personnel (WEP)

- Four (4) new WEP Firefighters started November 4, 2019
- WEP Firefighters work forty (40) hours per week, Monday through Friday
- WEP Firefighters provided volunteer hours as security and medical aid at the Creston Valley Thunder Cats hockey games
- Daily maintenance and inspections of apparatus and equipment achieved through WEP Firefighters
- Eighteen (18) of the past twenty-five (25) WEP have become career firefighters

Started in 2019:

Dezember Treleaven.....Richmond Hill Fire & Emergency Services
 Andrea Lashin.....Vancouver Fire Rescue Services
 Kayne Kelly.....Vancouver Fire Rescue Services

Fire Department Personnel – Training – Succession Planning

- Six (6) paid on-call firefighters are working on Firefighting training certification
- Fire Chief and Assistant Fire Chief attend BC Fire Chiefs' Association Conference in Penticton
- Fire Officers continued education to complete NFPA 1021 Fire Officer Certification
- Four (4) firefighters attain NFPA 1002 Standard for Fire Apparatus Driver / Operator
- Continued internal "NFPA 1001 – Professional Qualifications for Firefighters" training
- Annual Technical Rescue Training – Auto Extrication and Rope Rescue

Fire Apparatus and Equipment

- Continued service maintenance programs in accordance with NFPA and industry standards
- Maintenance of all small equipment used within the fire department

Fire Department – Regional Fire Training Center

- Received private donations of \$10,000 for development of live fire training facility

Public Education

- Provided fire extinguisher classes to businesses and community groups
- Provided fire station tours with education to various community groups, day cares and school groups
- Hosted a "Bike Rodeo" for youth with the Creston & District Community Complex



Photo: Creston Fire Rescue

Fire Protection Automatic Aid Agreement

- Fire department responded to fourteen (14) responses to rural fire departments in the Creston Valley during 2019 with apparatus and personnel



Photo: Creston Fire Rescue



Photo: Creston Fire Rescue

FIRE RESCUE RESPONSE SUMMARY

Fire – False Alarms (Fire & CO)	43
Fire – Interface / Wildland	11
Fire – Open Burning Complaints	34
Fire - Structure	12
Fire – Vehicles	3
Hazardous Materials (CO)	15
First Responder (Medical)	210
BC Ambulance Lift Assist	12
Public Service	13
Rescue – Motor Vehicle Incidents	67
Rescue – Technical Rescue (Rope/Entrapment)	4
Automatic Aid w/ Canyon Lister and Wynndel fire departments	14
TOTAL BY RESPONSE TYPE	438

Total numbers of emergency responses by response type

Fire Losses	\$99,200
Value at Risk	\$4,389,000

Total fires losses / property value saved



Photo: Creston Fire Rescue

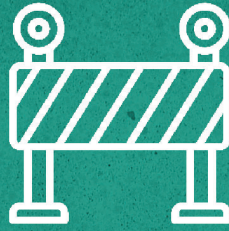


Photo: Creston Fire Rescue

PUBLIC SAFETY COMPLIANCE RESPONSE SUMMARY

Animal Control	31
Building	1
Business Licences	0
Fire Services (Open Burning)	4
Fireworks	0
Noise Control	1
Parking & Traffic Regulations	154
Property Clean Up	7
Sign Development & Regulations	0
Parks Regulations	0
Waste Management	0
Zoning	0
TOTAL BY RESPONSE TYPE	198

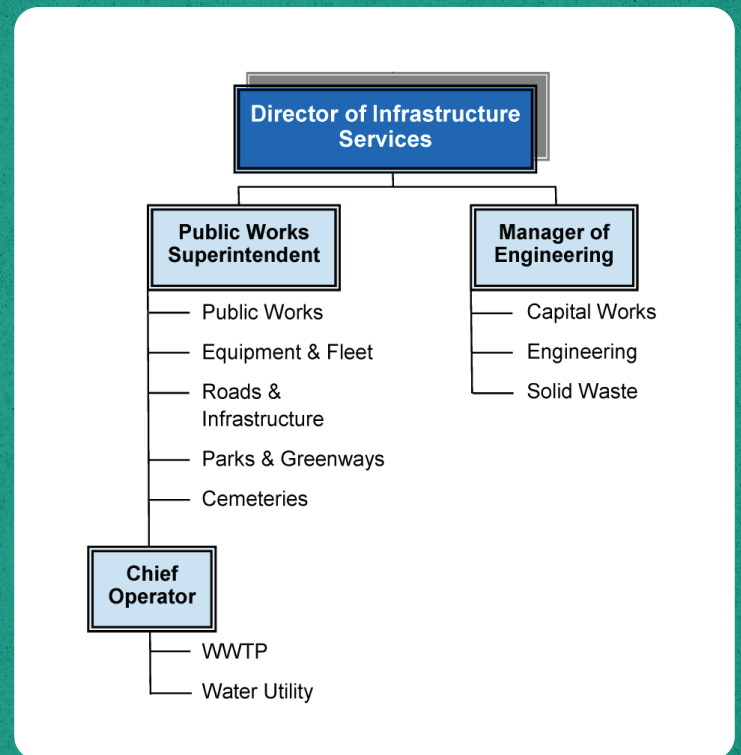
Total Number of Municipal Bylaw Incidents



C. INFRASTRUCTURE SERVICES



Infrastructure Services is the largest department in the Town of Creston organizational structure. Responsibilities include engineering, maintenance, construction and operations of Town-owned services and property. Work in the Infrastructure Services department focuses on roads, parks, solid waste management, water utility services, sanitary utility services, capital works construction, trails, sidewalks, building maintenance, cemeteries, and asset management.





