



Financial Statements

The Corporation of the Village of Montrose

December 31, 2018

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**Independent Auditor's Report**

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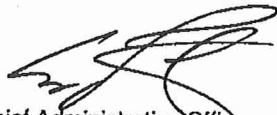
# Management Responsibility Statement

The management of The Corporation of the Village of Montrose 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 15, 2019

# Independent Auditor's Report

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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 (the "Village"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and its results of operations and its cash flows in accordance with Canadian public sector accounting standards.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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.

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.

# Independent Auditor's Report (continued)

## 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  
April 15, 2019

*Grant Thornton LLP*

Chartered Professional Accountants

**The Corporation of the Village of Montrose**  
**Statement of Financial Position**  
**as at December 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
Cash (Note 2)	\$2,842,378	\$2,743,665
Accounts receivable (Note 3)	111,029	301,055
	<b>\$2,953,407</b>	<b>\$3,044,720</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 110,288	\$ 280,463
Deferred revenue (Note 5)	92,642	65,441
Equipment financing (Note 6)	125,000	-
	327,930	345,904
<b>Net financial assets</b>	2,625,477	2,698,816
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	\$8,150,892	\$7,361,945
Inventory	5,581	674
Prepays	8,637	7,227
	\$10,790,587	\$10,068,662

  
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 Chief Administrative Officer

  
 \_\_\_\_\_  
 Mayor

**The Corporation of the Village of Montrose**  
**Statement of Operations**  
**Year ended December 31, 2018**

	<b>Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Taxation, grants in lieu, assessments (Note 8)	\$1,225,955	\$ 1,208,163	\$ 1,222,897
Collections for other authorities (Note 8)	740,938	721,828	742,766
Taxation for village purposes (Note 8)	485,017	486,335	480,131
Sales of goods and services	95,136	113,116	108,600
Water and sewer user rates	292,213	297,068	283,633
Investment income	7,000	24,124	23,887
Transfer from other governments (Note 9)	1,239,692	1,073,774	761,245
Other	5,967	6,015	6,695
	<b>2,125,025</b>	<b>2,000,432</b>	<b>1,664,191</b>
<b>Expenditures</b>			
General government	462,383	433,349	432,180
Environment and health	25,659	24,261	24,001
Community planning	88,910	60,579	62,058
Parks, recreation and culture	84,746	66,151	79,174
Protective services	35,558	24,286	30,505
Transportation services	181,595	173,044	129,791
Sewer utility	154,228	109,380	136,756
Water utility	145,681	83,442	88,552
Debt interest, fiscal services and other	4,387	-	-
Amortization	-	304,015	271,924
	<b>1,183,147</b>	<b>1,278,507</b>	<b>1,254,941</b>
<b>Annual surplus (Note 12)</b>	<b>941,878</b>	<b>721,925</b>	<b>409,250</b>
<b>Accumulated surplus, beginning of year</b>	<b>10,068,662</b>	<b>10,068,662</b>	<b>9,659,412</b>
<b>Accumulated surplus, end of year</b>	<b>\$11,010,540</b>	<b>\$10,790,587</b>	<b>\$10,068,662</b>

SEE ACCOMPANYING NOTES

**The Corporation of the Village of Montrose**  
**Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2018**

	<b>Budget</b>	<b>2018</b>	<b>2017</b>
<b>Annual surplus</b>	\$ 941,878	\$ 721,925	\$ 409,250
Acquisition of tangible capital assets	(1,501,378)	(1,092,962)	(320,329)
Amortization of tangible capital assets	-	304,015	271,924
	(559,500)	(67,022)	360,845
Use (acquisition) of inventory	-	(4,907)	1,832
Decrease (increase) in prepaids	-	(1,410)	5,026
<b>Increase (decrease) in net financial assets</b>	(559,500)	(73,339)	367,703
<b>Net financial assets, beginning of year</b>	2,698,816	2,698,816	2,331,113
<b>Net financial assets, end of year</b>	\$ 2,139,316	\$ 2,625,477	\$ 2,698,816

