

Financial Statements

The Corporation of the Village of Montrose

December 31, 2024

# **The Corporation of the Village of Montrose**

**December 31, 2024**

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# Management Responsibility Statement

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 of the financial statements and include amounts that are based on estimates and judgements. Management believes that the financial statements fairly present The Corporation of the Village of Montrose's 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 Corporation of the Village of Montrose's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Doane Grant Thornton LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, the Corporation of the Village of Montrose's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the financial statements. The report of Doane Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.

Chief Administrative Officer  
May 5, 2025

## Independent Auditor's Report

To the Mayor and Council of  
The Corporation of the Village of Montrose

### Opinion

We have audited the financial statements of The Corporation of the Village of Montrose, which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net financial assets, cash flows, schedules 1 through 4 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 Village as at December 31, 2024, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public accounting standards.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Village 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.

### Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The exhibits included in the supplemental information section are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplemental information has not been subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

### 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 financial statements that are free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report (continued)

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

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

## Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village 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.

Trail, Canada  
May 5, 2025

*Doane Grant Thornton LLP*

Chartered Professional Accountants

# The Corporation of the Village of Montrose

## Statement of Financial Position

as at December 31, 2024

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$1,181,980	\$1,120,124
Investments (Note 4)	3,941,189	3,710,076
Accounts receivable (Note 5)	421,639	554,820
	<b>\$5,544,808</b>	<b>\$5,385,020</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 369,796	\$ 407,008
Deferred revenue (Note 7)	133,227	193,433
Equipment financing (Note 8)	134,392	171,444
Asset retirement obligations (Note 9)	109,758	914,617
	<b>747,173</b>	<b>1,686,502</b>
<b>Net financial assets</b>	<b>4,797,635</b>	<b>3,698,518</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	\$11,790,927	\$12,037,886
Inventory	4,328	819
Prepays	25,135	56,318
<b>Accumulated surplus (Note 10)</b>	<b>\$16,618,025</b>	<b>\$15,793,541</b>

\_\_\_\_\_  
Mayor

SEE ACCOMPANYING NOTES

# The Corporation of the Village of Montrose

## Statement of Operations

Year ended December 31, 2024

	Budget (Note 15)	2024	2023
<b>Revenue</b>			
Taxation, grants in lieu, assessments (Note 11)	\$1,595,368	\$ 1,605,281	\$ 1,522,297
Collections for other authorities (Note 11)	1,039,812)	(1,042,011)	(975,300)
Taxation for village purposes (Note 11)	555,556	563,270	546,997
Sales of goods and services	128,932	130,093	121,030
Water and sewer user rates	398,573	406,535	386,789
Investment income	-	187,024	156,706
Transfers from other governments (Note 12)	1,205,012	1,112,700	2,775,531
Other	-	12,376	6,956
Gain on disposal of tangible capital assets	-	29,660	1,500
	2,288,073	2,441,658	3,995,509
<b>Expenses</b>			
General government	550,819	496,408	493,119
Environment and health	24,180	28,855	25,964
Community planning	99,354	73,559	59,872
Parks, recreation and culture	109,020	125,038	110,030
Protective services	41,275	57,048	43,334
Transportation services	215,191	203,197	224,201
Sewer utility	149,430	157,851	137,483
Water utility	129,120	116,631	131,244
Amortization	-	354,386	469,771
Accretion	-	4,201	42,972
	1,318,389	1,617,174	1,737,990
<b>Annual surplus</b>	969,684	824,484	2,257,519
<b>Accumulated surplus, beginning of year</b>	15,793,541	15,793,541	13,536,022
<b>Accumulated surplus, end of year</b>	\$16,763,225	\$16,618,025	\$15,793,541

SEE ACCOMPANYING NOTES

**The Corporation of the Village of Montrose**  
**Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2024**

	<b>Budget</b>	<b>2024</b>	<b>2023</b>
<b>Annual surplus</b>	\$ 969,684	\$ 824,484	\$ 2,257,519
Acquisition of tangible capital assets	(2,905,913)	(916,487)	(2,866,108)
Amortization of tangible capital assets	-	354,386	469,771
Gain on sale of tangible capital assets	-	(29,660)	(1,500)
Proceeds on sale of tangible capital assets	-	29,660	1,500
Change in estimate of asset retirement obligation	-	809,060	-
	(1,936,229)	1,071,443	(138,818)
Use (purchase) of inventory	-	(3,509)	2,810
Decrease (increase) in prepaids	-	31,183	(27,264)
<b>Increase (decrease) in net financial assets</b>	(1,936,229)	1,099,117	(163,272)
<b>Net financial assets, beginning of year</b>	3,698,518	3,698,518	3,861,790
<b>Net financial assets, end of year</b>	\$ 1,762,289	\$ 4,797,635	\$ 3,698,518

