

Township of McNab/Braeside

Financial Statements

For the year ended 31 December 2023

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



TOWNSHIP OF
McNab/Braeside
Where nature awaits.

Management's Responsibility for the Financial Statements


The accompanying financial statements of the Corporation of the Township of McNab/Braeside (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.


Lindsey Lee
Chief Administrative Officer/Clerk


Suzanne Bouchard
Treasurer

Township of McNab/Braeside
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For the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of McNab/Braeside.

Opinion

We have audited the financial statements of the Township of McNab/Braeside (the Township), which comprise the statement of financial position as at 31 December 2023, and the statement of operations and accumulated surplus, statement of changes in net financial assets (liabilities) and statement of 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 Township as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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.

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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 Township'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 Township'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 Township 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Mae Kilhian + Associates

RENFREW, Ontario.
17 December 2024.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of McNab/Braeside
Statement of Financial Position
As at 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u> (Restated Note 15)
Financial assets:		
Cash and cash equivalents	\$ 10,183,461	\$ 8,212,625
Taxes receivable	1,202,565	1,071,642
Accounts receivable	<u>564,976</u>	<u>211,534</u>
	<u>\$ 11,951,002</u>	<u>\$ 9,495,801</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,528,024	\$ 1,251,346
Deferred revenue - obligatory reserve funds (Note 6)	1,288,793	981,493
- other	514,975	519,880
Net long term liabilities (Note 3)	4,491,225	4,619,672
Asset retirement obligation (Note 16)	<u>1,317,685</u>	<u>1,267,005</u>
	<u>\$ 9,140,702</u>	<u>\$ 8,639,396</u>
Net financial assets (liabilities)	<u>\$ 2,810,300</u>	<u>\$ 856,405</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 32,885,664	\$ 32,842,028
Inventories of supplies	69,863	105,668
Prepaid expenses	<u>40,440</u>	<u>38,541</u>
	<u>\$ 32,995,967</u>	<u>\$ 32,986,237</u>
Accumulated surplus	<u>\$ 35,806,267</u>	<u>\$ 33,842,642</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 9)	\$ 25,428,690	\$ 24,756,543
Reserves and reserve funds	10,947,358	9,674,280
Unfunded - asset retirement obligation	<u>(569,781)</u>	<u>(588,181)</u>
Total accumulated surplus	<u>\$ 35,806,267</u>	<u>\$ 33,842,642</u>

(See accompanying notes)

Township of McNab/Braeside
Statement of Operations and Accumulated Surplus
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> (Restated Note 15)
Revenue:			
Net municipal taxation	\$ 7,914,170	\$ 8,020,722	\$ 7,632,370
Ontario	850,773	730,680	902,773
Canada	357,149	266,295	255,781
User charges, interest, penalties and other	731,968	1,153,293	1,003,220
Transfers from obligatory reserve funds		57,000	25,000
Investment income	<u>205,000</u>	<u>493,547</u>	<u>219,774</u>
	<u>\$ 10,059,060</u>	<u>\$ 10,721,537</u>	<u>\$ 10,038,918</u>
Expenses:			
General government	\$ 1,583,286	\$ 1,666,175	\$ 1,543,961
Protection to persons and property	1,847,581	1,814,433	1,833,576
Transportation services	2,723,850	2,752,498	2,369,560
Environmental services	1,024,202	834,536	973,834
Health services	23,800	28,908	26,066
Recreation and cultural services	1,679,778	1,577,442	1,447,123
Planning and development	<u>175,611</u>	<u>83,920</u>	<u>89,891</u>
	<u>\$ 9,058,108</u>	<u>\$ 8,757,912</u>	<u>\$ 8,284,011</u>
Excess of revenue over expenses	\$ 1,000,952	\$ 1,963,625	\$ 1,754,907
Accumulated surplus at the beginning of the year	33,842,642	33,842,642	32,559,275
Opening adjustment (Note 15)			<u>(471,540)</u>
Accumulated surplus at the end of the year	<u>\$ 34,843,594</u>	<u>\$ 35,806,267</u>	<u>\$ 33,842,642</u>

(See accompanying notes)