SEE ACCOMPANYING NOTES



**The Corporation of the Village of Montrose**  
**Statement of Cash Flows**  
**Year ended December 31, 2018**

	2018	2017
<b>Operating</b>		
Annual surplus	\$ 721,925	\$ 409,250
Non-cash items:		
Amortization	304,015	271,924
Changes to non-cash working capital items:		
Accounts receivable	190,026	(206,458)
Accounts payable and accrued liabilities	(244)	9,516
Deferred revenue	27,201	9
Prepays	(1,410)	5,026
Inventory	(4,907)	1,832
	1,236,606	491,099
<b>Financing</b>		
Proceeds from equipment financing	125,000	-
<b>Capital</b>		
Tangible capital asset additions	(1,262,893)	(150,398)
<b>Increase in cash</b>	98,713	340,701
<b>Cash, beginning of year</b>	2,743,665	2,402,964
<b>Cash, end of year (Note 2)</b>	\$ 2,842,378	\$ 2,743,665

SEE ACCOMPANYING NOTES

**The Corporation of the Village of Montrose**  
**Notes to the Financial Statements**  
**December 31, 2018**

**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 Corporation of the Village of Montrose's (the "Village") 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 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 to hold assets, in the manner of a trust, 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 capital assets and long-term debt related to these functions.

**Cash**

Cash 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 in to 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	20 to 40 years
Buildings	10 to 50 years
Machinery, equipment and vehicles	3 to 20 years
Water Infrastructure	15 to 100 years
Sewer Infrastructure	5 to 80 years
Drainage infrastructure	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.

**The Corporation of the Village of Montrose**  
**Notes to the Financial Statements**  
**December 31, 2018**

**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 Five Year Financial Plan and Annual Budget Bylaw #743 as adopted by Council on March 19, 2018.

**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, 2018**

**2. Cash**

	<b>2018</b>	<b>2017</b>
Operating funds - unrestricted	\$ 528,760	\$ 989,725
Reserve funds - restricted	2,313,618	1,753,940
	\$2,842,378	\$2,743,665

**3. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Taxes	\$ 76,103	\$ 79,616
Trade receivables	19,577	196,033
Due from federal government	15,349	25,406
	\$ 111,029	\$ 301,055

**4. Accounts payable and accrued liabilities**

	<b>2018</b>	<b>2017</b>
Trade payables	\$ 45,026	\$ 219,431
Employee accrued liabilities	35,262	32,732
Post-employment benefits	30,000	28,300
	\$ 110,288	\$ 280,463

**Post-Employment Benefits**

All employees are entitled to earned benefits related to vested sick leave and one employee is entitled to a retirement bonus. The liability and expense for these post-employment benefits and compensated absences is 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, 2018

## 4. Accounts payable and accrued liabilities (continued)

The post-employment benefit liabilities are based on an actuarial valuation as at December 31, 2018 using the following valuation assumptions:

	2018	2017
Discount rate	3.30 %	3.00 %
Inflation rate	2.50 %	2.50 %
Rate of compensation increase (both years)	2.58 % to	4.50 %

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

	2018	2017
Beginning of year	\$ 28,300	\$ 21,100
Current service cost	4,600	3,400
Interest cost	1,000	900
Benefits paid	-	-
Actuarial (gain) loss	(3,900)	2,900
End of year	\$ 30,000	\$ 28,300

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

## 5. Deferred revenue

	2018	2017
Prepaid property taxes	\$ 64,300	\$ 60,958
Prepaid utilities	4,862	4,383
Deferred revenue	23,480	100
	\$ 92,642	\$ 65,441

**The Corporation of the Village of Montrose**

Notes to the Financial Statements

December 31, 2018

**6. Equipment financing**

	<b>2018</b>	<b>2017</b>
During the year, the Village entered into a Municipal Finance Authority of BC equipment financing loan. This loan is repayable in monthly installments of \$2,230, including interest of 2.66%, maturing January 2024.	125,000	-
Scheduled principal repayments over the next five years are;		
2019	\$ 21,589	
2020	24,290	
2021	24,953	
2022	25,626	
2023	26,317	
Thereafter	2,225	
	\$ 125,000	