SEE ACCOMPANYING NOTES



# The Corporation of the Village of Montrose

## Statement of Cash Flows Year ended December 31, 2024

	2024	2023
<b>Operating</b>		
Annual surplus	\$ 824,484	\$ 2,257,519
Non-cash items:		
Amortization	354,386	469,771
Gain on disposal of tangible capital assets	(29,660)	(1,500)
Accretion	4,201	42,972
Changes to non-cash working capital items:		
Accounts receivable	133,181	(388,325)
Accounts payable and accrued liabilities	(44,829)	(14,371)
Deferred revenue	(60,206)	(156,489)
Prepays	31,183	(27,264)
Inventory	(3,509)	2,810
	1,209,231	2,185,123
<b>Financing</b>		
Debt principal repaid	(37,052)	(54,433)
Proceeds from equipment financing	-	199,981
	(37,052)	145,548
<b>Investing</b>		
Net purchase of investments	(231,113)	(128,218)
<b>Capital</b>		
Tangible capital asset additions	(908,870)	(2,854,507)
Proceeds from disposal of tangible capital assets	29,660	1,500
Recognition of asset retirement obligation	-	871,645
	(879,210)	(1,981,362)
<b>Increase in cash</b>	61,856	221,091
<b>Cash, beginning of year</b>	1,120,124	899,033
<b>Cash, end of year (Note 3)</b>	\$ 1,181,980	\$ 1,120,124

SEE ACCOMPANYING NOTES

**1. Significant accounting policies**

**Basis of presentation**

The financial statements are the responsibility of, and prepared by management, in accordance with Canadian public sector accounting standards. The Village's resources and operations are segregated into General, Water, Sewer and Reserve funds for accounting and financial reporting purposes. The financial statements include all of the accounts of these funds with all inter-fund transactions and balances eliminated.

**Funds of the Village**

The operations of the Village are divided into a number of funds with specific purposes. Fund statements are presented as supplementary information to the financial statements. The basic funds are briefly described as follows:

Capital Funds - These funds are used to reflect tangible capital assets offset by related long-term debt and investment in tangible capital assets.

General Operating Fund - This fund is the main fund of the municipality and is used to reflect the normal municipal operating activities including collection of taxation, administering operations, roads, servicing general debt, etc.

Reserve Funds - These funds have been created by Council to hold assets and to provide funding for specific future requirements.

Water and Sewer Operating Funds - The water and sewer operating funds have been established as self-liquidating funds to cover the costs of operating these utilities. The capital funds hold the tangible capital assets and long-term debt related to these functions.

**Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon cost of goods and services consumed.

**Cash and cash equivalents**

Cash and cash equivalents includes balances with banks and short-term investments with maturities of three months or less.

**Inventory**

Inventory is recorded at the lower of cost and net realizable value.

**1. Significant accounting policies - Continued**

**Tangible capital assets**

Tangible capital assets, comprising 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 in the year the asset is put into service. Work-in-progress is not amortized. Donated tangible capital assets are recorded at the time of the donation at their estimated fair value, if available. Estimated useful lives are as follows:

Land improvements	5 to 40 years
Buildings	10 to 50 years
Machinery, equipment and vehicles	3 to 20 years
Water infrastructure	10 to 100 years
Sewer infrastructure	5 to 80 years
Drainage infrastructure	25 to 75 years
Roads	10 to 75 years

The Village capitalizes identifiable assets that have been acquired, constructed or developed for continuing use. Expenditures for repairs and upgrading which do not materially add to the value of the life of an asset are expensed as incurred.

**Management uncertainty (use of estimates)**

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring use of management estimates relate to the determination of collectability of amounts receivable, useful life of tangible capital assets, provisions for accrued liabilities and contingent liabilities, asset retirement obligations, and valuations of employee future benefits. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of change in estimate or settlement.

**Revenue recognition**

Taxation revenues are recognized at the time of issuing property tax notices for the fiscal year. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Transactions where goods or services are provided for consideration include performance obligations to a specific payor. Revenue from these transactions is recognized as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return. The Village recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Village recognizes revenue as the liability is settled.

Investment income is recorded on an accrual basis and recognized when earned.

**1. Significant accounting policies - Continued**

**Asset retirement obligations**

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset controlled by a government or government organization. The liability for an asset retirement obligation is recognized when all the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

The asset retirement costs are amortized on a straight-line basis over the estimated useful life of the asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured, reasonably estimated, and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

**Liability for contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible and accepts responsibility; and
- a reasonable estimate of the amount can be determined.

The liability would include all costs directly attributable to remediation activities including post-remediation operations, maintenance and monitoring. To date, the Village does not have reason to believe any such liability exists.