Township of McNab/Braeside
Statement of Changes in Net Financial Assets (Liabilities)
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> (Restated Note 15)
Excess of revenue over expenses	\$ 1,000,952	\$ 1,963,625	\$ 1,754,907
Amortization of tangible capital assets	1,599,263	1,599,263	1,436,531
Acquisition of tangible capital assets	(2,665,000)	(1,642,899)	(3,566,353)
Loss (gain) on disposal of tangible capital assets			35,607
Consumption (acquisition) of inventory		35,805	(3,003)
Consumption (acquisition) of prepaid expenses	<u> </u>	<u>(1,899)</u>	<u>(4,304)</u>
Increase (decrease) in net financial assets	\$ (64,785)	\$ 1,953,895	\$ (346,615)
Net financial assets (liabilities) at the beginning of the year	<u>856,405</u>	<u>856,405</u>	<u>1,203,020</u>
Net financial assets (liabilities) at the end of the year	<u>\$ 791,620</u>	<u>\$ 2,810,300</u>	<u>\$ 856,405</u>

(See accompanying notes)

Township of McNab/Braeside

Statement of Cash Flows

For the year ended 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u> (Restated Note 15)
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,963,625	\$ 1,754,907
Add amortization which does not involve cash	1,599,263	1,436,531
Change in landfill closure and post-closure costs	50,680	48,731
Loss (gain) on disposal of tangible capital assets	<u> </u>	<u>35,607</u>
	<u>\$ 3,613,568</u>	<u>\$ 3,275,776</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in taxes receivable	\$ (130,923)	\$ (194,790)
Decrease (increase) in accounts receivable	(353,442)	(16,544)
Increase (decrease) in accounts payable and accrued liabilities	276,678	(93,813)
Increase (decrease) in deferred revenue - obligatory reserve funds	307,300	190,762
Increase (decrease) in deferred revenue - other	(4,905)	(73,240)
Decrease (increase) in inventories of supplies	35,806	(3,004)
Decrease (increase) in prepaid expenses	<u>(1,899)</u>	<u>(4,304)</u>
	<u>\$ 128,615</u>	<u>\$ (194,933)</u>
Cash flows from operating activities	<u>\$ 3,742,183</u>	<u>\$ 3,080,843</u>
Cash flows from financing activities:		
Repayment of temporary loan		\$ (3,290,000)
Repayment of long term debt	\$ (128,448)	(74,355)
Proceeds from long term debt	<u> </u>	<u>3,214,862</u>
Cash flows from (used for) financing activities	<u>\$ (128,448)</u>	<u>\$ (149,493)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (9,435)	\$ (17,829)
Protection to persons and property	(64,531)	(4,240)
Transportation services	(1,498,776)	(3,135,451)
Environmental services	(57,432)	
Recreation services	<u>(12,725)</u>	<u>(408,833)</u>
Cash flows used for capital activities	<u>\$ (1,642,899)</u>	<u>\$ (3,566,353)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 1,970,836	\$ (635,003)
Cash and cash equivalents at the beginning of the year	<u>8,212,625</u>	<u>8,847,628</u>
Cash and cash equivalents at the end of the year	<u>\$ 10,183,461</u>	<u>\$ 8,212,625</u>

(See accompanying notes)

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the Township of McNab/Braeside are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

(i) The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

(ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.

(iii) Trust funds

Trust funds and their related operations administered by the Township are not consolidated in these financial statements.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Tangible Capital Assets

- (i) Tangible capital assets (TCAs) are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Consumer Price Index (CPI). Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 - 40 years
Buildings	10 - 50 years
Machinery and equipment	4 - 30 years
Vehicles	5 - 20 years
Linear assets	10 - 30 years

Amortization is charged at 50% in the year of acquisition and in the year of disposal. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expenditure equal to the net book value of the assets as of the date of transfer.

(iii) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(iv) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Investment Income

Investment income earned on current funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

(f) Government Transfers

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.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(h) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and, until applied to applicable costs, are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs and amortization.

(j) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(k) Revenue Recognition

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Other revenue relates to licensing fees, fees for use of various programming, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

(l) Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

The fair value of net long term liabilities, including the current portion, is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

2. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 1,902,494	\$ 4,095,705
Payments in lieu	<u> </u>	<u>10,870</u>
	<u>\$ 1,902,494</u>	<u>\$ 4,106,575</u>