**7. Accumulated surplus**

The accumulated surplus is represented by:

	<b>2018</b>	<b>2017</b>
Unappropriated surplus	\$ 120,707	\$ 693,296
Appropriated surplus	122,000	122,000
Capital funds	208,370	83,370
Reserve funds (Schedule 2)	2,313,618	1,808,051
Equity in tangible capital assets (Schedule 2)	8,025,892	7,361,945
<b>Total accumulated surplus</b>	<b>\$10,790,587</b>	<b>\$10,068,662</b>

**The Corporation of the Village of Montrose**  
**Notes to the Financial Statements**  
**December 31, 2018**

**8. Taxation revenues**

	2018	2017
<b>Taxation, Grants in lieu, Assessments</b>		
Property taxes	\$ 221,807	\$ 215,658
Grants in lieu of taxes	2,986	2,872
Road maintenance - parcel taxes	57,375	57,375
Community development - parcel taxes	2,295	2,295
Drainage parcel taxes	22,950	22,950
Water parcel taxes	116,332	116,332
Sewer parcel taxes	64,468	64,468
Collections for other authorities:		
Province of BC - school taxes	284,952	295,494
Province of BC - police taxes	40,824	39,423
Regional District of Kootenay Boundary	357,877	368,469
West Kootenay Boundary Regional Hospital District	31,302	32,315
BC Assessment Authority	4,972	5,224
Municipal Finance Authority	23	22
	1,208,163	1,222,897
Payments for other authorities	721,828	742,766
<b>Taxation for Village purposes</b>	<b>\$ 486,335</b>	<b>\$ 480,131</b>

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

**9. Transfers from other governments**

	2018	2017
Federal government	\$ 102,155	\$ 202,067
Provincial government	897,849	465,678
Regional District of Kootenay Boundary	72,595	92,087
Other	1,175	1,413
	<b>\$ 1,073,774</b>	<b>\$ 761,245</b>



# The Corporation of the Village of Montrose

Notes to the Financial Statements

December 31, 2018

## 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 trusteed 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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Village paid \$30,217 (2017 - \$29,823) for employer contributions to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

# The Corporation of the Village of Montrose

Notes to the Financial Statements

December 31, 2018

## 11. 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).

	2018	2017
Opening balance of unspent funds	\$ 287,761	\$ 189,667
Add: Amount received during the year	100,636	96,554
Interest earned	2,318	1,540
Closing balance of unspent funds	\$ 390,715	\$ 287,761

## 12. Budget data

The reconciliation of the approved budget Bylaw #743 for the current year to the budget figures reported in these financial statements is as follows:

Budget surplus per Statement of Operations	\$ 941,878
Less: Capital expenditures	(1,501,378)
Less: Transfers to other funds	(153,000)
Add: Prior year appropriations	712,500
	\$ -

## 13. Comparative figures

Certain accounts of the prior year have been reclassified for comparative purposes to conform with the presentation adopted in the current year.

**The Corporation of the Village of Montrose**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
**Year ended December 31, 2018**