**Segments**

The Village conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Village's long-term objectives to aid in resource allocation decisions and to assess operational performance.

# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 1. Significant accounting policies - Continued

#### Financial instruments

The Village's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, asset retirement obligations and equipment financing. It is management's opinion that the Village is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value of restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

#### Budget

Budget figures shown represent the Montrose Financial Plan 2024-2028 Bylaw #781 as adopted by Council on May 11, 2024.

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### 2. Change in accounting policies

Effective January 1, 2024, the Village adopted new Public Sector Accounting Standards PS 3400 Revenue. This section establishes standards on how to account for and report on revenue.

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### 3. Cash and cash equivalents

	2024	2023
Operating funds - unrestricted	\$ 714,835	\$1,045,081
Reserve funds - restricted	467,145	75,043
	\$1,181,980	\$1,120,124

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### 4. Investments

Investments consist of term deposit accounts held with Kootenay Savings Credit Union carried at cost. As at December 31, 2024, the market value of the investments was equal to the cost.

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# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 5. Accounts receivable

	2024	2023
Taxes	\$ 106,802	\$ 82,865
Trade receivables	42,256	4,303
Due from federal government	272,581	467,652
	<b>\$ 421,639</b>	<b>\$ 554,820</b>

### 6. Accounts payable and accrued liabilities

	2024	2023
Trade payables	\$ 329,528	\$ 365,606
Employee accrued liabilities	20,468	24,202
Post-employment benefits	19,800	17,200
	<b>\$ 369,796</b>	<b>\$ 407,008</b>

#### Post-Employment Benefits

All employees are entitled to earned benefits related to vested sick leave. The liability and expense for these post-employment benefits and compensated absences are recognized in the financial statements in the period in which employees render services and on the basis that the benefits are expected to be provided when the employees are no longer providing active service.

The post-employment benefit liability is based on an actuarial valuation as at December 31, 2024 using the following valuation assumptions:

	2024	2023
Discount rate	4.40 %	4.20 %

The continuity of the Village's post-employment benefits liability is as follows:

	2024	2023
Beginning of year	\$ 17,200	\$ 10,400
Current service cost	2,300	1,600
Interest cost	800	600
Benefits paid	-	-
Actuarial gain	(500)	4,600
End of year	<b>\$ 19,800</b>	<b>\$ 17,200</b>

The Village manages the payment of these future benefit obligations as they come due in the current operating budget.

# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 7. Deferred revenue

	2024	2023
Prepaid property taxes	\$ 84,138	\$ 83,190
Prepaid utilities	5,825	5,854
Miscellaneous	3,264	3,289
Government transfers (see below)	40,000	101,100
	\$ 133,227	\$ 193,433

#### Government transfers

	Balance, Beginning of Year	Received/ Receivable	Revenue Recognized	Balance, End of Year
Federal Gas Tax Fund	\$ -	\$ 109,537	\$ (109,537)	\$ -
Columbia Basin Trust	78,600	53,309	(131,909)	-
Province of British Columbia	-	335,625	(295,625)	40,000
Union of BC Municipalities	22,500	-	(22,500)	-
Beaver Valley recreation - capital	-	35,000	(35,000)	-
	\$ 101,100	\$ 533,471	\$ (594,571)	\$ 40,000

### 8. Equipment financing

	2024	2023
Municipal Finance Authority of BC equipment financing loan. Repayable in monthly installments of \$3,750 which includes the Municipal Finance Authority of BC's monthly interest rate for equipment financing, maturing January 2028.	\$ 134,392	\$ 171,444

Scheduled principal repayments over the remaining term is as follows:

2025	\$ 40,458
2026	42,127
2027	43,865
2028	7,942
	\$ 134,392

# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 9. Asset retirement obligations

The Village recognized asset retirement obligations relating to remediating asbestos containing pipes. The recognition of the asset retirement obligations involved an accompanying increase to the water and sewer infrastructure tangible capital assets. The increase in tangible capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets

Estimated costs totaling \$223,100 have been discounted using a present value calculation with a discount rate of 3.98%. The discount rate used is based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2025 and 2063 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time. The Village issues debt instruments through the Municipal Finance Authority, pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures.