3. NET LONG TERM LIABILITIES

	<u>2023</u>	<u>2022</u>
(a) Infrastructure Ontario Debenture loan payable, 4.60% interest, \$ 35,921 principal and interest payment, payable semi-annually, maturing October 2052	\$ 1,144,115	\$ 1,162,685
Infrastructure Ontario Debenture loan payable, 4.45% interest, \$ 62,296 principal and interest payment, payable semi-annually, maturing August 2052	2,018,535	2,052,176
Infrastructure Ontario Debenture loan payable, 3.25% interest, \$ 27,498 principal and interest payment, payable semi-annually, maturing June 2047	898,902	924,068
Infrastructure Ontario Debenture loan payable, 2.35% interest, \$ 9,734 principal and interest payment, payable semi-annually, maturing December 2031	141,227	157,095
Infrastructure Ontario Debenture loan payable, 2.07% interest, \$ 20,860 principal and interest payment, payable semi-annually, maturing May 2031	<u>288,446</u>	<u>323,648</u>
Net long term liabilities at the end of the year	<u>\$ 4,491,225</u>	<u>\$ 4,619,672</u>

(b) Principal and interest payments required on the net long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,758	\$ 179,861	\$ 312,619
2025	137,227	175,392	312,619
2026	141,861	170,758	312,619
2027	146,669	165,950	312,619
2028	151,656	160,963	312,619
2029 - 2033	693,766	726,091	1,419,857
2034 onward	<u>3,087,288</u>	<u>1,387,414</u>	<u>4,474,702</u>
	<u>\$ 4,491,225</u>	<u>\$ 2,966,429</u>	<u>\$ 7,457,654</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

3. NET LONG TERM LIABILITIES (Continued)

- (c) The Municipality is contingently liable for debt with respect to tile drainage loans made by landowner with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The Municipality collects the loan repayments from the owners and remits them to OMAFRA. The Municipality does not have any history of default payments on the loans. The total amount outstanding as at 31 December 2023 is \$ 4,612 (2022 - \$ 11,722) and is not recorded on the statement of financial position.

4. CHARGES FOR NET LONG TERM LIABILITIES

- (a) Total charges for the year for net long term liabilities are as follows:

	<u>2023</u>	<u>2022</u>
Principal	\$ 128,447	\$ 74,355
Interest	<u>184,171</u>	<u>65,926</u>
	<u>\$ 312,618</u>	<u>\$ 140,281</u>

These payments are within the annual debt repayment limit as prescribed by the Ministry of Municipal Affairs and Housing under Ontario Regulation 403/02.

- (b) The interest charges shown in (a) above are reported on the Statement of Operations and Accumulated Surplus under the appropriate functional expenditure heading.

5. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at 31 December 2023, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (a) The balance of deferred revenue - obligatory reserve funds on the "Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2023</u>	<u>2022</u>
Gas tax revenue	\$ 209,887	\$ 194,641
Lot development charges	1,050,318	758,846
Ontario Trillium Foundation (OTF)	<u>28,588</u>	<u>28,006</u>
	<u>\$ 1,288,793</u>	<u>\$ 981,493</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS (Continued)

(b) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 981,493	\$ 790,731
Gas tax revenue received	237,549	227,651
Development charges and lot fees	310,138	191,086
Payment in lieu of parkland		17,702
OTF		56,100
Investment income	54,162	27,211
Less funds utilized:		
OTF		(76,337)
Capital	(25,000)	(25,000)
Operations	(32,000)	
Gas tax	<u>(237,549)</u>	<u>(227,651)</u>
Balance at the end of the year	<u>\$ 1,288,793</u>	<u>\$ 981,493</u>

7. BUDGET FIGURES

The operating budget approved by the Township of McNab/Braeside for 2023 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Budget figures have not been audited.

8. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no transfers during the year.

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances. The 2023 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets - net	\$ 32,885,664	\$ 32,842,028
Net long term liabilities (Note 3)	(4,491,225)	(4,619,672)
Amounts to be funded in future years	<u>(2,965,749)</u>	<u>(3,465,813)</u>
Equity in tangible capital assets	<u>\$ 25,428,690</u>	<u>\$ 24,756,543</u>

10. TRUST FUND

Trust fund administered by the Township, total \$ 25,698 (2022 - \$ 23,640). The balances held in trust by the Township for the benefit of others have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

11. SEGMENTED INFORMATION

- (a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its financial statements. A brief description of each segment follows:
- i) General government is comprised of council and administration and is responsible for the overall governance and management of the Municipality.
 - ii) Protection is comprised of police, fire, and other protective services.
 - iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
 - iv) Environmental services include solid waste and recycling services.
 - v) Health services include expenditures related to the doctor recruitment.
 - vi) Recreation and cultural services include parks and recreation.
 - vii) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.
- (b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2023 are as follows:

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

11. SEGMENTED INFORMATION (Continued)

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 951,807		\$ 429,649	\$ 117,978	\$ 166,741	\$ 1,666,175
Protection services	478,127	\$ 3,599	1,231,041		101,666	1,814,433
Transportation services	773,884	36,348	862,539	244	1,079,483	2,752,498
Environmental services	143,567		645,389	2,196	43,384	834,536
Health services	2,067		2,208	24,633		28,908
Recreation and cultural services	506,163	144,224	397,921	321,145	207,989	1,577,442
Planning and development	<u>54,352</u>		<u>29,568</u>			<u>83,920</u>
	<u>\$ 2,909,967</u>	<u>\$ 184,171</u>	<u>\$ 3,598,315</u>	<u>\$ 466,196</u>	<u>\$ 1,599,263</u>	<u>\$ 8,757,912</u>

(c) The expenditures for 31 December 2022 are as follows:

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 891,092		\$ 428,027	\$ 74,929	\$ 149,913	\$ 1,543,961
Protection services	372,752	\$ 3,966	1,253,719		203,139	1,833,576
Transportation services	736,956	37,864	719,354	244	875,142	2,369,560
Environmental services	152,300		776,430	1,720	43,384	973,834
Health services	1,282		1,365	23,419		26,066
Recreation and cultural services	502,096	24,096	299,159	456,819	164,953	1,447,123
Planning and development	<u>61,895</u>		<u>27,996</u>			<u>89,891</u>
	<u>\$ 2,718,373</u>	<u>\$ 65,926</u>	<u>\$ 3,506,050</u>	<u>\$ 557,131</u>	<u>\$ 1,436,531</u>	<u>\$ 8,284,011</u>

(d) For each functional area, revenues represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The revenues for 31 December 2023 are as follows:

	Taxes	User charges and other revenues	Government transfers - Ontario	Government transfers - Canada	Total
General government	\$ 8,020,722	\$ 771,935	\$ 494,600		\$ 9,287,257
Protection services		300,013	7,228		307,241
Transportation services		59,225	209,275	\$ 248,755	517,255
Environmental services		317,622			317,622
Recreation services		228,195	17,084	17,540	262,819
Planning and development		<u>26,850</u>	<u>2,493</u>		<u>29,343</u>
	<u>\$ 8,020,722</u>	<u>\$ 1,703,840</u>	<u>\$ 730,680</u>	<u>\$ 266,295</u>	<u>\$ 10,721,537</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

11. SEGMENTED INFORMATION (Continued)

(e) The revenues for 31 December 2022 are as follows:

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 7,632,370	\$ 467,596	\$ 591,013		\$ 8,690,979
Protection services		221,702	2,213		223,915
Transportation services		49,871	230,728	\$ 227,651	508,250
Environmental services		325,317			325,317
Recreation services		158,273	76,520	28,130	262,923
Planning and development		25,235	2,299		27,534
	<u>\$ 7,632,370</u>	<u>\$ 1,247,994</u>	<u>\$ 902,773</u>	<u>\$ 255,781</u>	<u>\$ 10,038,918</u>

12. CONTRACTUAL OBLIGATIONS

The Township entered into a recreation agreement with the Town of Arnprior. The annual cost of this contract was \$ 141,913 (2022 - \$ 281,134).

The Township entered into a library agreement with the Town of Arnprior. The annual cost of this contract was \$ 139,044 (2022 - \$ 138,867).

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2023 was \$ 905,972 (2022 - \$ 946,088).

The Township had negotiated an annual contract for the collection and disposal of recycled materials. During the year, the costs of this contract for 2023 were \$ 127,007 (2022 - \$ 211,993).

The Township has negotiated an annual contract for the collection and disposal of waste. Annual costs of this contract for 2023 were \$ 198,967 (2022 - \$ 193,642).

13. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2023, the Municipality contributed \$ 149,518 (2022 - \$ 139,458) to the plan and is included as an expense in the Statement of Operations and Accumulated Surplus. The Township does not recognize in its financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan deficit for 2023 is \$ (7,571,000,000) (deficit 2022 - \$ (6,100,000,000)) based on the fair market value of the Plan's assets.