ENGINEERING

Engineering in the Town of Creston operates within the Infrastructure Services Department. The Manager of Engineering oversees engineering services, capital works construction, transportation improvements, technical support for maintenance and operations of facilities and equipment, and water and liquid waste utilities. Additionally, the Manager of Engineering liaises with internal staff and external agencies for asset management planning and capital project coordination.

2019 HIGHLIGHTS

- Asset Management Plan
- Chip Seal Program
- Aquifer Filtration Study
- Schikurski Booster Station Construction
- Bio-Solids Handling System – Engineering



2019 Pump Test, Photo: Town of Creston



PUBLIC WORKS

Operating in 2019 within the Infrastructure Services Department, Public Works takes care of the on-the-ground work involved in constructing and maintaining roads, pedestrian routes, water and sanitary sewers, parks and greenways, snow clearing and cemeteries. These are the crews that keep Town infrastructure operating and maintained. 2019 saw Public Works undertake many projects that benefit the residents of Creston.

2019 HIGHLIGHTS

- Installed new storm drainage system on the 600 block of 16th Avenue North, with new manhole and two high flow catch basins
- Installed new storm pipe at 11th Avenue North and Devon Street
- Installed new storm pipe at 3rd Avenue South and Cedar Street
- Installed new catch basin on 100 block of Devon Street
- Installed water pressure reducing valve station and enclosure at Centennial Park
- Installed water main isolation valves on 1700 block of McLaren Street
- Installed water main isolation valve at 11th Avenue South and Ash Street



Photo: Town of Creston

Schikurski Pumphouse and Public Washroom



Photo: Town of Creston

Installation of new sidewalk on Cedar Street

- Replaced and realigned 170m of sanitary sewer main on Ash Street between 11th Avenue South and 14th Avenue South
- Replaced 135m of sanitary sewer main in lane between 12th Avenue North and 14th Avenue North
- Installed new sanitary sewer manholes on 2200 block of Cedar Street and at Maple Place
- Installed 200m of chain link fencing at Waste Water Treatment Plant along northern boundary
- Repaved 705m² RCMP parking lot
- Installed public picnic area at Town Hall
- Installed 177m of 2m wide sidewalk on Cedar Street from 11th Avenue South
- Installed 240m of 1.5m wide sidewalk on 20th Avenue South from Erickson Street to Birch Street
- Chip sealed a total area of 8,300m² including portions of 2nd Avenue South, 6th Avenue North, Elm Street, and Birch Street
- Renovated 1607 Canyon Street (former SD8 building) to create new Youth Centre
- Paved 372m of 1.5m wide trail along Valleyview Drive
- Expanded and upgraded Schikurski Park Pumpouse to allow pumping water from Well #2 to Crawford Hill reservoir, and the addition of a public washroom
- Purchased new 1/2 ton extended cab 4x4 pick up truck and 14ft flat deck trailer



Photo: Town of Creston

Chip sealing on 6th Ave N



Photo: Town of Creston

Storm installation at 11th Ave N / Devon



Photo: Town of Creston

Picnic area at Town Hall



Photo: Town of Creston

Freshly paved trail on Valleyview Drive



D. FINANCE & CORPORATE SERVICES

The Finance & Corporate Services Department is responsible for providing a full range of financial services including: budgeting, financial control and reporting, payroll, accounts payables / receivables, taxation, utility billing, cash management and banking. Additionally, the Department oversees the provision of corporate human resource management, information technology, strategic planning, telecommunications, records management, and freedom of information services.

2019 HIGHLIGHTS

Bylaws

- Bylaw Notice Enforcement Bylaw No. 1760 amendment re: Screening Officers, and Solid Waste Penalties
- Council Procedures Bylaw No. 1875
- Fees & Charges Bylaw No. 1763 amendments re: Cemetery Fees, and Solid Waste Fees
- Five Year Finance Plan (2019 – 2023) Bylaw No. 1882
- Inter-Community Business Licence Bylaw No. 1890
- Sewer Rates & Regulations Bylaw No. 1440 amendment re: 2020 Sewer Rates
- Tax Rates - 2019 Bylaw No. 1883
- Water District Rates & Regulations Bylaw No. 1807 amendment re: 2020 Water Rates
- Water Rates & Regulations Bylaw No. 1439 amendment re: 2020 Water Rates

Other Projects

- Continued Community Initiatives Consultant – in partnership with RDCK and Service 108
- Continued youth support through Youth Engagement Strategy and funding in collaboration with RDCK for a youth space and programming for the Creston Valley Youth Network
- Continued the Town's Leadership Bursary for Prince Charles Secondary School students
- Continued support for the Creston Valley Health Working Group recruitment of medical practitioners
- New Youth Centre – renovation of former School District Administration Office into a youth space
- Creston Education Centre – finalization of purchase and start of Town management of facility
- Implementation of solid waste funding from property taxes to utility billing
- Community Initiative Program Grant coordination with RDCK

Director of Finance & Corporate Services

- Accounting (A/R, A/P, etc.)
- Administrative Assistants
- Agreement / Contract Administration
- Budget Management
- Business & Strategic Planning
- Corporate Risk Management
- Finance Support
- Financial Reporting
- HR & Benefits Administration
- Information Technology
- RCMP Liaison (Provincial)