	2024	2023
Opening asset retirement obligations	\$ 914,617	\$ -
initial recognition of expected discounted cash flows	-	871,645
change in estimates	(809,060)	-
increase due to accretion	4,201	42,972
Closing retirement obligation	\$ 109,758	\$ 914,617

### 10. Accumulated surplus

The accumulated surplus is represented by:

	2024	2023
Unappropriated surplus	\$ 26,478	\$ 519,054
Appropriated surplus	122,000	122,000
Capital funds	155,754	155,754
Reserve funds (Schedule 2)	4,767,014	4,044,908
Equity in tangible capital assets (Exhibit 1)	11,546,777	10,951,825
<b>Total accumulated surplus</b>	<b>\$16,618,023</b>	<b>\$15,793,541</b>



# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 11. Taxation revenues

	2024	2023
<b>Taxation, Grants in lieu, Assessments</b>		
Property taxes	\$ 277,424	\$ 263,070
Grants in lieu of taxes	3,718	3,306
Road maintenance - parcel taxes	63,526	61,083
Community development - parcel taxes	2,536	2,443
Drainage - parcel taxes	25,410	24,433
Water - parcel taxes	116,840	116,840
Sewer - parcel taxes	64,752	64,752
Collections for other authorities:		
Province of BC - school taxes	379,978	363,032
Province of BC - police taxes	60,079	56,469
Regional District of Kootenay Boundary	569,269	525,968
West Kootenay Boundary Regional Hospital District	33,813	33,452
BC Assessment Authority	7,893	7,408
Municipal Finance Authority	43	41
	1,605,281	1,522,297
Payments for other authorities	(1,042,011)	(975,300)
<b>Taxation for Village purposes</b>	<b>\$ 563,270</b>	<b>\$ 546,997</b>

The Village is not reliant upon the revenue from any specific large property taxpayer(s) or business(es).

### 12. Transfers from other governments

	2024	2023
Federal government	\$ 113,661	\$ 773,362
Provincial government	900,734	1,890,370
Regional District of Kootenay Boundary	97,178	92,672
Other	1,127	19,127
	\$ 1,112,700	\$ 2,775,531

**13. Contingent liabilities**

- (a) The Village, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the borrowing of this authority.
- (b) On August 29, 1988, the Village became a member of the Municipal Insurance Association of B.C. (M.I.A.B.C.). M.I.A.B.C. is licensed to operate a reciprocal insurance exchange under Section 302 of the Insurance Act. M.I.A.B.C. is a municipal self-insurance program, supplying general liability coverage to its members up to a maximum of 30 million dollars. Members are liable for their deductible and a pro-rated share of any claims exceeding their deductible.
- (c) The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$32,237 (2023 - \$30,733) for employer contributions to the plan in fiscal 2024.

The next valuation will be as at December 31, 2024, with results available in 2025.

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 the individual employers participating in the plan.

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# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 14. Federal Gas Tax

The Village receives Gas Tax provided by the Government of Canada. The use of funding is established by a funding agreement between the Village and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Gas Tax funding that is not spent in the year it is received is transferred to the Community Works Fund Reserve and is held in reserve until the Village undertakes an eligible project. The following provides a summary of funds received that are included in Reserve Funds (Schedule 2).

	2024	2023
Opening balance of unspent funds	\$ 982,345	\$ 888,358
Add: Amount received during the year	109,537	106,590
Interest earned	71,625	2,097
Transfer from (to) General Operating	-	(14,700)
Closing balance of unspent funds	\$ 1,163,507	\$ 982,345

### 15. Budget data

The reconciliation of the approved budget Bylaw #781 for the current year to the budget figures reported in these financial statements is as follows:

Budget surplus per Statement of Operations	\$ 969,684
Less: Capital expenditures	(2,905,913)
Less: Repayment of equipment financing	(42,500)
Less: Transfers to other funds	(77,146)
Add: Prior year appropriations	265,875
Add: Transfers from reserves	1,790,000
	\$ -

### 16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**17. Segmented information**

The Village is a municipal government which provides a range of services to the citizens of Montrose and surrounding area. The Village is governed by an elected Council comprised of a Mayor and four Councillors whose authority is set in the Community Charter and Local Government Act. The Village's operations are organized and reported by Fund. The Funds have been segmented into the various services provided and are broken down as follows:

*General government services* include administration, finance, legislative, information services under contract to a third party, development and planning, customer services, and human resources functions. Revenues associated with this segment include all those amounts that cannot be directly attributed to other segments including taxation, grants in lieu, direct service payments and interest revenue.

*Environmental and health services* include garbage collection and the recycling and organics programs which are both provided under contract to the Regional District.

*Community Planning services* include planning and implementation of the capital works program for all infrastructure.

*Parks, recreation and culture services* include various recreational buildings and the parks operations.

*Protective services* including fire inspections, bylaw enforcement and animal control under contracts to third parties, emergency management services under the direction of the Regional District, building inspection under contract to the Regional District and functions of the Village. Fire protection is provided by the Regional District under a volunteer fire department responsible for fire suppression.

*Transportation services* is responsible for planning, building, operating and maintaining the Village's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services and fleet services.

