Consolidated Financial Statements

THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

And Independent Auditor's Report thereon

Year ended December 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Markstay-Warren (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality'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 consolidated financial statements. These systems are monitored and evaluated by Management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor’s Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

_____

Marc Serre
Chief Administrative Officer

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Rate Payers of the Corporation of the Municipality of Markstay-Warren

We have audited the consolidated financial statements of The Corporation of the Municipality of Markstay-Warren (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations and its consolidated cash flows then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity's 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Sudbury, Canada
October 29, 2026

THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

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Year ended December 31, 2025

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THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	$ 410,456	$ 733,980
Taxes and utilities receivable (note 2)	1,339,273	920,055
Trade and other accounts receivable	3,615,972	3,066,549
Long-term receivables (note 3)	54,992	66,867
	5,420,693	4,787,451
Financial liabilities		
Accounts payable and accrued liabilities	1,509,679	980,990
Deferred revenue - obligatory reserve funds (note 5)	571,114	513,256
Deferred revenue	323,758	242,831
Asset retirement obligation (note 6)	2,239,684	2,209,951
Long-term liabilities (note 7)	3,040,639	3,374,560
	7,684,874	7,321,588
Net debt	(2,264,181)	(2,534,137)
Non-financial assets		
Tangible capital assets (note 8)	23,105,813	21,309,114
Prepaid expenses	238,031	3,298
	23,343,844	21,312,412
Contingencies (note 15)		
Commitments (note 16)		
Accumulated surplus (note 10)	$ 21,079,663	$ 18,778,275

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of Council:

_____ Mayor

_____ Chief Administrative Officer

THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 11)	2025 Actual	2024 Actual
Revenue:			
Taxation	$ 4,598,953	$ 4,658,363	$ 4,379,909
Fees and user charges	1,020,149	982,730	1,074,590
Canada grants	3,150,792	1,651,405	1,291,191
Ontario grants	1,829,325	2,191,744	1,678,009
Penalties and interest on taxes and utilities	115,000	141,761	137,381
Rents and royalties	117,259	99,027	91,071
Investment income	7,500	32,770	50,728
Other	218,486	15,556	95,944
Total revenue	11,057,464	9,773,356	8,798,823
Expenses:			
General government	1,254,153	1,553,662	1,491,777
Protections to persons and property	1,329,774	1,247,947	1,321,403
Transportation services	2,286,830	2,121,322	1,862,684
Environmental services	991,060	957,389	1,033,142
Health services	458,744	600,416	570,756
Social and family services	237,072	237,072	226,715
Recreational and cultural services	682,739	708,206	592,580
Planning and development	30,000	45,954	63,171
Total expenses	7,270,372	7,471,968	7,162,228
Annual surplus	3,787,092	2,301,388	1,636,595
Accumulated surplus, beginning of year	18,778,275	18,778,275	17,141,680
Accumulated surplus, end of year	$ 22,565,367	$ 21,079,663	$ 18,778,275

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

Consolidated Statement of Change in Net Debt

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 11)	2025 Actual	2024 Actual
Annual surplus (deficit)	$ 3,787,092	$ 2,301,388	$ 1,636,595
Acquisition of tangible capital assets	(5,759,414)	(2,803,415)	(3,195,799)
Amortization of tangible capital assets	861,009	965,057	861,009
Gain on sale of tangible capital assets	-	(3,975)	(37,094)
Proceeds on sale of tangible capital assets	-	45,634	134,121
	(1,111,313)	504,689	(601,168)
Acquisition of prepaid expense	-	(234,733)	(2,181)
Change in net debt	(1,111,313)	269,956	(603,349)
Net debt, beginning of year	(2,534,137)	(2,534,137)	(1,930,788)
Net debt, end of year	$ (3,645,450)	$ (2,264,181)	$ (2,534,137)

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF MARKSTAY-WARREN

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ 2,301,388	$ 1,636,595
Items not involving cash:		
Amortization of tangible capital assets	965,057	861,009
Loss (gain) on sale of tangible capital assets	(3,975)	(37,094)
Change in asset retirement obligation	29,733	30,306
	3,292,203	2,490,816
Change in non-cash assets and liabilities:		
Taxes receivable	(419,218)	(35,302)
Trade and other accounts receivable	(549,423)	(2,022,803)
Prepaid expenses	(234,733)	(2,181)
Accounts payable and accrued liabilities	528,689	656,503
Deferred revenue - obligatory reserve funds	57,858	(106,561)
Deferred revenue	80,927	101,952
Net change in cash from operating activities	2,756,303	1,082,424
Capital activities:		
Proceeds on sale of tangible capital assets	45,634	134,121
Cash used to acquire tangible capital assets	(2,803,415)	(3,195,799)
Net change in cash from capital activities	(2,757,781)	(3,061,678)
Investing activities:		
Payment received on long-term receivables	11,875	13,783
Net change in cash from investing activities	11,875	13,783
Financing activities:		
Repayment of long-term liabilities	(653,053)	(296,910)
New long-term liabilities obtained	319,132	1,991,669
Net change in cash from financing activities	(333,921)	1,694,759
Net change in cash	(323,524)	(270,712)
Cash, beginning of year	733,980	1,004,692
Cash, end of year	$ 410,456	$ 733,980