Photo: Pixabay

V. FINANCE

2019 PERMISSIVE TAX EXEMPTIONS



Recipient	Civic Address	Folio No.	Tax Value of Municipal Portion (2019 value)	Total Value of Tax Exemption (2019 value)
Seventh-Day Adventist Church	719 Cavell Street	00020.050	\$ 1,938.10	\$ 5,327.54
Seventh-Day Adventist Church	713 Cavell Street	00020.075	\$ 1,067.28	\$ 2,801.14
Christ Church Anglican (Synod of Diocese of Kootenay)	422 - 7th Avenue North	00061.020	\$ 219.09	\$ 575.02
Creston Trinty Housing Society	136 - 10th Avenue North	00129.000	\$ 2,886.31	\$ 10,050.98
Trinity United Church (Trustees Congregation Creston)	128 - 10th Avenue North	00131.040	\$ 3,730.42	\$ 9,790.75
St. Stephens Presbyterian Church	306 Northwest Boulevard	00159.010	\$ 1,260.29	\$ 3,307.73
St. Stephens Presbyterian Church	314 Northwest Boulevard	00160.000	\$ 281.75	\$ 722.94
Creston Valley Seniors Association	810 Canyon Street	00180.000	\$ 1,422.19	\$ 3,732.65
Valley Community Services Society	915 Pine Street	00183.020	\$ 2,946.10	\$ 8,098.39
Kootenai Community Centre Society	806 Cook Street	00190.120	\$ 629.52	\$ 1,615.28
Creston Valley Gleaners Society	807 Canyon Street	00193.010	\$ 2,192.71	\$ 6,027.43
Creston Valley Gleaners Society	113 - 8th Avenue North	00213.030	\$ 1,929.26	\$ 5,303.26
Cresteramics Society for the Handicapped	921 Railway Boulevard	00290.100	\$ 1,501.16	\$ 4,126.47
Creston & District Chamber of Commerce	121 Northwest Boulevard	00412.100	\$ 2,942.08	\$ 8,087.35
Royal Canadian Legion, Branch 29	137 - 11th Avenue North (Bldg & Land, excludes lounge/bar portion of the building)	00544.000	\$ 471.40	\$ 1,237.23
Creston Judo Club	Suite B4, 1230 Canyon Street	00637.000	\$ 932.86	\$ 2,564.29
Redeemer Lutheran Church of Creston	305 - 15th Avenue North	00672.000	\$ 274.18	\$ 719.60
Kootenai Community Centre Society	1508 Cook Street	00705.000	\$ 171.15	\$ 439.16
Kootenai Community Centre Society	1508 Cook Street	00705.000	\$ 1,246.55	\$ 3,426.58
Creston New Life Christian Church	1821 Elm Street	00757.269	\$ 444.16	\$ 1,220.94
Creston New Life Christian Church	1821 Elm Street	00757.269	\$ 359.12	\$ 942.54
Roman Catholic Bishop of Nelson (Holy Cross Parish)	1709 Pine Street - Land	00757.337	\$ 363.75	\$ 933.34
Roman Catholic Bishop of Nelson (Holy Cross Parish)	128 - 16th Avenue North	00757.376	\$ 979.81	\$ 2,571.57
Roman Catholic Bishop of Nelson (Holy Cross Parish)	128 - 16th Avenue North	00757.376	\$ 2,785.09	\$ 7,309.67
Creston Valley Community Housing Society	215 - 25th Avenue South	00758.138	\$ 1,378.86	\$ 4,801.59
Grace Christian Fellowship Society	2416 Cedar Street	00758.160	\$ 240.96	\$ 632.41
Creston Baptist Church of Creston	2423 Ash Street	00758.442	\$ 194.70	\$ 511.00
Creston Baptist Church of Creston	605 - 25th Avenue South	00758.825	\$ 735.49	\$ 1,930.34
Creston & District Historical & Museum Society	219 Devon Street	05025.000	\$ 4,012.74	\$ 11,030.42
Creston & District Historical & Museum Society	323 Devon Street	05030.000	\$ 109.23	\$ 300.27
Creston & District Historical & Museum Society	323 Devon Street	05030.000	\$ 233.39	\$ 612.54
Trustees Creston Jehovah Witnesses	1323 Northwest Boulevard	05109.000	\$ 621.53	\$ 1,631.24
The Church of God in Christ and (Mennonite)	1152 Highway 21	05205.200	\$ 3,135.65	\$ 8,619.45
The Church of God in Christ and (Mennonite)	1152 Highway 21	05205.200	\$ 761.56	\$ 1,998.76
Kootenay Employment Services Society	119 - 11th Avenue North	00540.000	\$ 2,788.68	\$ 7,665.66
Kootenay Employment Services Society	123 - 11th Avenue North	00541.000	\$ 2,011.19	\$ 5,528.46
1411 Canyon St (Greenspace)	1411 Canyon Street	00722.000	\$ 689.90	\$ 1,801.61
Creston Valley Gymnastics Club	1714 Canyon Sreet	00757.556	\$ 1,277.07	\$ 6,385.12
Kootenay Employment Services Society (Day Care)	419 - 4th Avenue South	00384.900	\$ 1,365.00	\$ 3,502.47
Valley Community Services Society	617 - 11th Avenue South	00417.010	\$ 336.41	\$ 882.94
Canadian Pacific Railway Co and Town of Creston	Highway 3	00768.500	\$ 181.77	\$ 237.29
TOTAL			\$ 53,048.45	\$ 149,003.40



Town of Creston

FINANCIAL STATEMENT 2019

TOWN OF CRESTON**INDEX TO FINANCIAL STATEMENTS**DECEMBER 31, 2019

Management Report	2
Independent Auditors' Report	3-4
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9-11
Notes to Consolidated Financial Statements	11-20
Schedule 1 Consolidated Schedule of Tangible Capital Assets	21
Schedule 2 Consolidated Schedule of Surplus and Reserves	22
Schedule 3 Schedule of Consolidated Operations by Segment	23

MANAGEMENT REPORT

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements and include amounts that are based on estimates and judgements. Management believes that the financial statements fairly present the Town of Creston's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgements relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Town of Creston's assets are safeguarded and that reliable financial records are maintained to form a proper basis for the preparation of the financial statements.