*Sewer services* include the operating activities that relate to the collection and treatment of wastewater, maintenance of the related equipment including the piping collection system, lift stations and the wastewater treatment plant.

*Water services* include the operating activities that relate to the treatment, storage, distribution and maintenance of the related equipment and facilities, including the wells and pumps, water treatment system, reservoir tanks and the piping distribution system.

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# The Corporation of the Village of Montrose

## Notes to the Financial Statements

December 31, 2024

### 18. Financial instruments

#### Credit Risk

Credit risk is the risk of financial loss to the Village if a debtor fails to discharge their obligation (e.g., pay property taxes to the Village). The Village is exposed to this risk arising from its cash, investments and accounts receivable. The Village holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Village cash accounts are insured up to \$100,000 (2023: \$100,000).

The Village's investment policy operates within the constraints of the investment guidelines laid out in Section 183 of the Community Charter, which puts limits on the types of investments the Village may invest in. The Section permits the Village's funds to be invested in securities of the Municipal Finance Authority; specified pooled investments; securities issued by the Government of Canada, a Canadian province, municipality, or regional district; investments guaranteed by a chartered bank; and deposits in savings institutions or non-equity or membership shares of a credit union.

Accounts receivable is primarily amounts due from government (grants receivable) and Village residents. The Village mitigates credit risk by regular submission of reporting requirements for grants receivable. Property tax receivable risk is mitigated by regular notification to the residents of outstanding amounts and ultimately tax sale for tax recovery, if necessary. If an accounts receivable is held for a long period of time, an impairment allowance is setup to offset the receivable. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

2024						
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Due from other governments	\$ 272,581	\$ -	\$ -	\$ -	\$ -	\$ 272,581
Taxes receivable	-	-	-	-	106,802	106,802
Other receivables	42,256	-	-	-	-	42,256
Total	\$ 314,837	\$ -	\$ -	\$ -	\$ 106,802	\$ 421,639

2023						
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Due from other governments	\$ 467,652	\$ -	\$ -	\$ -	\$ -	\$ 467,652
Taxes receivable	-	-	-	-	82,865	82,865
Other receivables	4,303	-	-	-	-	4,303
Total	\$ 471,955	\$ -	\$ -	\$ -	\$ 82,865	\$ 554,820

#### Liquidity risk

Liquidity risk is the risk that the Village will not be able to meet all cash outflow obligations as they come due. The Village mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities:

	2025	2026	2027	Thereafter	Total
Accounts payable and accrued liabilities	\$ 369,796	\$ -	\$ -	\$ -	\$ 369,796
Equipment financing	40,458	42,127	43,865	7,942	134,392
Total	\$ 410,254	\$ 42,127	\$ 43,865	\$ 7,942	\$ 504,188

**18. Financial instruments (continued)**

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Village operates within the constraints of the investment guidelines in Section 183 of the Community Charter. The investment portfolio is monitored by management, the investment managers, and Council.

**Currency risk**

Currency risk arises from the change in price of one currency in relation to another. The Village is not exposed to this risk as it does not transact in foreign currencies.

**Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Village mitigates this risk by having a fixed rate of interest for its debt. The Village also ensures that they have sufficient cash to meet the outstanding debt obligation if interest rates should rise. The Village monitors expected cash outflow through budgeting and maintenance of loans payable and investments. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Village is not exposed to other price risk as the Village does not have any investments in equity instruments.

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**The Corporation of the Village of Montrose**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
**Year ended December 31, 2024**

	Land	Land improvements	Buildings	Machinery equipment & vehicles	Engineering Structures				Work in progress	2024	2023
					Water	Sewer	Drainage	Roads			
<b>Cost</b>											
Balance, beginning of year	\$ 881,313	\$ 251,591	\$ 1,095,806	\$ 1,387,828	\$ 4,338,317	\$ 3,025,462	\$ 694,971	\$ 4,813,188	\$ 2,677,111	\$ 19,165,587	\$ 16,333,925
Additions	-	-	81,076	85,097	-	134,464	-	-	615,850	916,487	2,866,108
Disposals	-	-	-	(59,059)	(386,735)	(389,277)	-	-	-	(835,071)	(34,446)
Change in WIP	-	-	-	-	-	35,880	-	-	(35,880)	-	-
Balance, end of year	881,313	251,591	1,176,882	1,413,866	3,951,582	2,806,529	694,971	4,813,188	3,257,081	19,247,003	19,165,587
<b>Accumulated amortization</b>											
Balance, beginning of year	-	137,806	559,508	798,974	1,482,946	1,260,478	505,493	2,382,496	-	7,127,701	6,692,376
Amortization	-	16,314	28,794	86,059	91,185	49,360	9,393	106,329	-	387,434	469,771
Less: accumulated amortization on disposals	-	-	-	(59,059)	-	-	-	-	-	(59,059)	(34,446)
Balance, end of year	-	154,120	588,302	825,974	1,574,131	1,309,838	514,886	2,488,825	-	7,456,076	7,127,701
<b>Net book value of tangible capital assets</b>											
<b>2024</b>	<b>\$ 881,313</b>	<b>\$ 97,471</b>	<b>\$ 588,580</b>	<b>\$ 587,892</b>	<b>\$ 2,377,451</b>	<b>\$ 1,496,691</b>	<b>\$ 180,085</b>	<b>\$ 2,324,363</b>	<b>\$ 3,257,081</b>	<b>11,790,927</b>	<b>\$ 12,037,886</b>
<b>2023</b>	<b>\$ 881,313</b>	<b>\$ 113,785</b>	<b>\$ 536,298</b>	<b>\$ 588,854</b>	<b>\$ 2,855,371</b>	<b>\$ 1,764,984</b>	<b>\$ 189,478</b>	<b>\$ 2,430,692</b>	<b>\$ 2,677,111</b>	<b>\$ 12,037,886</b>	