The accompanying notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of Markstay-Warren (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. These consolidated financial statements include the Markstay-Warren Public Library Board and the Markstay-Warren Community Development Corporation which are under the control of Council.

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Water and sewer	30 - 85
Landfill	23 - 58
Vehicles and equipment	5 - 25
Buildings	30 - 50
Roads	40 - 100
Bridges and culverts	20 - 30
Furniture, equipment and books	10 - 20

1. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. The have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(e) Revenue recognition:

The Municipality prepared tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(f) Use of estimates:

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, asset retirement obligation and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

(g) School boards:

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

1. Significant accounting policies (continued):

(h) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS") a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned.

(i) Asset Retirement Obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that the future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies.

2. Taxes and utilities receivable:

	2025	2024
Current	$ 900,467	$ 585,563
Past due	320,656	253,673
Penalties and interest	143,150	105,819
Less: allowances for doubtful accounts	(25,000)	(25,000)
	$ 1,339,273	$ 920,055

3. Long-term receivables:

	2025	2024
Amounts receivable from ratepayers repayable in semi-annual payments of $143, bearing interest at a rate of 4.59% per annum, due May 2030	$ 54,992	$ 66,867

4. Credit facilities:

The Municipality has available a $750,000 (2024 - $750,000) demand line of credit through a variable credit contract which can be increased to $1,500,000 when required with 20 days notice to the financial institution. This line of credit bears interest at the bank's prime rate. Council has set a limit of 50% of the total estimated revenues of the Municipality from January 1 to December 31. At December 31, 2025, $Nil (2024 - $Nil) has been drawn against this facility.

5. Deferred revenue - obligatory reserve funds:

A requirement of the Public Sector Accounting Board of the Chartered Professional Accounts of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the Municipality is summarized below:

	2025	2024
Obligatory reserve	$ 571,114	$ 513,256

The continuity of deferred revenue – obligatory reserve funds is as follows:

	2025	2024
Balance, beginning of year	$ 513,256	$ 619,817
Add amounts received:		
Canada Community-Building Fund	177,375	172,904
	690,631	792,721
Less transfer to operations:		
Canada Community-Building Fund	(119,519)	(279,465)
Balance, end of year	$ 571,114	$ 513,256

6. Solid waste management liabilities:

The Municipality’s asset retirement obligation consists of several obligations as follows:

a) Landfill closure:

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 life of the landfill sites based on usage.

6. Solid waste management liabilities (continued):

a) Landfill closure (continued):

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 of ground water and leachates from the sites, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 Asset Retirement Obligation. The reported liability is based on estimates and assumptions with respect to events extending over a sixty-year 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 estimated total landfill closure and post-closure care expenditures are calculated to be $1,329,633. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The sites range from 44% to 83% of capacity with remaining lives of approximately eight years.

b) Asbestos removal obligations:

The Municipality owns and operates several buildings, which represents a health hazard upon demolition of the building and there is a legal obligation to remove or remediate these items. The Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the landfill and building capital assets and the restatement of prior year numbers (see note 2).

Changes to the asset retirement obligation in the year are as follows:

	Landfill closure	Asbestos removal	Balance at December 31, 2025
Opening balance	$ 1,227,175	$ 982,776	$ 2,209,951
Accretion expense	29,733	–	29,733
Closing balance	$ 1,256,908	$ 982,776	$ 2,239,684

	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	$ 1,197,442	$ 982,203	$ 2,179,645
Accretion expense	29,733	573	30,306
Closing balance	$ 1,227,175	$ 982,776	$ 2,209,951

Obligations related to landfill closure will be funded from future taxation revenues.

