

Township of McNab/Braeside

Financial Statements

For the year ended 31 December 2022



## 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 Administration Officer/Clerk

  
Charlene Jackson  
Acting Interim Treasurer

Township of McNab/Braeside  
Financial Statements Index  
For the year ended 31 December 2022

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Operations and Accumulated Surplus	3
Statement of Changes in Net Financial Assets (Liabilities)	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 14
Schedule of Reserves and Reserve Funds	15
Schedules of Tangible Capital Assets	16 - 17



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 Corporation of the Township of McNab/Braeside (the Township), which comprise the statement of financial position as at 31 December 2022, 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 2022, 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKilligan's website at: [http://mackillicans.com/PDF/Auditors\\_Responsibilities.pdf](http://mackillicans.com/PDF/Auditors_Responsibilities.pdf). This description forms part of our auditor's report.

*MacKilligan + Associates*

RENFREW, Ontario.  
26 May 2023.

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Licensed Public Accountants.

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Township of McNab/Braeside  
Statement of Financial Position  
As at 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 8,212,625	\$ 8,847,628
Taxes receivable	1,071,642	876,852
Accounts receivable	<u>211,534</u>	<u>194,990</u>
	<u>\$ 9,495,801</u>	<u>\$ 9,919,470</u>
Liabilities:		
Temporary loans (Note 15)		\$ 3,290,000
Accounts payable and accrued liabilities	\$ 1,251,347	1,345,160
Deferred revenue - obligatory reserve funds (Note 7)	981,493	790,731
- other	519,880	593,120
Net long term liabilities (Note 4)	4,619,672	1,479,166
Landfill closure and post closure costs (Note 3)	<u>678,823</u>	<u>610,307</u>
	<u>\$ 8,051,215</u>	<u>\$ 8,108,484</u>
Net financial assets (liabilities)	<u>\$ 1,444,586</u>	<u>\$ 1,810,986</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 32,708,226	\$ 30,611,387
Inventories of supplies	105,668	102,665
Prepaid expenses	<u>38,541</u>	<u>34,237</u>
	<u>\$ 32,852,435</u>	<u>\$ 30,748,289</u>
Accumulated surplus	<u>\$ 34,297,021</u>	<u>\$ 32,559,275</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 10)	\$ 24,622,741	\$ 22,662,596
Reserves and reserve funds (Note 16)	<u>9,674,280</u>	<u>9,896,679</u>
Total accumulated surplus	<u>\$ 34,297,021</u>	<u>\$ 32,559,275</u>

(See accompanying notes)

Township of McNab/Braeside  
Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	2022 <u>Budget</u>	2022 <u>Actual</u>	2021 <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 7,394,043	\$ 7,632,370	\$ 7,021,785
Ontario	715,361	902,773	980,575
Canada	5,300	28,130	36,301
User charges, interest, penalties and other	636,931	1,003,220	863,559
Transfers from obligatory reserve funds	227,651	252,651	450,064
Investment income	<u>76,700</u>	<u>219,774</u>	<u>72,650</u>
	<u>\$ 9,055,986</u>	<u>\$ 10,038,918</u>	<u>\$ 9,424,934</u>
Expenses:			
General government	\$ 1,423,481	\$ 1,543,961	\$ 1,308,807
Protection to persons and property	1,907,821	1,833,576	1,759,420
Transportation services	2,331,041	2,369,560	2,135,196
Environmental services	912,994	990,995	895,015
Health services	23,800	26,066	22,040
Recreation and cultural services	1,405,619	1,447,123	904,288
Planning and development	<u>179,575</u>	<u>89,891</u>	<u>126,782</u>
	<u>\$ 8,184,331</u>	<u>\$ 8,301,172</u>	<u>\$ 7,151,548</u>
Excess of revenue over expenses	\$ 871,655	\$ 1,737,746	\$ 2,273,386
Accumulated surplus at the beginning of the year	<u>32,559,275</u>	<u>32,559,275</u>	<u>30,285,889</u>
Accumulated surplus at the end of the year	<u>\$ 33,430,930</u>	<u>\$ 34,297,021</u>	<u>\$ 32,559,275</u>

