

THE CORPORATION OF THE VILLAGE OF MONTROSE

2024 ANNUAL REPORT



June 2025

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INTRODUCTION

This Annual Report has been prepared by Council and Administration of the Village of Montrose in accordance with the reporting requirements contained within Section 98 of the *Community Charter*.

The Corporation of the Village of Montrose's 2024 Annual Report includes the audited financial statements of the Village for the 2024 fiscal year, pursuant to Section 167 of the *Community Charter*. These statements include the consolidated statement of the financial position of the Village and its financial activities of changes to the general, water and sewer operating funds, as well as financial activities in reserve and capital funds. The statements have been prepared by the Village's independent external auditors, Grant Thornton LLP, and are based on generally accepted accounting principles.

Mike Walsh
Mayor

Larry Plotnikoff
Chief Administrative Officer

DISQUALIFICATION DECLARATION

During the year of 2024, the municipality has not made, nor is the municipality aware of electors of the Village of Montrose having made, an application to court for a declaration of disqualification of a person elected or appointed to office on the Council of the Village of Montrose

COUNCIL

Mayor
Mike Walsh

Councilor
Don Berriault

Councilor
Paul Caron

Councilor
Cindy Cook

Councilor
Rory Steep

Mayor and Council's term commenced October 2022.

Our Vision

"We will work together to maintain a high quality of life and excellent service to our community."

Our Mission

"We will, through strong leadership, provide high quality of life and service for current and future generations through collaboration with our neighbours in a fiscally responsible manner."

Our Values

- **Respect:** We embrace diversity and treat everyone with courtesy, dignity, and fairness.
- **Integrity:** We deal with others honestly, openly, directly - earning trust by doing what we say.
- **Accountability:** We accept responsibility for our decisions, actions, and overall performance.
- **Collaboration:** We work together and communicate, internally and externally, to achieve common goals.
- **Service:** We take pride in adoption of best practices and improving quality service with the resources available.

Our Operating Philosophy

We intend to be known and earn respect for:

- collaborative Council/Management leadership - visionary, strategic, progressive, transparent and focused on the public good
- support for youth and senior services
- service excellence - innovative, accommodating, continually improving
- appreciation for volunteers and community leaders
- strong partnerships and strategic alliances

2024 PERMISSIVE TAX EXEMPTIONS

In 2024, the Corporation of the Village of Montrose, as per Bylaw #723, provided the exemption of property taxes on the following property:

1. Beaver Valley Baptist Church: Parcel B, Block 2, Plan 2541, Kootenay Land District, PID# 015-251-519.

CLASS 08 Assessed Value in 2024@ \$361,100 x 0.0061608 = **\$2,224.67**

Total revenue that could have been generated from the above noted tax exempt property within the Village of Montrose in 2024 was \$2224.67

MUNICIPAL SERVICES & OPERATIONS REVIEW FOR 2024

Revenues

As per the Audited Consolidated Statement of Operations, the Village of Montrose collected a total of **\$2,441,658** in revenues in 2024. The revenue source breakdown is as follows:

<i>ACTIVITY</i>	<i>TOTAL\$</i>	<i>% of TOTAL</i>
Tax Collection for Village Purposes	563,270	23.1%
Water and Sewer User Fees	406,535	16.7%
Sales of Goods and Services	130,093	5.3%
Investment Income	187,024	7.6%
Transfer from Other Governments	1,112,700	45.6%
Gain on Disposal of Tangible Capital Assets	29,660	1.2%
Other Sources	12,376	0.5%
TOTAL	2,441,658	100%

Expenditures

As per the Audited Consolidated Statement of Operations, the Village's expenditures totaled **\$1,617,174** in 2024. The expenditure source breakdown is as follows:

<i>ACTIVITY</i>	<i>TOTAL\$</i>	<i>% of TOTAL</i>
<u>General Government</u>	496,408	28.4%
Activities include the cost of the administration, including Council operations, the office, legal and auditing services, liability insurance, and other general overhead expenditures.		
<u>Amortization</u>	354,386	27.0%
Amortization costs of existing Village tangible capital assets.		
<u>Loss (TCA)</u>	0	0.00%
Loss from write down of tangible capital assets		
<u>Water and Sewer Operations</u>	278,550	15.5%
Water operations include items related to the supply and distribution of water.		
Sewer operations include items related to the collection and treatment of sewerage.		