7. Long-term liabilities:

The balance owing of long-term liabilities is comprised of the following:

	2025	2024
Loan payable, due July 2027, repayable in monthly instalments of $946, principal and interest at a rate of 2.27% per annum (International Pumper 2009)	$ 17,644	$ 28,466
Loan payable, due July 2030, repayable in semi-annual instalments of $8,573, principal and interest at a rate of 4.59% (Warren water system)	75,836	89,045
Loan payable, due December 2025, repayable in semi-annual instalments of $11,774, principal and interest at a rate of 2.65% per annum (Freight Pumper)	–	23,089
Loan payable, due November 2039, repayable in monthly instalments of $765, principal and interest at a rate of 2.71% per annum (Bridge repairs)	106,394	112,605
Loan payable, due December 2029, repayable in monthly instalments of $1,396, principal and interest at a rate of 2.51% per annum (Vehicles)	63,670	78,615
Loan payable, due December 2033, repayable in monthly instalments of $2,542, principal and interest at a rate of 3.41% per annum (Main Street Bridge)	213,302	236,108
Loan payable, due November 2026, repayable in monthly instalments of $2,295, principal and interest at a rate of 2.11% per annum (Western Star)	24,976	51,678
Brought forward	501,822	619,606

7. Long-term liabilities (continued):

	2025	2024
Carried forward	$ 501,822	$ 619,606
Loan payable, due July 2027, repayable in monthly payments, of $2,513, principal and interest at a rate of 2.27% per annum (Western Star)	46,865	75,608
Loan payable, due December 2032, repayable in semi-annual payments of $34,201, principal and interest at a rate of 3.38% per annum (Multi-use facility)	423,225	475,981
Loan payable, due October 2033, repayable in monthly payments of $1,997, principal and interest at a rate of 4.78% per annum (Freightliner)	156,289	172,358
Loan payable, due October 2033, repayable in monthly payments of $1,354, principal and interest at a rate of 4.78% per annum (JD Loader)	106,022	116,922
Loan payable, due March 2034, repayable in monthly payments of $2,972, principal and interest at a rate of 4.47% per annum (Tandem Truck)	245,732	269,830
Loan payable, due March 2039, repayable in monthly payments of $13,135, principal and interest at a rate of 4.61% per annum (Two Graders, Pumper Truck)	1,560,684	1,644,255
	$ 3,040,639	$ 3,374,560

	2026 to 2030	2031 and thereafter	2025 Total	2025 Total
From general municipal revenues	$ 1,380,005	$ 1,584,798	$ 2,964,803	$ 3,285,515
From ratepayers	75,836	–	75,836	89,045
	$ 1,455,841	$ 1,584,798	$ 3,040,639	$ 3,374,560

8. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Transfers	Balance at December 31, 2025
Land	$ 387,968	$ -	$ (26,928)	$ -	$ 361,040
Landfill	398,807	-	-	-	398,807
Buildings	5,267,706	-	-	-	5,267,706
Bridges and culverts	4,919,321	-	-	-	4,919,321
Vehicles and equipment	4,857,410	107,307	(97,762)	-	4,866,955
Furniture, equipment and books	1,851,041	99,608	-	-	1,950,649
Water and sewer	10,414,935	-	-	-	10,414,935
Roads	7,279,986	2,596,500	-	1,664,899	11,541,385
Construction in progress	1,664,899	-	-	(1,664,899)	-
Total	$ 37,042,073	$ 2,803,415	$ (124,690)	$ -	$ 39,720,798

Accumulated Amortization	Balance at December 31, 2024	Disposals	Amortization	Balance at December 31, 2025
Land	$ -	$ -	$ -	$ -
Landfill	398,807	-	-	398,807
Buildings	3,531,812	-	107,205	3,639,017
Bridges and culverts	3,226,243	-	161,853	3,388,096
Vehicles and equipment	1,804,503	(83,031)	245,124	1,966,596
Furniture, equipment and books	1,513,710	-	37,807	1,551,517
Water and sewer	2,934,707	-	164,777	3,099,484
Roads	2,323,177	-	248,291	2,571,468
Construction in progress	-	-	-	-
Total	$ 15,732,959	$ (83,031)	$ 965,057	$ 16,614,985

	Net book value, December 31, 2024	Net book value, December 31, 2025
Land	$ 387,968	$ 361,040
Landfill	-	-
Buildings	1,735,894	1,628,689
Bridges and culverts	1,693,078	1,531,225
Vehicles and equipment	3,052,907	2,900,359
Furniture, equipment and books	337,331	399,132
Water and sewer	7,480,228	7,315,451
Roads	4,956,809	8,969,917
Construction in progress	1,664,899	-
Total	$ 21,309,114	$ 23,105,813