Tangible capital asset additions for the year ended December 31, 2024 include \$ 279,231 in accounts payable (2023 - \$ 286,848 ). As a result, this amount was not included in the purchases of tangible capital assets on the Statement of Cash Flows.

# The Corporation of the Village of Montrose

## Schedule 2 - Reserve funds

Year ended December 31, 2024

<b>Reserve fund</b>	<b>2023</b>	<b>Interest</b>	<b>Transfers From Operating</b>	<b>Transfers To Operating</b>	<b>2024</b>
Capital vehicle	\$ 93,213	\$ 7,170	\$ -	\$ -	\$ 100,383
Employee payout	\$ 50,559	3,888	-	-	\$ 54,447
Buildings, Machinery and Equipment	\$ 81,914	6,301	-	-	\$ 88,215
Recreation	\$ 82,559	5,059	-	-	\$ 87,618
Insurance contingency	\$ 2,540	196	-	-	\$ 2,736
Sewer capital	\$ 440,497	33,880	-	-	\$ 474,377
Water capital	\$ 810,308	61,708	-	-	\$ 872,016
Capital drainage	\$ 219,070	16,849	-	-	\$ 235,919
Capital transportation	\$ 456,831	35,136	-	-	\$ 491,967
Community works	\$ 982,345	71,625	109,537	-	\$ 1,163,507
Climate action	\$ 90,768	17,072	318,125	-	\$ 425,965
COVID-19 Safe restart	\$ 435,740	33,906	-	-	\$ 469,646
Growing communities fund	\$ 298,564	1,654	-	-	\$ 300,218
<b>TOTAL</b>	<b>\$ 4,044,908</b>	<b>\$ 294,444</b>	<b>\$ 427,662</b>	<b>\$ -</b>	<b>\$ 4,767,014</b>



**The Corporation of the Village of Montrose**  
**Schedule 3 - Segmented Information**  
**Year ended December 31, 2024**

	General government	Environment and health	Community planning	Parks and recreation	Protective services	Transportation services	Sewer utility	Water utility	2024 Total	2023 Total
<b>Revenue</b>										
Taxation	\$ 381,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,752	\$ 116,840	\$ 563,270	\$ 546,997
Goods and services	101,422	28,671	-	-	-	-	-	-	130,093	121,030
Users rates	-	-	-	-	-	-	226,758	179,777	406,535	386,789
Investment income	187,024	-	-	-	-	-	-	-	187,024	156,706
Government transfers	1,011,522	-	-	101,178	-	-	-	-	1,112,700	2,775,531
Other	29,660	-	-	-	-	-	2,741	9,635	42,036	8,456
	1,711,306	28,671	-	101,178	-	-	294,251	306,252	2,441,658	3,995,509
<b>Expenses</b>										
Salaries and benefits	377,261	14,009	-	36,278	10,076	80,200	82,303	43,585	643,712	616,943
Contracts and services	32,921	-	73,559	29,307	34,860	20,197	18,877	6,963	216,684	188,180
Materials and equipment	86,226	14,846	-	59,453	12,112	94,852	56,671	66,083	390,243	410,459
Debt and interest	-	-	-	-	-	7,948	-	-	7,948	9,664
	496,408	28,855	73,559	125,038	57,048	203,197	157,851	116,631	1,258,587	1,225,246
Amortization	246,890	-	-	-	-	-	78,722	28,774	354,386	469,771
Accretion	4,201	-	-	-	-	-	-	-	4,201	42,972
Internal transfers	(57,243)	6,260	-	11,320	-	11,263	18,378	10,022	-	-
	686,055	35,115	73,559	136,358	57,048	222,408	254,951	155,427	1,617,174	1,737,989
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 1,025,251</b>	<b>\$ (6,444)</b>	<b>\$ (73,559)</b>	<b>\$ (35,180)</b>	<b>\$ (57,048)</b>	<b>\$ (222,408)</b>	<b>\$ 39,300</b>	<b>\$ 150,825</b>	<b>\$ 824,484</b>	<b>\$ 2,257,520</b>