14. TAX REVENUE

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 7,803,155	\$ 7,419,064
Payment in lieu of property taxes	<u>217,567</u>	<u>213,306</u>
Total tax revenue	<u>\$ 8,020,722</u>	<u>\$ 7,632,370</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

15. CHANGE IN ACCOUNTING POLICIES

On 1 January 2022, the Township adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as landfill closure and post closure costs. The standard was adopted on the modified retrospective basis at the date of adoption. Under the the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of the standard.

On 1 January 2022, the Township recognized as asset retirement obligation relating to the landfill owned by the Township for landfill closure and post closure costs. The landfill was originally opened in the 1980's, with the Township undertaking additions and expansions to the landfill subsequent to its' original acquisition.

The ARO liability relating to the landfill closure and post closure costs is measured as of the date of acquisition of the landfill, when the liability was created and is calculated based on current costs without discounting to the date of the initial landfill acquisition.

The landfill site had an expected useful life of 93 years.

The landfill has 50 years left before being fully amortized.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at 1 January 2022:

An increase in the tangible capital assets of \$ 136,426, representing the net book value of the landfill sites.

An increase in the opening equity in tangible capital assets of \$ 136,426, to reflect the recognition of the original ARO liability and accompanying increase in amortization expense.

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

15. CHANGE IN ACCOUNTING POLICIES (Continued)

The adoption of PS 3280 Asset Retirement Obligations (ARO) has been applied to the comparative period as follows:

	<u>As Previously Stated</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Statement of Financial Position</u>			
Tangible capital assets including ARO	\$ 32,708,226	\$ 133,803	\$ 32,842,029
Asset retirement obligation	678,823	588,182	1,267,005
Unfunded - asset retirement obligation		(588,182)	(588,182)
Equity in tangible capital assets	24,622,741	133,803	24,756,544
<u>Statement of Changes in Net Financial Assets</u>			
Excess of revenue over expenses	\$ 1,737,746	\$ 17,161	\$ 1,754,907
Amortization of TCA (incl. TCA-ARO)	1,433,907	2,624	1,436,531
<u>Statement of Operations</u>			
Environmental services	\$ 990,995	\$ (17,161)	\$ 973,834
Excess of revenue over expenses	1,737,746	17,161	1,754,907
Opening adjustment	-	(471,540)	(471,540)
<u>Statement of Changes in Net Financial Assets</u>			
Excess of revenue over expenses	\$ 1,737,746	\$ 17,161	\$ 1,754,907
Amortization of TCA (incl. TCA-ARO)	1,433,907	2,624	1,436,531
Net financial assets at the beginning of the year	1,810,986	(607,966)	1,203,020
<u>Statement of Cash Flows</u>			
Excess of revenue over expenses	\$ 1,737,746	\$ 17,161	\$ 1,754,907
Amortization of TCA (incl. TCA-ARO)	1,433,907	2,624	1,436,531
<u>Note 9 Equity in Tangible Capital Assets</u>			
Tangible capital assets - net	\$ 40,760	\$ 2,624	\$ 43,384
<u>Note 11 Segmented Information</u>			
Environmental amortization	\$ 40,760	\$ 2,624	\$ 43,384
Environmental materials	796,215	(19,785)	776,430

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2023

16. ASSET RETIREMENT OBLIGATION

The Township has accrued for asset retirement obligation related to the legal requirement for the remediation of the landfill site owned by the Township. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remediate the landfills in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	<u>2023</u>	<u>2022</u>
Landfill closure and post closure costs	\$ 1,267,005	\$ 1,218,274
Increase in change in estimate	<u>50,680</u>	<u>48,731</u>
	<u>\$ 1,317,685</u>	<u>\$ 1,267,005</u>

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The landfill is expected to reach its capacity in 50 years and the estimated remaining capacity is 676,315 cubic meters. The estimated total undiscounted expenses over the 25 year post closure period amount to approximately \$ 10,242,993.

Township of McNab/Braeside
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Contributions:		
From operations	\$ <u>2,341,802</u>	\$ <u>2,140,056</u>
Transfers:		
To operations	\$ (238,650)	\$ (254,208)
To tangible capital acquisitions	<u>(830,074)</u>	<u>(2,108,247)</u>
	\$ <u>(1,068,724)</u>	\$ <u>(2,362,455)</u>
Change in reserves and reserve funds balance	\$ 1,273,078	\$ (222,399)
Reserves and reserve funds at the beginning of the year	<u>9,674,280</u>	<u>9,896,679</u>
Reserves and reserve funds at the end of the year	\$ <u><u>10,947,358</u></u>	\$ <u><u>9,674,280</u></u>
Reserves:		
Capital asset replacement	\$ 5,093,396	\$ 4,659,887
General government	313,776	348,776
Municipal development	195,608	185,608
Roads	350,608	282,693
Fire	42,636	42,636
Waste management	875,746	782,864
Future assessment appeals	119,397	119,397
Future loss of grants	282,532	304,532
Recreation and cultural services	199,115	199,115
Working capital	1,546,276	1,567,876
Cemetery	9,140	9,140
Administration building	25,000	25,000
Employee benefits	75,502	75,502
Work in progress	1,465,029	719,869
Other	<u>353,597</u>	<u>351,385</u>
Total reserves	\$ <u><u>10,947,358</u></u>	\$ <u><u>9,674,280</u></u>