<u>Transportation Services</u>	203,197	12.9%
Transportation services include the cost of the public works shop, all the Village's equipment, road maintenance (summer and winter) and streetlights.		
<u>Parks, Recreation and Culture</u>	125,038	6.3%
Parks, recreation and culture includes the operation and maintenance of the community hall, the playing field, and the parks. It also includes the cost of recreation programs and the recreation commission.		
<u>Debt Interest, Fiscal Services and Other</u>	4,201	2.5%
Debt interest and fiscal services includes lease payments, interest on the Community Bonds and other long-term debt, and bank service charges.		
<u>Environment and Health</u>	28,855	1.5%
Environmental health includes the cost of garbage collection and yard waste collection.		
<u>Protective Services</u>	57,048	2.5%
Protective services include bylaw enforcement, hydrant maintenance, and emergency measures.		
<u>Community Planning</u>	73,559	3.4%
Community planning is the cost of planning.		
TOTAL	1,617,174	100.00%

Annual Financial Statements

The Village's complete 2024 Financial Audited Statements, which were prepared by Grant Thornton LLP and received by Council on May 5, 2025, can be found in the Appendices of this report.

PROGRESS REPORT ON OBJECTIVES FOR 2024

In 2024, the Village had several objectives it wished to achieve. The following chart summarizes the Village's position in reaching the objectives that were identified in the 2023 Annual Report.

SERVICE	OBJECTIVE	STRATEGY	PROGRESS
Administration	Staff Training	To continue to provide staff with adequate training opportunities	Staff educated to relevant standards. CAO Position secured until June 2027. Staff continue to take training opportunities.
	Regional Governance and Co-operation	Maintain strong relationships with neighbouring local governments to ensure service efficiencies.	Strong, sustainable local shared services. On-going.
	General Administration	To continue to review and update Village Bylaws and Policies	Continued improvements to Village bylaws and policies. Good Neighbor Bylaw adopted.
	Asset Management	To have a comprehensive asset management system.	Completed asset management condition assessment, replacement priority An
	Availability of Broadband	Continue to lobby senior levels of govt and CBT and strategize for broadband installation in Montrose	No results to date
	Zoning Bylaw	The Village develop a revised zoning bylaw	New zoning bylaw adopted
	Seniors Housing	A seniors housing project is put forward for development.	No progress to date.
Public Works	Equipment Replacement	To maintain operating efficiency of the Public	Continued to increase Works equipment replacement
	Rooftop HVAC units at Village Office, Community Hall and Village Square replaced.	Utilize FORTISBC energy program to assist with installation and costs	Projects completed.

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Water

Village fleet review

Review the Village fleet and identify replacement needs.

New Mighty truck received.

Water Conservation

To continue to practice water conservation

Village Water Conservation practiced.

	Continue a multi-year valve replacement program	Continue to utilize the PW Department for the replacement of end of life water valves	End of life valves replaced.
	Continue a multi-year fire hydrant replacement program	Continue to utilize the PW Department for the replacement of end of life fire hydrants	No replacements for 2024 – several units repaired.
	Water Main Replacement	Identify and upgrade water mains where needed.	No Water main replacement project/funding identified for 2025
Sewer	WWTP Upgrade Project	Construction Complete.	Project to be completed in 2025..
	Sewer main replacement	Identify and upgrade sewer mains where needed	No Sewer main replacement project/funding identified for 2025.
Roads	Continue to monitor road conditions for cost effective localized improvements	Continue to identify and prioritize road replacement as funding permits.	Projects identified for 2025/26.
Parks and Recreation	Park Improvements Montrose Spray Park.	Secure funding..	Funding Secured.

OBJECTIVES AND PERFORMANCE MEASURES FOR 2025

SERVICE	OBJECTIVE	STRATEGY	MEASURE
Administration	Staff Training/ Replacement	To continue to provide staff with adequate training opportunities. To replace retiring staff members.	Staff educated to relevant standards.
	Regional Governance and Co-operation	Maintain strong relationships with neighbouring local governments to ensure service efficiencies.	Strong, sustainable local shared services
	General Administration	To continue to review and update Village Bylaws and Policies	Continual improvements to Village Bylaws and policies
	Availability of Broadband	Work with service providers, CBB and Govt. to develop strategy to bring broadband to the Village.	Broadband development plan and funding is secured.
	Strategic Plan	Plan updated.	Council completes majority of the strategic priorities.
	Seniors Housing	A seniors focused housing project is put forward.	Plans, location and funding are identified.
Public Works	Equipment Replacement	To maintain operating Efficiency.	Continue to increase reserves for equipment.
Water	Water Conservation	To continue to practice water conservation.	Water policies continued.
	Continue multi-year valve replacement	Continue to utilize the PW Department for the replacement of end of life water valves	End of life valves replaced.