The independent external auditors, Apex Accounting, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Town of Creston's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Apex Accounting, Chartered Professional Accounts, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Steffan Klassen, CPA, CA
Director of Finance and Corporate Services

May 21, 2020



Mike Adams, CPA, CA *

Erin Carr, CPA, CA *

*PARTNERSHIP INTEREST HELD THROUGH CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council Town of Creston

Opinion

We have audited the accompanying financial statements of the Town of Creston, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Town'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 Town or cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.



Cranbrook Office :
101A - 9th Avenue South, Cranbrook, BC, V1C 2M1
Phone : 250-426-1976 Fax: 250-489-1981
cranbrook@apexaccountingcpa.com

Creston Office :
Box 1175, 122 - 11th Avenue North, Creston, BC, V0B 1G0
Phone: 250-428-2248 Fax: 250-428-4338
creston@apexaccountingcpa.com

www.apexaccountingcpa.com

INDEPENDENT AUDITORS' REPORT, continued**Auditors' Responsibilities for the Audit of the Financial Statements, continued**

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 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 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 of the effectiveness of the Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The logo for Apex Accounting, featuring the company name in a stylized, handwritten-style script.

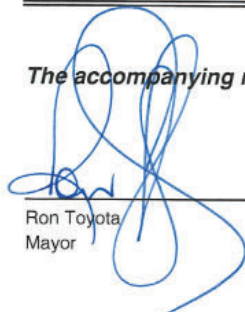
Chartered Professional Accountants

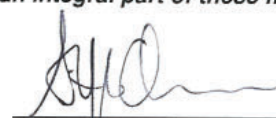
Creston, BC
May 12, 2020

Town of Creston
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	2019	2018
Financial Assets		
Cash and investments (Note 2)	\$ 8,291,629	\$ 7,412,592
Accounts receivable (Note 3)	1,079,891	682,306
MFA deposits (Note 4)	281,243	279,397
Loans receivable (Note 5)	2,113,071	2,122,677
	<u>11,765,834</u>	<u>10,496,972</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	1,518,929	1,641,142
Deferred revenue (Notes 7 & 8)	956,450	672,375
Development cost charges (Note 9)	536,808	517,795
Reserve MFA	281,243	279,397
Long-term debt (Note 11)	4,356,990	4,745,470
	<u>7,650,420</u>	<u>7,856,179</u>
Net Financial Assets	4,115,414	2,640,793
Non-financial assets		
Tangible capital assets (Notes 1 & 12, Schedule 1)	40,519,269	39,766,198
Property Purchase Deposit (Note 19)	-	550,000
Supply inventory	356,994	363,032
Prepaid expenses	86,570	92,428
	<u>40,962,833</u>	<u>40,771,658</u>
Accumulated surplus	<u>\$ 45,078,247</u>	<u>\$ 43,412,451</u>
Represented by:		
Operating fund (Schedule 2)	7,551,617	7,045,549
Capital fund (Schedule 2)	1,086,996	1,086,996
Statutory reserve fund (Schedule 2)	277,352	259,172
Equity in tangible capital assets (Note 13)	36,162,282	35,020,734
	<u>\$ 45,078,247</u>	<u>\$ 43,412,451</u>

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


 Ron Toyota
 Mayor


 Steffan Klassen, CPA, CA
 Director of Finance and Corporate Services

Town of Creston
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2019

	2019 Budget	2019	2018
Revenue			
Property Taxes (Note 14)	\$ 5,402,961	\$ 5,402,205	\$ 5,152,263
Grants in Lieu of Taxes	7,600	7,714	7,518
Sale of services (Note 15)	1,491,206	1,487,559	1,386,073
Government transfers (Note 17)	1,551,583	1,223,035	1,327,669
Investment income	125,000	378,064	441,259
Utility user fees and connection charges	2,768,054	2,766,193	2,720,136
Development cost charges (Note 9)	46,000	25,174	-
Developer Asset Contributions	-	292,995	1,000
Other	778,451	782,680	442,596
	12,170,855	12,365,619	11,478,514
Expenses			
General government	2,033,870	1,914,343	1,829,987
Municipal contribution for RCMP services	1,172,507	1,039,601	1,100,869
Protective services	1,171,443	1,067,629	1,151,196
Transportation	1,218,299	1,152,819	1,133,073
Health and Welfare	355,676	374,266	381,510
Recreation and Community Services	534,153	509,592	445,776
Water Services	1,160,523	1,065,792	1,107,492
Sewer Services	254,182	142,460	190,312
Waste water treatment plant operation	891,846	850,187	814,506
Debt financing	276,039	280,661	367,518
Bank Charges	3,100	4,828	4,124
Amortization (Note 1, Schedule 1)	2,108,653	2,104,131	2,085,739
Loss from sale/write down of tangible capital assets	-	170,878	27,748
Capital Lease (Note 18)	22,636	22,636	22,636
	11,202,927	10,699,823	10,662,486
Annual surplus	967,928	1,665,796	816,028
Accumulated surplus at beginning of year	43,412,451	43,412,451	42,596,423
Accumulated surplus at end of year	\$ 44,380,379	\$ 45,078,247	\$ 43,412,451

Commitments and Contingencies are specified in Note 19

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

Town of Creston
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended December 31, 2019

	2019 Budget	2019	2018
Annual surplus	\$ 967,928	\$ 1,665,796	\$ 816,028
Acquisition of tangible capital assets	(3,263,039)	(3,028,078)	(2,013,060)
Amortization of tangible capital assets	2,108,653	2,104,131	2,085,739
Loss from sale/write down of tangible capital assets	-	170,878	27,748
	(186,458)	912,727	916,455
Acquisition of supply inventory		(107,017)	(133,772)
Acquisition of prepaid expense		(106,871)	(106,460)
Deposit made on property purchase		550,000	(550,000)
Consumption of supply inventory		113,052	166,627
Use of prepaid expense		112,730	110,032
		561,894	(513,573)
Increase in net financial assets	(186,458)	1,474,621	402,882
Net financial assets at beginning of year	2,640,793	2,640,793	2,237,911
Net financial assets at end of year	\$ 2,454,335	\$ 4,115,414	\$ 2,640,793