	Land	Land improvements	Buildings	Machinery equipment & vehicles	Engineering Structures				Work in progress	2018	2017
					Water	Sewer	Drainage	Roads			
<b>Cost</b>											
Balance, beginning of year	\$ 697,248	\$ 136,251	\$ 782,897	\$ 759,158	\$ 3,140,148	\$ 1,505,519	\$ 574,703	\$ 4,558,728	\$ 279,966	\$ 12,434,618	\$ 12,114,289
Additions	-	-	24,282	18,938	446,034	864,626	2,010	-	-	1,355,890	325,802
Change in WIP	-	-	-	-	-	-	-	-	(262,928)	(262,928)	(5,473)
<b>Balance, end of year</b>	<b>697,248</b>	<b>136,251</b>	<b>807,179</b>	<b>778,096</b>	<b>3,586,182</b>	<b>2,370,145</b>	<b>576,713</b>	<b>4,558,728</b>	<b>17,038</b>	<b>13,527,580</b>	<b>12,434,618</b>
<b>Accumulated amortization</b>											
Balance, beginning of year	-	61,127	415,691	552,240	908,810	948,778	426,959	1,759,068	-	5,072,673	4,800,749
Amortization	-	5,711	18,723	40,969	83,328	43,090	13,137	99,057	-	304,015	271,924
<b>Balance, end of year</b>	<b>-</b>	<b>66,838</b>	<b>434,414</b>	<b>593,209</b>	<b>992,138</b>	<b>991,868</b>	<b>440,096</b>	<b>1,858,126</b>	<b>-</b>	<b>5,376,688</b>	<b>5,072,673</b>
<b>Net book value of tangible capital assets</b>											
<b>2018</b>	<b>\$ 697,248</b>	<b>\$ 69,413</b>	<b>\$ 372,765</b>	<b>\$ 184,887</b>	<b>\$ 2,594,044</b>	<b>\$ 1,378,277</b>	<b>\$ 136,617</b>	<b>\$ 2,700,602</b>	<b>\$ 17,038</b>	<b>\$ 8,150,892</b>	<b>\$ 7,361,945</b>
<b>2017</b>	<b>\$ 697,248</b>	<b>\$ 75,123</b>	<b>\$ 367,206</b>	<b>\$ 206,918</b>	<b>\$ 2,231,338</b>	<b>\$ 556,741</b>	<b>\$ 147,744</b>	<b>\$ 2,799,660</b>	<b>\$ 279,966</b>	<b>\$ 7,361,945</b>	

Tangible capital asset additions for the year ended December 31, 2018 include \$NIL in accounts payable (2017 - \$169,931). 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, 2018**

	Capital vehicle reserve	Employee payout reserve	Reserve for buildings, mach & equipment	Water capital reserve	Recreation reserve	Insurance contingency reserve	Sewer capital reserve	Capital drainage reserve	Capital transportation reserve	Community works reserve	Climate action reserve	2018	2017
Balance,beginning of year	\$ 46,041	\$ 24,510	\$ 30,505	\$ 694,099	\$ 12,227	\$ 2,521	\$ 311,179	\$ 174,417	\$ 218,399	\$ 287,760	\$ 6,393	\$ 1,808,051	\$ 1,642,999
Interest	231	105	152	8,383	61	1	2,940	1,700	1,978	2,319	10	17,880	14,386
Transfers from operating fund	15,000	7,500	10,000	60,000	-	-	170,000	22,950	100,000	100,636	1,600	487,686	185,980
Transfers to operating fund	-	-	-	-	-	-	-	-	-	-	-	-	(35,314)
	\$ 61,272	\$ 32,115	\$ 40,657	\$ 762,482	\$ 12,288	\$ 2,522	\$ 484,119	\$ 199,067	\$ 320,377	\$ 390,715	\$ 8,003	\$ 2,313,618	\$ 1,808,051

**The Corporation of the Village of Montrose**  
**Schedule 3 - Segmented Information**  
**Year ended December 31, 2018**

	General government	Environment and health	Community planning	Parks and recreation	Protective services	Transportation services	Sewer utility	Water utility	2018 Total	2017 Total
<b>Revenue</b>										
Taxation	\$ 305,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,332	\$ 64,468	\$ 486,335	\$ 480,131
Goods and services	113,116	-	-	-	-	-	-	-	113,116	108,600
Users rates	-	-	-	-	-	-	131,427	165,641	297,068	283,633
Investment income	24,124	-	-	-	-	-	-	-	24,124	23,887
Government transfers	517,889	-	-	72,595	-	-	483,290	-	1,073,774	761,245
Other	-	-	-	-	-	-	3,820	2,195	6,015	6,695
	960,664	-	-	72,595	-	-	734,869	232,304	2,000,432	1,664,191
<b>Expenditures</b>										
Salaries and benefits	324,337	13,279	-	17,238	587	54,720	58,503	28,889	497,553	519,637
Contracts and services	29,103	-	60,579	14,159	16,313	14,372	16,553	12,158	163,237	147,372
Materials and equipment	79,909	10,982	-	34,754	7,386	103,952	34,324	42,395	313,702	316,008
	433,349	24,261	60,579	66,151	24,286	173,044	109,380	83,442	974,492	983,017
Amortization	177,597	-	-	-	-	-	83,328	43,090	304,015	271,924
Internal transfers	(91,930)	9,709	-	6,629	89	21,816	26,326	27,361	-	-
	519,016	33,970	60,579	72,780	24,375	194,860	219,034	153,893	1,278,507	1,254,941
<b>Excess (deficiency) of revenue over expenditures</b>	\$ 441,648	\$ (33,970)	\$ (60,579)	\$ (185)	\$ (24,375)	\$ (194,860)	\$ 515,835	\$ 78,411	\$ 721,925	\$ 409,250