	Continue a multi-year fire hydrant replacement program	Continue to utilize the PW Department for the replacement/upgrading of end of life fire hydrants	End of life fire hydrants replaced/upgraded..
	Watermain Replacement	11 th Ave. project tendered.	11 TH Ave proj. complete
Sewer	WWTP Upgrade Project	Construction complete in 2024.	Project to be completed in 2025.
	Sewer Main	11 th Ave project tendered	11 th Ave proj. complete
Roads	Continue to monitor road conditions for cost effective localized improvements	Continue to identify and prioritize road replacement as funding permits.	Priorities/funding are identified and projects completed
Parks	Spray Park Improvements	Plans finalized.	Project completed in 2025..
	Community hall sundeck	Plan finalizd	Plans /funds finalized.

OBJECTIVES AND PERFORMANCE MEASURES FOR 2026

SERVICE	OBJECTIVE	STRATEGY	MEASURE
Administration	Staff Training	To continue to provide staff with adequate training opportunities	Staff educated to relevant standards.
	Regional Governance and Co-operation	Maintain strong relationships with neighbouring local governments to ensure service efficiencies.	Strong, sustainable local shared services
	General Administration	To continue to review and update Village Bylaws and Policies	Continual improvements to Village Bylaws and policies
	Availability of Broadband	Work with service providers, CBB and Govt. to develop strategy to bring broadband to the Village.	Broadband development plan and funding is secured.
	Strategic Plan	Council utilizes its 2023 -- 2026 Strategic Plan Update.	Council works on completing its strategic priorities.
	Seniors Housing	A seniors focused housing project is put forward for development.	Plans and funding are finalized for a seniors focused housing project.
Public Works	Equipment Replacement	To maintain operating efficiency of the Public Works equipment.	Continue to increase reserves for future equipment replacement.
Water	Water Conservation	To continue to practice water conservation.	Water conservation policies continued.
	Continue a multi-year valve replacement program	Continue to utilize the PW Department for the replacement of end of life water valves	End of life valves replaced. More efficient operations when isolating water system
	Continue a multi-year fire hydrant replacement program	Continue to utilize the PW Department for the replacement of end of life fire hydrants	End of life fire hydrants replaced

	Watermain Replacement	Identify and upgrade water mains annually.	Water main replacement project are identified and project completed.
Sewer	WWTP Upgrade Project	Continually improve operability and efficiencies of the WWTP	Plant operates at high level of standard and exceeds Govt. operating standards. WWTP project completed.
	Continue to monitor sewer condition for cost effective localized improvements.	Continue to identify and prioritize sewer replacement as funding permits.	Sewer mains identified for future projects.
Roads	Continue to monitor road conditions for cost effective localized improvements	Continue to identify and prioritize road replacement as funding permits.	Projects identified.
Parks and Recreation	Park Improvements Viewmont, Frontier and Montrose Parks.	Projects Identified to improve park facilities including rubberized play surfaces, equipment replacement.	Specific projects identified and funding secured. Look to secure grants for projects.

APPENDICES

1. Audited Financial Statements Year Ended December 31, 2024
2. Tax Exemptions (2016 - 2025)-Bylaw #723

Financial Statements

The Corporation of the Village of Montrose

December 31, 2022

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Management Responsibility Statement

Independent Auditor's Report

Statement of Financial Position
Statement of Operations
Statement of Changes in Net Financial Assets
Statement of Cash Flows
Notes to the Financial Statements

Other Financial Information

Schedule 1 - Schedule of Tangible Capital Assets
Schedule 2 - Reserve Funds
Schedule 3 - Segmented Information

Supplemental Information - Unaudited

Exhibit 1 - Statement of Financial Position by Fund
Exhibit 2 - Statement of Operations - General Operating Fund
Exhibit 3 - Statement of Operations - Water Operating Fund
Exhibit 4 - Statement of Operations - Sewer Operating Fund
Exhibit 5 - COVID-19 Safe restart funds

Management Responsibility Statement

The management of The Corporation of the Village of Montrose (the "Village") is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian public sector accounting standards. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The Village, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Grant Thornton LLP, Chartered Professional Accountants, the Mayor and Councilor's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.


Chief Administrative Officer
April 17, 2023



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, 2022, and the statements of operations, changes in net financial assets, cash flows, schedules 1 through 3 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, 2022, 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.

