

Township of McNab/Braeside

Financial Statements

For the year ended 31 December 2025

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



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.


Mandy Cannon
Chief Administrative Officer/Interim Clerk


Lisa Godin
Finance Director/Treasurer

Township of McNab/Braeside
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For the year ended 31 December 2025

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**MACKILLICAN
& ASSOCIATES**
CHARTERED PROFESSIONAL
ACCOUNTANTS

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 2025, 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 2025, 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.

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 Kilham & Associates

RENFREW, Ontario.
15 September 2026.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of McNab/Braeside
Statement of Financial Position
As at 31 December 2025
(with 2024 figures for comparison)

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 12,734,696	\$ 11,773,057
Taxes receivable	1,653,286	1,660,741
Accounts receivable	<u>792,097</u>	<u>702,053</u>
	<u>\$ 15,180,079</u>	<u>\$ 14,135,851</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,804,580	\$ 1,925,533
Deferred revenue - obligatory reserve funds (Note 6)	1,491,101	1,454,044
- other	519,451	487,217
Net long term liabilities (Note 3)	4,221,241	4,358,467
Asset retirement obligation (Note 15)	<u>1,425,209</u>	<u>1,370,393</u>
	<u>\$ 9,461,582</u>	<u>\$ 9,595,654</u>
Net financial assets (liabilities)	<u>\$ 5,718,497</u>	<u>\$ 4,540,197</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 34,564,695	\$ 33,773,575
Inventories of supplies	126,171	126,888
Prepaid expenses	<u>45,297</u>	<u>37,453</u>
	<u>\$ 34,736,163</u>	<u>\$ 33,937,916</u>
Accumulated surplus	<u>\$ 40,454,660</u>	<u>\$ 38,478,113</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 9)	\$ 27,477,705	\$ 26,449,359
Reserves and reserve funds	13,546,736	12,598,535
Unfunded - asset retirement obligation	<u>(569,781)</u>	<u>(569,781)</u>
Total accumulated surplus	<u>\$ 40,454,660</u>	<u>\$ 38,478,113</u>

(See accompanying notes)

Township of McNab/Braeside

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2025

(with 2025 budget and 2024 actual figures for comparison)

	<u>2025</u> <u>Budget</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 8,930,761	\$ 8,849,619	\$ 8,540,924
Ontario	1,039,517	773,058	912,452
Canada	248,606	259,139	391,813
User charges, interest, penalties and other	978,476	1,326,360	1,139,458
Investment income	<u>475,000</u>	<u>370,329</u>	<u>553,587</u>
	<u>\$ 11,672,360</u>	<u>\$ 11,578,505</u>	<u>\$ 11,538,234</u>
Expenses:			
General government	\$ 1,936,831	\$ 1,797,542	\$ 1,669,800
Protection to persons and property	2,182,042	2,089,707	1,892,059
Transportation services	3,117,288	2,946,704	2,698,907
Environmental services	1,110,327	926,199	894,266
Health services	29,800	31,222	24,502
Recreation and cultural services	1,857,728	1,649,123	1,528,345
Planning and development	<u>274,692</u>	<u>161,461</u>	<u>158,509</u>
	<u>\$ 10,508,708</u>	<u>\$ 9,601,958</u>	<u>\$ 8,866,388</u>
Excess (shortfall) of revenue over expenses	\$ 1,163,652	\$ 1,976,547	\$ 2,671,846
Accumulated surplus at the beginning of the year	<u>38,478,113</u>	<u>38,478,113</u>	<u>35,806,267</u>
Accumulated surplus at the end of the year	<u>\$ 39,641,765</u>	<u>\$ 40,454,660</u>	<u>\$ 38,478,113</u>

(See accompanying notes)

Township of McNab/Braeside

Statement of Changes in Net Financial Assets (Liabilities)

For the year ended 31 December 2025
(with 2025 budget and 2024 actual figures for comparison)