(See accompanying notes)

Township of McNab/Braeside  
Statement of Changes in Net Financial Assets (Liabilities)  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Excess of revenue over expenses	\$ 871,655	\$ 1,737,746	\$ 2,273,386
Amortization of tangible capital assets	1,433,907	1,433,907	1,359,464
Acquisition of tangible capital assets	(2,729,500)	(3,566,353)	(1,900,582)
Loss (gain) on disposal of tangible capital assets		35,607	144,874
Consumption (acquisition) of inventory		(3,003)	(53,555)
Consumption (acquisition) of prepaid expenses	<u>                    </u>	<u>          (4,304)</u>	<u>          (6,280)</u>
Increase (decrease) in net financial assets	\$ (423,938)	\$ (366,400)	\$ 1,817,307
Net financial assets (liabilities) at the beginning of the year	<u>1,810,986</u>	<u>1,810,986</u>	<u>          (6,321)</u>
Net financial assets (liabilities) at the end of the year	\$ <u>1,387,048</u>	\$ <u>1,444,586</u>	\$ <u>1,810,986</u>

(See accompanying notes)

Township of McNab/Braeside

Statement of Cash Flows

For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 1,737,746	\$ 2,273,386
Add amortization which does not involve cash	1,433,907	1,359,464
Change in landfill closure and post-closure costs	68,516	67,956
Loss (gain) on disposal of tangible capital assets	<u>35,607</u>	<u>144,874</u>
	<u>\$ 3,275,776</u>	<u>\$ 3,845,680</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in taxes receivable	\$ (194,790)	\$ 260,514
Decrease (increase) in accounts receivable	(16,544)	84,483
Increase (decrease) in accounts payable and accrued liabilities	(93,813)	(304,083)
Increase (decrease) in deferred revenue - obligatory reserve funds	190,762	246,778
Increase (decrease) in deferred revenue - other	(73,240)	(36,163)
Decrease (increase) in inventories of supplies	(3,004)	(53,555)
Decrease (increase) in prepaid expenses	<u>(4,304)</u>	<u>(6,280)</u>
	<u>\$ (194,933)</u>	<u>\$ 191,694</u>
Cash flows from operating activities	<u>\$ 3,080,843</u>	<u>\$ 4,037,374</u>
Cash flows from financing activities:		
Repayment of temporary loan	\$ (3,290,000)	
Repayment of long term debt	(74,355)	\$ (55,803)
Proceeds from long term debt	<u>3,214,862</u>	<u>547,709</u>
Cash flows from (used for) financing activities	<u>\$ (149,493)</u>	<u>\$ 491,906</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (17,829)	\$ (132,780)
Protection to persons and property	(4,240)	(53,840)
Transportation services	(3,135,451)	(1,462,888)
Environmental services		
Recreation services	<u>(408,833)</u>	<u>(251,074)</u>
Cash flows used for capital activities	<u>\$ (3,566,353)</u>	<u>\$ (1,900,582)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (635,003)	\$ 2,628,698
Cash and cash equivalents at the beginning of the year	<u>8,847,628</u>	<u>6,218,930</u>
Cash and cash equivalents at the end of the year	<u>\$ 8,212,625</u>	<u>\$ 8,847,628</u>

(See accompanying notes)



Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

## 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 2022

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 2022

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, temporary loans, 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, temporary loans and 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 2022

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	\$ 1,890,798	\$ 3,956,886
Payments in lieu		<u>10,595</u>
	<u>\$ 1,890,798</u>	<u>\$ 3,967,481</u>

3. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

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.

Landfill sites' estimated remaining capacity in cubic metres	95,497
Landfill sites' remaining useful life in years	72
Expected years of post closure care	25

The estimated total undiscounted expenses over the 25 year post closure period amount to approximately \$ 6,751,914.

Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

4. NET LONG TERM LIABILITIES	<u>2022</u>	<u>2021</u>
(a) Infrastructure Ontario Debenture loan payable, 4.60% interest, \$ 35,921 principal and interest payment, payable semi-annually, maturing October 2052	\$ 1,162,685	
Infrastructure Ontario Debenture loan payable, 4.45% interest, \$ 62,296 principal and interest payment, payable semi-annually, maturing August 2052	2,052,176	
Infrastructure Ontario Debenture loan payable, 3.25% interest, \$ 27,498 principal and interest payment, payable semi-annually, maturing June 2047	924,068	\$ 948,435
Infrastructure Ontario Debenture loan payable, 2.35% interest, \$ 9,734 principal and interest payment, payable semi-annually, maturing December 2031	157,095	172,598
Infrastructure Ontario Debenture loan payable, 2.07% interest, \$ 20,860 principal and interest payment, payable semi-annually, maturing May 2031	<u>323,648</u>	<u>358,133</u>
Net long term liabilities at the end of the year	<u>\$ 4,619,672</u>	<u>\$ 1,479,166</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>
2023	\$ 128,448	\$ 184,171	\$ 312,619
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 - 2032	729,178	751,867	1,481,045
2033 onward	<u>3,203,531</u>	<u>1,522,601</u>	<u>4,726,132</u>
	<u>\$ 4,619,672</u>	<u>\$ 3,150,600</u>	<u>\$ 7,770,272</u>

(c) The Municipality is contingently liable for debt with respect to tile drainage loans made by landowners 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 2022 is \$ 11,722 (2021 - \$ 28,759) and is not recorded on the statement of financial position.

5. CHARGES FOR NET LONG TERM LIABILITIES

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

	<u>2022</u>	<u>2021</u>
Principal	\$ 74,355	\$ 55,803
Interest	<u>65,926</u>	<u>35,409</u>
	<u>\$ 140,281</u>	<u>\$ 91,212</u>

Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

5. CHARGES FOR NET LONG TERM LIABILITIES (Continued)

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.

6. 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 2022, 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.

7. 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>2022</u>	<u>2021</u>
Gas tax revenue	\$ 194,641	\$ 186,257
Lot development charges	758,846	556,534
Ontario Trillium Foundation (OTF)	<u>28,006</u>	<u>47,940</u>
	<u>\$ 981,493</u>	<u>\$ 790,731</u>

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

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	\$ 790,731	\$ 543,953
Gas tax revenue received	227,651	446,499
Development charges and lot fees	191,086	211,924
Payment in lieu of parkland	17,702	
OTF	56,100	47,700
Investment income	27,211	10,719
Less funds utilized:		
OTF	(76,337)	
Capital	(25,000)	(20,000)
OMMC		(3,565)
Gas tax	<u>(227,651)</u>	<u>(446,499)</u>
Balance at the end of the year	<u>\$ 981,493</u>	<u>\$ 790,731</u>

Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

#### 8. BUDGET FIGURES

The operating budget approved by the Township of McNab/Braeside for 2022 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.

#### 9. 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 2022 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

#### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets - net	\$ 32,708,226	\$ 30,611,387
Net long term liabilities (Note 4)	(4,619,672)	(1,479,166)
Temporary loans (Note 15)		(3,290,000)
Amounts to be funded in future years (Note 16)	<u>(3,465,813)</u>	<u>(3,179,625)</u>
Equity in tangible capital assets	<u>\$ 24,622,741</u>	<u>\$ 22,662,596</u>

#### 11. TRUST FUND

Trust fund administered by the Township, total \$ 23,640 (2021 - \$ 22,257). 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.

#### 12. 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.

Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

12. SEGMENTED INFORMATION (Continued)

- 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 2022 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	\$ 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		796,215	1,720	40,760	990,995
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>\$ 3,525,835</u>	<u>\$ 557,131</u>	<u>\$ 1,433,907</u>	<u>\$ 8,301,172</u>

- (c) The expenditures for 31 December 2021 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	\$ 794,380		\$ 311,462	\$ 72,105	\$ 130,860	\$ 1,308,807
Protection services	357,714		1,251,369		150,337	1,759,420
Transportation services	648,780	\$ 35,409	559,959	244	890,804	2,135,196
Environmental services	142,851		709,642	1,754	40,762	895,009
Health services	609		1,429	20,000		22,038
Recreation and cultural services	250,794	5,796	179,142	321,864	146,701	904,297
Planning and development	<u>92,029</u>		<u>34,752</u>			<u>126,781</u>
	<u>\$ 2,287,157</u>	<u>\$ 41,205</u>	<u>\$ 3,047,755</u>	<u>\$ 415,967</u>	<u>\$ 1,359,464</u>	<u>\$ 7,151,548</u>