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Trail, Canada
April 17, 2023

Chartered Professional Accountants

The Corporahon of the Village of Montrose
Statement of Financial Position
as at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (Note 2)	\$4,480,891	\$4,376,171
Accounts receivable (Note 3)	166,249	114,055
	<u>\$4,547,386</u>	<u>\$4,490,226</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 409,778	\$ 114,740
Deferred revenue (Note 5)	349,922	652,341
Equipment financing (Note 6)	25,896	50,387
	<u>785,596</u>	<u>817,468</u>
Net financial assets	3,861,790	3,672,758
Non-financial assets		
Tangible capital assets (Schedule I)	\$9,641,549	\$9,164,929
Inventory	3,629	6,218
Pre.P_aids	292,054	11,840
Accumulated surplus (Note 7)	<u>\$13,536,022</u>	<u>\$12,855,089</u>





The Corporation of the Village of Montrose
Statement of Operations
Year ended December 31, 2022

	Budget	2022	2021
Revenue			
Taxation, grants in lieu, assessments (Note 8)	\$1,398,048	\$ 1,427,614	\$ 1,382,236
Collections for other authorities (Note 8)	{890,371}	{920,528}	{859,322}
Taxation for village purposes (Note 8)	507,677	507,086	522,914
Sales of goods and services	110,839	109,555	105,767
Water and sewer user rates	361,865	365,362	346,568
Investment income	-	28,536	15,656
Transfer from other governments (Note 9)	1,757,688	1,285,025	1,118,546
Other	-	17,124	6,637
Gain on disposal of tangible capital asset	-	-	22,000
	2,738,069	2,312,688	2,138,088
Expenditures			
General government	549,735	539,271	433,342
Environment and health	28,850	26,318	28,472
Community planning	86,672	115,015	49,007
Parks, recreation and culture	94,555	91,520	99,244
Protective services	37,725	35,843	44,352
Transportation services	192,615	200,826	149,989
Sewer utility	162,920	171,441	124,500
Water utility	137,412	97,741	94,747
Amortization	-	353,780	350,976
	1,290,484	1,631,755	1,374,629
Annual surplus (Note 13)	1,447,585	680,933	763,459
Accumulated surplus, beginning of year	12,855,089	12,855,089	12,091,630
Accumulated surplus, end of year	\$14,302,674	\$13,536,022	\$12,855,089

SEE ACCOMPANYING NOTES

The Corporation of the Village of Montrose
Statement of Changes in Net Financial Assets
Year ended December 31, 2022

	Budget	2022	2021
Annual surplus	\$ 1,447,585	\$ 680,933	\$ 763,459
Acquisition of tangible capital assets	(3,680,500)	(830,400)	(674,799)
Amortization of tangible capital assets	-	353,780	350,976
Gain on sale of tangible capital assets	-	-	(22,000)
Proceeds on sale of <u>tangible capital</u> assets	-	-	22,000
	(2,232,915)	204,313	439,636
Use (acquisition) of inventory	-	2,589	(5,046)
Increase in <u>prepaids</u>	-	<u>(17,870)</u>	<u>(899)</u>
Increase (decrease) in net financial assets	(2,232,915)	189,032	433,691
Net financial assets, beginning of year	3,672,758	3,672,758	3,239,067
Net financial assets at end of year	<u>\$ 1,439,843</u>	<u>\$ 3,861,790</u>	<u>\$ 3,672,758</u>

SEE ACCOMPANYING NOTES

The Corporation of the Village of Montrose
Statement of Cash Flows
Year ended December 31, 2022

	2022	2021
Operating		
Annual surplus	\$ 680,933	\$ 763,459
Non-cash items:		
Amortization	353,780	350,976
Gain on disposal of tangible capital assets		(22,000)
Changes to non-cash working capital items:		
Accounts receivable	(52,440)	(5,772)
Accounts payable and accrued liabilities	19,791	(23,659)
Deferred revenue	(302,419)	(49,202)
Prepays	(17,870)	(899)
Inventory	2,589	<u>(5,046)</u>
	<u>684,364</u>	<u>1,007,857</u>
Financing		
Debt principal repaid	(24,491)	(26,162)
Capital		
Tangible capital asset additions	(555,153)	(674,799)
Proceeds from <u>disposal of tangible capital</u> assets		222,000
	<u>(555,153)</u>	<u>(652,799)</u>
Increase in cash	104,720	328,896
<u>Cash, beginning of year</u>	<u>4,376,171</u>	<u>4,047,275</u>
<u>Cash, end of year (Note 2)</u>	<u>\$ 4,480,891</u>	<u>\$ 4,376,171</u>

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.

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, 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 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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of tangible capital assets.

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. Expenditures are recognized as they are incurred and measurable based upon cost of goods and services consumed.

1. Significant accounting policies - Continued

Revenue recognition

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.

Sale of services and user fees revenue are recognized when the service or product is rendered by the Village.

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 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 the accrual basis and recognized when earned.

Budget

Budget figures shown represent the Montrose Financial Plan 2022-2026 Bylaw #767 as adopted by Council on May 2, 2022.