	<u>2025</u> <u>Budget</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ 1,163,652	\$ 1,976,547	\$ 2,671,846
Amortization of tangible capital assets	1,685,790	1,685,790	1,643,238
Acquisition of tangible capital assets	(4,449,171)	(2,476,910)	(2,531,149)
Consumption (acquisition) of inventory		717	(57,025)
Consumption (acquisition) of prepaid expenses	<u> </u>	<u>(7,844)</u>	<u>2,987</u>
Increase (decrease) in net financial assets	\$ (1,599,729)	\$ 1,178,300	\$ 1,729,897
Net financial assets (liabilities) at the beginning of the year	<u>4,540,197</u>	<u>4,540,197</u>	<u>2,810,300</u>
Net financial assets (liabilities) at the end of the year	\$ <u>2,940,468</u>	\$ <u>5,718,497</u>	\$ <u>4,540,197</u>

(See accompanying notes)

Township of McNab/Braeside

Statement of Cash Flows

For the year ended 31 December 2025

(with 2024 figures for comparison)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,976,547	\$ 2,671,846
Add amortization which does not involve cash	1,685,790	1,643,238
Change in landfill closure and post-closure costs	<u>54,816</u>	<u>52,708</u>
	<u>\$ 3,717,153</u>	<u>\$ 4,367,792</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in taxes receivable	\$ 7,455	\$ (458,176)
Decrease (increase) in accounts receivable	(90,044)	(137,077)
Increase (decrease) in accounts payable and accrued liabilities	(120,953)	397,509
Increase (decrease) in deferred revenue - obligatory reserve funds	37,057	165,251
Increase (decrease) in deferred revenue - other	32,234	(27,758)
Decrease (increase) in inventories of supplies	717	(57,025)
Decrease (increase) in prepaid expenses	<u>(7,844)</u>	<u>2,987</u>
	<u>\$ (141,378)</u>	<u>\$ (114,289)</u>
Cash flows from operating activities	<u>\$ 3,575,775</u>	<u>\$ 4,253,503</u>
Cash flows from (used for) financing activities:		
Repayment of long term debt	<u>\$ (137,226)</u>	<u>\$ (132,758)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (38,040)	
Protection to persons and property	(722,595)	
Transportation services	(1,564,895)	\$ (1,898,283)
Recreation and cultural services	<u>(151,380)</u>	<u>(632,866)</u>
Cash flows used for capital activities	<u>\$ (2,476,910)</u>	<u>\$ (2,531,149)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 961,639	\$ 1,589,596
Cash and cash equivalents at the beginning of the year	<u>11,773,057</u>	<u>10,183,461</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 12,734,696</u></u>	<u><u>\$ 11,773,057</u></u>

(See accompanying notes)

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

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 2025

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 2025

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 2025

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	\$ 1,974,169	\$ 4,750,546
Payments in lieu		<u>11,004</u>
	<u>\$ 1,974,169</u>	<u>\$ 4,761,550</u>

3. NET LONG TERM LIABILITIES

	<u>2025</u>	<u>2024</u>
(a) Infrastructure Ontario Debenture loan payable, 4.60% interest, \$ 35,921 principal and interest payment, payable semi-annually, maturing October 2052	\$ 1,104,343	\$ 1,124,680
Infrastructure Ontario Debenture loan payable, 4.45% interest, \$ 62,296 principal and interest payment, payable semi-annually, maturing August 2052	1,946,644	1,983,380
Infrastructure Ontario Debenture loan payable, 3.25% interest, \$ 27,498 principal and interest payment, payable semi-annually, maturing June 2047	846,070	872,912
Infrastructure Ontario Debenture loan payable, 2.35% interest, \$ 9,734 principal and interest payment, payable semi-annually, maturing December 2031	108,355	124,983
Infrastructure Ontario Debenture loan payable, 2.07% interest, \$ 20,860 principal and interest payment, payable semi-annually, maturing May 2031	<u>215,829</u>	<u>252,512</u>
Net long term liabilities at the end of the year	<u>\$ 4,221,241</u>	<u>\$ 4,358,467</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>
2026	\$ 141,862	\$ 170,757	\$ 312,619
2027	146,670	165,949	312,619
2028	151,656	160,963	312,619
2029	156,830	155,789	312,619
2030	162,196	150,422	312,618
2031 - 2035	621,985	675,494	1,297,479
2036 onward	<u>2,840,042</u>	<u>1,131,799</u>	<u>3,971,841</u>
	<u>\$ 4,221,241</u>	<u>\$ 2,611,173</u>	<u>\$ 6,832,414</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