**The Corporation of the Village of Montrose**  
**Schedule 4 - Growing Communities Fund**  
**Year Ended December 31, 2024**

	2024	2023
Opening balance	\$ 298,564	\$ -
Growing Communities Grant	-	903,000
Eligible costs incurred:		
Wastewater Treatment Plant Upgrades	-	(540,964)
Snowplow	-	(75,000)
Interest earned	1,654	11,528
Balance, December 31, 2023	\$ 300,218	\$ 298,564

**The Corporation of the Village of Montrose**  
**Exhibit 1 - Statement of Financial Position by fund**  
(Unaudited)

as at December 31, 2024

	Operating funds			Capital funds			Reserve funds	2024	2023
	General	Water	Sewer	General	Water	Sewer			
<b>Financial assets</b>									
Cash and cash equivalents	\$ 714,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,145	\$ 1,181,980	\$ 1,120,124
Investments	-	-	-	-	-	-	3,941,189	3,941,189	3,710,076
Accounts receivable	145,532	13,581	262,527	-	-	-	-	421,640	554,820
Due (to) from other funds	(1,031,930)	1,077,331	(559,834)	117,538	38,193	23	358,680	-	-
	(171,563)	1,090,912	(297,307)	117,538	38,193	23	4,767,014	5,544,809	5,385,020
<b>Liabilities</b>									
Accounts payable and accrued liabilities	369,796	-	-	-	-	-	-	369,796	407,008
Deferred revenue	133,227	-	-	-	-	-	-	133,227	193,433
Equipment financing	-	-	-	134,392	-	-	-	134,392	171,444
Asset retirement obligation	-	-	-	-	54,475	55,285	-	109,760	914,617
	503,023	-	-	134,392	54,475	55,285	-	747,175	1,686,502
<b>Net Financial Assets (Net Debt)</b>	(674,586)	1,090,912	(297,307)	(16,854)	(16,282)	(55,262)	4,767,014	4,797,634	3,698,518
Tangible capital assets	-	-	-	4,713,056	2,377,450	4,700,422	-	11,790,928	12,037,886
Inventory	4,328	-	-	-	-	-	-	4,328	819
Prepays	25,135	-	-	-	-	-	-	25,135	56,318
<b>Accumulated surplus</b>	\$ (645,123)	\$1,090,912	\$ (297,307)	\$ 4,696,202	\$ 2,361,168	\$ 4,645,160	\$ 4,767,014	\$ 16,618,025	\$ 15,793,541
<b>Equity, financial</b>									
Unappropriated surplus	\$ (687,127)	\$ 1,010,912	\$ (297,307)	\$ -	\$ -	\$ -	\$ -	\$ 26,478	\$ 519,054
Appropriated surplus	42,000	80,000	-	-	-	-	-	122,000	122,000
Capital funds	-	-	-	117,538	38,193	23	-	155,754	155,754
Reserve funds	-	-	-	-	-	-	4,767,014	4,767,014	4,044,907
	(645,127)	1,090,912	(297,307)	117,538	38,193	23	4,767,014	5,071,246	4,841,715
Equity in TCA	-	-	-	4,578,664	2,322,975	4,645,137	-	11,546,776	10,951,825
<b>Total equity</b>	<b>\$ (645,127)</b>	<b>\$1,090,912</b>	<b>\$ (297,307)</b>	<b>\$ 4,696,202</b>	<b>\$ 2,361,168</b>	<b>\$ 4,645,160</b>	<b>\$ 4,767,014</b>	<b>\$ 16,618,022</b>	<b>\$ 15,793,540</b>

# The Corporation of the Village of Montrose

## Exhibit 2 - Statement of Operations

### General operating fund

(Unaudited)