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, 2022

2. Cash and cash equivalents

	2022	2021
Operating funds - unrestricted	\$ 847,578	\$1,024,844
Reserve funds - restricted	<u>3,633,313</u>	<u>3,351,327</u>
	<u>\$4,480,891</u>	<u>\$4,376,171</u>

3. Accounts receivable

	2022	2021
Taxes	\$ 57,261	\$ 63,542
Trade receivables	60,705	22,001
Due from federal government	48,529	28,512
	<u>\$ 166,495</u>	<u>\$ 114,055</u>

4. Accounts payable and accrued liabilities

	2022	2021
Trade payables	\$ 375,744	\$ 57,717
Employee accrued liabilities	23,634	24,423
Post-employment benefits	102,400	322,600
	<u>\$ 402,778</u>	<u>\$ 404,740</u>

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 Corporation of the Village of Montrose

Notes to the Financial Statements

December 31, 2022

4. Accounts payable and accrued liabilities (continued)

The post-employment benefit liability is based on an actuarial valuation as at December 31, 2022 using the following valuation assumptions:

	2022	2021
Discount rate	4.60 %	2.50 %

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

	2022	2021
Beginning of year	\$ 32,600	\$ 41,800
Current service cost	3,600	3,900
Interest cost	900	1,000
Benefits paid	(17,300)	
Actuarial gain	(9,400)	(14,100)
End of year	\$ 10,400	\$ 32,600

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

5. Deferred revenue

	2022	2021
Prepaid property taxes	\$ 80,096	\$ 75,408
Prepaid utilities	6,774	6,677
Miscellaneous	3,499	3,264
Government transfers (see below)	259,553	566,992
	\$ 349,922	\$ 652,341

Government transfers

	2022 Opening	Received	Revenue recognized	2022 Closing
Federal Gas Tax Fund	-	101,716	(101,716)	
Columbia Basin Trust	-	78,600		78,600
Federal and Provincial infrastructure grant	566,992	59,867	(445,906)	180,953
Beaver Valley recreation - capital	-	35,000	(35,000)	
	566,992	275,183	(606,296)	259,553

The Corporation of the Village of Montrose
Notes to the Financial Statements
December 31, 2022

6. Equipment financing

	2022	2021
Municipal Finance Authority of BC equipment financing loan. Repayable in monthly installments of \$2,230 which includes the Municipal Finance Authority of BC's monthly interest rate for equipment financing, maturing December 2023.	\$ 25,896	\$ 50,387

Scheduled principal repayments over the remaining term is as follows:

2023 \$ 25,896

7. Accumulated surplus

The accumulated surplus is represented by:

	2022	2021
Unappropriated surplus	\$ 9,302	\$ 119,685
Appropriated surplus	122,000	122,000
Capital funds	155,754	155,754
Reserve funds (Schedule 2)	3,633,313	3,343,108
Equity in tangible capital assets (Exhibit 1)	<u>9,615,653</u>	<u>9,114,542</u>
Total accumulated surplus	<u>\$13,536,012</u>	<u>\$12,855,089</u>

8. Taxation revenues

	2022	2021
Taxation, Grants in lieu, Assessments		
Property taxes	\$ 247,709	\$ 241,928
Grants in lieu of taxes	3,034	3,007
Road maintenance - parcel taxes	57,500	57,375
Community development - parcel taxes	2,300	2,295
Drainage - parcel taxes	23,000	22,950
Water - parcel taxes	116,586	116,332
Sewer - parcel taxes	64,610	64,468
Collections for other authorities:		
Province of BC - school taxes	348,561	330,931
Province of BC - police taxes	48,420	48,232
Regional District of Kootenay Boundary	477,935	450,756
West Kootenay Boundary Regional Hospital District	30,856	37,167
BC Assessment Authority	7,065	6,765
<u>Municipal Finance Authority</u>	38	30
	1,427,614	1,382,236
Payments for other authorities	{920,5282	{859,3222
Taxation for Village 2020-2021	\$ 507,086	\$ 522,914

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

9. Transfers from other governments

	2022	2021
Federal government	\$ 344,949	\$ 296,657
Provincial government	845,841	719,055
Regional District of Kootenay Boundary	93,094	91,693
Other	1)41	11)41
	\$ 1,285,205	\$ 1,118,546

10. 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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 \$28,861 (2021 - \$25,190) for employer contributions to the plan in fiscal 2022.

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.

11. Contractual Obligations

The Village of Montrose entered into an agreement with Paulson Mechanical Systems Ltd. to upgrade the air filtration system for the Village Square Hall for \$30,749 plus GST on November 28, 2022. The project is expected to be completed before August 31, 2023.

12. 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).