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

as at December 31, 2018

	General	Operating funds Water	Sewer	General	Capital funds Water	Sewer	Reserve funds	2018	2017
<b>Financial assets</b>									
Cash	\$ 528,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,313,618	\$ 2,842,378	\$ 2,743,665
Accounts receivable	85,439	10,974	14,616	-	-	-	-	111,029	301,055
Due (to) from other funds	(629,669)	325,618	95,681	170,154	38,193	23	-	-	-
	(15,470)	336,592	110,297	170,154	38,193	23	2,313,618	2,953,407	3,044,720
<b>Liabilities</b>									
Accounts payable and accrued liabilities	110,288	-	-	-	-	-	-	110,288	280,463
Deferred revenue	92,642	-	-	-	-	-	-	92,642	65,441
Long term debt	-	-	-	125,000	-	-	-	125,000	-
	202,930	-	-	125,000	-	-	-	327,930	345,904
<b>Net Financial Assets</b>	(218,400)	336,592	110,297	45,154	38,193	23	2,313,618	2,625,477	2,698,816
<b>Tangible capital assets</b>									
Inventory	-	-	-	4,161,534	2,594,041	1,395,317	-	8,150,892	7,361,945
Prepays	5,581	-	-	-	-	-	-	5,581	674
	8,637	-	-	-	-	-	-	8,637	7,227
<b>Accumulated surplus</b>	\$ (204,182)	\$ 336,592	\$ 110,297	\$ 4,206,688	\$ 2,632,234	\$ 1,395,340	\$ 2,313,618	\$ 10,790,587	\$ 10,068,662
<b>Equity, financial</b>									
Unappropriated surplus	\$ (246,182)	\$ 256,592	\$ 110,297	\$ -	\$ -	\$ -	\$ -	\$ 120,707	\$ 693,296
Appropriated surplus	42,000	80,000	-	-	-	-	-	122,000	122,000
Capital funds	-	-	-	170,154	38,193	23	-	208,370	83,370
Reserve funds	-	-	-	-	-	-	2,313,618	2,313,618	1,808,051
<b>Equity in TCA</b>	(204,182)	336,592	110,297	170,154	38,193	23	2,313,618	2,764,695	2,706,717
	-	-	-	4,036,534	2,594,041	1,395,317	-	8,025,892	7,361,945
<b>Total equity</b>	\$ (204,182)	\$ 336,592	\$ 110,297	\$ 4,206,688	\$ 2,632,234	\$ 1,395,340	\$ 2,313,618	\$ 10,790,587	\$ 10,068,662

**The Corporation of the Village of Montrose**  
**Exhibit 2 - Statement of Operations**  
**General operating fund**  
 (Unaudited)  
**Year ended December 31, 2018**