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, 2019

(Indirect method)	2019	2018
Operating transactions:		
Annual surplus	\$ 1,665,796	\$ 816,028
Non-cash and non-financial items:		
Amortization	2,104,131	2,085,739
Decrease (increase) in property purchase deposit	550,000	(550,000)
Decrease in prepaid expenses	5,858	3,574
Decrease in supply inventory	6,038	32,853
Loss from sale/write down of tangible capital assets	170,878	27,748
Changes to financial assets/liabilities:		
Decrease (increase) in accounts receivable	(397,585)	50,235
Decrease (increase) in MFA cash deposits	(1,846)	95,293
Decrease in loan receivable	9,606	9,324
Increase (decrease) in accounts payable	(122,213)	232,251
Increase (decrease) in deferred revenue	284,075	(429,027)
Increase in development cost charges	19,013	8,512
Increase (decrease) in other restricted revenue	1,846	(95,293)
Cash provided by operating transactions	4,295,597	2,287,237
Capital transactions:		
Acquisition of tangible capital assets	(3,028,078)	(2,013,060)
Financing transactions:		
Debt repayment	(278,807)	(331,233)
Actuarial Adjustments	(109,675)	(178,463)
Cash applied to financing transactions	(388,482)	(509,696)
Increase (decrease) in cash and investments	879,037	(235,519)
Cash and investments at beginning of year	7,412,592	7,648,111
Cash and investments at end of year	\$ 8,291,629	\$ 7,412,592
Represented by		
Bank deposits and petty cash	515,534	164,915
Investments	7,776,095	7,247,677
	\$ 8,291,629	\$ 7,412,592

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

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 Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board (PSAB). 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.

d. Use of Estimates

The preparation of financial instruments in accordance with PSAB, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

1. Significant Accounting Policies (continued):

e. Cash and Investments

Cash and Equivalents include cash on hand, bank balances, and Municipal Finance Authority (MFA) pooled investment funds and guaranteed investment certificates.

f. 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 after 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

g. Budget Figures

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year.

h. Inventories

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

i. 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.

j. Reserve for Future Expenditures

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

k. 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.

l. 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.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

1. Significant Accounting Policies (continued):

m. Government Transfers

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met, and a reasonable estimate of the amount to be received can be made.

n. Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. Developer asset contributions consist of infrastructure built by the developer as required to service newly developed lands. Upon acceptance by the Town, all risks and rewards of ownership for those assets are passed on to the Town.

o. Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of government for which it is appropriate to separately report financial information. The Town has provided definitions of segments used for the presentation of financial information in segmented format (note 20). Schedule 3 provides a table of the segmented revenue and expenses for the Town.

p. Contaminated Sites

Under PS3260 governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the standard including sites that are no longer in productive use and sites which the Town accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability at December 31, 2019.

q. Deferred Revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation, or agreement and are not available for general municipal purposes as well as licences, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amounts will be recognized as revenues in the fiscal year in which it is used for the specific purpose, the services are performed and or the projects are constructed.

2. Cash and Investments

	2019	2018
Restricted cash and investments		
Statutory Reserves (Schedule 2)	\$ 277,352	\$ 259,172
Restricted Revenues (Notes 8 and 9)	1,265,808	793,208
	<u>1,543,160</u>	<u>1,052,380</u>
Unrestricted cash and investments	6,748,469	6,360,212
Total cash and investments	<u>\$ 8,291,629</u>	<u>\$ 7,412,592</u>

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

3. Accounts Receivable

	2019	2018
Property Taxes	\$ 380,078	\$ 320,895
Other Governments	535,961	180,949
Trade and other	163,852	180,462
Total accounts receivable	\$ 1,079,891	\$ 682,306

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:

	2019	2018
Cash deposits	\$ 81,120	\$ 116,056
Demand notes	200,123	163,341
	\$ 281,243	\$ 279,397

5. Loans 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 and any renewals.

In 2017, The Town of Creston loaned the CVRAS \$107,000 towards the purchase of a caretaker's residence located at the airport. The loan is being repaid over 10 years with annual installments paid every November and bears an interest rate of 3%. The residence would become the property of the Town in the event that the CVRAS would discontinue operating. The balance at December 31, 2019 was \$88,070.

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 18) 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.

6. Accounts payable and accrued liabilities

	2019	2018
Other governments	\$ 701,821	\$ 656,201
Accrued wages and benefits	551,435	589,283
Trade and other	265,673	395,658
	\$ 1,518,929	\$ 1,641,142

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

7. Deferred Revenue

	2019	2018
Prepaid taxes	\$ 82,365	\$ 71,358
Deposits	95,091	244,097
Federal gas tax (Note 8)	729,000	275,413
Other	49,994	81,507
	<u>\$ 956,450</u>	<u>\$ 672,375</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.