(See accompanying notes)

Township of McNab/Braeside

Schedule of Tangible Capital Assets

For the year ended 31 December 2023

(with 2022 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2022</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
Land	\$ 1,698,033			\$ 1,698,033
Land improvements	456,266	\$ 12,725	\$ 28,508	497,499
Buildings and building improvements	13,175,610			13,175,610
Machinery and equipment	3,393,618	147,831		3,541,449
Vehicles	3,898,692	74,117		3,972,809
Linear assets	27,469,800	1,408,226	58,548	28,936,574
Capital work in progress	<u>87,056</u>		<u>(87,056)</u>	
Total	<u>\$ 50,179,075</u>	<u>\$ 1,642,899</u>	<u>\$ -</u>	<u>\$ 51,821,974</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2022</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
Land improvements	\$ 135,655	\$ 22,429	\$ -	\$ 158,084
Buildings and building improvements	2,343,348	337,816		2,681,164
Machinery and equipment	1,581,126	223,820		1,804,946
Vehicles	1,601,829	219,484		1,821,313
Linear assets	<u>11,675,089</u>	<u>795,714</u>		<u>12,470,803</u>
Total	<u>\$ 17,337,047</u>	<u>\$ 1,599,263</u>	<u>\$ -</u>	<u>\$ 18,936,310</u>

<u>Net book value</u>	Balance at 31 December <u>2022</u>	Balance at 31 December <u>2023</u>
Land	\$ 1,698,033	\$ 1,698,033
Land improvements	320,611	339,415
Buildings and building improvements	10,832,262	10,494,446
Machinery and equipment	1,812,492	1,736,503
Vehicles	2,296,863	2,151,496
Linear assets	15,794,711	16,465,771
Capital work in progress	<u>87,056</u>	
Total	<u>\$ 32,842,028</u>	<u>\$ 32,885,664</u>

(See accompanying notes)

Township of McNab/Braeside

Schedule of Tangible Capital Assets

For the year ended 31 December 2023

(with 2022 figures for comparison)

Segmented by function:	Balance at 31 December <u>2022</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
<u>Cost</u>				
General government	\$ 7,624,866	\$ 9,435	\$ -	\$ 7,634,301
Protection services	2,786,466	64,531		2,850,997
Transportation services	32,202,362	1,498,776		33,701,138
Environmental services	1,266,629	57,432		1,324,061
Recreation and cultural services	<u>6,298,752</u>	<u>12,725</u>		<u>6,311,477</u>
Total	<u>\$ 50,179,075</u>	<u>\$ 1,642,899</u>	<u>\$ -</u>	<u>\$ 51,821,974</u>

Accumulated <u>amortization</u>	Balance at 31 December <u>2022</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
General government	\$ 771,626	\$ 166,741	\$ -	\$ 938,367
Protection services	1,480,426	101,666		1,582,092
Transportation services	13,301,331	1,079,483		14,380,814
Environmental services	474,872	43,384		518,256
Recreation and cultural services	<u>1,308,792</u>	<u>207,989</u>		<u>1,516,781</u>
Total	<u>\$ 17,337,047</u>	<u>\$ 1,599,263</u>	<u>\$ -</u>	<u>\$ 18,936,310</u>

<u>Net book value</u>	Balance at 31 December <u>2022</u>	Balance at 31 December <u>2023</u>
General government	\$ 6,853,240	\$ 6,695,934
Protection services	1,306,040	1,268,905
Transportation services	18,901,031	19,320,324
Environmental services	791,757	805,805
Recreation and cultural services	<u>4,989,960</u>	<u>4,794,696</u>
Total	<u>\$ 32,842,028</u>	<u>\$ 32,885,664</u>

(See accompanying notes)