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2023	Additions	Disposals	Transfers	Balance at December 31, 2024
Land	$ 387,968	$ -	$ -	$ -	$ 387,968
Land improvements	398,807	-	-	-	398,807
Buildings	5,232,390	35,316	-	-	5,267,706
Bridges and culverts	4,919,321	-	-	-	4,919,321
Vehicles and equipment	4,453,479	1,082,349	(678,418)	-	4,857,410
Furniture, equipment and books	1,646,881	204,160	-	-	1,851,041
Water and sewer	10,414,935	-	-	-	10,414,935
Roads	6,854,262	209,075	-	216,649	7,279,986
Construction in progress	216,649	1,664,899	-	(216,649)	1,664,899
Total	$ 34,524,692	$ 3,195,799	$ (678,418)	$ -	$ 37,042,073

Accumulated Amortization	Balance at December 31, 2023	Disposals	Amortization	Balance at December 31, 2024
Land	$ -	$ -	$ -	$ -
Land improvements	398,807	-	-	398,807
Buildings	3,425,314	-	106,498	3,531,812
Bridges and culverts	3,064,390	-	161,853	3,226,243
Vehicles and equipment	2,174,815	(581,391)	211,079	1,804,503
Furniture, equipment and books	1,486,610	-	27,100	1,513,710
Water and sewer	2,769,930	-	164,777	2,934,707
Roads	2,133,475	-	189,702	2,323,177
Construction in progress	-	-	-	-
Total	$ 15,453,341	$ (581,391)	$ 861,009	$ 15,732,959

	Net book value, December 31, 2023	Net book value, December 31, 2024
Land	$ 387,968	$ 387,968
Landfill	-	-
Buildings	1,807,076	1,735,894
Bridges and culverts	1,854,931	1,693,078
Vehicles and equipment	2,278,664	3,052,907
Furniture, equipment and books	160,271	337,331
Water and sewer	7,645,005	7,480,228
Roads	4,720,787	4,956,809
Construction in progress	216,649	1,664,899
Total	$ 19,071,351	$ 21,309,114

9. Library operations:

The Corporation of the Municipality of Markstay-Warren Public Library Board is a corporate body as specified under the Library Act. The primary role of the public library board is to provide library services to the general public.

The Corporation of the Municipality of Markstay-Warren Public Library Board has been consolidated in these financial statements as follows:

	2025	2024
Revenue:		
Ontario grants	$ 11,614	$ –
Other	6,181	6,505
Canada grants	3,981	5,831
	21,776	12,396
Expenses:		
Wages and benefits	153,365	132,532
Office and general	12,899	11,074
Books, videos and subscriptions	5,746	5,371
Equipment purchases	4,013	–
Telephone and internet	3,333	701
Insurance	2,066	201
	133,178	149,870
Municipal contribution	$ 159,646	$ 137,483

10. Accumulated surplus:

The Town segregates its accumulated surplus in the following categories:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 20,065,174	$ 17,949,115
General deficit	(364,983)	(553,852)
Invested in Markstay-Warren CDC	36,846	36,846
Unfunded:		
Asset Retirement Obligations	(2,239,684)	(2,209,378)
Total surplus	17,497,353	15,222,731
Reserves set aside for specific purpose by Council:		
Working funds	1,212,029	1,214,241
Protection services	99,427	99,427
Transportation services	232,971	232,971
Environmental services	1,911,932	1,871,486
Recreation and cultural services	115,951	127,419
Planning and development	10,000	10,000
Total reserves	3,582,310	3,555,544
Accumulated surplus	$ 21,079,663	$ 18,778,275

11. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is listed below.

Budgeted surplus as approved by Council	$	–
Add (less):		
Capital expenditures		5,759,414
Amortization expense		(861,009)
Principal repayment of long-term debt		345,291
Net reserve transfers		181,113
Proceeds on issuance of long-term debt		(1,637,717)
Budgeted surplus per financial statements	$	3,787,092

12. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 15 members of its staff. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2025 was $90,203 (2024 - $88,430) for current service.

13. Operations of school boards:

During the year, the following taxation revenue was raised and remitted to the school boards:

	2025	2024
School boards	$ 508,349	$ 501,053

14. Trust funds:

The Trust Funds administered by the Municipality amounting to $168,852 (2024 - $158,743) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.

15. Contingencies:

The Municipality has been named as a defendant in a legal action and has prepared and filed a Statement of Defence. The outcome of this action is not determinable and, accordingly, no amounts have been reflected in the accounts of the Municipality for this matter.

16. Commitments:

(a) The Municipality has entered into an agreement with the City of Sudbury to provide water and sewer maintenance service for the Villages of Markstay and Warren. The agreement expires on December 31, 2027 and the annual cost is approximately $182,170.