Year ended December 31, 2024

	Budget	2024	2023
<b>Revenue</b>			
Taxation, grants in lieu, assessments	\$ 1,413,208	\$ 1,423,689	\$ 1,340,707
Payments to other authorities	(1,039,812)	(1,042,011)	(975,300)
Taxation for village purposes	373,396	381,678	365,407
Sales of goods and services	112,944	130,093	121,030
Investment income	9,000	187,024	156,706
Transfers from other governments	817,501	1,112,700	1,625,466
Gain on disposal of assets	-	29,660	1,500
	1,312,841	1,841,155	2,270,109
<b>Expenses</b>			
Protective services	41,275	57,048	43,334
Parks, recreation and culture	109,020	125,038	110,030
General government	550,819	496,408	493,119
Transportation services	215,191	203,197	224,201
Environmental health	24,180	28,855	25,964
Community planning	99,354	73,559	59,872
	1,039,839	984,105	956,520
<b>Net excess of revenue over expenses</b>	273,002	857,050	1,313,589
Transfers from (to) own funds and reserves:			
Long-term debt proceeds	-	-	199,981
General capital purchases	(1,807,000)	(219,525)	(322,809)
Transfer from reserves	1,303,000	-	160,988
Transfer to reserves	(253,723)	(722,106)	(1,113,547)
Internal transfers	259,535	28,400	70,499
Long-term debt repayment	(42,500)	(37,052)	(54,434)
Surplus appropriated from prior year	265,875	-	-
	(274,813)	(950,283)	(1,059,322)
<b>Annual surplus (deficit)</b>	(1,811)	(93,233)	254,267
<b>Accumulated surplus (deficit), beginning of year</b>	(593,894)	(593,894)	(848,161)
<b>Accumulated deficit, end of year</b>	\$ (595,705)	\$ (687,127)	\$ (593,894)

# The Corporation of the Village of Montrose

## Exhibit 3 - Statement of Operations

### Water operating fund

(Unaudited)

Year ended December 31, 2024

	Budget	2024	2023
<b>Revenue</b>			
Parcel taxes	\$ 116,840	\$ 116,840	\$ 116,840
Water user rates	175,409	179,777	171,032
Transfers from other governments	-	-	19,375
Other	4,248	9,635	4,346
	296,497	306,252	311,593
<b>Expenses</b>			
Salaries and administration	34,500	43,585	33,525
Contracted services	29,500	6,963	34,822
Materials and supplies	65,120	66,083	62,897
	129,120	116,631	131,244
<b>Net excess of revenue over expenses</b>	167,377	189,621	180,349
Transfer (to) from other funds and reserves:			
Water capital fund purchases	(100,508)	-	-
Transfer to reserves	(57,169)	-	-
Internal expense transfers	(9,700)	(10,022)	(33,158)
	(167,377)	(10,022)	(33,158)
<b>Annual surplus</b>	-	179,599	147,191
<b>Accumulated surplus, beginning of year</b>	831,313	831,313	684,122
<b>Accumulated surplus, end of year</b>	\$ 831,313	\$ 1,010,912	\$ 831,313

# The Corporation of the Village of Montrose

## Exhibit 4 - Statement of Operations

### Sewer operating fund

(Unaudited)

Year ended December 31, 2024

	Budget	2024	2023
<b>Revenue</b>			
Parcel taxes	\$ 65,320	\$ 64,752	\$ 64,752
Sewer user rates	223,164	226,758	215,757
Transfers from other governments	387,511	-	1,130,690
Other	2,740	2,741	2,610
	678,735	294,251	1,413,809
<b>Expenses</b>			
Salaries and administration	73,400	82,303	82,794
Contracted services	15,200	18,877	5,961
Materials and supplies	60,830	56,671	48,728
	149,430	157,851	137,483
<b>Net excess of revenue over expenses</b>	529,305	136,400	1,276,326
Transfer from other funds and reserves:			
Transfer from reserves	487,000	-	540,964
Internal transfers	(17,900)	(18,378)	(37,340)
Sewer capital fund purchases	(998,405)	(696,964)	(1,671,654)
	(529,305)	(715,342)	(1,168,030)
<b>Annual surplus (deficit)</b>	-	(578,942)	108,296
<b>Accumulated surplus, beginning of year</b>	281,635	281,635	173,339
<b>Accumulated surplus, end of year</b>	\$ 281,635	\$ (297,307)	\$ 281,635

**The Corporation of the Village of Montrose**  
**Exhibit 5 - COVID-19 Safe Restart Funds**  
**Year ended December 31, 2024**  
(Unaudited)

	2024	2023
Opening balance	\$ 435,740	\$ 478,955
Eligible costs incurred:		
Emergency planning and response costs	-	(44,397)
Interest earned	33,906	1,182
Balance, December 31, 2024	\$ 469,646	\$ 435,740

**The Corporation of the Village of Montrose**  
**Exhibit 6 - Local Government Housing Initiatives**  
**Year ended December 31, 2024**  
(Unaudited)

	2024	2023
Opening balance	\$ -	\$ -
Amount received during the year	154,741	-
Amount spent	-	-
Balance, December 31, 2024	\$ 154,741	\$ -