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 2025 is \$ 22,805 (2024 - \$ 26,359) 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>2025</u>	<u>2024</u>
Principal	\$ 137,227	\$ 132,758
Interest	<u>175,392</u>	<u>179,861</u>
	<u>\$ 312,619</u>	<u>\$ 312,619</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 2025, 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>2025</u>	<u>2024</u>
Gas tax revenue	\$ 222,168	\$ 214,957
Lot development charges	1,239,366	1,209,907
Ontario Trillium Foundation (OTF)	<u>29,567</u>	<u>29,180</u>
	<u>\$ 1,491,101</u>	<u>\$ 1,454,044</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS (Continued)

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

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 1,454,044	\$ 1,288,793
Gas tax revenue received	248,606	242,208
Development charges and lot fees	198,035	97,569
Investment income	52,716	74,080
Less funds utilized:		
Capital	(50)	
Operations	(213,644)	
Gas tax	<u>(248,606)</u>	<u>(248,606)</u>
Balance at the end of the year	<u>\$ 1,491,101</u>	<u>\$ 1,454,044</u>

7. BUDGET FIGURES

The operating budget approved by the Township of McNab/Braeside for 2025 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 2025 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 2025

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets - net	\$ 34,564,695	\$ 33,773,575
Net long term liabilities (Note 3)	(4,221,241)	(4,358,467)
Amounts to be funded in future years	<u>(2,865,749)</u>	<u>(2,965,749)</u>
Equity in tangible capital assets	<u>\$ 27,477,705</u>	<u>\$ 26,449,359</u>

10. TRUST FUNDS

Trust funds administered by the Township, total \$ 51,675 (2024 - \$ 25,698). 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 2025 are as follows:

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

11. SEGMENTED INFORMATION (Continued)

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 963,328		\$ 618,967	\$ 69,706	\$ 145,541	\$ 1,797,542
Protection services	557,196	\$ 2,840	1,386,534		143,137	2,089,707
Transportation services	837,440	33,191	943,420	803	1,131,850	2,946,704
Environmental services	172,260		704,001	810	49,128	926,199
Health services	3,065		3,157	25,000		31,222
Recreation and cultural services	676,504	139,360	433,460	183,665	216,134	1,649,123
Planning and development	<u>33,895</u>		<u>127,566</u>			<u>161,461</u>
	<u>\$ 3,243,688</u>	<u>\$ 175,391</u>	<u>\$ 4,217,105</u>	<u>\$ 279,984</u>	<u>\$ 1,685,790</u>	<u>\$ 9,601,958</u>

(c) The expenditures for 31 December 2024 are as follows:

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 892,037		\$ 490,218	\$ 118,991	\$ 168,553	\$ 1,669,799
Protection services	474,082	\$ 3,224	1,278,276		136,478	1,892,060
Transportation services	861,082	34,791	722,395	731	1,079,909	2,698,908
Environmental services	162,543		679,488	3,106	49,128	894,265
Health services	2,544		1,784	20,174		24,502
Recreation and cultural services	560,190	141,846	442,170	174,968	209,170	1,528,344
Planning and development	<u>124,805</u>		<u>33,705</u>			<u>158,510</u>
	<u>\$ 3,077,283</u>	<u>\$ 179,861</u>	<u>\$ 3,648,036</u>	<u>\$ 317,970</u>	<u>\$ 1,643,238</u>	<u>\$ 8,866,388</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 2025 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	\$ 8,849,619	\$ 733,698	\$ 538,500		\$ 10,121,817
Protection services		208,552	36,044		244,596
Transportation services		289,819	169,836	\$ 248,606	708,261
Environmental services		212,352			212,352
Recreation and cultural services		218,793	21,307	10,533	250,633
Planning and development		<u>33,475</u>	<u>7,371</u>		<u>40,846</u>
	<u>\$ 8,849,619</u>	<u>\$ 1,696,689</u>	<u>\$ 773,058</u>	<u>\$ 259,139</u>	<u>\$ 11,578,505</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