Township of McNab/Braeside  
Notes to the Financial Statements  
For the year ended 31 December 2022

### 13. CONTRACTUAL OBLIGATIONS

The Township entered into a recreation agreement with the Town of Arnprior. The annual cost of this contract was \$ 281,134 (2021 - \$ 166,673).

The Township entered into a library agreement with the Town of Arnprior. The annual cost of this contract was \$ 138,867 (2021 - \$ 130,306).

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 2022 was \$ 946,088 (2021 - \$ 1,003,328).

The Township had negotiated an annual contract for the collection and disposal of recycled materials. During the year, the costs of this contract for 2022 were \$ 211,993 (2021 - \$ 186,660).

The Township has negotiated an annual contract for the collection and disposal of waste. Annual costs of this contract for 2022 were \$ 193,642 (2021 - \$ 171,022).

### 14. 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 2022, the Municipality contributed \$ 139,458 (2021 - \$ 106,520) 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 2022 is \$ 6,100,000,000 (deficit 2021 - \$ 69,000,000) based on the fair market value of the Plan's assets.

### 15. TEMPORARY LOANS

The Township has financial agreements with the Ontario Infrastructure and Lands Corporation ("OILC") for temporary capital loans up to a maximum of \$ 8,390,000 for the interim financing of various capital projects. As at 31 December 2022, the temporary capital loan balance is \$ NIL (2021 - \$ 3,290,000) as the loans were debentured during the year.

### 16. RESTATEMENT OF PREVIOUS YEAR

The 31 December 2021 equity in tangible capital assets was previously reported as \$ 19,447,736. The equity in tangible capital asset balance included a reduction for unfinanced amounts in error as these unfinanced amounts of \$ 3,214,860 also had a temporary loan amount associated with them that also reduced the equity in tangible capital assets. As a result of this error, the equity in tangible capital assets was understated by \$ 3,214,860. Since the Township has a policy of transferring any current year surplus to (or from) reserves, this error also caused the reserves to be overstated by \$ 3,214,860. The 31 December 2021 reserves were previously reported as \$ 13,111,539. The 31 December 2021 reserves and equity in tangible capital assets have been restated to reflect the corrected balances. The overall 31 December 2021 accumulated surplus of \$ 32,559,275 remains unchanged.

Township of McNab/Braeside  
Schedule of Reserves and Reserve Funds  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Contributions:		
From operations	\$ <u>2,140,056</u>	\$ <u>3,824,268</u>
Transfers:		
To operations	\$ (254,208)	\$ (1,343,850)
To tangible capital acquisitions (Note 16)	<u>(2,108,247)</u>	<u>(4,097,208)</u>
	\$ <u>(2,362,455)</u>	\$ <u>(5,441,058)</u>
Change in reserves and reserve funds balance	\$ (222,399)	\$ (1,616,790)
Reserves and reserve funds at the beginning of the year	<u>9,896,679</u>	<u>11,513,469</u>
Reserves and reserve funds at the end of the year	\$ <u><u>9,674,280</u></u>	\$ <u><u>9,896,679</u></u>
Reserves:		
Capital asset replacement	\$ 4,659,887	\$ 4,749,508
General government	348,776	338,485
Municipal development	185,608	194,942
Roads	282,693	201,265
Fire	42,636	42,636
Waste management	782,864	698,142
Future assessment appeals	119,397	119,397
Future loss of grants	304,532	75,532
Recreation and cultural services	199,115	244,306
Working capital	1,567,876	1,684,834
Cemetery	9,140	9,140
Administration building	25,000	25,000
Employee benefits	75,502	59,823
Work in progress	719,869	1,070,956
Other	<u>351,385</u>	<u>382,713</u>
Total reserves	\$ <u><u>9,674,280</u></u>	\$ <u><u>9,896,679</u></u>