	<u>2022</u>	<u>2021</u>
Opening balance of unspent funds	\$ 781,857	\$ 581,009
Add: Amount received during the year	101,712	198,784
Interest earned	4,789	1,848
<u>Transfer from (to) General Operating</u>	-	216
<u>Closing balance of unspent funds</u>	\$ 888,358	\$ 781,857

13. Budget data

The reconciliation of the approved budget Bylaw #767 for the current year to the budget figures reported in these financial statements is as follows:

Budget surplus per Statement of Operations	\$ 1,447,585
Less: Capital expenditures	(3,680,500)
Less: Repayment of equipment financing	(46,000)
Less: Transfers to other funds	(197,248)
Add: Prior year appropriations	202,430
Add: Long-term debt proceeds	200,000
Add: Transfers from reserves	2,073,733
	\$

The Corporation of the Village of Montrose
Schedule 1 - Schedule of Tangible Capital Assets
Year ended December 31, 2022

	Land	Land improvements	Buildings	Machinery equipment & vehicles	Engineering Structures			Roads	Work in progress	2022	2021
					Water	Sewer	Drainage				
Cost											
Balance, beginning of year	\$ 881,313	\$ 251,591	\$ 1,081,806	\$ 985,278	\$ 3,800,566	\$ 2,559,618	\$ 694,971	\$ 4,813,188	\$ 435,194	\$ 15,503,525	\$ 14,875,436
Additions				128,187	99,642	32,308			640,365	900,502	674,799
Disposals											(46,710)
Change in WIP									(70,102)	(70,102)	
Balance, end of year	881,313	251,591	1,081,806	1,113,465	3,900,208	2,591,926	694,971	4,813,188	1,005,457	16,333,925	15,503,525
Accumulated amortization											
Balance, beginning of year		105,178	508,872	695,109	1,249,204	1,123,685	486,708	2,169,840		6,338,596	6,034,330
Amortization		16,314	25,085	59,065	91,184	46,411	9,393	106,328		353,780	350,976
Less: accumulated amortization on disposals											(46,710)
Balance, end of year		121,492	533,957	754,174	1,340,388	1,170,096	496,101	2,276,168		6,692,376	6,338,596
Net book value of tangible capital assets											
2022	\$ 881,313	\$ 130,099	\$ 547,849	\$ 359,291	\$ 2,559,820	\$ 1,421,830	\$ 198,870	\$ 2,537,020	\$ 1,005,457	\$ 9,641,549	\$ 9,164,929
2021	\$ 881,313	\$ 146,413	\$ 572,934	\$ 290,169	\$ 2,551,362	\$ 1,435,933	\$ 208,263	\$ 2,643,348	\$ 435,194	\$ 9,164,929	

Tangible capital asset additions for the year ended December 31, 2022 include \$275,247 in Accounts payable (2021 - \$Nil). 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, 2022

Reserve fund	2021	Interest	Transfers From Operating	Transfers To Operating	2022
Capital vehicle	\$ 92,472	\$ 535	\$ -	\$ -	\$ 93,007
Employee payout	\$ 48,857	1,590			\$ 50,447
Buildings, Machinery and Equipment	\$ 71,330	411	10,000		\$ 81,741
Recreation	\$ 12,457	53	35,000	-	\$ 47,510
Insurance contingency	\$ 2,532	6			\$ 2,538
Sewer capital	\$ 436,684	2,701	-		\$ 439,385
Water capital	\$ 802,870	5,172	-	-	\$ 808,042
Capital drainage	\$ 201,304	1,240	16,000	-	\$ 218,544
Capital transportation	\$ 403,861	2,485	57,500	-	\$ 463,846
Community works	\$ 781,857	4,789	101,712	-	\$ 888,358
Climate action	\$ 12,885	55	48,000	-	\$ 60,940
COVID-19 Safe restart	\$ 475,999	2,956		-	\$ 478,955
TOTAL	\$ 3,343,108	\$ 21,993	\$ 268,212	\$ -	\$ 3,633,313

The Corporation of the Village of Montrose
Schedule 3 - Segmented Information
Year ended December 31, 2022