11. SEGMENTED INFORMATION (Continued)

(e) The revenues for 31 December 2024 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	\$ 8,540,924	\$ 918,377	\$ 506,700		\$ 9,966,001
Protection services		178,369	10,241		188,610
Transportation services		45,416	254,953	\$ 361,606	661,975
Environmental services		225,274			225,274
Recreation and cultural services		283,230	137,754	30,207	451,191
Planning and development		37,540	7,643		45,183
	<u>\$ 8,540,924</u>	<u>\$ 1,688,206</u>	<u>\$ 917,291</u>	<u>\$ 391,813</u>	<u>\$ 11,538,234</u>

12. CONTRACTUAL OBLIGATIONS

The Township entered into a library agreement with the Town of Arnprior. The annual cost of this contract was \$ 139,740 (2024 - \$ 136,298).

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 2025 was \$ 893,061 (2024 - \$ 890,664).

The Township has negotiated an annual contract for the collection and disposal of waste. Annual costs of this contract for 2025 were \$ 280,019 (2024 - \$ 268,008).

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 2025, the Municipality contributed \$ 176,544 (2024 - \$ 172,118) 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 2025 is \$ (6,127,000,000) (deficit for 2024 was \$ (4,319,000,000)) based on the fair market value of the Plan's assets.

14. TAX REVENUE

	<u>2025</u>	<u>2024</u>
Property taxes	\$ 8,636,092	\$ 8,326,843
Payment in lieu of property taxes	<u>213,527</u>	<u>214,081</u>
Total tax revenue	<u>\$ 8,849,619</u>	<u>\$ 8,540,924</u>

Township of McNab/Braeside
Notes to the Financial Statements
For the year ended 31 December 2025

15. 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>2025</u>	<u>2024</u>
Landfill closure and post closure costs	\$ 1,370,393	\$ 1,317,685
Increase in change in estimate	<u>54,816</u>	<u>52,708</u>
	<u>\$ 1,425,209</u>	<u>\$ 1,370,393</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 49 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 \$ 10,132,598.

Township of McNab/Braeside
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2025
(with 2024 figures for comparison)

	<u>2025</u>	<u>2024</u>
Contributions:		
From operations	\$ <u>2,268,453</u>	\$ <u>2,480,095</u>
Transfers:		
To operations	\$ (630,008)	\$ (54,348)
To tangible capital acquisitions	<u>(690,244)</u>	<u>(774,570)</u>
	\$ <u>(1,320,252)</u>	\$ <u>(828,918)</u>
Change in reserves and reserve funds balance	\$ 948,201	\$ 1,651,177
Reserves and reserve funds at the beginning of the year	<u>12,598,535</u>	<u>10,947,358</u>
Reserves and reserve funds at the end of the year	\$ <u><u>13,546,736</u></u>	\$ <u><u>12,598,535</u></u>
Reserves:		
Capital asset replacement	\$ 6,769,209	\$ 6,406,952
General government	317,776	315,776
Municipal development	215,608	205,608
Roads	460,557	394,658
Fire	42,636	42,636
Waste management	1,055,532	981,996
Future assessment appeals	119,397	119,397
Future loss of grants	282,532	282,532
Recreation and cultural services	64,160	224,972
Working capital	1,931,430	2,421,186
Cemetery	39,140	39,140
Administration building	25,000	25,000
Employee benefits	75,502	75,502
Work in progress	1,732,660	678,583
Other	<u>415,597</u>	<u>384,597</u>
Total reserves	\$ <u><u>13,546,736</u></u>	\$ <u><u>12,598,535</u></u>