	Budget	2018	2017
<b>Revenue</b>			
Taxation, grants in lieu, assessments	\$ 1,045,155	\$ 1,027,361	\$ 1,042,097
Payments to other authorities	740,938	721,828	742,766
Taxation for village purposes	304,217	305,533	299,331
Sales of goods and services	95,136	113,116	108,600
Investment income	7,000	24,124	23,887
Transfers from other governments	584,692	585,739	574,069
	991,045	1,028,512	1,005,887
<b>Expenditures</b>			
Protective services	35,558	24,286	30,505
Parks, recreation and culture	84,746	66,151	79,174
General government	462,383	433,349	432,180
Transportation services	181,595	173,044	129,791
Environmental health	25,659	24,261	24,001
Community planning	88,910	60,579	62,058
	878,851	781,670	757,709
<b>Net excess of revenue over expenditures</b>	112,194	246,842	248,178
Transfers from (to) own funds and reserves:			
General capital	(269,378)	(45,230)	(54,069)
Transfers to reserve	(153,000)	(505,566)	(200,366)
Internal transfers	51,684	53,687	50,696
Surplus appropriated from prior year	258,500	-	-
	(112,194)	(497,109)	(203,739)
<b>Annual surplus (deficit)</b>	-	(250,267)	44,439
<b>Accumulated surplus (deficit), beginning of year</b>	4,085	4,085	(40,354)
<b>Accumulated surplus (deficit), end of year</b>	\$ 4,085	\$ (246,182)	\$ 4,085



**The Corporation of the Village of Montrose**  
**Exhibit 3 - Statement of Operations**  
**Water operating fund**  
(Unaudited)  
Year ended December 31, 2018

	Budget	2018	2017
<b>Revenue</b>			
Parcel taxes	\$ 116,332	\$ 116,332	\$ 116,332
Water user rates	128,993	131,427	125,536
Transfers from other governments	-	4,745	4,766
Other	3,920	3,820	4,295
	<u>249,245</u>	<u>256,324</u>	<u>250,929</u>
<b>Expenditures</b>			
Salaries and administration	47,760	28,889	34,094
Contracted services	37,696	12,158	11,912
Materials and supplies	60,225	42,395	42,547
	<u>145,681</u>	<u>83,442</u>	<u>88,553</u>
<b>Net excess of revenue over expenditures</b>	<u>103,564</u>	<u>172,882</u>	<u>162,376</u>
Transfer (to) from other funds and reserves:			
Water capital fund	(462,000)	(387,882)	(36,695)
Internal expense transfers	(31,564)	(27,361)	(25,944)
Surplus appropriated from prior period	390,000	-	-
	<u>(103,564)</u>	<u>(415,243)</u>	<u>(62,639)</u>
<b>Annual surplus (deficit)</b>	-	(242,361)	99,737
<b>Accumulated surplus, beginning of year</b>	498,952	498,952	399,215
<b>Accumulated surplus, end of year</b>	<u>\$ 498,952</u>	<u>\$ 256,591</u>	<u>\$ 498,952</u>

**The Corporation of the Village of Montrose**  
**Exhibit 4 - Statement of Operations**  
**Sewer operating fund**  
(Unaudited)  
**Year ended December 31, 2018**

	Budget	2018	2017
<b>Revenue</b>			
Parcel taxes	\$ 64,468	\$ 64,468	\$ 64,468
Sewer user rates	163,220	165,641	158,097
Transfers from other governments	655,000	483,290	182,410
Other	2,047	2,195	2,400
	884,735	715,594	407,375
<b>Expenditures</b>			
Salaries and administration	70,804	58,503	63,597
Contracted services	18,650	16,553	8,484
Materials and supplies	64,774	34,324	64,675
	154,228	109,380	136,756
<b>Net excess of revenue over expenditures</b>	730,507	606,214	270,619
Transfer from other funds and reserves:			
Transfer from reserve	-	-	35,314
Internal transfers	(24,507)	(26,326)	(24,752)
Sewer capital fund	(770,000)	(659,850)	(229,565)
Surplus appropriated from prior period	64,000	-	-
	(730,507)	(686,176)	(219,003)
<b>Annual surplus (deficit)</b>	-	(79,962)	51,616
<b>Accumulated surplus, beginning of year</b>	190,259	190,259	138,643
<b>Accumulated surplus, end of year</b>	\$ 190,259	\$ 110,297	\$ 190,259