(See accompanying notes)

Township of McNab/Braeside  
Schedule of Tangible Capital Assets  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

Segmented by asset class:	Balance at 31 December 2021	Additions	Disposals, write-offs and adjustments	Balance at 31 December 2022
<u>Cost</u>				
Land	\$ 1,698,033			\$ 1,698,033
Land improvements	191,825	\$ 3,482	\$ 16,966	212,273
Buildings and building improvements	10,654,078	319,776	2,201,756	13,175,610
Machinery and equipment	3,326,180	108,322	(40,884)	3,393,618
Vehicles	3,393,315	672,284	(166,907)	3,898,692
Linear assets	22,808,733	2,393,700	2,267,367	27,469,800
Capital work in progress	<u>2,349,433</u>	<u>68,789</u>	<u>(2,331,166)</u>	<u>87,056</u>
Total	<u>\$ 44,421,597</u>	<u>\$ 3,566,353</u>	<u>\$ 1,947,132</u>	<u>\$ 49,935,082</u>

Accumulated amortization	Balance at 31 December 2021	Amortization	Disposals, write-offs and adjustments	Balance at 31 December 2022
Land improvements	\$ 7,694	\$ 17,770		\$ 25,464
Buildings and building improvements	2,062,422	280,926		2,343,348
Machinery and equipment	1,385,375	218,237	\$ (22,486)	1,581,126
Vehicles	1,580,493	188,243	(166,907)	1,601,829
Linear assets	<u>8,774,226</u>	<u>728,731</u>	<u>2,172,132</u>	<u>11,675,089</u>
Total	<u>\$ 13,810,210</u>	<u>\$ 1,433,907</u>	<u>\$ 1,982,739</u>	<u>\$ 17,226,856</u>

Net book value	Balance at 31 December 2021	Balance at 31 December 2022
Land	\$ 1,698,033	\$ 1,698,033
Land improvements	184,131	186,809
Buildings and building improvements	8,591,656	10,832,262
Machinery and equipment	1,940,805	1,812,492
Vehicles	1,812,822	2,296,863
Linear assets	14,034,507	15,794,711
Capital work in progress	<u>2,349,433</u>	<u>87,056</u>
Total	<u>\$ 30,611,387</u>	<u>\$ 32,708,226</u>

(See accompanying notes)

Township of McNab/Braeside  
Schedule of Tangible Capital Assets  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2021</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
General government	\$ 6,911,608	\$ 17,829	\$ 695,429	\$ 7,624,866
Protection services	2,799,726	4,240	(17,500)	2,786,466
Transportation services	27,061,395	3,135,451	2,005,516	32,202,362
Environmental services	1,022,636			1,022,636
Recreation and cultural services	<u>6,626,232</u>	<u>408,833</u>	<u>(736,313)</u>	<u>6,298,752</u>
Total	<u>\$ 44,421,597</u>	<u>\$ 3,566,353</u>	<u>\$ 1,947,132</u>	<u>\$ 49,935,082</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2021</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
General government	\$ 621,713	\$ 149,913		\$ 771,626
Protection services	1,294,787	203,139	\$ (17,500)	1,480,426
Transportation services	10,403,464	875,142	2,022,725	13,301,331
Environmental services	323,921	40,760		364,681
Recreation and cultural services	<u>1,166,325</u>	<u>164,953</u>	<u>(22,486)</u>	<u>1,308,792</u>
Total	<u>\$ 13,810,210</u>	<u>\$ 1,433,907</u>	<u>\$ 1,982,739</u>	<u>\$ 17,226,856</u>

<u>Net book value</u>	Balance at 31 December <u>2021</u>	Balance at 31 December <u>2022</u>
General government	\$ 6,289,895	\$ 6,853,240
Protection services	1,504,939	1,306,040
Transportation services	16,657,931	18,901,031
Environmental services	698,715	657,955
Recreation and cultural services	<u>5,459,907</u>	<u>4,989,960</u>
Total	<u>\$ 30,611,387</u>	<u>\$ 32,708,226</u>

(See accompanying notes)