	2019	2018
Federal Gas Tax Agreement Funds		
Opening balance of unspent funds	\$ 275,413	\$ 468,855
Add: Amount received during the year	569,940	289,575
Interest earned	7,785	5,449
Less: Amount spent on eligible project costs	(124,138)	(488,466)
Closing balance of unspent funds	<u>\$ 729,000</u>	<u>\$ 275,413</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 PSAB, 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	\$ 378,132	\$ 30,728	\$ 9,829	\$ (25,174)	\$ 393,515
Parkland Reserve	139,663		3,630	-	143,293
	<u>\$ 517,795</u>	<u>\$ 30,728</u>	<u>\$ 13,459</u>	<u>\$ (25,174)</u>	<u>\$ 536,808</u>

Reserve by Bylaw	Roads	Water	Sanitary	Storm	Parks	Total
Duganville (BL 839)	\$ -	\$ 16,508	\$ 3,739	\$ 23,436	\$ -	\$ 43,683
Parks Reserve (BL 1264)	\$ -	-	-	-	143,293	\$ 143,293
Alice Siding (BL 1463)	\$ 502	\$ 168,241	\$ 52,384	\$ 72	-	\$ 221,199
Alice Siding (BL 1712)	\$ 78,717	\$ 11,787	\$ 27,154	-	\$ 10,975	\$ 128,633
Grand Total:	<u>\$ 79,219</u>	<u>\$ 196,536</u>	<u>\$ 83,277</u>	<u>\$ 23,508</u>	<u>\$ 154,268</u>	<u>\$ 536,808</u>

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, 2019, the balance of funds held in trust was \$192,402 (2018 - \$183,096).

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

11. Long-Term Debt

Purpose	By-law	Remaining Term	Rate	2019	2018
GENERAL FUND					
Debenture Debt					
Fire Engine Replacement	1734	2	3.73% (a)	32,008	62,785
Prepaid Capital Lease	441-05	5	4.93% (a)	1,002,530	1,229,536
Prepaid Capital Lease - Inter-fund borrowing (Note 5)				2,000,000	2,000,000
				<u>3,034,538</u>	<u>3,292,321</u>
SEWER FUND					
Debenture Debt					
Water Pollution BVF Cover	LA 1734	8	3.65% (a)	323,352	363,271
WWTP Upgrade	1707	10	3.15% (a)	999,100	1,089,878
				<u>1,322,452</u>	<u>1,453,149</u>
				<u>\$ 4,356,990</u>	<u>\$ 4,745,470</u>

(a) Interest repaid on a straight line basis

The following principal 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
2020	164,276	115,989	280,265
2021	141,787	117,499	259,286
2022	141,787	119,064	260,851
2023	141,787	120,687	262,474
2024	-	122,368	122,368
2025 and subsequent	-	399,254	399,254
	<u>589,637</u>	<u>994,861</u>	<u>1,584,498</u>
Actuarial addition *	2,444,901	327,591	2,772,492
	<u>\$ 3,034,538</u>	<u>\$ 1,322,452</u>	<u>\$ 4,356,990</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, 2019

12. Tangible Capital Assets

	2019 Net Book Value	2018 Net Book Value
Land	\$ 2,834,750	\$ 2,762,002
Building	2,296,148	1,741,417
Machinery and Equipment	1,643,372	1,896,362
Engineering structures		
Water	8,273,657	7,058,377
Sewer	10,936,340	11,246,692
Drainage	2,078,046	1,981,286
Roads	7,026,149	7,139,486
Other	1,638,112	1,732,120
Other Tangible Capital Assets	3,137,756	3,290,818
WIP	654,939	917,638
Total	\$ 40,519,269	\$ 39,766,198

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:

	2019	2018
Proof:		
Equity in Physical Assets, opening	\$ 35,020,734	\$ 34,611,463
Add:		
Capital Acquisitions	3,028,078	2,013,060
Debt principal repayment	278,807	331,233
Actuarial Adjustments	109,672	178,465
Less:		
Proceeds of Disposition		
Loss on Disposals	(170,878)	(27,748)
Amortization	(2,104,131)	(2,085,739)
	\$ 36,162,282	\$ 35,020,734

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

14. Net Taxation

	2019	2018
General Municipal purposes	\$ 4,585,117	\$ 4,335,469
Collections for other governments		
Provincial Education	1,671,387	1,715,181
Regional Hospital District - East Kootenay	125,848	123,933
Municipal Finance Authority	173	166
BC Assessment Authority	36,852	37,598
Regional District of Central Kootenay	2,518,984	2,472,514
	<u>8,938,361</u>	<u>8,684,861</u>
Transfers to other governments		
Provincial Education	1,671,387	1,715,181
Regional Hospital District - East Kootenay	125,848	123,933
Municipal Finance Authority	173	157
BC Assessment Authority	36,852	37,598
Regional District of Central Kootenay	2,518,983	2,472,513
	<u>4,353,243</u>	<u>4,349,382</u>
Net Municipal Taxes	4,585,118	4,335,479
Water and Sewer Funds - Frontage Taxes	817,087	816,784
	<u>\$ 5,402,205</u>	<u>\$ 5,152,263</u>

15. Sale of Services, User Rates, Rentals

	2019	2018
Sale of cemetery plots and burial charges	\$ 58,831	\$ 56,287
Regional District - cemetery	83,871	83,871
- fire protection and rescue	372,791	358,542
Provincial - fire suppression and rescue	36,939	47,585
Fines	47,425	50,532
Licences and permits	121,513	130,795
Rents	702,793	594,158
Concessions and franchises	63,396	64,303
Total	<u>\$ 1,487,559</u>	<u>\$ 1,386,073</u>

16. Expenditure by Object

	2019	2018
Goods and Services	\$ 4,296,248	\$ 4,400,132
Interest and Finance Charges	280,661	367,518
Salaries, wages and benefits	3,743,885	3,680,495
Amortization	2,104,131	2,085,739
Other	274,898	128,602
	<u>\$ 10,699,823</u>	<u>\$ 10,662,486</u>

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

17. Government Transfers

		2019		2018
Federal:	Conditional transfers	\$ 435,618	\$	645,095
	Unconditional transfers	-		-
Provincial:	Conditional transfers	221,858		149,510
	Unconditional transfers	565,559		533,064
Total		<u>\$ 1,223,035</u>	\$	<u>1,327,669</u>

18. 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.

19. 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. As at December 31, 2019, 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-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 unfunded liabilities.

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.

In 2019, the Town paid \$255,391 (2018 - \$247,466) in employer contributions to the plan.