(See accompanying notes)

Township of McNab/Braeside

Schedule of Tangible Capital Assets

For the year ended 31 December 2025

(with 2024 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2024</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2025</u>
Land	\$ 1,698,033			\$ 1,698,033
Land improvements	619,460			619,460
Buildings and building improvements	13,184,475	\$ 39,250		13,223,725
Machinery and equipment	3,564,085	188,529	\$ (27,987)	3,724,627
Vehicles	4,087,444	702,299	(198,250)	4,591,493
Linear assets	30,665,129	358,262		31,023,391
Capital work in progress	<u>513,306</u>	<u>1,188,570</u>		<u>1,701,876</u>
Total	<u>\$ 54,331,932</u>	<u>\$ 2,476,910</u>	<u>\$ (226,237)</u>	<u>\$ 56,582,605</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2024</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2025</u>
Land improvements	\$ 182,575	\$ 25,933		\$ 208,508
Buildings and building improvements	3,018,473	335,471		3,353,944
Machinery and equipment	2,020,132	197,641	\$ (27,987)	2,189,786
Vehicles	2,024,011	231,745	(198,250)	2,057,506
Linear assets	<u>13,313,166</u>	<u>895,000</u>		<u>14,208,166</u>
Total	<u>\$ 20,558,357</u>	<u>\$ 1,685,790</u>	<u>\$ (226,237)</u>	<u>\$ 22,017,910</u>

<u>Net book value</u>	Balance at 31 December <u>2024</u>	Balance at 31 December <u>2025</u>
Land	\$ 1,698,033	\$ 1,698,033
Land improvements	436,885	410,952
Buildings and building improvements	10,166,002	9,869,781
Machinery and equipment	1,543,953	1,534,841
Vehicles	2,063,433	2,533,987
Linear assets	17,351,963	16,815,225
Capital work in progress	<u>513,306</u>	<u>1,701,876</u>
Total	<u>\$ 33,773,575</u>	<u>\$ 34,564,695</u>

(See accompanying notes)

Township of McNab/Braeside

Schedule of Tangible Capital Assets

For the year ended 31 December 2025

(with 2024 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2024</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2025</u>
General government	\$ 7,634,301	\$ 38,040		\$ 7,672,341
Protection services	2,850,997	722,595	\$ (140,000)	3,433,592
Transportation services	35,578,230	1,564,895	(27,987)	37,115,138
Environmental services	1,324,061			1,324,061
Recreation and cultural services	<u>6,944,343</u>	<u>151,380</u>	<u>(58,250)</u>	<u>7,037,473</u>
Total	<u>\$ 54,331,932</u>	<u>\$ 2,476,910</u>	<u>\$ (226,237)</u>	<u>\$ 56,582,605</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2024</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2025</u>
General government	\$ 1,106,920	\$ 145,541		\$ 1,252,461
Protection services	1,718,570	143,137	\$ (140,000)	1,721,707
Transportation services	15,439,532	1,131,850	(27,987)	16,543,395
Environmental services	567,384	49,128		616,512
Recreation and cultural services	<u>1,725,951</u>	<u>216,134</u>	<u>(58,250)</u>	<u>1,883,835</u>
Total	<u>\$ 20,558,357</u>	<u>\$ 1,685,790</u>	<u>\$ (226,237)</u>	<u>\$ 22,017,910</u>

<u>Net book value</u>	Balance at 31 December <u>2024</u>	Balance at 31 December <u>2025</u>
General government	\$ 6,527,381	\$ 6,419,880
Protection services	1,132,427	1,711,885
Transportation services	20,138,698	20,571,743
Environmental services	756,677	707,549
Recreation and cultural services	<u>5,218,392</u>	<u>5,153,638</u>
Total	<u>\$ 33,773,575</u>	<u>\$ 34,564,695</u>

(See accompanying notes)