(b) The Municipality has entered into an agreement with Environmental 360 Solutions Ltd. to provide garbage disposal service for the residential and commercial areas of Markstay and Warren. The agreement expires on June 30, 2027 and the annual cost is approximately $175,000.

17. Public sector salary disclosure:

During 2023, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of $100,000 or more by the Municipality.

18. Segmented information:

The Municipality provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipality services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government: Includes corporate services and governance of the Municipality. General Government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

(b) Protection Services: Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; and prevention education and training programs. Inspection and control includes building inspection and dog control services.

(c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services: Includes the management and maintenance of water and wastewater system, the landfill site, transfer stations, and the waste collection system that serves the municipality.

(e) Recreational and Cultural Services: Provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena.

18. Segmented information (continued):

(f) Planning and Development: Manages rural development for business interest, environmental concerns, heritage matters, local neighborhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

(g) Health Services: The Municipality provides ambulance services through the District Social Services Board, Cemetery Services and a range of public health services through the Sudbury and District Health Unit.

(h) Social and Family Services / Social Housing: The services are provided indirectly by the Municipality through the District Social Services Board and include family and children's services, housing services and seniors clubs.

For each segment separately reported in the schedule below, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

18. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2025 Total
Revenue:									
Fees and user charges	$ 13,892	156,474	17,252	737,108	9,003	-	49,000	-	$ 982,729
Canada grants	6,875	-	1,640,549	-	-	-	3,981	-	1,651,405
Ontario grants	36,318	-	955,951	-	-	-	-	-	992,269
Penalties and interest on taxes	122,166	-	-	19,594	-	-	-	-	141,760
Rents and royalties	92,372	-	-	6,655	-	-	-	-	99,027
Other municipalities									-
Investment income	31,793	-	-	978	-	-	-	-	32,771
COVID-19 grants									-
Other	(12,727)	(1,487)	(685)	-	-	-	30,456	-	15,557
	290,689	154,987	2,613,067	764,335	9,003	-	83,437	-	3,915,518
Expenses:									
Salaries, wages and benefits	546,174	226,802	738,923	7,364	-	-	376,236	-	1,895,499
Materials	93,683	130,752	380,250	26,814	35	-	98,728	-	730,262
Contracted services	813,933	733,269	362,777	753,745	600,381	236,834	173,772	45,954	3,720,665
Rents, financial expenses and other	24,963	32,066	99,782	3,937	-	-	(263)	-	160,485
Amortization of tangible capital assets	74,909	125,058	539,590	165,529	-	238	59,733	-	965,057
	1,553,662	1,247,947	2,121,322	957,389	600,416	237,072	708,206	45,954	7,471,968
Excess (deficiency) of revenue over expenses	(1,262,973)	(1,092,960)	491,745	(193,054)	(591,413)	(237,072)	(624,769)	(45,954)	(3,556,450)
Funded through:									
Taxation									4,658,363
Ontario grants									1,199,475
Annual surplus									$ 2,301,388

18. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue:									
Fees and user charges	$ 17,912	201,145	2,830	778,308	6,985	-	67,410	-	$ 1,074,590
Canada grants	1,738	-	1,220,444	-	-	-	69,009	-	1,291,191
Ontario grants	-	-	653,530	-	-	-	146,800	-	800,330
Rents and royalties	83,551	-	-	7,520	-	-	-	-	91,071
Investment income	49,821	-	-	907	-	-	-	-	50,728
Other	15,996	(59,151)	104,037	-	-	-	35,062	-	95,944
	293,101	141,994	1,980,841	800,033	6,985	-	318,281	-	3,541,235
Expenses:									
Salaries, wages and benefits	671,603	326,962	592,395	75,982	-	-	303,015	-	1,969,957
Materials	81,778	61,639	319,974	39,785	960	-	85,397	75	589,608
Contracted services	702,345	797,672	428,291	747,401	569,796	226,477	151,283	63,096	3,686,361
Rents, financial expenses and other	(36,043)	18,728	67,403	5,197	-	-	8	-	55,293
Amortization of tangible capital assets	72,094	116,402	454,621	164,777	-	238	52,877	-	861,009
	1,491,777	1,321,403	1,862,684	1,033,142	570,756	226,715	592,580	63,171	7,162,228
Excess (deficiency) of revenue over expenses	(1,198,676)	(1,179,409)	118,157	(233,109)	(563,771)	(226,715)	(274,299)	(63,171)	(3,620,993)
Funded through:									
Taxation									4,379,909
Ontario grants									877,679
Annual surplus									$ 1,636,595