The next valuation will be 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.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

19. Commitments and Contingencies (Continued)

- 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.

20. Segmented Disclosure

The Town of Creston has identified the General Government, Municipal Share of RCMP Costs, Protective Services, Transportation Services, Sanitation and Waste Removal, Cemetery Services, Community Planning, Recreation, Water Utility and Sewer Collection and Treatment as distinguishable activities of the municipality for which it is appropriate to separately report financial information.

The nature of the activities of these identified segments are as follows:

The General Government function provides for the on-going daily operations for the municipality

The Municipal Share of RCMP Costs - function are the activities associated with the cost of having the RCMP detachment in Creston including the officers, administrative and victim services staff, jailing costs as well as building costs.

The Protective Services function includes fire department, building inspection, animal control and bylaw compliance and enforcement services.

The Health and Welfare function is divided into two distinct services, Sanitation and Waste Removal and Cemetery Services.

Recreation and Community Services are divided into two distinct services, the Community Planning function administer all land development applications as zoning and Official Community Plan management, and the Recreation Services function takes care of the parks and trails in Creston.

The Water Utility function is a self funded service which is responsible for the procurement and delivery of drinking water throughout the municipality.

The Sewer Utility function is a self fund services which is responsible for the collection and treatment of wastewater for residences, commercial and industry.

The financial activities of these segments are reported in the following Schedule of Consolidated Operations by Segment (Schedule 3).

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

21. Accumulated Surplus

	2019	2018
Unappropriated Surplus/(Deficit)		
General Fund	\$ 1,094,501	\$ 1,228,833
Water Fund	1,692,777	2,023,311
Sewer Fund	1,751,768	1,550,652
Capital Surplus	1,086,996	1,086,996
	<u>5,626,042</u>	<u>5,889,792</u>
Less: Amount to be funded in future years (Internal debt)	(2,000,000)	(2,000,000)
Less: Non-financial component (prepaids & inventory)	(443,564)	(455,460)
Amount available to finance operations	<u>3,182,478</u>	<u>3,434,332</u>
Non-Statutory Reserves		
Operating Reserves	242,949	190,152
LILO	471,563	437,997
Operating Capital Replacement Reserves	2,298,058	1,614,604
	<u>3,012,570</u>	<u>2,242,753</u>
Statutory Reserves		
Property purchase reserve	134,910	131,492
Parking reserve	33,204	32,363
Water district reserve	109,238	95,317
	<u>277,352</u>	<u>259,172</u>
Subtotal	<u>6,472,400</u>	<u>5,936,257</u>
Equity in Tangible Capital Assets	<u>36,162,282</u>	<u>35,020,734</u>
Add back unappropriated surplus amounts not available to finance operations	2,443,565	2,455,460
	<u>\$ 45,078,247</u>	<u>\$ 43,412,451</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 & 18), 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.

Equity 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.

Town of Creston
Notes to the Consolidated Financial Statements
For the year ended December 31, 2019

22. Subsequent Event

COVID-19

Subsequent to the year ended December 31, 2019, the world-wide pandemic of a novel coronavirus named COVID-19 began. The way of life has been significantly impacted for all residents of Creston. In turn, the Town has had to significantly alter the way it operates in order to be able to continue to provide the many essential services in the community. The Town has reviewed the financial impacts and determined that although there will be revenue losses and some unanticipated new expenses, those can be offset by reductions in expenditures sufficient to stay on budget. The Town of Creston is endeavouring to keep operations functioning in a safe sustainable manner throughout this challenging time for all.

Fire Hall Project

The project to build a new fire hall is continuing in 2020. Subsequent to the year ended December 31, 2019, the Town acquired the building site. Tendering for the construction of the building is scheduled for June 2020. It is anticipated that construction will start in the summer and continue on into 2021. As authorized by the electorate through referendum, the Town will borrow up to \$4.5 million dollars to complete the project and may do so in tranches with timing and amounts related to the project's progress.

Schedule 1

Town of Creston
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2019

	Historical Cost:										2018 Total	
	Land	Buildings	Equipment/ Furniture/ Vehicles	Engineering Structures	Water	Sewer	Drainage	Streets	Other	Other Tangible Capital Assets		WIP
Opening Balance	\$ 2,762,002	\$ 3,252,631	\$ 5,112,511	\$ 11,170,919	\$ 1,571,628	\$ 21,553,235	\$ 4,547,380	\$ 18,012,872	\$ 4,390,069	\$ 5,357,153	\$ 917,638	\$ 77,076,411
Additions	72,748	640,263	75,970	1,571,628	239,662	156,636	495,108	38,764	-	-	(262,699)	3,028,078
Disposals	-	-	(32,248)	(286,425)	(24,407)	-	-	-	-	-	-	(343,080)
Write Downs and Adjustments	-	-	-	-	-	-	-	-	-	-	-	(7,992)
Closing Balance, Dec. 31	2,834,750	3,892,894	5,156,233	12,456,122	21,768,490	4,704,016	18,507,980	4,428,833	5,357,153	654,939	79,761,409	77,076,411
Accumulated Amortization:												
Opening Balance	-	1,511,214	3,216,149	4,112,542	10,306,543	2,566,094	10,873,386	2,657,949	2,066,335	-	-	37,310,212
Amortization Expense	-	85,532	318,872	202,656	542,916	59,876	608,445	132,772	153,062	-	-	2,104,131
Effects of Disposals and write down adjustments	-	-	(22,160)	(132,733)	(17,309)	-	-	-	-	-	-	(172,202)
Closing Balance, Dec. 31	-	1,596,746	3,512,861	4,182,465	10,832,150	2,625,970	11,481,831	2,790,721	2,219,397	-	-	39,242,141
Net book value for year ended December 31, 2019	\$ 2,834,750	\$ 2,296,148	\$ 1,643,372	\$ 8,273,657	\$ 10,936,340	\$ 2,078,046	\$ 7,026,149	\$ 1,638,112	\$ 3,137,756	\$ 654,939	\$ 40,519,268	\$ 39,766,199