	<u>General government</u>	<u>Environment and health</u>	<u>Community planning</u>	<u>Parks and recreation</u>	<u>Protective services</u>	<u>Transportation services</u>	<u>Sewer utility</u>	<u>Water utility</u>	2022 Total	2021 Total
Revenue										
Taxation	\$ 325,890	\$	\$ -	\$ -	\$ -	\$ -	\$ 64,610	\$ 116,586	\$ 507,086	\$ 522,914
Goods and services	24,359	35,242	14,051	14,397	21,506				109,555	105,767
Users rates							203,783	161,579	365,362	346,568
Investment income	28,536								28,536	15,656
Government transfers	687,940			151,180			445,906		1,285,026	1,118,541
Other							3,086	14,038	17,124	28,637
	<u>1,066,725</u>	<u>35,242</u>	<u>14,051</u>	<u>165,577</u>	<u>21,506</u>		<u>717,385</u>	<u>292,203</u>	<u>2,312,689</u>	<u>2,138,088</u>
Expenditures										
Salaries and benefits	402,566	11,148		18,548	8,141	73,454	77,546	28,641	620,044	524,976
Contracts and services	68,712		115,015	16,997	15,745	27,137	29,564	15,284	288,454	155,785
Materials and equipment	65,726	15,170		55,975	11,957	100,235	64,331	53,816	367,210	342,296
Debt and interest	2,267								2,267	596
	<u>539,271</u>	<u>26,318</u>	<u>115,015</u>	<u>91,520</u>	<u>35,843</u>	<u>200,826</u>	<u>171,441</u>	<u>97,741</u>	<u>1,277,975</u>	<u>1,023,653</u>
Amortization	216,185						91,184	46,411	353,780	350,976
Internal transfers	(95,487)	6,695		6,572	44	20,973	32,006	29,197		
	<u>659,969</u>	<u>33,013</u>	<u>115,015</u>	<u>98,092</u>	<u>35,887</u>	<u>221,799</u>	<u>294,631</u>	<u>173,349</u>	<u>1,631,755</u>	<u>1,374,629</u>
Excess (deficiency) of revenue over expenditures	\$ 406,756	\$ 2,229	\$ (100,964)	\$ 67,485	\$ (14,381)	\$ (221,799)	\$ 422,754	\$ 118,854	\$ 680,934	\$ 763,459

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

as at December 31, 2022

	Operating funds			Capital funds			Reserve funds	2022	2021
	General	Water	Sewer	General	Water	Sewer			
Financial assets									
Cash and cash equivalents	\$ 847,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,633,313	\$ 4,480,891	\$ 4,376,171
Accounts receivable	139,864	11,716	14,915					166,495	114,055
Due (to) from other funds	(1,066,584)	752,406	158,424	117,538	38,193	23			
	<u>(79,142)</u>	<u>764,122</u>	<u>173,339</u>	<u>117,538</u>	<u>38,193</u>	<u>23</u>	<u>3,633,313</u>	<u>4,647,386</u>	<u>4,490,226</u>
Liabilities									
Accounts payable and accrued liabilities	409,778							409,778	114,740
Deferred revenue	349,922							349,922	652,341
Eguieiment financing				25,896				25,896	50,387
	<u>759,700</u>			<u>25,896</u>				<u>785,596</u>	<u>817,468</u>
Net Financial Assets	(838,842)	764,122	173,339	91,642	38,193	23	3,633,313	3,861,790	3,672,758
Tangible capital assets				4,654,442	2,559,820	2,427,287		9,641,549	9,164,929
Inventory	3,629							3,629	6,218
Prepays	29,054							29,054	11,184
Accumulated surplus	<u>\$ (806,159)</u>	<u>\$ 764,122</u>	<u>\$ 173,339</u>	<u>\$ 4,746,084</u>	<u>\$ 2,598,013</u>	<u>\$ 2,427,310</u>	<u>\$ 3,633,313</u>	<u>\$13,536,022</u>	<u>\$ 12,855,089</u>
Equity, financial									
Unappropriated surplus	\$ (848,159)	\$ 684,122	\$ 173,339	\$ -	\$ -	\$ -	\$ -	\$ 9,302	\$ 119,685
Appropriated surplus	42,000	80,000						122,000	122,000
Capital funds				117,538	38,193	23		155,754	155,754
Reserve funds							3,633,313	3,633,313	3,343,108
	<u>(806,159)</u>	<u>764,122</u>	<u>173,339</u>	<u>117,538</u>	<u>38,193</u>	<u>23</u>	<u>3,633,313</u>	<u>3,920,369</u>	<u>3,740,547</u>
Excess in TCA				4,628,546	2,559,820	2,427,287		9,615,653	9,114,542
Total equity	<u>\$ (806,159)</u>	<u>\$ 764,122</u>	<u>\$ 173,339</u>	<u>\$ 4,746,084</u>	<u>\$ 2,598,013</u>	<u>\$ 2,427,310</u>	<u>\$ 3,633,313</u>	<u>\$ 13,536,022</u>	<u>\$ 12,855,089</u>

The Corporanon of the Village of Montrose
Exhibit 2 - Statement of Operations
General operating fund
(Unaudited)
Year ended December 31, 2022

