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May 7, 2025
Privileged and Confidential

Municipal District of Peace No. 135
P.O. Box 34, 5240 – 52nd Avenue
Berwyn, AB
T0H 0E0

Attention: Kelly Bunn, Interim Chief Administrative Officer

sent via e-mail: cao@mdpeace.com

Dear Kelly:

Re: 2024 Management Letter

During the course of our audit of Municipal District of Peace No. 135 (the “MD”)’s consolidated financial statements for the year ending December 31, 2024, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement and is **not** designed to identify matters that may be of interest to management. Accordingly, an audit would not always identify all such matters, and it is inappropriate to conclude that no such matters exist. However, an audit does include a review of the MD’s internal controls and processes, and therefore we humbly provide the following observations and recommendations for your consideration.

Budget

To represent the balanced budget approved annually, previously we recommended that the budget by account, as entered into the accounting software, also be balanced to zero. Even if a budget is passed with reserve transfers to fund a certain deficit, these transfers would be shown as a credit to a reserve transfer account. Similarly, the capital budget and all related funding sources should ideally be entered into the accounting software by account. In this way, all approved transactions for the fiscal year are present in the accounting records and net to zero by account, representing the balanced budget approved annually by Council.

We are pleased to report the operating budget was inputted and balanced to zero for 2024, however we continue to recommend that the capital budget also be inputted by account.



Grants

We continue to note several grant allocations unpaid to the MD. As of December 31, 2024 this includes CCBF for both 2023 and 2024 for \$109,365 and \$142,104, respectively; as well as LGFF Capital for 2024 in the amount of \$479,714. In order to trigger all payments the MD is entitled to, we recommend the MD submit project applications for 2025 to use up all these funds owing.

Investment Fees

Historically the MD has accounted for investment fees as a reduction of investment income. We continue to recommend that moving forward, the MD budget for these fees under the administration function and post the actual fees to an account under this function, in order to show true gross investment income and show investment fees expense.

Unrestricted Surplus

Historically the MD has kept a rather large balance in its unrestricted surplus fund. These are funds that have not been specifically earmarked for a specific purpose and thus not transferred into a specific reserve. We recommend all our municipal clients review their unrestricted surplus balances to ensure larger balances are not held unless needed, as this can be a negative indicator to the province when financial statements are filed, in effect suggesting that there are no current plans for these surplus funds. As of December 31, 2024, the balance is \$1,029,195 (2023 - \$2,110,127). Any desired reallocations of these funds into specific reserves can be made in 2025 via Council motion.

Conclusion

This letter was prepared for the sole use of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Sincerely,

JDP WASSERMAN LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Edward Telford, CPA, CA
Partner