Town of Creston
Consolidated Schedule Surplus and Reserves
Year Ended December 31, 2019

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	\$ 1,228,833	\$ -	\$ (134,332)	\$ -	\$ -	\$ 1,094,501
Water Fund Surplus	2,023,311	-	(330,534)	-	-	1,692,777
Sewer Fund Surplus	1,550,652	201,116	-	-	-	1,751,768
	<u>\$ 4,802,796</u>	<u>\$ 201,116</u>	<u>\$ (464,866)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,539,046</u>
NON STATUTORY RESERVES						
LILO Reserve	437,997	39,072	(5,506)	-	-	471,563
Health Promotion & EDC Reserve	53,250	28,383	-	(14,025)	-	67,608
Green Initiatives Reserve	93,311	30,516	-	(2,050)	-	121,777
Engineering Reserve	49,828	6,815	-	-	-	56,643
Cemetery Operating Reserve	(6,237)	3,158	-	-	-	(3,079)
	<u>628,149</u>	<u>107,944</u>	<u>(5,506)</u>	<u>(16,075)</u>	<u>-</u>	<u>714,512</u>
CAPITAL REPLACEMENT RESERVES						
Public works equipment reserve	132,163	182,430	(43,035)	-	-	271,558
Fire equipment replacement reserve	181,441	87,490	(32,560)	-	-	236,371
Infrastructure Reserve	101,000	249,129	-	-	-	350,129
Wastewater treatment plant reserve	1,200,000	240,000	-	-	-	1,440,000
	<u>1,614,604</u>	<u>759,049</u>	<u>(75,595)</u>	<u>-</u>	<u>-</u>	<u>2,298,058</u>
TOTAL OPERATING FUND SURPLUS	<u>7,045,549</u>	<u>1,068,109</u>	<u>(545,967)</u>	<u>(16,075)</u>	<u>-</u>	<u>7,551,616</u>
CAPITAL FUND SURPLUS						
General Capital Fund Surplus	190,536	-	-	-	-	190,536
Water Capital Fund Surplus	321,995	-	-	-	-	321,995
Sewer Capital Fund Surplus	574,465	-	-	-	-	574,465
	<u>1,086,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,996</u>
STATUTORY RESERVES						
Property purchase reserve	131,492	-	-	-	3,418	134,910
Parking reserve	32,363	-	-	-	841	33,204
Water district reserve	95,317	13,306	(1,863)	-	2,478	109,238
	<u>259,172</u>	<u>13,306</u>	<u>(1,863)</u>	<u>-</u>	<u>6,737</u>	<u>277,352</u>
TOTALSURPLUS AND RESERVES	<u>\$ 8,391,717</u>	<u>\$ 1,081,415</u>	<u>\$ (547,830)</u>	<u>\$ (16,075)</u>	<u>\$ 6,737</u>	<u>\$ 8,915,964</u>

Schedule 3

Town of Creston
Schedule of Consolidated Operations by Segment
Year Ended December 31, 2019

	General Government	Municipal Share of RCMP Costs	Health & Welfare						Recreation and Community Services			2019 Total	2018 Total	
			Protection Services	Transportation	Sanitation and Waste Removal	Cemetery Services	Recreation		Water Utility	Sewer Utility	Unallocated			
							Community Planning	Recreation						
Revenue														
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services and rents	564,039	180,539	463,848	2,745	142,702	70,290	-	-	387,458	429,628	4,592,833	63,396	5,409,919	5,159,781
Government transfers	1,869	-	3,737	124,139	-	-	-	-	444,314	83,416	565,560	-	1,487,559	1,386,073
Investment income	7,731	-	-	-	-	-	-	-	52,573	44,029	273,731	-	1,223,035	1,327,669
Utility user fees and connection charges	-	-	-	-	-	-	-	-	1,268,987	1,497,206	-	-	378,064	441,259
Development Cost Charge Revenue	-	-	-	25,174	-	-	-	-	-	-	-	-	25,174	-
Developer Asset Contributions	-	-	-	171,795	-	-	-	-	83,200	38,000	-	-	292,995	1,000
Other	633,845	20,482	16,822	9,337	-	900	38,482	-	2,236,532	2,092,279	5,558,332	62,812	782,680	442,596
	1,207,484	201,021	484,407	333,190	142,702	71,190	38,482	-	2,236,532	2,092,279	5,558,332	62,812	12,365,619	11,478,514
Expenses														
Salaries and Wages	1,193,824	28,497	686,573	630,067	11,428	107,871	266,477	-	151,072	521,265	-	-	3,743,885	3,680,495
Goods and Services	687,919	1,011,104	381,056	522,752	233,432	21,535	74,345	-	889,999	452,147	-	-	4,296,248	4,400,132
Debt Financing	209,827	(144)	10,071	-	-	-	-	-	-	60,907	-	-	280,661	367,518
Amortization	153,062	-	-	608,445	-	-	-	-	202,656	542,916	597,052	-	2,104,131	2,085,739
Other	230,942	-	-	-	-	-	-	-	24,721	19,235	-	-	274,898	128,602
	2,475,574	1,039,457	1,077,700	1,761,264	244,860	129,406	340,822	-	1,268,448	1,596,470	597,052	-	10,699,823	10,662,486
Total	\$ (1,268,090)	\$ (838,436)	\$ (593,293)	\$ (1,428,074)	\$ (244,860)	\$ 13,296	\$ (97,580)	\$ (302,340)	\$ 968,084	\$ 495,809	\$ 4,961,280	\$ -	\$ 1,665,796	\$ 816,028



TOWN of CRESTON