	Budget	2022	2021
Revenue			
Taxation, grants in lieu, assessments	\$ 1,217,248	\$ 1,246,418	\$ 1,201,436
Payments to other authorities	(890,3712	(920,5282	(859,3222
Taxation for village purposes	326,877	325,890	342,114
Sales of goods and services	101,499	109,555	105,767
Investment income	3,000	28,536	15,656
Transfers from other governments	712,494	839,119	934,964
	1,143,870.	1,303,100	1,398,501
Expenditures			
Protective services	37,725	35,843	44,352
Parks, recreation and culture	94,555	91,520	99,244
General government	549,735	539,271	433,342
Transportation services	192,615	200,826	149,989
Environmental health	28,850	26,318	28,472
<u>Community planning</u>	86,672	115,015	49,007
	990,152	1,008,793	804,406
Net excess of revenue over expenditures	153,718	294,307	594,095
Transfers from (to) own funds and reserves:			
Long-term debt proceeds	200,000		
General capital	(584,500)	(58,084)	(391,062)
Transfer from reserves	213,500		
Transfer to reserves	(190,925)	(290,205)	(295,838)
Internal transfers	51,777	61,203	55,431
Long-term debt repayment	(46,000)	(24,491)	
<u>Surplus appropriated from prior year</u>	202,430		
	<u>053,7182</u>	<u>(311,5772</u>	<u>(631,4692</u>
Annual surplus (deficit)		(17,270)	(37,374)
Accumulated surplus (deficit), beginning of year	(830,889)	(830,889)	(793,515)
Accumulated deficit, end of year	\$ 830,889i	\$ 848,159i	\$ 830,889i

The Corporation of the Village of Montrose

Exhibit 3 - Statement of Operations

Water operating fund

(Unaudited)

Year ended December 31, 2022

	Budget	2022	2021
Revenue			
Parcel taxes	\$ 116,332	\$ 116,586	\$ 116,332
Water user rates	159,026	161,579	153,490
Other	<u>3,854</u>	<u>14,038</u>	<u>4,070</u>
	<u>279,212</u>	<u>292,203</u>	<u>273,892</u>
Expenditures			
Salaries and administration	42,800	28,641	30,708
Contracted services	30,500	15,284	17,984
Materials and supplies	<u>64,112</u>	<u>53,816</u>	<u>46,055</u>
	<u>137,412</u>	<u>97,741</u>	<u>94,747</u>
Net excess of revenue over expenditures	<u>141,800</u>	<u>194,462</u>	<u>179,145</u>
Transfer (to) from other funds and reserves:			
Water capital fund	(111,000)	(99,642)	(43,670)
Internal expense transfers	<u>{ 30,800 }</u>	<u>{ 29,197 }</u>	<u>{ 28,080 }</u>
	<u>041,800}</u>	<u>028,839}</u>	<u>(71,750)}</u>
Annual surplus (deficit)		65,623	107,395
Accumulated surplus, beginning of year	<u>618,499</u>	<u>614,499</u>	<u>511,104</u>
Accumulated surplus, end of year	<u>\$ 618,499</u>	<u>\$ 684,122</u>	<u>\$ 618,499</u>

The Corporation of the Village of Montrose
Exhibit 4 - Statement of Operations
Sewer operating fund
(Unaudited)
Year ended December 31, 2022

	Budget	2022	2021
Revenue			
Parcel taxes	\$ 64,468	\$ 64,610	\$ 64,468
Sewer user rates	202,839	203,783	193,078
Transfers from other governments	1,045,194	445,906	183,582
Other	2,486	3,086	2,567
	1,314,987	717,385	443,695
Expenditures			
Salaries and administration	81,200	77,546	69,966
Contracted services	18,500	29,564	12,291
Materials and <u>supplies</u>	63,220	64,331	42,243
	162,920	171,441	124,500
Net excess of revenue over <u>expenditures</u>	1,152,067	545,944	319,195
Transfer from other funds and reserves:			
Transfer from reserves	1,860,233		
Internal transfers	(27,300)	(32,006)	(27,351)
Sewer capital_fund_	(2,985,000)	(672,673)	(240,067)
	{1,152,0672	(704,6792	(267,4182
Annual surplus (deficit)		(158,735)	51,777
Accumulated surplus, beginning of ear	332,074	332,074	280,297
Accumulated <u>surplus</u>, end of <u>year</u>	\$ 332,074	\$ 173,339	\$ 332,074

The Corporation of the Village of Montrose

Exhibit 5 - COVID-19 Safe Restart Funds

Year ended December 31, 2022

(Unaudited)

	2022	2021
Opening balance	\$ 475,999	\$ 482,460
Safe Restart Grant		
Eligible costs incurred:		
Emergency planning and response costs	-	(8,219)
Interest earned	2,956	1,758
Balance, December 31, 2022	\$ 478,955	<u>\$ 475,999</u>